

245

PRICES - Controls + Contravention

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22-1-78 - 30-12-79

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Jare - Rapport 22/1/78 245

PRYSBINDING EN ONEERLIKHEID

'n OORTREDING kragtens die Wet op Prysbinding is nie 'n oortreding wat ingevolge die Maatskappyewet oneerlikheid behels nie. Mense wat dus op sulke oortreding skuldig bevind word, word nie daardeur gediskwalifiseer om onder meer direkteure van maatskappye te wees nie.

Dit is die implikasies van 'n uitspraak deur regter L le Grange van-deesweek in die Randse hooggeregshof. Die uitspraak het gevolg op 'n aansoek deur een van die senior amptenare van SA Philips wat in 1976 op 'n prysbindingsaanklag

skuldig bevind is, dat hy nie gediskwalifiseer word om kragtens die Maatskappyewet as 'n direkteur van 'n maatskappy aangestel te word nie.

Hy is mnr. Robert Lingley Nepean Bennet, wat in Ok-

tober 1976 saam met vier ander amptenare van Philips in die Kaapse Hooggeregshof deur regter-president J T van Zijl op 'n aantal aanklagte oor prysbinding met die verkoop van TV-stelle skuldig bevind is

In sy uitspraak het regter van Zijl onder meer gesê dat hy van die feit bewus is dat die straf wat hy gaan opleë, die beskuldigdes waarskynlik gaan verbied om direkteure van enige maatskappy te word

„Dit grief my om so 'n straf op te lê. As dit nie 'n gevolg van die oplegging van hierdie straf op julle was nie, sou die straf baie swaarder gewees het,” het regter Van Zijl bygevoeg.

In sy aansoek dat hy nie gediskwalifiseer word om as 'n direkteur van 'n maatskappy aangestel te word nie, sê mnr. Bennet dat hy onseker is of sy skuldigbevinding hom verhinder om sodanige posisie te beklee

Regter Le Grange sê in sy uitspraak dat die oortreding wat mnr. Bennett begaan het, nie onder die spesifieke oortredings is wat in die Maatskappyewet genoem word nie

Dit is daarom dus noodsaaklik om te bepaal of hierdie oortredings oortredings was wat „oneerlikheid behels het” of oortredings „in verband met die bestuur van 'n maatskappy”.

Oor die oneerlikheidsaspek sê regter Le Grange dat regter Van Zijl die moontlikheid genoem dat die beskuldigdes weens die veroordeling en strawwe gediskwalifiseer kan word om as direkteure te dien. Maar hy het nie in hierdie

verband 'n spesifieke bevinding gemaak nie en het ook nie spesifiek op die voorskrifte van afdeling 218 (1)(d)(iii) van die Maatskappyewet ingegaan nie

Op grond van vorige uitsprake kom regter Le Grange dan tot die gevolgtrekking dat die oortredings wat mnr. Bennet gepleeg het, nie oortredings is wat oneerlikheid behels binne die betekenis van die uitdrukking in die betrokke afdeling van die wet nie.

Presedent

Oor die bestuursaspek sê regter Le Grange dat regter Van Zijl ondanks mnr. Bennet se bewering tot die teendeel, bevind het dat die beskuldigde tesame met die hoofbestuurder van die verbruiksprodukteafdeling en die bemarkingsbestuurder in die video-produkte-afdeling die beleid van prysbinding geformuleer het wat Philips aanvaar het.

Maar daar is niks in die uitspraak wat daarop dui dat mnr. Bennet ter eniger tyd in die bestuur van die Philips-maatskappye gedeel het nie. Dit volg dus dat die oortredings waarop hy skuldig bevind is, sower dit hom betref nie oortredings was wat in verband staan met die bestuur van 'n maatskappy nie.

In regskringe in Johannesburg word gevoel dat hierdie uitspraak van regter Le Grange oor die beginsel van oneerlikheid as 'n presedent kan dien en ander mense wat in soortgelyke posisies verkeer, kan toelaat om direkteure van maatskappye te word.

WAGHOND KOM OOR MONOPOLIEË

SAKE-RAPPORT 5/2/78

Deur Thinus Prinsloo

INGRYPENDE nuwe wetgewing kom om monopolistiese praktyke en die gevolglike uitbuiting van verbruikers, met hand en tand te beveg. Op hoe vlak word planne oorweeg om weer tande te gee aan Suid-Afrika se Wet op die reeling van Monopolistiese Toestande — wat ná 22 jaar ietwat van 'n papiertier geword het.

die stigting van 'n nuwe
Sake-Rapport — RAPPORT, 5 Februarie 1978 — 3

Liggaam sal staatsake ook ondersoek

Vervolg van bl 1
niger en doeltreffender te kan optree

Van die ingrypendste veranderinge wat die kommissie onder voorsitterskap van dr Dawie Mouton van die Raad van Handel en Nywerheid aanbeveel en wat in die nuwe wette beliggaam kan word, is

● Die stigting van 'n onafhanklike afsonderlike liggaam wat die huidige funksies — sover dit die bekamping van monopolistiese toestande betref — van die Raad van Handel en Nywerheid sal oorneem

● Die nuwe raad moet die mag hê om op eie inisiatief ondersoek na monopolistiese toestande te begin, selfs die ekonomiese bedrywighede van staats- en semi-staatsinstellings moet ondersoek kan word as 'n

skadelike monopolistiese toestand vermoed word

In dié verband, skryf die kommissie in sy verslag, glo hy sterk daaraan dat staats-ondernemings aan dieselfde monopolie-beheer as private firmas onderwerp moet word

Getuienis

Die kommissie merk op dat daar niks in die huidige wet is wat die Minister van Ekonomiese Sake verhoed om 'n ondersoek na die ondernemersbedrywighede van staats- of semi-staatsondernemings te gelas, nie, so 'n opdrag is egter nog nooit gegee nie

In getuienis voor die kommissie is gesê dis onrealisties om van enige minister te verwag om 'n ondersoek te gelas na die ekonomiese bedrywighede van ondernemings onder sy beheer, of onder die beheer van sy kollegas in die Kabinet

Volgens die kommissie is die oplossing dat die wet verander moet word sodat die nuwe raad op eie inisiatief 'n ondersoek kan onderneem. In die huidige bedeling moet die Minister van Ekonomiese Sake opdrag gee dat 'n ondersoek gedoen word

Yskor

Die kommissie sê hy het sterk aanbevelings ontvang dat die wet ook van toepassing moet wees veral op staats- en semi-staatsdepartemente wat met die private sektor mee-

names wat reeds plaasgevind het, gehandel word 'n Spesiale tribunaal wat soos 'n hof sal fungeer, sal die minister hiermee bystaan

Polisieman

Die verslag lui dat die Raad van Handel en Nywerheid sedert 1955 geweldig uitgebrei het 'n Chroniese personeeltekort is ondervind, wat dit vir hom moeilik gemaak het om die wet teen monopolistiese toestande behoorlik toe te pas

Dis onbillik om van die raad te verwag om 'n onpartydige regter te wees en om die rol van polisieman te speel teenoor besighede en industrie met wie se toestandkoming hy nou gemeid was, lui die verslag

Die kommissie sê dis duidelik dat daar talle redes is vir ontevredenheid met die huidige wetgewing en die toepassing daarvan.

Ekonomie met wie Sake-Rapport gesels het, sê as die drie hoofaanbevelings van die kommissie aanvaar word, sal dit Suid-Afrika se beleid oor die handhawing en bevordering van mededinging in lyn bring met wette in ander Westerse lande

Vinnig

Die aanbevelings sal dit moontlik maak om klagtes oor misbruike van ekonomiese mag vinnig en doeltreffend te bekamp. Dit sal die nodige wetlike masjinerie skep om 'n verdere

onafhanklike liggaam met wye magte wat op eie inisiatief selfs in die sake van by die Spoorwee en die SAUK kan snuffel vir iets wat ruik na 'n monopolie — is by die Departement van Handel aanbeveel met die oog op strenger wette om monopolieë te bekamp

Die nuwe wetgewing wat na verwagting in die huidige Parlementêre sitting afgehandel word, volg ná 'n deurtastende ondersoek van die amptelike kommissie wat die Wet op die Reeling van Monopolistiese Toestande onder 'n vergrootglas geneem het

Senior amptenare van die departement van Handel is besig om die nuwe wette op te aanbevelinge van die kommissie te skoel

Die Wet op die Reeling van Monopolistiese Toestande wat reeds in 1955 uitgevaardig is, word heeltemal opgeknop om by die huidige ekonomiese toestande in Suid-Afrika aan te pas. Een van die grootste ekortkominge van die 1955-wet is dat hy nie ingespan kan word om ongewenste samesmeltings en oornames te verhinder nie

En dis juis een van die kopsere wat sedert die jare vyftig al hoe groter in die Suid-Afrikaanse ekonomie geword het — al hoe meer ekonomiese mag in al hoe minder hande, dit skep die ideale toestand vir ongewenste monopolieë. Die nuwe wette gaan veral daarop gemik wees om

Vervolg op bl 3, kol 6

werk: 1.

2.

3.

ding. In dié verband is die Spoorwee, die Departement van Pos en Telekomunikasie, die SAUK, Sasol, Yskor en Foskor genoem

● Spesiale voorsiening word gemaak vir ondersoek en beheer oor amalgamasies en oornames, daar word aanbeveel dat selfs voorgenome oornames ondersoek en desnoods verbied kan word. Op die oomblik kan slegs met oor-

konsentrasie van die ekonomie — waar groot maatskappye 'n al hoe groter aandeel in die mark inpalm — te beheer en te voorkom

Uit die kommissie se verslag blyk dit dat die Suid-Afrikaanse bedryfswere reeds in 'n groot mate gekonsentreer is. Die drie grootste sigaretvervaardigers in die land het by 98,4 persent van die totale omset in tabakverkope, drie vervaardigers van

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Price controls seen as an 'abject failure'

Star Bus.
10/2/78
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Michael Chester, Financial Editor

The Chamber of Mines today joined the growing rank of critics urging the Government to abolish price controls and allow prices to be determined within the open market.

Its economic department argues in a review of the 1978 business outlook that the system of price control has suffered "abject failure" in clamping curbs on cost escalations.

The review appeals for bold new measures to generate renewed life in the economy, which, on current form, looks likely to be checked at a real growth of less than 3 percent in 1978 because of the constraints of balance

of payments and inflation problems.

Chamber researchers see a number of factors threatening to prevent the pace of inflation falling below 10 percent over the next 12 months. They include

- Recent salary increases in the public sector may trigger off a new round of wage and price increases elsewhere in the economy.

- Higher imports will raise the menace of im-

ported inflation to add to the domestic spiral.

- More increases in administered prices of goods and services appear likely to compound the burden of higher steel and electricity prices introduced on January 1.

"State controls and legislation should be eased whenever necessary to help ensure that discrimination and unfair competition are eliminated and that market forces play the major role in determining the best possible use of our scarce resources of labour, capital and raw materials," says the review.

INFLATION

Inflation was distorting the entire cost structure of the economy — and pricing many of South Africa's vital primary mineral exports out of world markets.

The Chamber fears that the increase in total world trade, which slipped from 11 percent in 1976 to only 6 percent last year, may slither on down to only around 5 percent in 1978, meaning a slowdown in the growth of SA export earnings.

Even so, the current account can be expected to remain in surplus, with gold earnings compensating for bigger import bills.

But the greater part of any surplus looks destined to be absorbed by foreign debt repayments.

21/2/78

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Complaints in regard to price fixing

113 Mr T ARONSON asked the Minister of Economic Affairs

- (1) Whether his Departments have since his reply to Question No 4 on 22 April 1977 received complaints in regard to price fixing by manufacturers in contravention of the Regulation of Monopolistic Conditions Act, if so, in respect of which manufacturers,
- (2) whether any steps have been taken by his Department in this regard, if so, what steps, if not, why not

The MINISTER OF ECONOMIC AFFAIRS

(1) and (2) Yes Since 22 April 1977 ten further complaints have been received in respect of manufacturers and distributors alleged to have resorted to resale price maintenance In seven cases the complaints were after investigation by the Board of Trade and Industries found to be unfounded Three of the cases are still being investigated by the Board

In the Acting Minister of Economic Affairs' reply to question 4 on 22 April 1977 mention was made in respect of the period on which his reply had reference that two complaints of alleged resale price maintenance were still being investigated by the Board and three by the South African Police Two of these complaints were found to be unfounded, in two cases the Attorney-General refused to prosecute because of insufficient evidence, and one case has been withdrawn by the Attorney-General

For Immediate Release

23/2/1978

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BILL TO REPLACE THE REGULATION OF MONOPOLISTIC CONDITIONS
ACT, 1955 (ACT 24 OF 1955)

PRESS STATEMENT ISSUED BY THE MINISTER OF ECONOMIC AFFAIRS

In view of the changed economic circumstances in South Africa it became clear that the existing Regulation of Monopolistic Conditions Act, 1955 (Act 24 of 1955), is no longer adequate as an instrument for the regulation of the country's competition policy in general and to maintain and promote healthy competition within the economy.

As a result of this state of affairs and also because of the fact that serious doubts had been expressed for some time regarding the degree of competition in our country, I have a while ago appointed a Commission of Inquiry into the Regulation of Monopolistic Conditions Act, 1955, with the terms of reference, among others, to inquire especially also into the question of concentration of economic power. The Commission's report was tabled in Parliament during the 1977 Session.

On the basis of the findings and recommendations of the Commission, as contained in its report, a draft bill entitled "Bill on the Maintenance and the Promotion of Competition, 1978," which will be published in the Government Gazette on Friday, 24 February, 1978, for general information and

comments/...

comments has been prepared.

One of the most important aims of the bill is that provision is made therein for the effective formulation and implementation of the country's competition policy in the economic field with due regard to the Government's main economic policy objectives. In addition the bill is aimed at preventing the application of undesirable restrictive practices which are not justified in the public interest.

Because the contemplated legislation embraces certain important changes in the existing attitude of the Government in the application of its competition policy, comments of interested parties who want to contribute to the finalisation of the legislation will be welcomed. Such comments should kindly be submitted as soon as possible, but not later than 17 March 1978 to my Department of Commerce, Private Bag X84, Pretoria, 0001.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST
OF THE MINISTRY OF ECONOMIC AFFAIRS

CAPE TOWN

23 February 1978



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STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

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Vol 152]

PRETORIA, 24 FEBRUARIE 1978
24 FEBRUARY

[No 5893

ALGEMENE KENNISGEWING

KENNISGEWING 168 VAN 1978
DEPARTEMENT VAN HANDEL
WET OP DIF HANDHAWING EN DIE BEVORDE-
RING VAN MEDDINGING, 1978

Die volgende konsepwetsontwerp om voorsiening te maak vir die daarstelling van 'n Mededingingsraad asook 'n Amalgamasietribunaal, vir die handhawing en bevordering van mededinging in die Volkshuishouding, vir die voorkoming en beheer van beperkende praktyke, vir die verbod van regulering van die verkryging deur die houër van 'n beheerende belang in 'n besigheid of onderneming van sodanige belang in 'n ander besigheid of onderneming, om die Wet op Reëling van Monopolistiese Toestande, 1955, te herroep en vir aanverwante aangeleenthede, word hierby ter algemene inligting en vir kommentaar gepubliseer.

Kommentaar moet voor 17 Maart 1978 aan die Sekretaris van Handel, Privaatsak X84, Pretoria, 0001, gestuur word.

WETSONTWERP

Om voorsiening te maak vir die daarstelling van 'n Mededingingsraad asook 'n Amalgamasietribunaal, vir die handhawing en bevordering van mededinging in die Volkshuishouding vir die voorkoming en beheer van beperkende praktyke, vir die verbod van regulering van die verkryging deur die houër van 'n beheerende belang in 'n besigheid of onderneming van sodanige belang in 'n ander besigheid of onderneming, om die Wet op Reëling van Monopolistiese Toestande, 1955 te herroep en vir aanverwante aangeleenthede.

Ingedien te word deur die Minister van Ekonomiese Sake

Daar word bepaal deur die Staatspresident, die Senaat en die Volksraad van die Republiek van Suid-Afrika soos volg

Woordomskrrywings

1 In hierdie Wet, tensy uit die samehang anders blyk beteken—

(i) "beheerende belang" met verwysing na enige besigheid of onderneming, enige belang van watter aard ookal wat die houër daarvan in staat stel om regstreeks of onregstreeks enige beheer uit te oefen oor die optrede of die sake van 'n besigheid of onderneming,

GENERAL NOTICE

NOTICE 168 OF 1978
DEPARTMENT OF COMMERCE
MAINTENANCE AND PROMOTION OF
COMPETITION ACT, 1978

The following Draft Bill to provide for the establishment of a Competition Board and Merger Tribunal, for the maintenance and promotion of competition in the national economy, for the prevention or control of restrictive practices, for the prohibition or regulation of the acquisition by the holder of a controlling interest in a business or undertaking of such an interest in another business or undertaking, to repeal the Regulation of Monopolistic Conditions Act, 1955, and for incidental matters, is hereby published for general information and comment.

Any comment should be forwarded to the Secretary for Commerce, Private Bag X84, Pretoria, 0001, before 17 March 1978.

BILL

To provide for the establishment of a Competition Board and Merger Tribunal, for the maintenance and promotion of competition in the national economy for the prevention or control of restrictive practices, for the prohibition or regulation of the acquisition by the holder of a controlling interest in a business or undertaking of such an interest in another business or undertaking to repeal the Regulation of Monopolistic Conditions Act, 1955, and for incidental matters.

To be introduced by the Minister of Economic Affairs

Be it enacted by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows

Definitions

1 In this Act, unless the context otherwise indicates—

(i) "acquisition" means the acquisition by the holder of a controlling interest in a business or undertaking involved in the production, manufacture, supply or distribution of any commodity of such an interest in another business or undertaking so involved and 'acquire' has a corresponding meaning,

BOOKSELLERS ⁽²⁴⁵⁾ FM 3/3/78
Blast from the board

The Board of Trade and Industries (BTI) has recommended withdrawal of the book trade's exemption from the ban on resale price maintenance because book-

sellers failed in the eight years they were allowed to operate outside RPM to show that the exemption was in the public interest.

The report, tabled in Parliament this week, says there has been an increase in the number of complaints about "compulsory, enforced" RPM since the board's last investigation, in 1969.

The report is highly critical of the fact that, despite complaints in the 1969 BTI report, most booksellers had made no attempt to introduce efficient accounting and control systems.

The complaints of institutional buyers (libraries, universities, etc) had also increased since the last investigation. Moreover, says the BTI, the nature of the complaints had become more serious

Major complaint was that prices had increased sharply while discounts had been lowered. "this action by the book trade is in the opinion of the board exactly the opposite of what was expected of an organisation which should have been trying to make a monopolistic situation more acceptable from the point of view of the public interest "

Students also complained about expensive books, the absence of discounts, and the unavailability of prescribed books.

In its evaluation of booksellers' representations for the retention of the exemption, the board made a number of interesting points

- It was not impressed with the argument that abolition of RPM would make censorship more difficult to enforce because "non-traditional" booksellers would be free to import books as they pleased
- It rejected the contention that free

price competition in book trades would encourage bribery of officials, and noted that the converse was more likely

- It also rejected the booksellers' theory that RPM ensured sellers an adequate profit on "easy" books in order to be in a position to supply "difficult" books at a loss BTI said it was totally unacceptable that the extent of such subsidisation should be determined by booksellers Buyers of "difficult" books should be prepared to pay the full price

HANSARD 7 15 March 1978.
Question 359 Colo. 416

245

Report into monopolistic conditions in
supply/distribution of books

359 Mr I F A DE VILLIERS asked the
Minister of Economic Affairs

- (1) On what date was the report of the Board of Trade and Industries on its inquiry into monopolistic conditions in the supply and distribution of books (a) submitted and (b) made available to representatives of the book trade;
- (2) whether the report is available in English, if so, on what date did it become so available

The MINISTER OF ECONOMIC AFFAIRS

- (1) (a) 26 January 1978, and
(b) the report is freely available from 24 February 1978, the date on which it was tabled,
- (2) no, the report has been submitted in Afrikaans but is at present being translated into English

Handwritten 7 15 March 1978
Question 311 Cols 614-615

Infringement of price control regulations

311 Dr Z J DE BEER asked the Minister of Economic Affairs

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Vra (a) How many prosecutions for infringement of price control regulations were instituted during 1977, (b) how many convictions were obtained and (c) how many actions are still pending

1. Naam (eerste
2. Ouderdom
3. Ras
4. Tuiste (dorp,
5. Soort werk
6. Skooljare voi
7. Span
8. Nommer in span: skeerders dagsmanne
9. Hoe lank het u al die werk gedoen?
10. Hoe het u geleer om dit te doen?
11. Het u al ooit ander werk gedoen?

The MINISTER OF ECONOMIC AFFAIRS

(a) 3 214

(b) 2 393

(c) 1 606

Indien wel, kort besonderhede van vorige werk:

Plek	Tydperk	Soort werk	Weeklikse loon	Rede waarom u die werk verlaat het
------	---------	------------	----------------	------------------------------------

- 1.
- 2.
- 3.
- 4
- 5.
12. Het u al ooit daaraan gedink om ander werk te doen?
Indien wel, waarom verander u nie van werk nie?
13. Vir watter deel van die jaar doen u hierdie werk?
14. Hoeveel plase besoek u elke jaar?

✓ FM 31/3/78

(245)

Merger madness

Freedom to acquire assets, without fear of favour, is the cornerstone of capitalism. Minister Heunis is threatening it

Get rid of the proposed mergers tribunal! That is the call government can expect from leading spokesmen in commerce, law and industry when they respond to the latest draft anti-monopoly legislation.

The legislation, published last month (*FM* March 3), is called the Maintenance and Promotion of Competition Bill and stems from the Mouton Commission report (*FM* May 6 1977). The creation of a mergers tribunal was the commission's key proposal. It was intended to vet any intended merger, takeover or acquisition which would "clearly have a serious impact on competition and the economy generally."

Under the proposed act, the tribunal has been given a totally different role. Now, it is *excluded* from examining acquisitions involving monopolistic practices. Instead, it is only supposed to investigate acquisitions that do not restrict competition yet may nevertheless be considered to be against the "public interest."

Tribunal's role

That is the key point and it bears repeating: the new role of the tribunal has nothing to do with protecting or maintaining competition. In our view, the tribunal should therefore not be included in the proposed Maintenance and Promotion of Competition bill.

Should there be such an animal at all? That depends on what its functions are. If the idea is to check foreign control of strategic resources — in addition to the already powerful measures the government has at its disposal via the National Supplies Procurement Act — there could be a case for it.

But then such legislation should be included in a special act, with a special tribunal and special *defined* criteria to judge acquisitions. Moreover, these criteria must be made public and such a tribunal must only act within their scope. If more flexibility is needed, then new rulings must be published so everyone who might be affected knows exactly where he stands.

If the government does not consider it feasible to be specific about the sort of acquisition it is against, then it should not attempt to control acquisitions at all. For to do so would create immense economic damage. The cornerstone of capitalism is the ability to buy and sell assets, without fear or favour. If this fundamental freedom is to be interfered with on political grounds and, without such grounds being spelt out in great detail, then the lights will start to go out for free enterprise in

this country.

Suspicion about the tribunal appears to be fairly general. Some business organisations have already lodged submissions with the responsible minister, Chris Heunis, and do not want to comment publicly. Privately, all those approached by the *FM* are strongly opposed to the tribunal.

"The people who drafted the bill didn't know what they were doing. We are contemptuous of the merger tribunal," said one. Added another: "The whole thing is going to hang like an axe over everybody's head."

Michael O'Dowd, manager and alternate director of Anglo American, points out that industry needs to know the rules of the game in advance in order to plan its activities. Like many others, he is con-



Economic Affairs Minister Chris Heunis . . . political considerations?

cerned that a body should be given powers to investigate past, present or proposed acquisitions that have nothing to do with the maintenance or promotion of competition in the light of so vague a concept as the "public interest." If the tribunal's brief includes political and strategic considerations, then this is the wrong act for it, he says.

His view is shared by Stef Naudé, professor of mercantile law at Unisa. He says "In my view the merger tribunal is unacceptable even as put forward in the Mouton report. The position is even worse in the draft bill." Naudé makes

some telling points against the tribunal. In the first place, he argues, one can reasonably infer that the merger tribunal is only to be permitted to investigate conglomerates. If so, this alone cannot justify the existence of the tribunal.

And O'Dowd adds, there is an irresponsible implication that large corporations as such are against the "public interest."

Secondly, in Naudé's opinion, there is no investigation that the tribunal can make which cannot be made by the other organ of the legislation — the competition board.

Thirdly, there is no right of appeal against decisions of the minister made from recommendations of the tribunal, as there is with recommendations put forward by the competition board. Naudé insists that it is "legally unacceptable" to eliminate the right of appeal from the tribunal's recommendations.

Moreover, the tribunal has no negotiating powers — unlike the competition board. When an investigation into an acquisition has been undertaken by the tribunal, only the minister may refer the matter to the competition board for it to negotiate with the parties involved. Naudé argues that this illustrates the irrelevance of the tribunal.

One in favour

Is there a case to be made for the tribunal? Michael Katz, a legal expert in the field, believes there is — provided the tribunal is given a role more in the true spirit of the Mouton report. Katz sees the tribunal as being useful as a special court, whose function would be to examine the competition board's findings, evaluate them and then make a recommendation to the minister. He argues that this is necessary in order to separate out the potentially conflicting roles of prosecutor and judge.

Naudé argues that this scheme involving such a tribunal is unacceptable for a variety of reasons and cannot be made acceptable by introducing cosmetic changes.

The real point, however, is that businessmen — both here and abroad — are already suspicious of the proposed tribunal. They see it as a threat to free enterprise in SA. If it goes ahead, business confidence could be eroded still further, with far-reaching consequences for future economic growth. Far better, then, prevent the tribunal from reaching the statute book in any form. It is easy to remove it from the present bill. Let's strike it out now.

(1) ~~244~~
(2) ~~240~~
(3) 245

Hansard 14 8 May 1978
Question 2 Col. 741 & 742.

Y Reduction in sales duty Y

*2 Mr H H SCHWARZ asked the Minister of Economic Affairs

- (1) Whether steps have been taken to ensure that the reduction in sales duty announced in the Budget is reflected in prices to the consumer, if so, what steps,
- (2) whether steps have been taken against any undertakings which have failed to reduce prices in accordance with this reduction in duties, if so, (a) in how many cases and (b) what steps, if not, why not
- (3) whether he will make a statement on the matter.

†The MINISTER OF ECONOMIC AFFAIRS

- (1) Yes I have already issued a press statement on 26 April 1978 in which an urgent appeal was made to undertakings to pass on to buyers the full benefits of the reduced sales duty and surcharge on imports. Furthermore, price control inspectors throughout the country were requested to investigate and to ensure that undertakings pass

10 MAY 1978

on to consumers the reductions in the sales duty and surcharge on imports in full in the form of lower prices. In this connection it must be noted, however, that the reductions in the sales duty and surcharge on imports with effect from 30 March 1978 apply only to goods leaving the manufacturers' premises and the customs warehouses since that date and the reductions can, therefore, only be passed on to the consumers after the existing stocks of undertakings on which the higher duty has been paid, have been sold.

The price reductions cannot therefore, be introduced on a specific date but will be passed on to consumers by individual undertakings in the course of time in respect of different goods

- (2)(a) and (b) The reports of the various price control inspectors will have to be awaited before a decision as to whether any action is justified can be taken
- (3) A suitable statement will be issued in due course, if necessary

REGULATION OF MONOPOLISTIC CONDITIONS
AMENDMENT ACT 1978

Act No 75, 1978

245

ACT

To extend the prohibition contained in Government Notice No. R.1038 of 25 June 1969 so as to apply also with reference to persons other than suppliers of commodities; and to empower the Minister of Economic Affairs to apply such prohibition also in respect of any commodity referred to in that Government Notice and expressly excluded from such prohibition.

(English text signed by the State President)
(Assented to 29 May 1978)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows —

- 5 1. (a) The provisions of Government Notice No R 1038 of 25 June 1969 shall, in relation to paragraph 1 thereof, be construed as applying the prohibition contained therein to any person, irrespective of whether such person is a supplier or a reseller or not or any person other than a supplier or a reseller, and such prohibition is hereby
10 declared valid and, subject to the provisions of paragraph 2 of that Government Notice, binding, irrespective of whether or not the relevant direction by the Minister under section 3 of the Regulation of Monopolistic Conditions Act, 1955 (Act No 24 of 1955), to the
15 Board of Trade and Industries, or any relevant report of, or investigation by, that board under the said section 3, or any relevant notice by that board under section 4 of the said Act, or any relevant notice published, or submitted to both Houses of Parliament for approval, by
20 the Minister under section 6 (5) of the said Act, or any other relevant document, extends to persons other than suppliers
- 25 (b) The Minister of Economic Affairs may by notice in the *Gazette* declare that the prohibition referred to in paragraph 1 of the said Government Notice No R 1038 and as construed in paragraph (a) of this section, shall, as from a date specified in such notice apply also with reference to any commodity referred to in paragraph 2 (2) of the said Government Notice No R 1038
- 30 2. This Act shall be called the Regulation of Monopolistic Short title Conditions Amendment Act, 1978

Construction of Government Notice No R 1038 of 25 June 1969 the validation thereof with respect to persons other than suppliers and the amendment thereof

TRADE PRACTICES AMENDMENT ACT 1978

Act No 78, 1978

GENERAL EXPLANATORY NOTE:

- Words in bold type in square brackets indicate omissions from existing enactments
- Words underlined with solid line indicate insertions in existing enactments

245

ACT

To amend the provisions of the Trade Practices Act, 1976, relating to definitions; to provide for the appointment of subcommittees by the Trade Practices Advisory Committee; and for the appointment of persons to advise the said committee and subcommittees; to extend the power of the Secretary for Commerce regarding the request of certain information; to control or prohibit the sale, delivery and giving of certain trade coupons in certain circumstances; to authorize the Secretary for Commerce to publish temporary directions regarding certain particulars which should form part or should not form part of certain advertisements; to authorize the Minister of Economic Affairs to exempt persons from the provisions of the said Act; to rectify an incorrect date; and to provide for incidental matters.

(Afrikaans text signed by the State President)
(Assented to 29 May 1978)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows

1. Section 1 of the Trade Practices Act, 1976 (hereinafter referred to as the principal Act), is hereby amended by the insertion after the definition of "service" of the following definition

Amendment of Section 1 of Act 76 of 1976

"subcommittee" means a subcommittee appointed in terms of section 4A,

2. The following sections are hereby inserted in the principal Act after section 4

Insertion of sections 4A and 4B in Act 76 of 1976

4A. (1) The committee may appoint from its members one or more than one subcommittee and may delegate any power conferred upon it under this Act, except the power to make any recommendation in terms of section 16 or 17, to a subcommittee but shall not be divested of any power so delegated

(2) One of the members of a subcommittee shall be appointed as chairman thereof by the committee

(3) A subcommittee shall meet at such times and places as its chairman may determine

(4) The quorum for and the procedure at any meeting of a subcommittee shall be determined by the committee

4B (1) The Minister may at the request of the committee designate such person or persons as he may deem fit, to advise the committee, including any subcommittee, on any matter concerning any power

Appointment of sub-committees

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25 Advisers for committee and sub-committees

TRADE PRACTICES AMENDMENT ACT 1978

Act No 78, 1978

conferred upon the committee or delegated to a subcommittee in terms of this Act

(1) Any person appointed in terms of subsection (1)—

5

(a) shall hold office—

(i) on such conditions as the Minister, at the time of his designation, may determine,

10

(ii) until the activities of the committee or a subcommittee are disposed of in so far as the matter is concerned in respect of which such person has been so designated,

unless the Minister on an earlier date has discharged or dismissed him from office

15

(b) shall be deemed, in so far as such matter is concerned, to be a member of the committee or a subcommittee, as the case may be, except—

(i) that he shall not be entitled to vote when the committee or a subcommittee is taking any decision,

20

(ii) for the purposes of a quorum referred to in section 3 (2) or 4A (4),

(iii) for the purposes of section 4A (1) and (2)”

3. Section 6 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection

25

“(1) The secretary may, from time to time, in respect of any matter specified in this Act, by notice in writing, sent by post or delivered, order any person to furnish in writing, before a date specified in the notice, to the secretary any information requested in such notice and relating to the business of such person or to a business practice or to a trade coupon. Provided that any information desired with a view to the exercise of any power conferred upon the Minister or the committee under this Act, may only be requested on the instructions of and on behalf of the Minister or the committee, as the case may be.”

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35

Amendment of section 6 of Act 76 of 1976

4. Section 11 of the principal Act is hereby amended—

(a) by the substitution for the words preceding paragraph (a) of the following words

40

“Subject to the provisions of subsection (2), the provisions of section 10 shall not be so construed as to prohibit—”

(b) by the addition of the following subsection, the existing section becoming subsection (1)

45

“(2) If the Minister is of the opinion that the sale, delivery or giving, as contemplated in subsection (1) (c), (e) or (f), of any document or token or any category of documents or tokens is not in the interest of the relevant purchasers, lessees or persons making use of any service or engaged in the sale or leasing of any goods, the Minister may, subject to the provisions of section 16, by notice in the Gazette prohibit such sale, delivery or giving or impose in respect of such sale, delivery or giving such conditions as he may deem fit”

50

5. Section 16 of the principal Act is hereby amended—

(a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words

55

“Before the publication of any notice under section 11 (2), 12, 14 or 15 the Minister shall—”

60

(b) by the substitution in subsection (3) for the words preceding the proviso of the following words

“After consideration of any recommendation referred to in subsection (2), but not later than six months after

Amendment of section 11 of Act 76 of 1976

Amendment of section 16 of Act 76 of 1976

TRADE PRACTICES AMENDMENT ACT 1978

Act No 78, 1978

the date upon which the said recommendation was made by the committee, the Minister may publish the notice in question in the *Gazette* under section 11 (2), 12, 14 or 15, as the case may be."

5 6. The following section is hereby substituted for section 17 of the principal Act

Substitution of section 17 of Act 76 of 1976

- 10 Temporary prohibition or control in respect of certain documents, tokens, benefits and trade practices and temporary directions in respect of particulars in advertisements
- 17 (1) The secretary may, on the recommendation of the committee and for a period not exceeding six months by notice in the *Gazette*—
- (a) prohibit or impose conditions in respect of the sale, delivery or giving, as contemplated in section 11 (1) (c), (e) or (f), of any document or token or any category of documents or tokens, if the committee is satisfied that such sale, delivery or giving is not in the interest of the relevant purchasers, lessees or persons making use of a service or engaged in the sale or leasing of any goods, or
- (b) prohibit or impose conditions in respect of—
- (i) the giving or supply of any benefit in connection with the sale or leasing of any goods or the rendering or provision of any service, or
- 25 ~~[(b)]~~ (ii) any trade practice which, in the opinion of the committee, may directly or indirectly injure—
- ~~[(i)]~~ (aa) the relations between businesses and persons engaged in the sale or leasing of any goods or in the rendering or provision of any service, or
- 30 ~~[(ii)]~~ (bb) the relations between businesses and consumers,
- if the committee is satisfied that, in the interest of such persons or consumers or businesses, it is necessary or expedient to prohibit or control such trade practice, or
- (c) prescribe the particulars (including indications, descriptions or depictions) which in respect of—
- (i) the nature, properties, advantages or uses of any goods or service, or
- 40 (ii) the manner in, conditions on or prices at which goods may be purchased, hired or otherwise acquired or any service is rendered or provided,
- 45 shall form part or shall not form part of any advertisement in which such goods or service are advertised,
- if a notice under section 11 (2), 12, 14 or 15, as the case may be, has not yet been published in respect of such sale, delivery, giving, benefit, particulars or trade practice
- 50 (2) Any notice published under subsection (1) shall lapse if a notice under section 11 (2), 12, 14 or 15, as the case may be, is published in respect of any sale, delivery, giving, benefit, particulars or trade practice mentioned in the firstmentioned notice
- 55 (3) Different notices may in terms of subsection (1) be published in respect of different documents or tokens or categories of documents or tokens, benefits, particulars, trade practices, goods or services
- 60

TRADE PRACTICES AMENDMENT ACT 1978

Act No 78, 1978

5 (4) The committee may make a recommendation referred to in subsection (1) of its own accord or at the request of any other person. Provided that if any such request is made by the secretary, the committee shall be obliged to consider such request, and thereupon it may make such a recommendation or refuse to make it for such reasons as it may furnish in writing.

7 The following section is hereby inserted in the principal Act
10 after section 21

Insertion of
section 21A in
Act 76 of 1976

15 Exemptions 21A. The Minister may on the recommendation of the committee by notice in the *Gazette* or by notice in writing sent by post or delivered by hand, on such conditions as may be deemed fit, exempt any person from any of or all the provisions of this Act.

8 Section 25 of the principal Act is hereby amended by the
substitution for the expression "1975" of the expression "1976"

Amendment of
section 25 of
Act 76 of 1976

9 This Act shall be called the Trade Practices Amendment Act,
1978

Short title

Whether a contract however question situation created

PRICE CONTROL

245

Lifting the lid

A large number of products will probably be freed from price control within the next few months.

Secretary for Commerce Tjaart van der Walt confirms that a study group under the chairmanship of deputy price controller Duggie de Beer was recently formed to investigate the current circumstances with regard to the marketing of price controlled products and to determine "whether the maintenance of price control is still necessary on all these items." Serving on the group are representatives of FCI, Assocom, the Handelsinstituut, consumer interests and various government departments.

Van der Walt notes that the probe "is already well advanced." Economic Affairs Minister Chris Heunis should be getting its report "within the foreseeable future."

Pretoria apparently feels that with competition in many price-controlled industries as fierce as it is likely to get, there's little danger of prices going sky-high after restraints have been lifted.

In any case, the FM claims that a substantial number of important controlled items are being considered by De Beer's group. Farm products, such as bread, are excluded from the review. "Positive" products, like steel, which are marketed in quasi-monopolistic conditions.

Speculation is that two groups of products which may be among the early candidates for relaxation are building

CAPE TOWN CITY

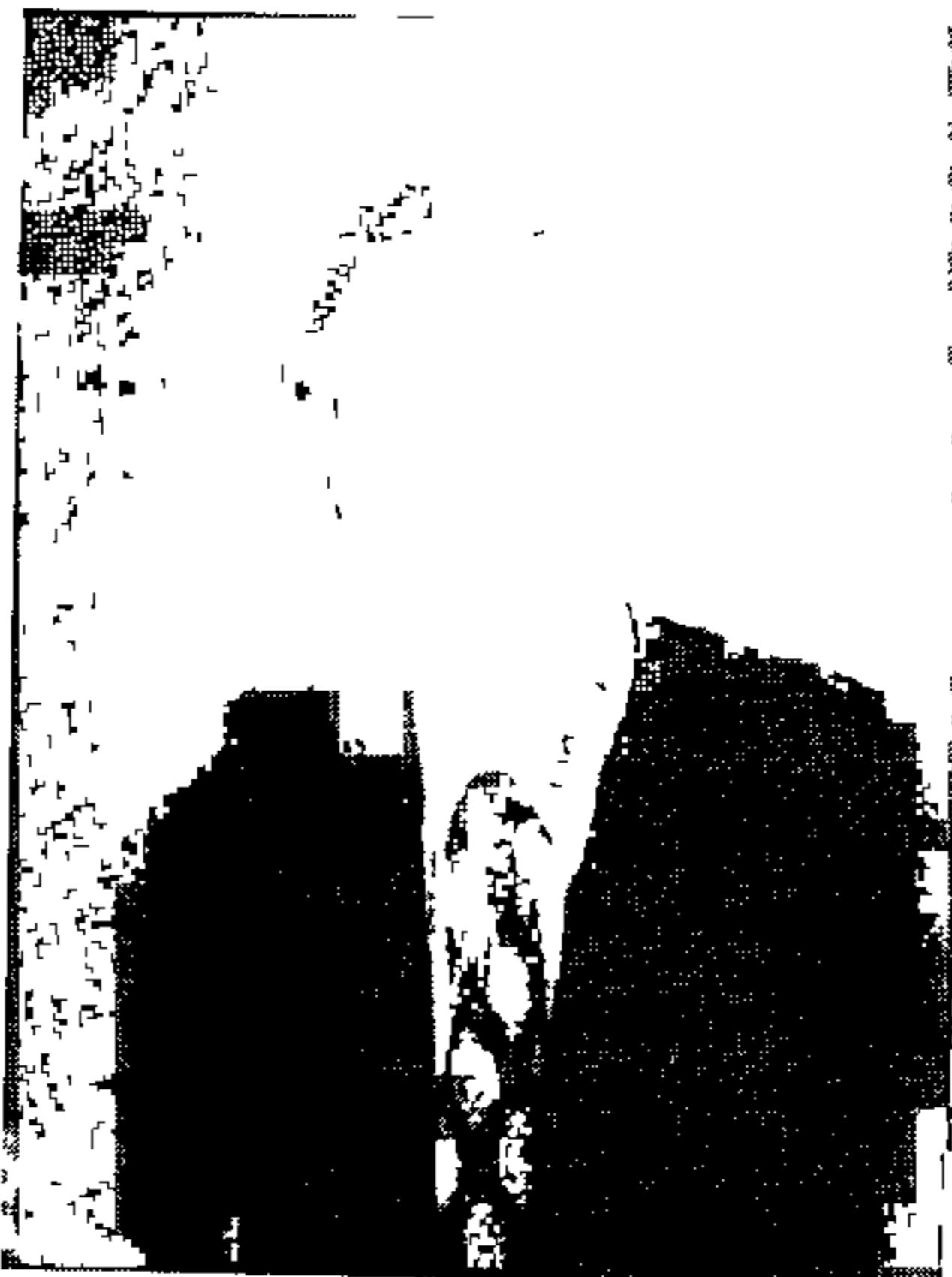
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Controller De Beer steering clear of sensitive items

materials and electrical appliances. In both cases, poor demand is preventing most merchants from charging the maximum prices allowed by the Price Controller.

The appointment of the De Beer group comes in the wake of mounting calls on Pretoria to ease price control wherever possible. The Chamber of Mines and Assocom are among the bodies which have pointed out the failure of bureaucratic decisions to hold down the cost of living.

Water must be connected to down-pipe rainwater penetrating the roof, gullies, floors, or any other drainage system must in turn be connected to the main sewerage system. The rainwater away from the building using dampness in any walls, floors, and without causing damage to the building and without causing damage to the land surrounding the building. Do not erect any building on a site or in a manner calculated to cause damage to the neighbourhood.

for men living as bachelors in buildings to these standards. The photograph in Langa illustrates

and institutional occupancies' lack of a bath or shower.

In general no person may occupy a building for insanitary. There is no provision for single men's quarters are in buildings. Mention may be made of the most common type of ground floor accommodation in buildings - tory-sheds in Nyanga.

which means that the lighting and ventilation
ry to regulati

TYRE MANUFACTURE

RPM going?

(245) FM 23/6/78

flood of cut-price tyres available at the
hypers, or wherever. The manufacturing
industry will still have its "terms of
trade" policy document which relates to
dealer acceptance onto the tyre trade
register (TTR).

Acceptance onto the TTR obliges the
dealer to provide specific equipment, pre-
mises, staffing and so on. If, say, the
hypers don't have such facilities, then
they'll be denied official supplies of
product. In fact, BTI Report No 1860
(M) specifically states that. "Each manu-
facturer will still be in a position to select
his distributors and to only to dealers
who comply with certain minimum
requirements and star

In short, expect
"competitive prices"
from members of th
half-price tyres fi
probably happen, b

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It has come as no surprise (FM May 5)
that the Board of Trade and Industries
has once again come out in favour of the
abolition of resale price maintenance on
tyres. A similar recommendation was
made in 1970, but was ignored by the
then Economic Affairs Minister,
Louwrens Muller.

The present recommendation has yet
to be officially accepted by Minister of
Economic Affairs, Chris Heunis, but
word is that, this time, his acceptance is
merely a formality

The tyre industry is one of the few
which is still allowed to fix retail price
levels — an action which, in the absence
of specific exemption, is otherwise out-
lawed. What the BTI has recommended
is the abolition of that specific exemption

But that's not to say that, if Heunis
goes along with the BTI, there will be a

obstacles may
improve. When

for improving a house which they cannot own, the majority replied that they
considered this their home and had no other place to go. The need to es-
tablish a family home and put down roots appears strong and these Urban Blacks
are not prepared to wait for changes in legislation which could take a long
time.

As one of its current projects, The Urban Problems Research Unit, established
at the University of Cape Town in 1975, has - with the co-operation of BAAB
- been conducting research into housing conditions in the Peninsula's Black
townships, with a view to isolating the major problems encountered by both
residents and authorities and seeking practical solutions. A report of
its findings is presently being prepared but already some of the more urgent
problems have become apparent and, it is felt, might be lessened by changes in
the following areas :

- i) the design and preparation of plans for house alterations that are
inexpensive and meet with the requirements of the local authorities,
- ii) a streamlining of the approval process,
- iii) methods of making finance available for both home improvements and
the building of new family houses,
- iv) the possibility for the Blacks to own their own homes in the urban area.

The report of this research project will deal with these and other recom-
mendations in detail. It is felt, however, that in the present climate
of urban unrest much could be gained through practical and positive steps being
taken in the areas mentioned above by persons, organisations or authorities
who are able to contribute.

These are the maximum prices

6/7/78 Mercury Reporter

(245)

THE maximum controlled prices — without general sales tax — on bread, butter, milk, cheese, sugar, margarine and mineral water, according to the Price Controller, are as follows:

BREAD: white — 25c; brown — 16c; wholewheat — 16c.

BUTTER: choice — 92c for 500g.

MILK: 1 litre — 34½c; ½ litre — 18c; 250ml — 10c.

CHEESE: cheddar — R2 for 1kg; gouda — R2,01c for 1kg.

SUGAR: white — 33c for 1kg; brown — 32c for 1kg (in Durban).

MARGARINE: brick — 35c for 250g; tub — 38c for 250g.

MINERAL WATER: cans — 22c; bottles: 10c for 200ml; 13c for 300ml; 28c for 1 litre.

PPLETISER: 22c for 200ml; 30c for 350ml.

N.M. 7/7/78
**Traders
warned
of hikes**

(245)
PRETORIA — The office of the Price Controller warned here last night that any unjustifiable price increases that might accompany the newly introduced sales tax would be viewed in a serious light and appropriate steps would be taken without hesitation against traders who hiked their prices unduly.

The statement said since the implementation of the general sales tax complaints had been received that certain traders had in the process allegedly increased their prices by more than the permissible amounts.

Price Controllers had been asked to watch the position closely. — (Sapa.)

OPLEGGING VAN VOORWAARDES TEN OPSIGTE
VAN 'N HANDELSPRAKTYK

Kragtens artikel 16 van die Wet op Handelspraktyke, 1976 (Wet 76 van 1976) word hiermee kennis gegee dat die Minister van Ekonomiese Sake van voorneme is om ingevolge artikel 15 van genoemde Wet 'n kennisgewing te publiseer soos in die Bylae hiervan uiteengesit.

Alle belanghebbende persone word versoek om besware of vertoe skriftelik by die Sekretaris van Handel, Privaatsak X84, Pretoria, 0001, voor 11 September 1978 in te dien.

BYLAE

OPLEGGING VAN VOORWAARDES TEN OPSIGTE
VAN 'N HANDELSPRAKTYK

(i) In hierdie kennisgewing beteken—

(a) "versprei" ook die uitgee aflewer, versend of sirkuleer op watter wyse ook al of die laat uitgee aflewer, versend of sirkuleer op watter wyse ook al deur 'n persoon in die loop van enige besigheid wat met die oog op winsbejag gedryf word.

(b) "dokument" 'n brief, dokument of skriftelike stuk hoegenaamd wat nie 'n faktuur of rekeningstaat ten opsigte van verskuldigde bedrae is nie, maar wat in so 'n vorm is dat dit die algemene voorkoms van so 'n faktuur of 'n rekeningstaat het.

(ii) 'n Dokument moet die volgende mededeling op sy voorkant gedruk hê: "Hierdie dokument dien ter werwing van 'n bestelling vir (goedere of dienste of goedere en dienste na gelang van die geval) en is nie 'n faktuur of 'n rekeningstaat ten opsigte van verskuldigde bedrae nie. U staan onder geen verpligting om enige gelde ten opsigte van hierdie aanbod te betaal nie, tensy u hierdie aanbod aanvaar."

(iii) Benewens die mededeling in paragraaf (ii) bedoel moet 'n dokument die volgende woorde diagonaal oor sy voorkant gedruk hê: "Pro Forma", wat gedruk moet wees—

(a) in 'n ander kleur as die kleur van die papier van sodanige dokument en die kleur van die druk op sodanige dokument, en

(b) in 'n druk waarvan die grootte nie kleiner as 1 sentimeter is nie.

(iv) Die mededeling in paragraaf (ii) bedoel moet in vetbeeldhoofletters gedruk word op so 'n wyse dat—

(a) sodanige mededeling in 'n druk is wat nie minder opvallend is as die druk van enige ander woord op die dokument nie, en

(b) die grootte van die druk van sodanige mededeling nie kleiner is nie as die grootste druk van enige ander woord op die dokument met die uitsondering van die woorde "Pro Forma" in paragraaf (iii) bedoel of 4 millimeter wat ook al die grootste is.

(v) (a) Daar moet 'n blanko spasie van minstens 1 sentimeter wees onmiddellik rondom die mededeling in paragraaf (ii) bedoel.

(b) Die mededeling in paragraaf (ii) bedoel, moet op so 'n wyse op 'n dokument gedruk word dat die kontras tussen die agtergrond en die druk van daardie mededeling nie minder is nie as die kontras tussen die agtergrond en die druk van enige ander woord op die voorkant van die dokument.

(vi) Geen dokument mag meld dat dit deur 'n Staatsdepartement of deur die Posmeester-generaal goedgekeur is of dat dit voldoen aan die bepalings van 'n wet van die Parlement 'n regulasie of ander wetwewing nie.

(vii) Geen dokument wat nie aan die bepalings van hierdie kennisgewing voldoen nie, mag versprei word nie.

(viii) Die bepalings van hierdie kennisgewing tree in werking op 'n datum 30 dae vanaf datum van publikasie van hierdie kennisgewing.

(11 Augustus 1978)

IMPOSITION OF CONDITIONS IN RESPECT OF
TRADE PRACTICE

In terms of section 16 of the Trade Practices Act, 1976 (Act 76 of 1976) notice is hereby given that the Minister of Economic Affairs intends to publish under section 15 of the said Act a notice the purport of which is set out in the Schedule hereto.

All interested persons are requested to lodge objections or representations regarding the proposed notice in writing with the Secretary for Commerce, Private Bag X84, Pretoria, 0001, before 11 September 1978.

SCHEDULE

IMPOSITION OF CONDITIONS IN RESPECT OF
A TRADE PRACTICE

(i) In this notice—

(a) "distribute" includes the issuing, delivering, despatching or circulating in any manner whatsoever, or the causing to be issued, delivered, despatched or circulated in any manner whatsoever by any person in the course of any business carried on for the purpose of gain.

(b) "document" means any letter, document or written instrument of any description that is not an invoice or statement of account due, but is in such a form that it has the general appearance of an invoice or statement of account due.

(ii) A document shall have printed on its face the following notification: "This is a solicitation for the order of (goods or services or goods and services as the case may be) and not an invoice or statement of account due. You are under no obligation to make any payments on account of this offer unless you accept this offer."

(iii) Apart from the notification referred to in paragraph (ii) the following words shall be printed diagonally across the front of a document: "Pro Forma", which shall be printed—

(a) in a colour other than the colour of the paper of such document and the colour of the print on such document, and

(b) in a print the size of which is not smaller than 1 centimetre.

(iv) The notification referred to in paragraph (ii) shall be printed in boldface capital letters in such manner that—

(a) the print of such notification is no less conspicuous than the print of any other word on the document, and

(b) the size of the print of such notification is not smaller than the largest print of any other word on the document, with the exception of the words "Pro Forma" referred to in paragraph (iii), or 4 millimetre, whichever is the largest.

(v) (a) There shall be a clear space of not less than 1 centimetre immediately surrounding the notification referred to in paragraph (ii).

(b) The notification referred to in paragraph (ii) shall be printed on a document in such a manner that the contrast between the background and the print of that notification is not less than the contrast between the background and the print of any other word on the face of the document.

(vi) No document shall state that it has been approved by any Government Department or by the Postmaster General or that it conforms to the provisions of any Act of Parliament, regulation or any other law.

(vii) No document that does not conform to the provisions of this notice shall be distributed.

(viii) The provisions of this notice shall come into operation on a date 30 days from the date of publication of this notice.

Knock some sense into shopping!

A HEADLINE to an article in the August issue of The SA Consumer reads: "Good old-fashioned common sense — in short supply."

"It does seem unreasonable, inexplicable and just plain stupid that so many customers are such bad consumers, the writer continues, and he gives his reasons.

- They accept bad service.
- They buy poor quality.
- They pay high prices.

Then — they complain, which is simply silly! The horse has bolted. It's often too late.

Good consumerism can be practised by using good old-fashioned common sense — a commodity which appears to be in extremely short supply at present.

How often haven't you heard (or perhaps said yourself) after a meal at an expensive restaurant: "The food and the service were dreadful".

Ask the complainant what he did about it and the answer (or a variation) will nearly always be: "Nothing I didn't want to cause a scene".

Of course, that is absolute nonsense!

Surely one can complain without losing dignity or self-control?

Surely one has every human and legal right to expect to receive good food and exemplary service for which one is paying?

What earthly use is it to complain long and loud to other people after the meal?

The answer to that last question needs repeating a million times: None whatsoever!

It would almost certainly do some good to complain during the meal to the manager, waiter, or the restaurateur about the poor quality of the food, indifferent service or whatever you have cause to complain about.

The same applies to buying an article from a shop. People are forever complaining about having bought a set of pots and then coming across the same set at another shop at R5 less. Then they want to know what they can do about it.

The answer is: Absolutely nothing!

Question: Why didn't you shop around a little before committing yourself?

Tips

HERE are some tips to think about when shopping

- Keep a running total of your purchases in the supermarket. A pocket calculator in this regard would be an investment
- Eliminate the risk of ending up with more than you can pay for at the till, especially at the end of the week or month when everybody is rushed and the cashier anxiously keeps looking at the ever-stretching queue
- Compare quantity with price. Large economy packs are

- not always cheaper.
- Don't shop at eye-level. Don't be afraid to bend and stretch. There may be cheaper products on higher or lower shelves.
- Check bulk buying. It can sometimes prove cheaper but not always. Again, use your calculator. Using his calculator, Ike saved R70, when the cashier punched R70 for an article which was marked 70c.
- It doesn't pay to travel 10 km to save a rand. But a group of shoppers can send a delegate every three months, say to shop for them in bulk.

There is nothing quite like impulsive buying for regretting at leisure.

It is the consumer's right to be as choosy as he wishes, to find the right article for the right price. He should be always right — after all it's his money which the salesman is after. He must spend it wisely and (or should) get the best value possible.

The consumer should not put up with indifferent service, discourtesy and ignorance on the part of the salespeople. He should be informed, enlightened and not moved at all by the hard sell of sales staff.

After all, it's not difficult to ask a few questions about the product. Or to say NO.

Only the other day a woman complained that a supermarket had put up the price of margarine before the due date. She wondered if she should complain to the manager.

Of course! She and all other consumers should complain, loud and long. They are the

reasons for the supermarket's existence.

Consumers have rights. Those rights are best expressed in bold, hard, concrete Rands and Cents. The consumer can part with his rights in return for goods and services or he can withhold them.

But it's of little use to complain after the transaction because he did not find out enough about the product or did not find the service satisfactory.

REMEMBER there are six basic rights of the consumer. These are published in the December issue of The SA Consumer.

The right to safety.

The right to choose.

The right to redress.

The right to be informed.

The right to be heard.

The right to service.

Act on them. It's to your benefit. It's to your profit.

SHOPPING BASKET

PRODUCT	OK BAZAARS Floft Street	CHEEVERS Mayfair	WICK & PAUL Brixton	SPAIN Mayfair
Washing Powder 1kg Housebrand	Bingo 89c R1,05	Good & Clean 99c —	Bingo 92c R1,05	Bravo R1,09 R1,19
Face Soap Housebrand	Lux 29c Caress 22c	Deo 24 29c Yellowband 26c	Palmolive 28c 24c	Sunlight Toilet Soap 26c 26c
Melba Meal 2,5 kg Housebrand	Impala 49c 49c	Impala 53c 52c	Impala 53c —	Impala 49c —
Tea 250 g Housebrand	Glem 88c 99c	Glem 84c Yellowband 79c	Glem 85c Pantry Pride 92c	Three Trees Tips 91c 95c
Coffee 250 g Housebrand	Ricoffy Granules R1,15 R1,09	Van Riebeeck R1,15 92c	Ricoffy Granules R1,19 —	Van Riebeeck 99c R1,09
Candles (packet) Housebrand	Buffalo 45c 42c	Buffalo 41c 43c	Society 40c —	Lamp 42c —
White Bread Brown Bread	24c 15c	24c 15c	24c 15c	23c 14c
Sugar 2,5 kg Housebrand	Selati 96c 95c	Selati 95c 95c	Huletts 94c —	Huletts 95c 95c
Margarine (Yellow) 500 g Housebrand	Stork 71c —	Blossom 71c Yellowband 68c	Sunshine 64c —	Blossom 74c —
Jam (Apricot Smooth) 450 g Housebrand	Koo 54c 39c	Koo 49c —	Koo 45c —	Koo 35c 47c
Powdered Milk 250 g Housebrand	Molico 79c 67c	Molico 76c —	Molico 75c —	Protea 79c —
Condensed Milk 397 g Housebrand	Nestle 49c 46c	Nestle 43c —	Goldcross 43c —	Nestle 45c —
Sunflower Oil 750 ml Housebrand	Solo 94c 89c	Nola 89c 82c	Solo 95c Pantry Pride 85c	Cotona Salad Cooking 90c 95c
Beans 500 g Housebrand	Buffalo Kidney 39c	— —	Lions Kidney 36c —	Lions Kidney 35c 35c

MONOPOLIES BILL

Pretoria stands firm

(245) FM 6/10/78
No wonder the Department of Commerce is restricting circulation of the latest (and apparently final) draft of its Maintenance and Promotion of Competition Bill to only a few privileged eyes. The *FM* learns that the revised bill has done virtually nothing to allay the objections of commerce, industry and mining to Pretoria's monopoly-busting strategy.

Despite Secretary for Commerce Tjaart van der Walt's assertion earlier this year that "the draft has been changed in the light of representation from interested parties," one private sector expert claims the new bill "includes almost everything we objected against."

Business's main gripe against the first draft concerned the mergers tribunal, which was empowered to look beyond the purely economic pros and cons of a merger or takeover, and would have been able to veto an acquisition even before it had taken place.

The mergers tribunal has indeed been scrapped — but most of its powers have now been vested in the other arm of government's anti-monopoly machinery, the competition board. Thus mergers can still be investigated before they take place, if this is considered in the public interest. What's more, the Minister of Economic Affairs can prevent the competition board from looking into any acquisition.

These powers give ample scope for abuse. Though the criterion of "the public interest" is a vague one, it is as fair a yardstick as can be laid down, *provided* the decisions on what is and what is not in the public interest are taken by independent experts and not a politician.

Giving the board the power to break up takeovers before they happen is a radical departure from SA's existing anti-monopoly laws, which assume that monopolies are not bad *per se*, but are only harmful when they abuse their power. And that, of course, cannot be determined until a merger is consummated.

An intriguing provision in the new bill lays down that any ruling on a restrictive practice involving a financial institution must be approved by two Ministers.

Thoughts of Chris

245

Despite the controversy surrounding the latest draft of the Maintenance and Promotion of Competition Bill (*Current affairs* October 6), Pretoria does not plan another rewrite, and intends submitting the bill to Parliament next year. So avers Economic Affairs Minister Chris Heunis.

Replying to questions put to him by the *FM*, Heunis said this week that "I would be prepared to consider changes in the draft bill which do not defeat its objects and are consistent with the government's objectives. But it is often not possible, advisable or even in the general interest to effect changes to accommodate all representations for amendments."

Asked why the new bill gives him the power to exclude the competition board from investigating any restrictive practice if he considers it in the public interest to do so, Heunis reckons "it is most undesirable and could be harmful to the country, to subject strategic industries and certain decisions which government itself might have taken in regard to the operations of such industries, to investigations by any board."

He adds that "it would be very difficult to clearly define in legislation the circumstances that could compel me to intervene."

The one major change in the new draft is the removal of the mergers tribunal. However, many of the powers vested in

the tribunal — which had the advantage of being presided over by a judge — have been transferred to the competition board. Why then, get rid of the tribunal?

Retaining the mergers tribunal, argues Heunis, "would have delayed merger investigations which for obvious reasons have to be expedited."

Finally, why is Pretoria making a special case for mergers involving financial institutions, in the sense that any decision of the competition board affecting these bodies will have to be approved by the Minister of Finance? "It is generally accepted," says Heunis, "that financial institutions, and in particular those registered under the Banks Act, are in a unique position and warrant special consideration."

He adds, however, that proposals on the question of financial institutions are still being discussed with affected parties.

Meanwhile, the *FM* learns that private sector organisations will not be taking the new draft lying down. The Minister can expect a loud chorus of protest, particularly over the board's powers to vet mergers and takeovers before they are even consummated.

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Survey, that many in fact seek work outside the rural areas because of rural poverty. The Survey discovered that 40% of the rural households, containing 35% of the rural population, live below the rural poverty datum line (household annual income of P507 in cash and kind). There appears to be a strong correlation between the maldistribution of income, similar maldistribution in the ownership of cattle and the present low productivity of arable farming.

The high capital:employment ratio of recent years has held back the general growth of employment opportunities. Between 1972-75 employment in the Government sector, mostly in education, grew 40%; in mining, manufacturing and construction it grew 27%; and in large scale farming it grew by only 4%. The completion of much of the construction and the fixed capital formation of the recent phase of economic growth means that employment growth in the first two categories will slump. In 1975 only 20% of those whose education qualified them for employment in the formal sector had a job. The National Development Plan 1976-81 predicts that by the year 2000, and given high rates of employment growth, the proportion of those qualified in jobs will rise to

DEPARTMENT OF INDUSTRIESNo R 2292 ⁽²⁴⁵⁾ 17 November 1978**REGULATION OF MONOPOLISTIC CONDITIONS ACT, 1955 (ACT 24 OF 1955)**

I, Jan Christiaan Heunis, Minister of Economic Affairs, do hereby, in terms of section 1 (b) of the Regulation of Monopolistic Conditions Amendment Act, 1978 (Act 75 of 1978), promulgate the following, as set out in the Schedule hereto

DEPARTEMENT VAN NYWERHEIDSWESE

No R 2292 17 November 1978

WET OP REFLING VAN MONOPOLISTIESE TOESTANDE, 1955 (WET 24 VAN 1955)

Ek, Jan Christiaan Heunis, Minister van Ekonomiese Sake, vaardig hierby kragtens artikel 1 (b) van die Wysigingswet op Reeling van Monopolistiese Toestande, 1978 (Wet 75 van 1978), die volgende uit soos in die Bylae hiervan uiteengesit.

STAATSKOERANT, 17 NOVEMBER 1978

No 6217 5

SCHEDULE

1 The prohibition mentioned in paragraph 1 of Government Notice R 1038 of 25 June 1969 promulgated in terms of section 6 (5) of the Regulation of Monopolistic Conditions Act, 1955 (Act 24 of 1955), is applicable to those commodities mentioned in paragraph 2 (2) (b) of the said Government Notice

2 The provisions of this notice will come into operation on the 29th day of December 1978

J C. HEUNIS, Minister of Economic Affairs

BYLAE

1 Die verbod genoem in paragraaf 1 van Goewermentskennisgewing R 1038 van 25 Junie 1969, uitgevaardig kragtens artikel 6 (5) van die Wet op Reeling van Monopolistiese Toestande, 1955 (Wet 24 van 1955) is van toepassing op daardie handelsware genoem in paragraaf 2 (2) (b) van gemelde Goewermentskennisgewing

2 Die bepalings van hierdie kennisgewing sal in werking tree op die 29ste dag van Desember 1978

J C HEUNIS, Minister van Ekonomiese Sake

10 - 10.50 a.m.	Archaeology	Room B. 115
10 - 10.50 a.m.	Public Administration	B. 114
11 - 11.50 a.m.	Economic History	B. 105
11 - 11.50 a.m.	Speech and Drama	B. 106
2 - 2.50 p.m.	Political Science	Beattie Theatre
2 - 2.50 p.m.	Librarianship	Room B. 27
3 - 3.50 p.m.	Carl	B. 106
4 - 4.50 p.m.	History	Beattie Theatre
5 - 5.50 p.m.	Sociology	Beattie Theatre
8 - 8.50 p.m.	Religious Studies	Beattie Theatre
9 - 9.50 p.m.	African Languages	Room B. 114

Sunday, 18th February (Student Workshop) Arts Block

10 - 12.00 p.m.	Afrikaans/Nederlands	Room A. 2
"	Social Anthropology	A. 4
"	Archaeology	A. 6
"	Classics	A. 8
"	Cultural History	A. 102
"	Philosophy	A. 10
"	Economic History	A. 12
"	German	A. 16
"	Hebrew	A. 105
"	History	A. 107
"	Political Science	A. 111
"	French/Italian	A. 117
"	Speech and Drama	A. 101
"	Religious Studies	A. 109
"	Public Administration	A. 113
"	Librarianship/Music	A. 201

Monday, 19th February (Course Information Lectures) Beattie Building

9 - 9.50 a.m.	Afrikaans/Nederlands	Beattie Theatre
10 - 10.50 a.m.	French Intensive	Room B. 115
10 - 10.50 a.m.	French I	B. 105
10 - 10.50 a.m.	Education	B. 106
10 - 10.50 a.m.	Law	B. 114

Hansard 6 (Quest Col. 443) 14/3/79

245

443

WEDNESDAY 1

Infringement of price control regulations

430 Dr Z J DE BEER asked the Minister of Economic Affairs

(a) How many prosecutions for infringement of price control regulations were instituted during 1976, (b) how many convictions were obtained and (c) how many actions are still pending

The MINISTER OF ECONOMIC AFFAIRS

- (a) 2 632
- (b) 1 541 This figure includes the number of prosecutions which were instituted in 1977 and which were only proceeded with during 1976 and for which convictions were obtained
- (c) 2 021

Listen to Heunis ^(2/5)

Private sector concern about the wide sweep of government's new anti-monopoly legislation, the final version of which was read a first time in Parliament this week, has not deflected its architects

from the principles and methods set out in the draft measure published for general information last year

According to businessmen involved in negotiations to persuade the Department of Commerce to water down some of the measure's more draconian provisions, an assurance has been received that the intent of the Maintenance and Promotion of Competition Bill is nowhere near as menacing as the cold print suggests. The private sector has been asked to pay special attention to the wording of Economic Affairs Minister Chris Heunis's second reading speech, due to be delivered after the Easter recess when the "true intent" of the authorities will be spelt out.

It has even been suggested that the elucidations in the Minister's speech may serve as guidelines for the formal interpretation of the measure, possibly even by the courts.

Private sector representatives have been told that the wide gap between the intent of the new law and the unambiguous language in which it is to be placed on the statute book, is the consequence of having to draw up legislation designed to remedy some wide-ranging and sophi-

sticated business practices that undermine competition.

The final product is an improvement in two respects on last year's draft. Section 18 is a provision to protect witnesses from the retribution of suppliers they may have testified against at hearings of the Competition Board, one of its committees or a court of law.

Offence to withhold supplies

The provision, which appears to have been inserted at the insistence of price discounters, makes it an offence for a merchant or manufacturer to withhold supplies from any person known or suspected to have given information to board investigators.

The second new provision covers Board of Trade investigations into monopolies which are in progress when the new Competition Bill becomes law and the old Monopolies Act is repealed.

The centrepiece of the new measure is the Competition Board, comprising the chairman of the BTI, the Registrar of Financial Institutions and not fewer than two and not more than five other members. Speculation is that the board's

first chairman will be BTI monopolies expert Dawid Mouton. The part-time members will probably include an academic, a lawyer, a retired businessman and an economist.

The board and its specialist committees will have wide powers not only to investigate and put an end to restrictive trade practices but also to prevent or unscramble undesirable mergers and acquisitions if they are deemed to be not in the public interest.

According to officials, most of the private sector objections to the Bill centred on the possible inhibiting effect the activities of the Competition Board could have on normal business growth, especially because the board will rely, at least in part, on Deep Throat-style tip-offs to perform its watchdog duties. The Bill is expected to become law around mid-year

COMPETITION BILL Soothing words

Like a dentist trying to reassure an apprehensive patient, Economic Affairs Minister Chris Heunis effused comforting

sentiments as he piloted the new Maintenance and Promotion of Competition Bill through its second reading in the Assembly this week.

The Bill, which replaces the 24-year-old Monopolies Act, proposes the establishment of a Competition Board to guard against undesirable economic power concentrations, practices that restrict competition and mergers or acquisitions that are not in the public interest. A new principle, and one which aroused the most strident protest from the private sector is that the board will be competent to investigate and kill mergers or takeovers before they happen, if they are not in the public interest.

However, Heunis says it is not government's intention to investigate in advance all acquisitions. The Competition Board will avoid the assumption that acquisitions are fundamentally undesirable. Said the minister: "I wish to give the assurance that it is the government's sincere desire that this policy should be

applied with the greatest circumspection to ensure the least possible inconvenience and harm to the parties involved in proposed acquisitions, and to the country's economy as a whole."

While taking the private sector's point that rationalisation is a natural tendency in a small market like SA, Heunis argued that it is not satisfactory to deal with undesirable marriages on an *ex post facto* basis. Many Western countries have found this to be the case and have amended their monopoly laws accordingly.

"The government believes that more harm can be done by compulsory dissolution of financial constellations and the divestment of interests than by the possible inconvenience that may be caused by an investigation before the fact," observed Heunis.

He said it was clear from representations received from the private sector that it had misunderstood the intentions behind the Bill concerning the onus of proof. "There will be no difference between investigations carried out under this measure and investigations carried out under the existing Act," Heunis said.

One of the first tasks of the Competition Board will be to draw up guidelines against which parties to a prospective merger or acquisition can test the deal's acceptability.

Where possible, said Heunis, members of the board will not be public servants or representatives of vested interests — "it will always be government policy to appoint independent, objective and unattached (people) from outside the public sector to statutory bodies of this nature."

6/6/79

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Star **BUSINESS**

Pharmaceutical price control not needed - review

Price control in the highly competitive pharmaceuticals industry is unnecessary and inefficient and should be discarded, is the call from the Standard Bank

basically inefficient and unnecessary in a highly competitive industry, will not play a useful role and should therefore be discarded in the interests of the industry and the country," says the review

In its latest review the bank points to the modest recovery being experienced in the pharmaceutical industry as a result of more open handed public sector spending policies and a firming of the job market

And the demand for drugs is expected to improve further with private sector sales of over the counter drugs, to blacks improving particularly, and the demand of public sector institutions continuing to rise in line with the growing emphasis on social spending

But continued fierce competition plus a wave of inevitable cost increases likely to arise from escalation in oil-based product prices will continue to pressurise margins. "Under these circumstances price control,

No R 1293

15 June 1979

No R 1293

15 Junie 1979

PRICE CONTROL

PRYSBEHEER

245

MAXIMUM PRICES OF FIRE-ARMS AND AMMUNITION

MAKSIMUM PRYSE VAN VUURWAPENS EN AMMUNISIE

I, Elias George de Beer, Price Controller, do hereby in terms of section 4 of the Price Control Act, 1964 (Act 25 of 1964), prescribe as follows

Ek, Elias George de Beer, Pryscontroleur, bepaal hierby kragtens artikel 4 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), soos volg

1. In this notice, unless the context otherwise indicates—

1. In hierdie kennisgewing tensy uit die samehang anders blyk—

(i) "cost" shall mean cost as prescribed in Government Notice R 1532 of 2 October 1964, and

(i) het "kosprys" die betekenis soos bepaal in Goewermentskennisgewing R. 1532 van 2 Oktober 1964; en

(ii) "importer" shall not mean a manufacturer of fire-arms or ammunition in the Republic of South Africa; and

(ii) beteken "invoerder" nie ook 'n vervaardiger van vuurwapens of ammunisie in die Republiek van Suid-Afrika nie; en

(iii) "manufacturer" shall mean a manufacturer of fire-arms and ammunition in the Republic of South Africa and/or the distribution organisation of such manufacturer; and

(iii) beteken "vervaardiger" 'n vervaardiger van vuurwapens en ammunisie in die Republiek van Suid-Afrika, en/of die verspreidingsorganisasie van sodanige vervaardiger, en

(iv) "manufacturers selling price" shall mean the selling price of a manufacturer of fire-arms and ammunition before any cash or quantity discount are taken into account

(iv) beteken "vervaardiger se verkoopprijs" 'n vervaardiger se verkoopprijs van vuurwapens en ammunisie voordat enige kontantkorting of hoeveelheidskorting in berekening gebring is.

2 The maximum price at which fire-arms may be sold—

2. Die maksimum prys waarteen vuurwapens verkoop mag word—

(a) by the importer thereof —

(a) deur die invoerder daarvan—

(i) to a dealer, shall be the cost of such goods to the importer, plus 30 per cent; and

(i) aan 'n handelaar, is die kosprys van sodanige, goedere vir die invoerder, plus 30 persent, en

(ii) to any person other than a dealer, shall be the cost of such goods to the importer, plus 82 per cent;

(ii) aan 'n ander persoon as 'n handelaar, is die kosprys van sodanige goedere vir die invoerder, plus 82 persent;

(b) by any dealer who obtained such goods from the importer thereof, to any person other than a dealer, shall be the cost thereof to that dealer, plus 40 per cent,

(b) deur 'n handelaar wat sodanige goedere van die invoerder daarvan verkry het, aan 'n ander persoon as 'n handelaar, is die kosprys van die goedere vir daardie handelaar, plus 40 persent,

(c) by any dealer who obtained such goods from a manufacturer of such goods is the manufacturer's selling price plus 40 per cent;

(c) deur 'n handelaar wat sodanige goedere van 'n vervaardiger van sodanige goedere verkry het, is die vervaardiger se verkoopprijs plus 40 persent,

GG 6497

4 No. 6497

GOVERNMENT GAZETTE, 15 JUNE 1979

(d) by any dealer who obtained such goods from another dealer dealing in such goods, to any person other than a dealer, shall be the selling price of the manufacturer or importer of such goods, to a dealer in such goods, plus 40 per cent

(d) deur 'n handelaar wat sodanige goedere van 'n ander handelaar verkry het, aan 'n ander persoon as 'n handelaar, is die invoerder of die vervaardiger se verkoopprijs plus 40 persent.

3. The maximum price at which ammunition may be sold—

3. Die maksimum prys waarteen ammunisie verkoop mag word—

(a) by the importer thereof—

(a) deur die invoerder daarvan—

(i) to a dealer, shall be the cost of such goods to the importer, plus 25 per cent, and

(i) aan 'n handelaar, is die kosprys van sodanige goedere vir die invoerder, plus 25 persent; en

(ii) to any person other than a dealer, shall be the cost of such goods to the importer, plus 68 per cent; and

(ii) aan 'n ander persoon as 'n handelaar, is die kosprys van sodanige goedere vir die invoerder, plus 68 persent;

(b) by any dealer who obtained such goods from the importer thereof, to any person other than a dealer, shall be the cost thereof to that dealer, plus 35 per cent;

(b) deur 'n handelaar wat sodanige goedere van die invoerder daarvan verkry het, aan 'n ander persoon as 'n handelaar, is die kosprys van die goedere vir daardie handelaar, plus 35 persent;

(c) by any dealer who obtained such goods from a manufacturer of such goods is the manufacturer's selling price plus 35 per cent, and

(c) deur 'n handelaar wat sodanige goedere van 'n vervaardiger van sodanige goedere verkry het, is die vervaardiger se verkoopprijs plus 35 persent; en

(d) by any dealer who obtained such goods from another dealer dealing in such goods, to any person other than a dealer, shall be the selling price of the manufacturer or importer of such goods, to a dealer in such goods plus 35 per cent

(d) deur 'n handelaar wat sodanige goedere van 'n ander handelaar verkry het, aan 'n ander persoon as 'n handelaar, is die invoerder of vervaardiger se verkoopprijs plus 35 persent

4 Government Notices R 2374 of 20 December 1974 and R 80 of 21 January 1977 are hereby withdrawn

4 Goewermentskennisgewings R. 2374 van 20 Desember 1974 en R 80 van 21 Januarie 1977 word hierby ingetrek

E. G. DE BEER Price Controller

E. G. DE BEER, Pryscontroleur.

2165

For full text
see Act 1979



STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

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Vol. 169]

KAAPSTAD, 4 JULIE 1979

[No. 6545

CAPE TOWN, 4 JULY 1979

DEPARTEMENT VAN DIE EERSTE MINISTER

DEPARTMENT OF THE PRIME MINISTER

No 1437,

4 Julie 1979

No 1437

4 July 1979.

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

It is hereby notified that the State President has assented to the following Act which is hereby published for general information.—

No 96 van 1979: Wet op die Handhawing en Bevordering van Mededinging, 1979

No. 96 of 1979 Maintenance and Promotion of Competition Act, 1979

ACT

To provide for the maintenance and promotion of competition in the economy, for the prevention or control of restrictive practices and the acquisition of controlling interests in businesses and undertakings, and for matters connected therewith.

*(English text signed by the State President.)
(Assented to 21 June 1979.)*

BF IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows —

Definitions

1. In this Act, unless the context otherwise indicates—
 - (i) "acquisition" means the acquisition by the holder of a controlling interest in any business or undertaking involved in the production, manufacture, supply or distribution of any commodity, of such an interest in any other business or undertaking so involved, provided such acquisition restricts, or is calculated to restrict, competition, and "acquire" has a corresponding meaning, (x) 5
 - (ii) "board" means the Competition Board established by section 3; (ix)
 - (iii) "committee" means a committee mentioned in section 4, (vi) 10
 - (iv) "commodity" includes any make or brand of any commodity, any book, periodical, newspaper or other publication, any building or structure and any service, whether personal, professional or otherwise, including any storage, transportation, insurance or banking service, (v) 20
 - (v) "controlling interest", in relation to any business or undertaking, means any interest of whatever nature enabling the holder thereof to exercise, directly or indirectly, any control whatsoever over the activities or assets of the business or undertaking; (i) 25
 - (vi) "co-operative society" means a co-operative agricultural society or a co-operative agricultural company or a farmers' special co-operative company or a central co-operative agricultural company or a federal co-operative agricultural company registered or deemed to be registered under the Co-operative Societies Act, 1939 (Act No 29 of 1939); (vii) 30
 - (vii) "distribution" includes the rendering of a service, irrespective of whether or not the rendering of such service is attended by the supply of a commodity, and storage, transportation, purchase and sale, (ii) 35
 - (viii) "financial institution" means—
 - (a) an insurer registered under the Insurance Act, 1943 (Act No 27 of 1943); 40

FOOD

(245)
245
245
Chicken or the egg?

Poultry and egg producers do not expect tangible results from the two government moves to tackle their problems in the past week. Agriculture Minister Hendrik Schoeman meets with leading egg producers this week and the Board of Trade and Industries' just-announced investigation of the poultry industry under the Monopolies Act.

But top poultry men feel certain that the next three months will witness considerable reorganisation and realignment in the industry, and within the egg sector in particular.

SA's 8.9m commercial layers have long produced more than the domestic market can consume, and the surplus, amounting to some 1.3m cases in 1978/9, bought at the considerably lower export price, has been the major factor in assuring a minimal return on capital within the egg industry. "The authorities have long been of the opinion that as long as there is a surplus a price rise is most undesirable," says Dr A H Olivier, GM of the Egg Control Board. Nonetheless, it seems un-

likely that the price of eggs, raised by 8c a dozen in April, will be frozen.

The real problem remains the surplus. "The facts are simple," says Peter Wrighton, vice-chairman of Nepco, which controls about 50% of egg production. "Unless the surplus decreases, through cutbacks or through an increase in the domestic demand, egg producers are going to go out of business — and it won't necessarily be the least efficient. It is the capital intensive farmer who is best equipped to survive, not the most efficient farmer."

Fears for the development of such a "survival of the fittest" situation have prompted enforced cutback in the egg industry. In September 1978 production control was re-introduced, and keepers of more than 2 000 birds needed a permit from the Egg Board. In October 1978 900 000 hens were culled, and in May this year a further 700 000. Despite these measures, however, overproduction has been maintained, largely to an increase in farming efficiency, and a drop in domestic demand.

The decline in domestic demand is the most worrying development for egg producers. Consumption over the last decade has grown in the region of 8% a year but this trend has recently reversed itself, with a net drop of 3% in the consumption of eggs during 1978, and a drop of 500 000 cartons consumed during the last two years. "The egg industry has failed dismally in its efforts at promoting consumption," says Wrighton. "In the US for the first time in 33 years the per capita consumption of eggs has increased due to an aggressive marketing campaign. The South African egg industry just has to get together and do the same."

COMPETITION ACT

Come January

215
21/5/79

SA's new anti-monopoly law, the Maintenance and Promotion of Competition Act, will probably come into force at the beginning of 1980. The Act was signed by the state president at the end of June, and the date of its implementation will be published later this year in the government gazette.

Before this can be done, however, the cornerstone of the anti-trust machinery, the Competition Board, must be set up. Pretoria is mum on possible candidates for the five-man board, though names mentioned for chairman (who will have the status of a department secretary) include Board of Trade member Dawid Mouton and FCI director Hennie Reynders.

The board will have a full-time staff of about 15, and the Department of Commerce is currently drawing up staff and funding proposals for approval by the Public Service Commission and the Treasury.

The Board of Trade and Industries is currently conducting five investigations under the previous anti-monopoly legislation. These involve motor spares and components, the fertiliser industry, sanitary and hardware used by the building industry, the liquor trade and the poultry industry. The latter was referred to the board only last week, and will include the supply of poultry feed and the marketing of poultry products, including eggs.

Though the motor spares probe will probably be completed before the end of the year, the others will be taken over by the Competition Board. They will be conducted under the more wide-ranging rules of the new Act, which also lays down stiffer penalties.

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**DEPARTEMENT VAN HANDEL EN
VERBRUIKERSAKE**

No. R. 1991

7 September 1979

MAKSIMUM PRYSE VAN MELK —WYSIGING

Ek, Elias George de Beer, Prys-kontroleur, handelende kragtens die bevoegdheid my verleen by artikel 4 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964) wysig hierby Goewermentskennisgewing R. 1027 (*Staatskoerant* 4715) van 23 Mei 1975, soos gewysig, soos volg

Deel B van die Bylae word hierby gewysig deur paragraaf (b) van klousule 5 deur die volgende paragraaf te vervang:

“(b) In kartonhouers—

- (i) in 500 ml houers: 21,0c/houer;
- (ii) in literhouers: 40,0c/houer.”

Hierdie Kennisgewing tree in werking op die datum van publikasie daarvan.

E. G. DE BEER, Prys-kontroleur.

**DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS**

No R 1991

7 September 1979

MAXIMUM PRICES OF MILK —AMENDMENT

I, Elias George de Beer, Price Controller, acting under the powers vested in me by section 4 of the Price Control Act, 1964 (Act 25 of 1964), do hereby amend Government Notice R 1027 (*Government Gazette* 4715) of 23 May 1975, as amended, as follows:

Part B of the Schedule is hereby amended by the substitution for paragraph (b) of clause 5 of the following paragraph

“(b) In carton containers—

- (i) in 500 ml containers: 21,0c/container;
- (ii) in litre containers: 40,0c/container.”.

This Notice shall come into operation on the date of publication thereof.

E G DE BEER, Price Controller

HONEY CAKE

- 1 cup flour
- 4 t baking powder
- 2 T butter
- 1 egg
- 1/2 cup sugar
- 1/4 t salt
- 1/2 cup milk

Sift dry ingredients. Heat milk and butter until melted. Beat egg and a butter. Mix with dry ingredients and buttered fairly deep pie dish approx minutes at 350°F or 180°C.

Melt honey and 1 1/2 tablespoons butter over hot cake before serving. Serve cream.

NUT CAKE

- 4 eggs
- 1/4 lb sugar
- 1/4 lb ground almonds (or hazelnuts)
- 1/2 t baking powder
- 1/2 T flour
- 1/4 grated lemon (skin & lemon)

Beat yolks with sugar until cream flour, baking powder and lemon. Beaten egg-whites. Bake at 350. Serve with whipped cream.

Jan

if it is too thick. Chill in a large bowl. Before serving pour on sour cream and sprinkle with chopped chives.

COMPETITION BOARD

Ready for the off

245
7/9/79

It seems likely that government's new competition policy will be given formal substance in the next month. The Ministry of Commerce, Industries & Consumer Affairs is understood to have asked organisations like the Afrikaanse Handelsinstituut, FCI and Assocoin to suggest two names each to enable Minister Schalk van der Merwe to compile a short list of likely members of his 7-man Competition Board, provision for which is made in the Maintenance of Competition Act (Act 69/1979) adopted by Parliament this session. The Act provides for a full-time chairman, four part-time and two ex-officio members.

According to senior officials in the department, the Ministry is attracted to the idea of drawing members of the proposed board from the ranks of academic economists, lawyers and accountants, but apparently not much thought has been given at this stage to the possibility of consumer interests being represented, although this seems to be fashionable in other Western countries.

The immediate priority of the Board will be to formulate competition policy guidelines against which undertakings would test the acceptability of their trade practice. Fortunately for the new Board, there are plenty of precedents in the Western world, of which the Australian Monopolies Commission probably comes closest to the kind of body envisaged for

930

col.

... meal and 1 cup beans. Purée remaining soup in blender. Heat slowly. Put a few reserved beans in each serving bowl. Sprinkle with Worcester sauce. Cover with soup. Garnish with cream and crumbled bacon or croûtons.

South Africa

The Board may take some time, however, to determine its policy on monopolies and mergers. One of the issues to be considered on monopoly policy is whether the definition should be broadened to include State and private enterprise oligopoly and monopsony market structures (Escom in respect of coal, Remgro and SA Breweries in respect of liquor, being two possible examples).

Much of the Board's initial activity will doubtless be concentrated on "limited competition" situations, because the Act provides for such investigations to be initiated by anyone who feels he is the victim of possible restrictive trade practice.

On mergers and acquisitions, government policy is likely to take some time to develop, one issue being whether policy should be made slightly more hostile, or whether, as former Minister Chris Heunis said at the time he introduced the Bill in Parliament special regard will be given to mergers and acquisitions that will have the effect of accelerating economic growth.

One possible way to settle the issue would be to give greater prominence to the consumer interest. The renaming of the department to incorporate consumer affairs is a clear recognition that this possibly neglected group will at least be closely consulted in investigations initiated by the Board.

The area where the interests of consumer protection and competition policy seem likely to be best reconciled is in respect of State enterprise and price controlled industries. The Board will have the power, for the first time, to probe "nationalised" industries' pricing and trading policies, which will be of benefit to consumers who are at a disadvantage when dealing with State monopolies.

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(245)

12/9/77

Govt to probe duty free shop 'rip-off'

245
ADM
12/11/77

By PAM KLEINOT
Consumer Mail

THE Price Controller has been asked to investigate alleged price exploitation at the Jan Smuts Airport duty free shop following a Consumer Mail expose

This was disclosed by the Secretary for Transport, Mr A B Eksteen, this week

Consumer Mail can today disclose that the hefty mark-ups on prices at the duty free shop is money for jam for the State which -- according to three sources -- gets a remarkable 336% of all gross income over and above a R8 000 monthly rent

Last week's Consumer Mail survey showed that the duty free shop was loading its prices with hefty mark-ups of up to 120% on cigarettes and liquor

These disturbing findings have come under heavy fire from

• Mr Rupert Lorimer, the Progressive Federal Party spokesman on consumer affairs, who has called on the Minister of Transport, Mr Chris Heunis, to cancel the contract with Airport Enterprises and draw up new tender documents which

will exclude "clauses inviting abuse"

• Large liquor suppliers, who have received complaints about excessive prices and have registered their complaints with the State Tender Board

Following Consumer Mail's investigation, which was prompted by numerous complaints from tourists who described the duty free shop as "a rip-off", a series of questions were put to the Department of Transport

In its reply, the department acknowledged that the large mark ups could be attributed to the large percentage of monthly gross income the duty free shop was obliged to pay the state. However, the department refused to disclose what revenue they derived from this

It has also come to Consumer Mail's notice that previously the airport duty free concessionaire was only required to pay a fixed rental -- claimed to be about half the present amount of R8 000

Last year, potential concessionaires were asked to bid a percentage of gross income. This was in addition to a fixed rental of R8 000 a month

At the time of the tender last

year, at least one of the tenderers stated in their bid that although it would be an easy matter to offer a high percentage of sales to the state and make up for it by way of increased mark-ups, this would be detrimental to the tourist trade

At least two of the the tenderers Consumer Mail spoke to claimed they found themselves bidding in the dark as they were not given access to past sales figures and prices and therefore had great difficulty in knowing what percentage would be a viable offer

To this extent they claimed the dice was loaded against them in favour of the incumbent lessee, Airport Enterprises, who had the necessary facts and figures at their disposal

The present lessee, Mr P Kontoyannis, of Airport Enterprises, also held the previous lease

• In 1969 the shop's prices were among the lowest in the world

• The full story, including the questions put to the Department of Transport and their answers, appears on PAGE 13

GENERAL NEWS

'Medicine is not so profitable'

~~10,246~~
26/9/79

Science Reporter

THE pharmaceutical industry was the "most investigated industry" not only in the Republic, but also internationally, but had never been shown to be making excessive profits, says a cost analysis issued by the industry

The analysis, published by the Pharmaceutical and Chemical Manufacturers' Association, said that in the Republic in the past 15 years there had been four official investigations into charges that the industry earned excessive profits due to overprotection, lack of competition and unethical trade practices

None had found evidence of harmful behaviour or abuse of monopolistic power. The latest, which reported in 1978, found that medicines amounted to less than 20% of the total health bill and there was no evidence of excessive profits.

Some 30% of the maker's turnover went on direct production costs, a further 15% to research and development, scientific information 15% and ad-

vertising 5%. This left 35%, of which distribution, taxes, administration and other miscellaneous overheads took 20%, leaving 15% profit

"The industry probably maintains the highest degree of competition of all sectors. In the category of broad spectrum antibiotics there were 63 products made by 25 companies and the leading product had only a 12% share of the market.

"There is not one pharmaceutical company in the world which enjoys more than 5% of the total market and in South Africa the maximum share was 7%," the analysis said.

By voluntary agreement, new product prices would not be approved by the Price Controller if a company's before tax profits exceeded 15%, which meant that annual net profit could not exceed an average of 13% of capital. The industry average in South Africa was about 11%.

The Steenkamp Commission recommended that manufacturers should be allowed to have a return on investment of 20 to 25%

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DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS

No R 2287 12 October 1979
PRICE CONTROL ACT, 1964

CONDITIONS OF SALE

I, Mrs. George de Beer Price Controller, by virtue of the powers vested in me by section 9 of the Price Control Act 1964 (Act 25 of 1964), do hereby amend with effect from the date of publication hereof, Government Notice R 723, dated 11 April 1975, by substituting paragraphs 15 and 16 of the Schedule thereto with the following:

Column 1	Column 2	Column 3
Goods	Portion of the cash price	Period of payment from date of delivery
15 Mechanically propelled motor vehicles not subject to the provisions of paragraph 16	30	36
16 Mechanically propelled passenger motor vehicles designed to seat not more than eight persons	20	42

Government Notice R 669 of 30 March 1979 is hereby withdrawn

E G DE BEER Price Controller

DEPARTMENT VAN HANDEL EN
VERDRUKERSAKE

No R 2287 12 Oktober 1979
WET OP PRYSBEHEER, 1964
VERKOPPOORWAARDES

Ek, Elias George de Beer, Pryskeur, handelende as hantelaar, deur my verleen by artikel 9 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), wysig hierby met ingang van die datum van publikasie hiervan, Goewernmentbesluit R 723, gedateer 11 April 1975, deur paragrafe 15 en 16 van die Bylae daarvan te vervang met die volgende:

Kolom 1	Kolom 2	Kolom 3
Goedere	Gedeelte van kontant-prys	Tydsduur vanaf datum van lewering
15 Mekanies aangedrewe motorvoertuie wat nie onder die bepalinge van paragraaf 16 van hierdie wet val nie	30	36
16 Mekanies aangedrewe passasiers-voertuie wat ontwerp is om nie meer as agt passasiers te hanteer nie	20	42

Goewernmentbesluit R 669 van 30 Maart 1979 word hierby ingetrok

E G DE BEER, Pryskeur

266679

PURCHASING OFFICE

We have received your second hand typewriter

Could you please furnish

- (1) Name of person received
- (2) Department
- (3) Please state why

Is this machine for a

- (1) Part-time post
- (2) Full-time post
- (3) Additional post
- (4) Does this position

Please state full details if any special key board

If new machine is a replacement of existing machine

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AFRIKA

De President
Kweraal 6193
die "Orde van
Afdeling, aan

NOTICE 878 OF 1979

DEPARTMENT OF INDUSTRIES

NOTICE IN TO MONOPOLISTIC CONDITIONS
AS A RESULT OF DISCRIMINATION IN THE
SUPPLY OF MERCHANDISE

The Minister of Industries and of Commerce and Consumer Affairs has, under the provisions of section 3 (1) (b) of the Regulation of Monopolistic Conditions Act, 1955 (Act 24 of 1955), directed the Board of Trade and Industries to investigate and report on discrimination in respect of prices or conditions of sale of merchandise by the action of suppliers or buyers of such merchandise for processing or use or resale in the Republic of South Africa

The Board hereby makes known for general information that it is about to undertake an investigation into discrimination in respect of prices or conditions of sale of merchandise by the action of suppliers or buyers of such merchandise for processing or use or resale in the Republic of South Africa

Interested parties are invited to submit representations in this regard to the Board of Trade and Industries, Private Bag X 42, Pretoria, 0001, within a period of ten (10) weeks of the date of publication of this notice (311 Ref T6/1/11)
(19 October 1979)

KENNISGEWING 828 VAN 1979

DEPARTEMENT VAN NYWERHEIDSWESE

ONDERSOEK NA MONOPOLISTIESE TOESTANDE AS GEVOIG VAN DISKRIMINASIE BY DIE VERSKAFFING VAN HANDELSWARE

Die Minister van Nywerheidswese en van Handel en Verbruikersake het kragtens die bepalings van artikel 3 (1) (b) van die Wet op Reëling van Monopolistiese Toestande, 1955 (Wet 24 van 1955), die Raad van Handel en Nywerheid opdrag gegee om ondersoek in te stel na en verslag te doen oor diskriminasie met betrekking tot pryse of verkoopsvoorwaardes van handelsware deur die optrede van verskaffers of kopers van sodanige handelsware vir verwerking of aanwending of herverkoop in die Republiek van Suid-Afrika.

Die Raad maak hierby vir algemene inligting bekend dat by ondersoek gaan instel na die moontlike bestaan van monopolistiese toestande as gevolg van diskriminasie met betrekking tot pryse of verkoopsvoorwaardes van handelsware deur die optrede van verskaffers of kopers van sodanige handelsware vir verwerking of aanwending of herverkoop in die Republiek van Suid-Afrika

Interesseparties word versoek om binne 'n tydperk van tien (10) weke ná die datum van publikasie van hierdie kennisgewing, vertoe in hierdie verband te rig tot die Raad van Handel en Nywerheid, Privaatsak X342, Pretoria, 0001 (RHN-verw T6/1/11)
(19 Oktober 1979)

PURCHASING OFFICE

We have received your second hand typewriter

Could you please furnish

- (1) Name of person received
- (2) Department
- (3) Please state why

Is this machine for

- (1) Part-time post
- (2) Full-time post
- (3) Additional post
- (4) Does this position

Please state full details if any special key board

If new machine is a replacement of existing machine

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NOTICE 890 OF 1979

DEPARTMENT OF INDUSTRIES

INQUIRY INTO MONOPOLISTIC CONDITIONS AS A RESULT OF DISCRIMINATION IN THE SUPPLY OF COMMODITIES

1 The Minister of Industries and of Commerce and Consumer Affairs has, under the provisions of section 3 (1) (b) of the Regulation of Monopolistic Conditions Act, 1955 (Act 24 of 1955), directed the Board of Trade and Industries to investigate and report on discrimination in respect of prices or conditions of sale of commodities by the action of suppliers or buyers of such commodities for processing or use or resale in the Republic of South Africa

KENNISGEWING 890 VAN 1979

DEPARTEMENT VAN NYWERHEIDSWESE

ONDERSOEK NA MONOPOLISTIESE TOESTANDE AS GEVOLG VAN DISKRIMINASIE BY DIE VERSKAFFING VAN HANDELSWARE

1. Die Minister van Nywerheidswese en van Handel en Verbruikersake het kragtens die bepalings van artikel 3 (1) (b) van die Wet op Reëling van Monopolistiese Toestande, 1955 (Wet 24 van 1955), die Raad van Handel en Nywerheid opdrag gegee om ondersoek in te stel na en verslag te doen oor diskriminasie met betrekking tot pryse of verkoopsvoorwaardes van handelsware deur die optrede van verskaffers of kopers van sodanige handelsware vir verwerking of aanwending of herverkoop in die Republiek van Suid-Afrika.

The Board hereby makes known for general information that it is about to undertake an investigation into discrimination in respect of prices or conditions of sale of commodities by the action of suppliers or buyers of such commodities for processing or use or resale in the Republic of South Africa

Interested parties are invited to submit representations in this regard to the Board of Trade and Industries, Private Bag X342, Pretoria, 0001, within a period of ten (10) weeks of the date of publication of this notice. (BTI Ref. T6/1/11.)

2. Notice 828 of 19 October 1979 is hereby repealed (9 November 1979)

Die Raad maak hierby vir algemene inligting bekend dat hy ondersoek gaan instel na die moontlike bestaan van monopolistiese toestande as gevolg van diskriminasie met betrekking tot pryse of verkoopsvoorwaardes van handelsware deur die optrede van verskaffers of kopers van sodanige handelsware vir verwerking, aanwending of herverkoop in die Republiek van Afrika

Belanghebbendes word versoek om binne 'n tydperk van tien (10) weke ná die datum van publikasie van hierdie kennisgewing, vertoë in hierdie verband te stuur tot die Raad van Handel en Nywerheid, Private Bag X342, Pretoria, 0001. (RHN-verw. T6/1/11.)

2. Kennisgewing 828 van 19 Oktober 1979 word hiermee herroep. (9 November 1979)

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separation, e.g. between expenditure on different disease groups or age groups cannot be made.

The grouping of expenditure into programmes is an art. Pole, an economist in the U.K. Department of Health, writes:

"Programme structure should, in my view, be mainly determined by the decisions to the taking of which one wishes it to contribute... One might suggest that where decisions are primarily a matter of political or moral judgement - of determining basic priorities - one would want the activities to be compared to reside in different programmes - the mentally handicapped against the alcoholics; but where it is a more technical question of how particular objectives can best be achieved - drug therapy against behavioural therapy - one would want the activities to be compared to be within a particular programme. This distinction ties up with an economic jargon of slightly older vintage - that of cost-benefit and cost-effectiveness; and through that to the main stream of neoclassical welfare economics, which attempts to make a distinction between the choice of the composition of the basket of outputs and the choice of the set of resources from which each output is to be produced. The former is, in a broad sense, a question of tastes, values, or utilities; the latter is a question of techniques".

adds:

"In practice, it is not an easy matter to make a hard and fast distinction between technical matters and matters of values or utilities in the health services. From one point of view, the question whether to treat schizophrenics in hospital or in the community is a technical one. Which is the cheaper way to fulfil whatever are the society's requirements for the treatment of this group? But community care originally became fashionable as a good thing in itself. The practitioners are very apt to muddle the medical and economic arguments when it suits them, and the politicians and administrators equally so when it suits them, but the economist's concern is to keep them separate".

programme budgeting, then, entails the attempt at this separation, sorting out from the multiplicity of decisions those which can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political

can be compared by cost-effectiveness analysis;

activities with the same objectives which

THE DEPARTMENT of Transport has called for an investigation into the excessive prices charged at the Jan Smuts duty free shop following a Consumer Mail expose

This was disclosed by Mr. A B Eksteen, the Secretary for Transport, this week

Consumer Mail can now reveal that the hefty mark-ups charged by the duty free shop is money for jam for the State

— which, according to three reliable sources, gets a remarkable 33 1/3% of all gross income made by the shop

And this income is OVER AND ABOVE a R8 000 a month rental

Last week a Consumer Mail survey showed that the duty free shop was loading its prices with hefty mark-ups of up to 120% on cigarettes and liquor

It found that, compared with a local bottle store chain, cigarettes and liquor were only marginally cheaper at the duty free shop — and in at least two instances they were even more expensive

Since customs and excise duty count for a substantial amount of normal retail selling prices one would expect prices at the duty free shop to be considerably cheaper

But these are swallowed up by hefty-markups of which the State gets a considerable cut

The investigation was prompted by numerous complaints from tourists and international travellers who have described the duty free shop as a rip-off

In addition, large liquor suppliers — concerned about the promotion and sales of their goods — have registered their complaints about the high prices to the State Tender Board following customer complaints

In response to a series of questions put to the Department of Transport by Consumer Mail, the Department acknowledged that the large mark-ups could be attributed to the large percentage of monthly gross income the duty free shop was obliged to pay the State

A copy of the questions was also sent to the Minister of Transport, Mr Chris Heunis

First tourists complained — then liquor dealers. Now Consumer Mail reveals why ... You pay more — so the State can get its cut

LAST week a Consumer Mail survey revealed that Jan Smuts Airport's duty free shop was "loading" its cigarette and liquor prices by up to 120%. Today Consumer Mail's PAM KLEINOT explains who wins — and who loses — in the big airport rip-off.



least one of the tenderers stated in their bid that although it would be an easy matter to offer a high percentage of sales to the State and make up for it by way of increased mark-ups, this would be detrimental to the tourist trade

Pointing out clause 25(b) of the lease, they said their intention was to sell liquor and cigarettes at prices which were considerably lower than normal retail selling prices, and thus create a favourable last impression for departing passengers

In terms of the lease shown to Consumer Mail, clause 25(b) states the Department of Transport has the right to withdraw it if unjustifiable price exploitation is proven. It states:

"If it is established without any doubt that the service which is provided by the lessee to over-board air passengers is so unsatisfactory that it must be terminated in the general interest, or where it is established without any doubt that the lessee has made himself guilty of unjustifiable price exploitation taking into account prices levied by retailers in the Witwatersrand area"

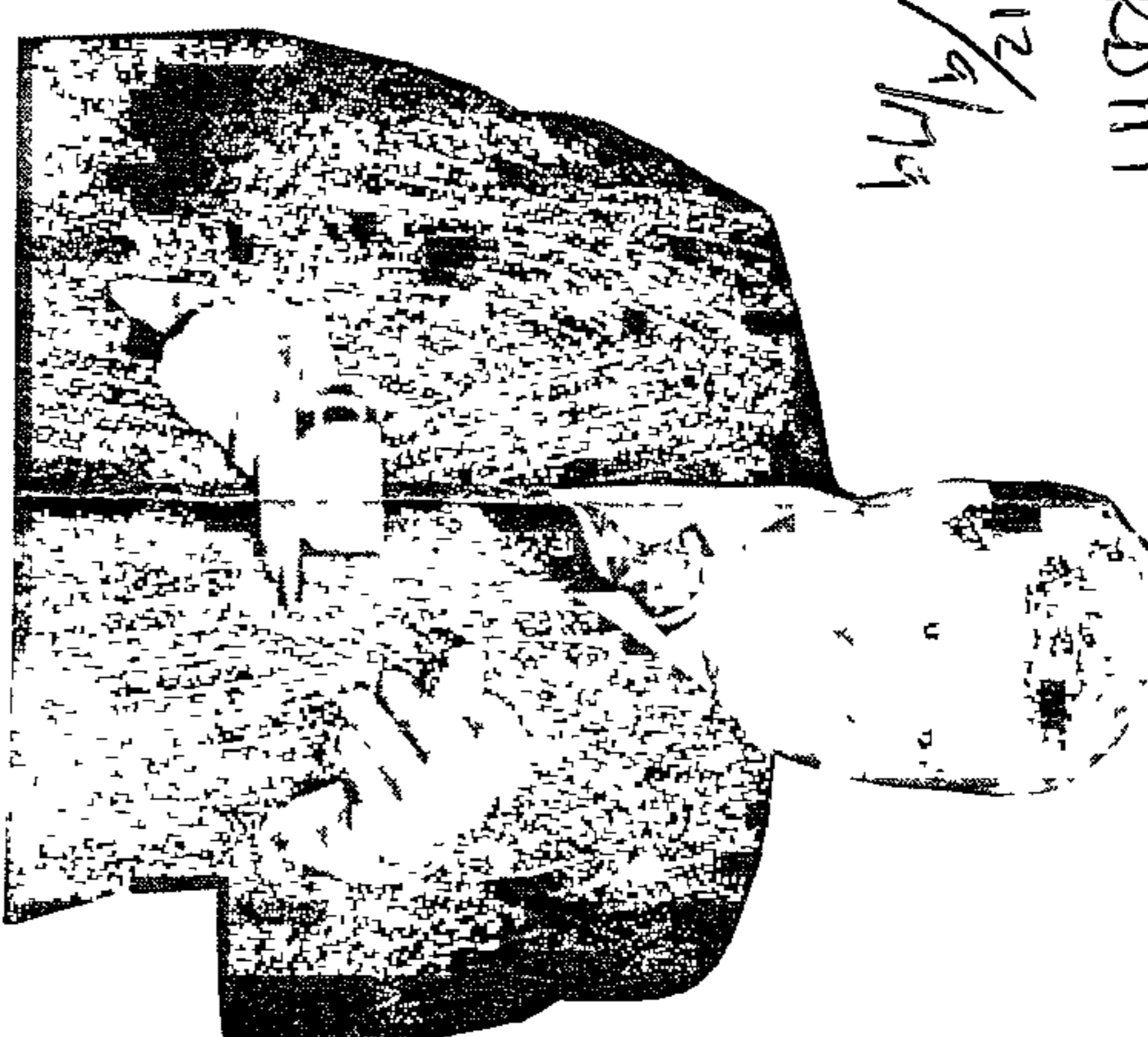
At least two of the the tenderers Consumer Mail spoke to — both in the liquor trade — claimed they had found themselves bidding in the dark, as they were not given access to past sales figures and prices and therefore had great difficulty in knowing what percentage to offer

To this extent they claimed the dice was loaded against them in favour of the present lessee, Airport Enterprises, which had the necessary facts and figures at its disposal

The questions put to Mr Eksteen and his replies are published below

Q: How is the spirit of clause 25(b) reconcilable with the high prices of liquor and cigarettes at the duty free shop?

A: Prior consultation with this Department would have convinced you of the fact that it has completed an independent price survey and is awaiting financial statements from the concessionaire to determine the viability of the concession. These are expected towards the end of September and prior ac-



Mr Chris Heunis ... questions sent to him

tion by this Department would at this stage be improper and contrary to the principle of non-intervention by the State in private enterprise — in the absence of justifiable reasons

In the meantime I have requested the Price Controller to investigate the allegations made by you in regard to price exploitation at the airport

Q: Is it at all possible that the large mark-ups at the duty free shop are the result of the hefty percentage of monthly gross income that the present lessee is required to pay the State?

A: It cannot be denied that the large mark-ups can be attributed to amounts payable to the State, but the percentage payable by the tenderers was freely offered without prior consultation with or by the State

Q: Could you confirm that the present lessee had an advantage over his competitors when the duty free shop was put up for tender last year over a period of ten years and (because of his previous experience) should have enabled prospective tenderers to draw very definite conclusions? The Department has been alleged that he was the only one in the privilege of having the necessary facts and figures at his disposal.

A: The present lessee undoubtedly had an advantage over his competitors, but every stage aware of the turnover at the duty free shop

revenue as a domestic matter and is consequently not prepared to disclose the requested information. Will the Rand Daily Mail confirm or recommend that this practice should be generally enforced throughout the private sector?

Q: Why is it that the duty free shop makes no prices available to travellers either through a price list (common practice at other international duty free shops) or by telephone?

A: To the best of the knowledge of this Department it is not a general business practice in the Republic of South Africa to supply the prices of commodities by telephone

Q: Could you explain the anomaly that while the Department of Customs and Excise regard the goods sold at the duty free shop as "export", the Department of Inland Revenue does not — and demand that 4% GST is levied on sales, yet another irritant to travellers? Value Added Tax or Point of Sale Tax is not levied at other international airports. Are goods sold at the duty free shop for export or not?

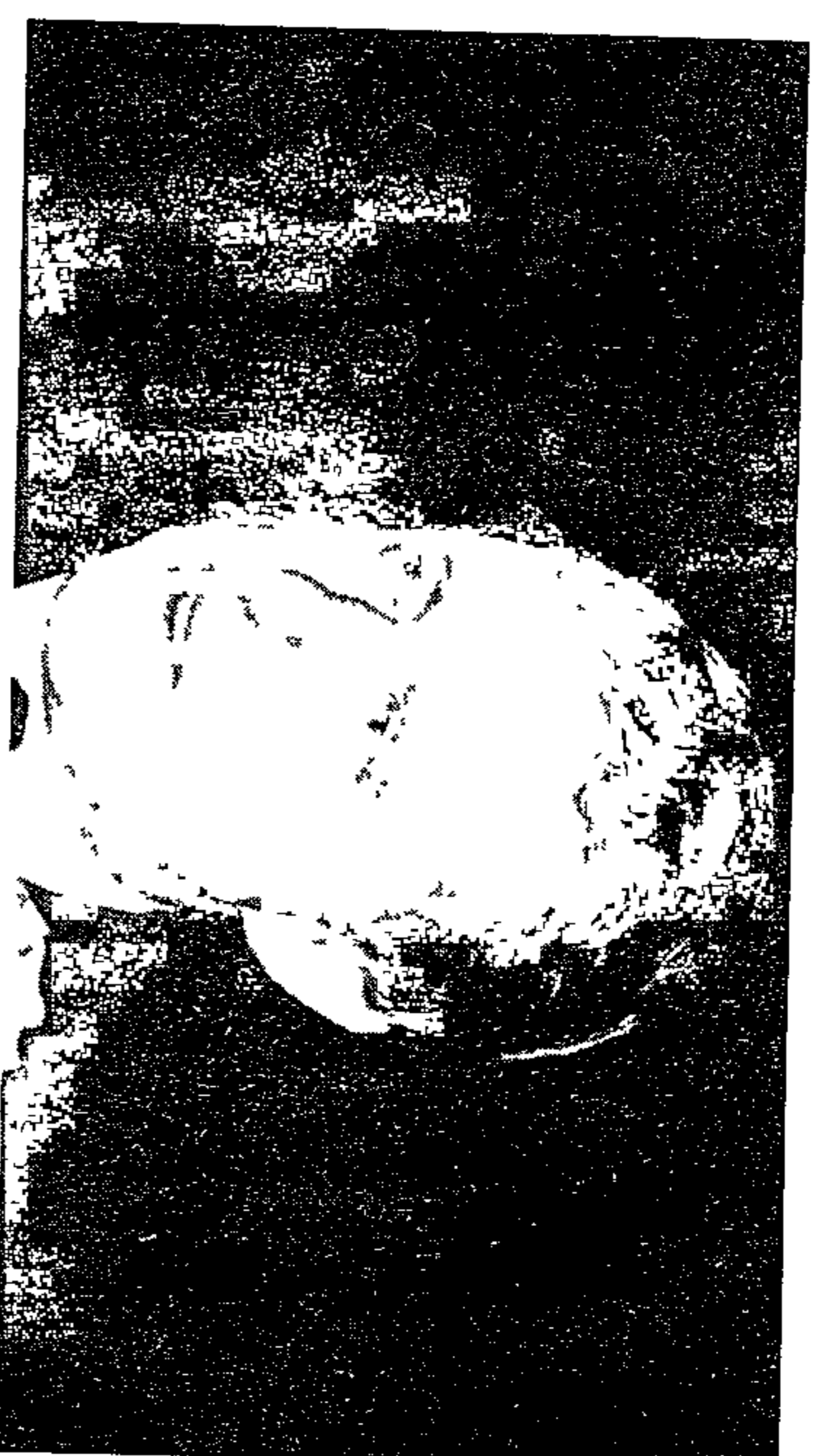
A: The matter of paying GST in the duty free shops is a requirement of the Department of Inland Revenue and this Department cannot comment thereon

Q: Commenting on the survey's findings that out of seven international airports, Jan Smuts was shown to be the second most expensive, Mr Eksteen said transport and import taxes were unquestionably lower and in some cases non-existent for European concessionaires. Goods manufactured in the European Economic Community formed a significant proportion of the total of goods sold in duty free shops all over the world. This could account for the fact that cheaper prices could be levied at European airports than at Jan Smuts Airport, he said

Very useful deductions in addition, clause 13 of the special conditions of tender indicated passenger movements put up for tender over a period of ten years and (because of his previous experience) should have enabled prospective tenderers to draw very definite conclusions. The Department has been alleged that he was the only one in the privilege of having the necessary facts and figures at his disposal.

Q: What is the annual revenue derived by the Department on this percentage?

A: The Department of Transport regards the question of revenue as a domestic matter and is consequently not prepared to disclose the requested information. Will the Rand Daily Mail confirm or recommend that this practice should be generally enforced throughout the private sector?



Mr Rupert Lorimer "draw up a new tender"

Cancel that contract Lorimer urges Govt

MR RUPERT LORIMER, Progressive Federal Party spokesman on consumer affairs, has called on the Government to cancel the contract with Airport Enterprises at the Jan Smuts duty free shop

He also urged that new tender documents be drawn up which exclude clauses that "clearly invite abuse"

His call to the Minister of Transport, Mr Chris Heunis, follows a Consumer Mail survey last week which found that the Jan Smuts Duty free shop was loading its prices with hefty mark-ups

Mr Lorimer praised Consumer Mail for placing the facts before the public and expressed concern that travellers were forced to leave South Africa

The two basic requirements in the present lease include a fixed monthly rental of R8 000 as well as a percentage — offered by the lessee — of the total gross income of all sales leading to abuse," he said

Mr Lorimer urged the Minister to revoke the clause enabling him to cancel the contract on the grounds of over-charging

"The fact that they are ripped off at the duty free shop does harm to South Africa's good name," he said

Mr Lorimer stated the new conditions for tender which were introduced at the end of last year by the Department of Transport

Of the future of the duty free shop, he said "A close watch should be kept on prices and frequent assessments of their mark-ups should be made to avoid abusive situations"

He added that price lists should be made available to passengers before flights as was done at most other international airports

Consumer Mail received a letter from a large wine and spirits importing company which said it was grossly unfair that the public were obliged to pay such high prices at the duty free shop, particularly for locally produced wine and

Nothing can be done, suppliers told

THE AUTHORITIES have told liquor suppliers that nothing can be done about the high prices charged at the Jan Smuts Airport duty free shop

This was disclosed yesterday by Mr M Walters, sales manager of KWV, who said the Wine and Spirits Exporters Association — which represents the industry — had made representation to the authorities following the many complaints received this year

He said the association — which had sent a letter to the State Tender Board a few months ago — received a reply last week saying nothing could be done about the high prices

Copies of the letter were sent to the State Tender Board and the Department of Transport, Commerce and Agriculture

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NOTICE 933 OF 1979

DEPARTMENT OF COMMERCE AND
CONSUMER AFFAIRS

COMPETITION BOARD

It is hereby notified for general information that it has pleased the State President to appoint the following persons as members of the Competition Board in terms of section 3 (2) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979)

- Dr D. J. Mouton: Chairman.
- Mr H. Goldberg.
- Dr J. de V. Graaff.
- Mr A. J. Marais.
- Prof. S. J. Naudé.

KENNISGEWING 933 VAN 1979
DEPARTEMENT VAN HANDEL EN
VERBRUIKERSAKE
RAAD OP MEDEDINGING

Hierby word vir algemene inligting bekendgemaak dat dit die Staatspresident behaag het om kragtens artikel 3 (2) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), die volgende persone as lede van die Raad op Mededinging aan te stel

- Dr D J. Mouton: Voorsitter.
- Mnr H. Goldberg.
- Dr. J. de V Graaff
- Mnr A. J Marais.
- Prof. S. J. Naudé.

The Act also provides for the following *ex officio* members of the Board

- The Chairman of the Board of Trade and Industries; and
- the Registrar of Financial Institutions

The aims and functions of the Board are fully set out in the Act

All enquiries and representations in connection with the activities of the Board should be addressed to

The Chairman, Competition Board, Private Bag X84, Pretoria, 0001

(30 November 1979)

Die Wet maak ook voorsiening vir die volgende lede wat ampshalwe op die Raad sitting sal hê

- Die Voorsitter van die Raad van Handel en Nywerheid, en
- die Registrateur van Finansiële Instellings.

Die doelstellings en funksies van die Raad word volledig in die Wet uiteengesit

Alle navrae en vertoe in verband met die werksaamhede van die Raad kan gerig word aan

Die Voorsitter, Raad op Mededinging, Privaatsak X84, Pretoria, 0001.

(30 November 1979)

30/11/79.

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No 289, 1979

COMMENCEMENT OF THE MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979 (ACT 96 OF 1979)

In terms of section 22 of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), I hereby declare that the said Act shall come into operation on 1 January 1980

Given under my Hand and the Seal of the Republic of South Africa at Pretoria this Twenty-third day of November, One thousand Nine hundred and Seventy-nine

M VILJOEN, State President
By Order of the State President-in-Council
S W VAN DER MERWE

No 289, 1979

INWERKINGTREDING VAN DIE WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING 1979 (WET 96 VAN 1979)

Kragtens artikel 22 van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), verklaar ek hierby dat genoemde Wet op 1 Januarie 1980 in werking tree

Gegee onder my Hand en die Seel van die Republiek van Suid-Afrika te Pretoria, op hede die Drie-en-twintigste dag van November Eenduisend Negehonderd Nege-en-sewentig

M VILJOEN Staatspresident
Op las van die Staatspresident-in-rade
S W VAN DER MERWE

245



REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

STAATSKOERANT
 VAN DIE REPUBLIEK VAN SUID-AFRIKA

REGULATION GAZETTE No. 2927 PRICE + 1c GST 20c PRYS + 1c AVB REGULASIEKOERANT No 2927
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VOL. 174] PRETORIA, 7 DECEMBER 1979 [No 6773

GOVERNMENT NOTICE

**DEPARTMENT OF COMMERCE
 AND CONSUMER AFFAIRS**

No R. 2754 7 December 1979

**PRICE CONTROL —MAXIMUM PRICES
 OF SUGAR**

I, Elias George de Beer, Price Controller, acting under the powers vested in me by section 4 of the Price Control Act, 1964 (Act 25 of 1964), amend hereby as from the date of publication hereof, Government Notice R 1942 of 31 August 1979, by the substitution for—

(1) in the First Schedule—

(a) "Mdantsane 2 is that part of the Magisterial District of Mdantsane surrounded by the Magisterial District of King William's Town" in paragraph 1 (d) of "Mdantsane 2 is that part of the Magisterial District of Mdantsane surrounded by the Magisterial District of East London".

(b) "meubelverpakkings" in paragraph 2 (a) of the Afrikaans version of "meulverpakkings".

(2) in the Second Schedule—

(a) "and when credit sales exceed 50 days, the foregoing cash prices may be increased by 15c per 25 kg unit" in paragraph 1 (c) of "and when the basis of credit sales exceeds 50 days, the foregoing cash prices may be increased by 15c per 25 kg unit"

(3) in the Third Schedule—

(a) the prices for Mdantsane 1 in paragraph 1 of the following prices

1 kg	2,5 kg	12,5 kg	25 kg	1 kg	12,5 kg
c	R	R	R	c	R
43	1,05	5,12	9,92	41	5,01
40	—	4,84	9,18	38	4,64

GOEWERMENTSKENNISGEWING

**DEPARTEMENT VAN HANDEL
 EN VERBRUIKERSAKE**

No R 2754 7 Desember 1979

**PRYSBEHEER —MAKSIMUM PRYSE
 VAN SUIKER**

Ek, Elias George de Beer, Pryscontroleur, handelende kragtens die bevoegdheid my verleen by artikel 4 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), wysig hierby, vanaf die datum van publikasie hiervan, Goewermentskennisgewing R 1942 van 31 Augustus 1979, deur die vervanging van—

(1) in die Eerste Bylae—

(a) "Mdantsane 2 is die deel van die landdrostdistrik Mdantsane omring deur die landdrostdistrik King William's Town" in paragraaf 1 (d) deur "Mdantsane 2 is die deel van die landdrostdistrik Mdantsane omring deur die landdrostdistrik Oos-Londen".

(b) "meubelverpakkings" in paragraaf 2 (a) deur "meulverpakkings".

(2) in die Tweede Bylae—

(a) "en wanneer kredietverkope 50 dae oorskry, kan die voorafgaande kontantpryse met 15c per 25-kg-eenheid verhoog word" in paragraaf 1 (c) deur "en wanneer die basis van kredietverkope 50 dae oorskry, kan die voorafgaande kontantpryse met 15c per 25-kg-eenheid verhoog word"

(3) in die Derde Bylae—

(a) die pryse vir Mdantsane 1 in paragraaf 1 deur die volgende pryse

1 kg	2,5 kg	12,5 kg	25 kg	1 kg	12,5 kg
c	R	R	R	c	R
43	1,05	5,12	9,92	41	5,01
40	—	4,84	9,18	38	4,64

(b) the prices for Mdantsane 2, Mdantsane 3 and Mdantsane 4 in paragraph 3 (B) of the following prices

	1 kg	2,5 kg	12,5 kg	25 kg	1 kg	12,5 kg
	c	R	R	R	c	R
Mdantsane 2	43	1,05	5,12	9,92	41	5,01
	40	—	4,84	9,18	38	4,64
Mdantsane 3	42	1,04	5,08	9,83	40	4,97
	39	—	4,79	9,10	37	4,60
Mdantsane 4	43	1,05	5,10	9,88	41	4,99
	40	—	4,82	9,15	38	4,63

E G. DE BEER, Price Controller

(b) die pryse vir Mdantsane 2, Mdantsane 3 en Mdantsane 4 in paragraaf 3 (B) deur die volgende pryse

	1 kg	2,5 kg	12,5 kg	25 kg	1 kg	12,5 kg
	c	R	R	R	c	R
Mdantsane 2	43	1,05	5,12	9,92	41	5,01
	40	—	4,84	9,18	38	4,64
Mdantsane 3	42	1,04	5,08	9,83	40	4,97
	39	—	4,79	9,10	37	4,60
Mdantsane 4	43	1,05	5,10	9,88	41	4,99
	40	—	4,82	9,15	38	4,63

E G DE BEER, Pryscontroleur.

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INHOUD

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Handel en Verbruikersake, Departement van Goewermentskennisgewing		
R 2754 Wet op Prysbeheer (25/1964) Maksimum pryse van suiker	1	6773

Jail threat in big cash probe

245

D. Jones 9/12/79

BUSINESSMEN caught up in a massive Government monopolies probe face jail and heavy fines if they fail to hand over company books.

Pretoria is determined to stamp out any price-rigging and market manipulation while keeping all mergers and market practices under scrutiny through the new Competition Board.

Chief investigator Dr Dawie Mouton says, however, that co-operation with the business sector is essential in settling disputes.

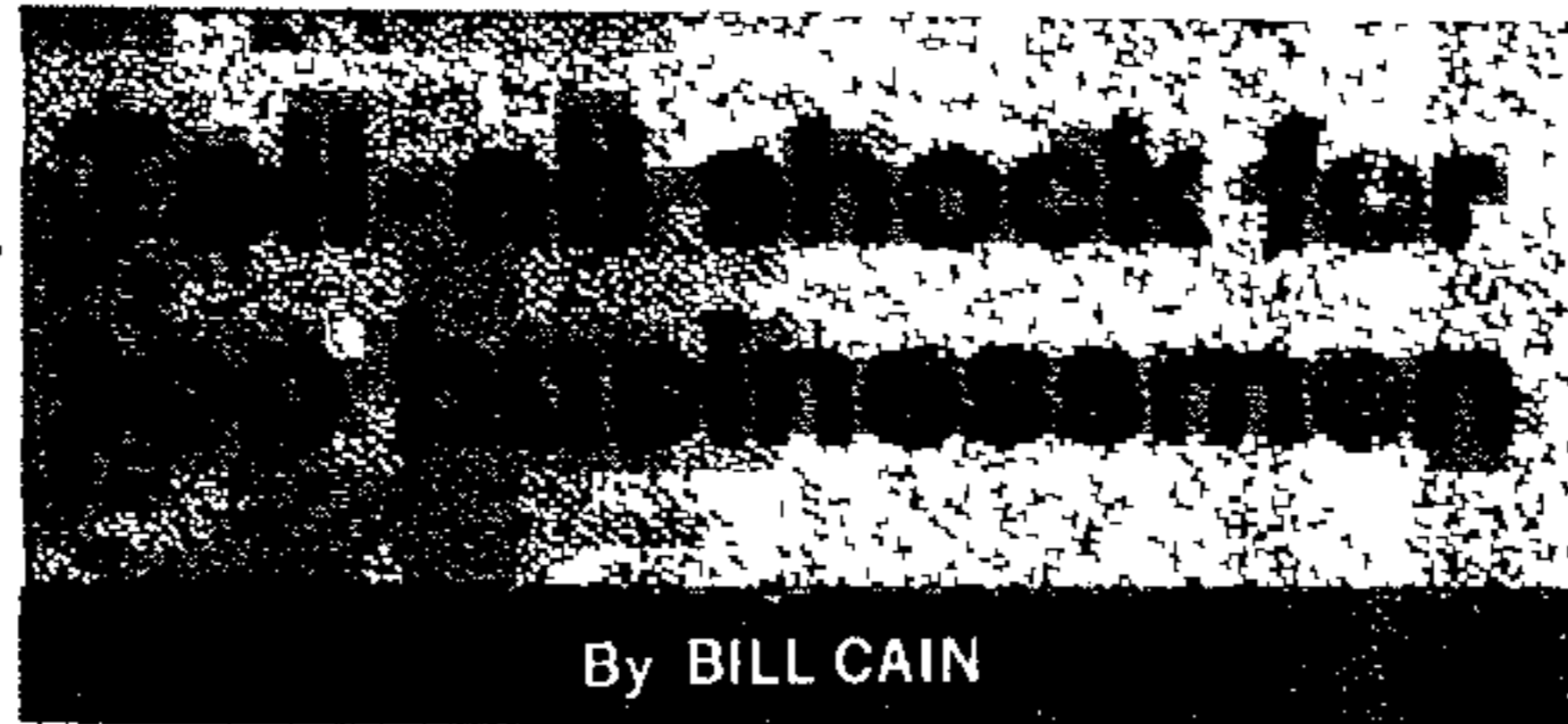
"I intend continuing the soft approach. Business conflicts are inevitable and our doors will be kept open for aggrieved parties"

His spearheading of the wide-ranging investigation comes hard on the heels of the Competition Act and after months of bitter wrangling among manufacturers and big retail outlets over *confidentials* payments.

Microscope

Dr Mouton's microscope on the consumer goods sector especially looks like opening a can of worms both suppliers and mass marketing chains might prefer left untouched

Many manufacturers accuse some giant supermarket and retail chains of near-blackmail by forcing secret *confidentials* payments out of suppliers to keep their goods in busy stores. Manufacturers see



By BILL CAIN

these payments as nothing more than back-handers they must pay to retain access to vast consumer outlets. Mass retailers counter that these payments are no more than extra discounts or target bonuses as an extra reward for moving massive volumes of certain products through their stores.

Big money is involved in these secret payments. The largest single cheque known to have passed from manufacturer to supermarket is R400 000. Many millions of rands more are involved each year. The new Competition Board will be able to demand who paid whom how much and why.

Dr Mouton says, "It is not a crime to drive a hard bargain or squeeze a supplier. Our task is to determine if there are any restrictive practices."

This will be a grey area difficult to prove but definition of restrictive practices under the new Act could include discrimination. This is already outlawed in the US and Australia where manufacturers must give identical conditions to re-

tailers and retailers may not boycott a product.

SA manufacturers fear that if they do not continue paying *confidentials* their goods will be taken off supermarket shelves.

Dr Mouton tells me that well-founded accusations against any businessman will be probed fully. Those at the hearings will be ordered to answer any question and hand over any document. Failure to co-operate fully means he faces up to two years' jail or a maximum R10 000 fine or both.

Confidential

Dr Mouton assures me "The inquiry will be in camera and all evidence is confidential." He adds however that businessmen under interrogation, either guilty or innocent of abusing commercial power, will never know the identity of their accusers.

Many top business names are expected to give evidence. Documents concerning the long-running wrangle between man-

ufacturers and retailers are already being sifted at Dr Mouton's Pretoria office.

Dr Mouton says he recently explained personally to 200 top businessmen the implications of the monopolistic conditions probe. "I told them I want evidence. Not rumour and not wild accusations. Only documented evidence."

Dr Mouton says scrutiny of deals, mainly in consumer goods, is only one of several other major investigations going on into trading practices. The others include multi-million-rand markets such as liquor, sanitaryware/hardware, poultry products and fertilisers.

From January 1 all these and future major commercial investigations will fall under the new autonomous Competition Board which will have more teeth than the present office. Dr Mouton says "The new board will act on its own initiative when malpractice is suspected."

With access to virtually all information on any company, even individuals in it, the new board is sure to uncover some suspicious deals and embarrassing payments meriting further police investigation.

"The Competition Board is an ideal way of settling disputes and we are not looking for things like fraud. After 20 years in this job I have come across very few cases of this nature. However, anything criminal will be passed on to the police," Dr Mouton says.

Fig. 7 summarises the percentage improvement in the expectation of life at birth subsequent to the total elimination of the mortality as stated

Mortality rates greater than 5/1 000 are all of these major causes of mortality, rates exceed those of the whites.

However, in this context, what requires disease classification a certain amount despite the fact that the overall rates system are comparable for whites, Asians broad category the mortality rates for s Table II provides the proportional contr diseases for the whites, Asians, 'coloured' Ischaemic Heart Disease is the major circ Asian communities, Cerebrovascular Disease latory Diseases in the 'coloured' and Af

Similarly, if the Accidents, Poisoning an in greater detail, motor vehicle accident ity in whites, 'coloureds' and Asians, th the white community is suicide, whilst th cide. For Africans, the latter is the The expectation for life at birth and at 'coloureds' is summarised in Fig. 6. an expectation of life for urban Africans large measure of migration. The charac of life for women in comparison to men, ties. However, what is of interest is life for the three communities. At birth ratios are 1:0,91:0,76 for males and 1:0, of 45 these are 1:0,91:0,86 for males and The 'coloureds' are less disadvantaged at males and females, a difference which is infant mortality rate in this community Asian females have the worst expectation communities, which is in marked distincti at e and males at e₄₅. The fact that if women have the highest mortality rates fo digestive, genito-urinary and ill-defined contribute to this anomalous situation.

New board invites grouses

THE CHAIRMAN of a powerful new board established by the government to police competition in the South African economy, Dr Dawie Mouton, yesterday urged commerce, industry and consumer alike not to hesitate to approach it with complaints.

Dr Mouton, responsible for Board of Trade and Industries investigations under the previous Monopolies Act for the past 20 years, said in an interview from Pretoria that the creation of the new autonomous board was an indication of how seriously the government viewed the question of imperfections in the free-enterprise economy.

He did not believe big business would object to the Competition Board because it had been closely consulted on the legislation which led to its establishment. "The new Act (Act 96 of 1979) is the third effort in this direction. It is very much a compromise."

The board, which falls under the Minister of Industries, Trade and Consumer Affairs, Dr Schalk Van der Merwe, is to begin operations from January 1. It will be able to initiate investigations, negotiate settlements and examine mergers and take-overs with the intention of promoting competition while preventing and controlling restrictive practices.

Dr Mouton has been appointed to the board full time for the next five years.

Part-time members are Dr J de Villiers Graaff, Dr Albert Marais, Professor S J Naude and Mr Harry Goldberg.

The chairman of the Board of Trade, Dr S J Kleu, and the Registrar of Financial Institutions, Mr Wynand Louw, are ex-officio members.

THE REPUBLIC OF SOUTH AFRICA — COMPANIES
Companies Act, No. 61 of 1973

ss. 220-222

the representations to every member of the company to whom notice is sent, whether such notice is sent before or after receipt of the representations by the company

if the representations is not sent as aforesaid because it was received in error or by default, the director concerned may (without prejudice to any other law) require that the representations be read at the meeting.

representations shall be sent out and the representations need not be read at the meeting, on the application of the company or of any other person, if the Court is satisfied that the rights conferred by this section are not less prejudicial to the company than the publication of the representations in a newspaper or other public place.

the company's or the said officer or person's costs on an application for the appointment of a receiver or liquidator, or for the appointment of a trustee, shall be paid in whole or in part by the director concerned, if a party to the application.

the termination of the appointment of a director shall be deemed to be a termination of the appointment of a director, and the director shall be deemed to be a director until the termination of the appointment of a director, and shall be liable to the company in respect of the termination of the appointment of a director, and shall be liable to the company in respect of the termination of the appointment of a director, and shall be liable to the company in respect of the termination of the appointment of a director.

Power of directors to issue share capital

Notwithstanding anything to the contrary in the memorandum of articles, the directors of a company shall not issue shares of the company without the prior approval of the company.

the approval may be in the form of a general authority to the directors, or in the form of a resolution of the company, or in the form of a resolution of the company, or in the form of a resolution of the company, or in the form of a resolution of the company.

the approval may be given in the form of a general authority to the directors, or in the form of a resolution of the company, or in the form of a resolution of the company, or in the form of a resolution of the company.

any director of a company who knowingly takes part in the allotment or issue of shares in contravention of section (1), shall be liable to compensate the company for any loss, damages or costs which the company may have sustained or incurred thereby, and any such loss, damages or costs shall be deemed to have been incurred from the date of the allotment or issue of the shares.

power of directors to issue shares and debentures to directors.—(1) No provision in any memorandum or articles or in any resolution of a company authorizing the directors to allot or issue any shares or debentures convertible into shares of the company at the discretion of the directors, shall authorize the allotment or issue of any such shares or debentures to any director of the company or his nominee, or to any body corporate which is or the directors of which are accustomed to act in accordance with the directions or instructions of such director or nominee, or at a general meeting of which such director or his nominee is entitled to exercise or control the exercise of one fifth or more of the voting power, or to any subsidiary of such body corporate unless—

- (a) the particular allotment or issue has prior to the allotment or issue been specifically approved by the company in general meeting, or

by 1970, this figure had decreased to 15,7%, indicating that the whites had improved disproportionately to the 'coloureds'. Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the 'coloureds' had decreased from 15,2% to 7,1%. It should be noted that the 0 year age specific death rates are higher than the corresponding IMRs. This is because the denominator for the former is the number of live births whilst for the latter it is the mid-year populations under one year of age.

Fig. 4 provides an indication of the proportional contribution of selected causes of death to the overall mortality experience of the white, 'coloured' and African communities.

(iv) Proportional Mortality, accounted for by specific conditions.
 (v) Expectation of Life. This was calculated both at birth (e₀) and at 45 years of age (e₄₅) for both males and females. It expresses the average number of additional years an individual would be expected to live beyond birth and 45 years.
 For Africans, the proportional mortality was the only index calculated.

RESULTS

New law will blow open all company secrets

S. James
30/12/79

By BILL CAIN

WIDE-RANGING laws to break up monopolies and eliminate price-fixing come into force on Tuesday

The New Year's Day shock for businessmen could mean stiff penalties for anybody flouting the new Maintenance and Promotion of Competition Act

Competition Board chairman Dr David Mouton tells me the overriding policy of his organisation will be a soft-line approach of persuasion and negotiation with company bosses suspected of bending rules to corner the market

However, his power under the all-embracing legislation remains draconian, should he or his successor wish to use it

- No deal or arrangement is safe from scrutiny
- No undertaking — from monolithic financial institution to village butcher shop — is exempt from investigation
- No document or information may be withheld
- Investigators may enter and search any premises, seize any books or papers, demand explanations for written entries and have witnesses subpoenaed to hearings in Pretoria or anywhere else

Hindering Competition Board probes may lead to fines of up to R10 000, to two years jail — or both

The few exemptions include copyright and patent protection, trade union bargaining, co-operatives and control boards

Deep probing

Virtually every other business sector can come under the spotlight. The board's six-man committee, headed by Dr Mouton, can probe any corner of commerce or industry for anything suspected of being against the public interest

This criterion covers, inter alia, restrictive practices, takeovers, mergers, monopolies, trading arrangements, distribution methods and even retarding the development or introduction of technical improvements and new products

Dr Mouton's Pretoria-based investigators can take up complaints or initiate probes on

their own initiative though ultimately consulting with and reporting to Industries Minister Schalk van der Merwe

Purges and US Senate-type witch hunts are unlikely, however. Dr Mouton has a knack of "negotiating" away dubious business practices

Scanning the 13-page Act, which seems to override much previous commercial legislation, reveals just how awesome is the new department's power

It can investigate anyone with a controlling interest in any undertaking "involved in the production, manufacture, supply or distribution of any commodity"

The definition of a commodity covers virtually everything tangible and intangible such as "any book, periodical, newspaper, building, structure, service — whether personal, professional or otherwise — including storage, transportation, insurance or banking service"

Public interest

A restrictive practice under the Act seems to mean anything its drafters want it to. This includes

- Any agreement, arrangement or understanding, whether legally enforceable or not, between two or more persons
- Any business practice or method of trading, including any method of price fixing
- Any situation arising out of the activities of any person or class or group of persons
- Any restriction on the production or distribution of a commodity
- Any "enhancing or maintaining" of price
- Any restriction of new competitors entering the market

For the man in the street the main interest will be in such things as abolishing uniform interest rates agreed by building societies and outlawing set scales of commissions paid to estate agents for selling property

Some monopolies and restrictive business methods will be tolerated if Minister Van der Merwe deems them to be in the public interest

similar for both whites and 'coloureds' since 1941.

Clearly, the broad diagnostic categories used in this analysis conceal a certain amount of information. However, because of the changes in disease classification which have taken place since 1929, it is not possible to examine the temporal changes of mortality rates in greater detail. Disease categories with rates greater than 5/1 000 appear in italics in Table II. It will be noted that the mortality experiences of the 'coloureds'

in the 25-44 and 45-64 years age groups.

The imbalance between the age specific mortality rates of whites and 'coloureds' has improved or remained constant for persons between the ages of 5 and 64. However, for children less than 5 years of age, the gap between whites and 'coloureds' is widening. In 1941, white children under one year old experienced 28,0% of the mortality of 'coloured' children;

245

PRICES - Controls

1-1-80 - 31-12-80

Hansard

14(774) Trade Practices Act 245
19/5/80
631 Mr H H SCHWARZ asked the Minister of Commerce and Consumer Affairs

- (1) (a) How many investigations have taken place in terms of the Trade Practices Act of 1976 and (b) what was the nature of each investigation,
- (2) (a) how many notices have been published in terms of section 16 of the Act and (b) in respect of what matters,
- (3) (a) how many notices have been published in terms of section 15 of the Act and (b) what was the nature of such notices,
- (4) whether any other steps have been taken in terms of the Act, if so, what steps?

The MINISTER OF COMMERCE AND CONSUMER AFFAIRS

- (1) (a) Since the Trade Practices Advisory Committee commenced its activities in March 1977, 19 investigations have been instituted of which two have been completed whilst the rest have not yet been finalized
- (b) The investigations related to the following subjects
 - (a) Guarantees
 - (b) Trade coupons and trade stamps
 - (c) Building contracts
 - (d) Discount cards
 - (e) Conditional selling

775

TUESDAY,

- (f) Coupled motor insurance
 - (g) Standard sales contracts
 - (h) Upholstery
 - (i) Remuneration for the opening of accounts
 - (j) Use of the word "association"
 - (k) Multi-level marketing schemes
 - (l) Misleading *pro forma* invoices
 - (m) Presentation of educational systems
 - (n) So-called "dream homes" schemes.
 - (o) Credit cards by organizations other than banking institutions
 - (p) Chain letter sales
 - (q) Pirate agents in the renting and letting of houses and flats
 - (r) Mail orders
 - (s) Christmas clubs
- (2) (a) None
 - (b) Falls away
- (3) (a) Two
 - (b) (i) Imposition of conditions in regard to multi-level marketing schemes.
 - (ii) Imposition of conditions in regard to misleading *pro forma* invoices
- (4) No

21/5/80

248

Attorneys Amendment Bill

See S. Hansard 9 cols 1846-1853,

Social workers: salaries
 Han 17 - GC - 874 12/6/80 (248)
 684 Mr R A F SWART asked the Minister of Indian Affairs (258)

What was the ratio of salaries for White and Indian social workers employed by his Department in 1970, 1975 and 1980, respectively?

The MINISTER OF INDIAN AFFAIRS

	1970 %	1975 %	1980 %
Social Worker .	66,04	72,55	80,46
Senior Social Worker	85,40	86,25	95,75
Principal Social Worker	82,30	80,45	87,65
Chief Social Worker	—	—	93,65

29/4/80

245

Maintenance ~~of~~ and Promotion of
Competition amendment Bill.
2nd + 3rd Reading.

See S Hansard 6. Cols. 1286 - 129,

21/5/80

248

Attorneys Amendment Bill
(2nd Reading)

See Senate Hansard 9 cols 1846-1853

20/5/80

(248)

Attorneys Amendment Bill
(Second Reading)

See Hansard 14 (ols. 6753 - 6762)

Cement prices
Hans 16 Ques 601926 (244) (143)
669 Mr R J LORIMER asked the
Minister of Commerce and Consumer
Affairs

3/6/80

Whether cement prices have been in-
creased since 23 April 1979, if so, (a) on
how many occasions and (b) what was the
amount of the increase on each occasion?

The MINISTER OF COMMERCE AND
CONSUMER AFFAIRS

Yes (a) Once, apart from the increase
which came into effect on 23 April 1979,
(b) since 1 April 1980 the price has been
increased by 20,11 cent per 50 kg plus a
weighted average of 7,3 cent per 50 kg in
respect of increased railage cost

Hainsand 10 Ques Col 627

245
23/4/80

Pharmaceutical products· monopolistic
conditions
10(627) 23/4/80 245
*6 Mr N B WOOD asked the Minister
of Industries

Whether the Board of Trade and Industries has completed its report on the investigation into possible monopolistic conditions in the supply and distribution of pharmaceutical products in South Africa, as published in Government Notice 534 of 1 August 1975, if so, when (a) was the report completed and (b) will it be laid upon the Table?

The MINISTER OF POLICE (for the Minister of Industries)

Yes.

3 APRIL 1980

628 6
-
b
c

(a) 14 November 1978, and
(b) during this week.

Hansard
7(411) 19/3/80 (245)

Maintenance and Promotion of
Competition Act (245)
7(411) 19/3/80
12 Mr J W E WILEY asked the
Minister of Commerce and Consumer Affairs

9 MARCH 1980

Whether investigations into the shareholdings of any newspaper companies have been conducted in terms of the Maintenance and Promotion of Competition Act, 1979, if so, (a) of which companies and (b) with what result?

THE MINISTER OF COMMERCE AND CONSUMER AFFAIRS

No, but a full reply to a similar question which was put to me by the hon. member in his letter of 27 July 1979, will be furnished to him as soon as I am in a position to do so.

(a) and (b) Fall away

Hansard 8 Col 3717

27 MARCH 1980 3718

245

MAINTENANCE AND PROMOTION OF COMPETITION AMENDMENT BILL

(Second Reading)

MINISTER OF COMMERCE AND CONSUMER AFFAIRS Mr Speaker, I

The Bill be now read a Second

(2) of the Maintenance and Promotion Act, 1979 (Act 96 of 1979) included in the Act in order to give effect to all notices published in terms of the Maintenance and Promotion Act, 1955 (Act 24 of 1955) would remain in force. The former Act, which repealed the Maintenance and Promotion Act, 1955, was repealed by the Maintenance and Promotion Act, 1979, so that the Act could proceed with the provisions of the Board of Trade and Industries Act, 1979, which are related to monopolistic competition.

The Maintenance and Promotion Act came into operation on 1 January 1980, however, doubt as to the legal validity of the Maintenance and Promotion Board in regard to the arrangements which the Board of Trade and Industries commenced before the Maintenance and Promotion Act came into operation have not yet been confirmed.

(b) the validity of Government Notice No R 1038 of 25 June 1969 relating to the prohibition of retail price maintenance and

(c) the validity of other arrangements or agreements with interested parties concluded by the Board of Trade and Industries since the coming into operation of the Regulation of Monopolistic Conditions Act, 1955 (Act 24 of 1955), in 1955 in terms of the provisions of the Act in question

In order to eliminate this uncertainty with regard to the position of the Competition Board, it is necessary to amend section 21(2) of the Maintenance and Promotion of Competition Act, 1979, accordingly

However, to ensure that work carried out by the Competition Board since the principal Act came into operation on 1 January 1980 in this particular regard cannot be called into question, it is also necessary that the provisions of the proposed amending Act be made applicable retrospectively with effect from the date in question.

*Dr Z J DE BEER Mr Speaker, we can think of no reason whatsoever why this Bill should be opposed in any way. We shall support it and will also assist in taking it through all its stages with as little delay as possible.

Mr G S BARTLETT Mr Speaker, on behalf of the NRP I merely rise to state that we shall be supporting this Bill through all stages.

*Mr D P A SCHUTTE Mr Speaker, I regret that I shall have to discuss this Bill a little more. In his *Enquiry into the Wealth of Nations*, Adam Smith wrote—

People of the same trade seldom meet together even for merriment and diversion, but the conversation ends in a conspiracy against the public or some contrivance to raise prices

That is perhaps overstated, but the public must be protected against trade practices and actions that restrict free competition. When agreements to maintain prices have been concluded between sellers, prices are artificially maintained at a high level, and that is

3719 THURSDAY 27 MARCH 1980

not in the public interest. The measure which seeks to protect price competition is the regulation which will be contained in the new section 21(2)(b) as proposed in the Bill before the House. In short, what this involves is that a person is prohibited from compelling a retailer, directly or indirectly, to specify a particular retail price. This regulation is further stipulated on the basis of Act No 75 of 1978. Despite these provisions the regulations appeared to be very ineffective since the prosecutions were instituted, and thus far there have only been two convictions. The reason for this is largely that it was difficult for the State to obtain evidence of such agreements of this nature are, for the most part, concluded privately. Another reason is that the definition of the offence is framed very widely and there are also exceptions without the State's burden of proof being affected by way of presumptions.

In general, I want to suggest to the hon. Minister that he submit the measure to the Competition Board so that the new regulations could be made by way of section 14 of the principal Act. As the measure stands at present, it is in my opinion extremely inelegant. A section of the measure is contained in a regulation made in terms of an Act that has already been repealed. Another section contained in Act No 75 of 1978. Moreover, the penal provision, if it is to be contained in another Act, viz section 14 of the Regulation of Monopolistic Conditions Act, 1955, suggests that this is an undesirable situation.

I also wish to express my concern about the fact that this penal provision is not valid. No reference is made in the regulation or in the 1978 amending Act to the section of the Act containing the penal provision. Therefore we cannot say that in terms of the new section 21(2)(a), the penal provisions of the 1979 Act apply. In any event, there is no indication which of the three penal provisions must apply in the Act.

This would not be a desirable situation even if the penal provision of 1955 were to apply, because section 8 of the Act lays down a maximum fine of R20 000 while the equivalent penal provision of the 1979 Act lays down a maximum fine of R100 000 or imprisonment of five years or both. This is a far more appropriate penalty since large companies will not be deterred by a fine of R20 000.

The new section 21(2)(c) of the Act provides that an arrangement made by the Board of Trade and Industries will be in force in terms of the 1979 Act if these arrangements are in force at the time when the Board entered into the arrangements with the manufacturers. I think it is essential to eliminate loopholes. It is true that and doubts arose very soon in the House when members began their task and there were quite a lot of competitors of monopoly formation was being even by the Government I can assure members that even in cases where the members are being charged, the present engaged in investigations I am pleased that the hon. member for Johannesburg North raised that interesting question. The law advisers were asked the question whether this penal provision applies and they are sure that this is the case. We shall therefore have to see the findings of the court are in the future. According to our advice it will be. Nevertheless I am very pleased that the member has carried out research in regard to the arrangements which are also being legalized. It is being announced in the *Gazette* that there is a real price control, agreement entered into when a monopolistic arrangement, to the effect that the company of concern should act in such a way as to prejudice the public. The seven arrangements still exist and will continue to exist.

*The MINISTER OF COMMERCE AND CONSUMER AFFAIRS Mr Speaker, I thank hon. members on both sides of the House for their support of the amendments I think it is essential to eliminate loopholes. It is true that and doubts arose very soon in the House when members began their task and there were quite a lot of competitors of monopoly formation was being even by the Government I can assure members that even in cases where the members are being charged, the present engaged in investigations I am pleased that the hon. member for Johannesburg North raised that interesting question. The law advisers were asked the question whether this penal provision applies and they are sure that this is the case. We shall therefore have to see the findings of the court are in the future. According to our advice it will be. Nevertheless I am very pleased that the member has carried out research in regard to the arrangements which are also being legalized. It is being announced in the *Gazette* that there is a real price control, agreement entered into when a monopolistic arrangement, to the effect that the company of concern should act in such a way as to prejudice the public. The seven arrangements still exist and will continue to exist.

Questioner agreed to
Bill read a Second Time
Bill not committed
Bill read a Third Time.

Hansard 6

Question Col 348 / 349 / 350

12/3/80

245

Monopolistic Conditions Act

255 Mr T ARONSON asked the Minister of Commerce and Consumer Affairs

- (1) Whether his Department has since his reply to Question No 378 on 8 March

349

WEDNESDAY, 12 MARCH 1980

350

1979 received complaints in regard to price fixing by manufacturers in contravention of the Regulation of Monopolistic Conditions Act, if so in respect of which manufacturers,

- (2) whether any steps have been taken by his Department in this regard, if so what steps if not why not?

The MINISTER OF COMMERCE AND CONSUMER AFFAIRS

- (1) No complaint has been received in regard to price fixing by specific manufacturers. The Department did, however, receive a complaint in connection with alleged price fixing in the pharmaceutical industry following the publication of Government Notice No R 1737 of 10 August 1979 by the Department of Health, which prescribed the tariff of fees payable to a pharmacist in respect of his professional services.
- (2) In the aforementioned regard the Department has had negotiations with the Department of Health and the Board of Trade and Industries after which revised measures were promulgated in Government Notice No R 2848 on 21 December 1979. On the same date Government Notice No R 2849 was published in which rules relating to acts or omissions in respect of which the South African Pharmacy Board

may take disciplinary steps which could be in conflict with the aims of the prohibition on resale price maintenance. The Competition Board is currently investigating the above-mentioned possibility.

9/6/80

~~4382~~
~~269~~

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Debate : Road Transportation Amendment Bill
committee stage

See	Hansard	17	Cols	8402 - 8418
	"	16		
	"	14		
	"	15		

WEDNESDAY, JANUARY 30, 1980

THE SILENT JUDGES

PUBLIC interest concerning the resignations of Mr Justice Mostert and Mr Justice King has been given another twist by the reiteration by the General Council of the Bar and the Johannesburg Bar Council of the view that it is not generally desirable for a judge who has resigned or retired to return to private practice.

The Mercury agrees with this view though it concedes that exceptions could be made in special circumstances.

Judges are in a sense creatures apart, whose strict and pitiable impartiality requires that they stand aloof from most (though not all) of the controversies that embroil others. Appointments to the Bench are therefore not to be lightly taken up or lightly put aside. The more partisan public profile of former judges who had returned to the Bar would tend to colour the popular image of their brothers who remained on the bench. There are other objections too, such as SCs citing their own judgments as case law, or appearing before judges who had, as advocates, argued cases before them when they were on the Bench.

Judges Mostert and King can hardly have been unaware of these considerations, and this reinforces the view that there is growing dissatisfaction among judges and advocates with unwarranted Government intrusions into the legal system.

The Prime Minister's cavalier termination of Judge Mostert's commission after the revelations that laid bare the Information scandal is a case in point. There is also dissatisfaction about some recent appointments to

the Bench and concern about moves to elevate magistrates.

Judge King's resignation is said to have been precipitated by a crisis of conscience over the Group Areas Act. If that is so he will have much sympathy though it should be noted that the Act was on the statute book when he accepted his appointment to the Bench.

One may also question whether efforts to repeal or revise offensive legislation are better served by resignations from the Bench or by the sort of outspoken comments on the inequity of the law which Judge King himself has made. Such pronouncements from the Bench are proper and still carry great weight.

It is also pertinent that a crisis of conscience may not always be resolved by a return to private practice where one may still be part of the process of administering bad laws.

We regard insinuations that the judges resigned for financial reasons as unworthy — though the salaries of judges appear to be in urgent need of review.

The careers of these two eminent young lawyers will continue to claim public attention, as will the reasons for their resignation from the Supreme Court. It is their privilege to remain silent, but they should be aware that the circumstances of their departure are a legitimate and necessary matter of public concern, speculation and comment. It is also hard to see how their continued silence can serve any higher purpose they might have had in mind when they resigned.

Hangard NO 1 (89/10)

1/2/80

State President address

245

In regard to domestic trade it may be mentioned that the Competition Board, which was appointed in terms of the Maintenance and Promotion of Competition Act (Act 96 of 1979), commenced its activities on 1 January 1980. The Board's functions are, *inter alia*, to advise the Minister on the country's competition policy and to institute investigations into

FEBRUARY 1980

10
suspected restrictive practices and where necessary, recommend remedial measures

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I can send 2 cols
Full text of debate
see (Mason)

~~3 (continued) Beds~~
2/15

BRLARY 1980 77.

That this House—

- (1) affirms its confidence in the system of free and fair economic competition in agriculture, and
- (2) takes note of especially the problems arising from—

- (a) vertical integration in the agricultural industry, and
- (b) the resultant frustration of the objects of the Marketing Act

I am very glad of this opportunity to raise a matter here today which is of the utmost importance to every citizen of this country. I believe that this subject which we are going to discuss today is a non-political subject and that the debate we shall have on this subject will be held in a good spirit to the benefit of the country.

One of the 12 points of the now well-known 12-point plan of the hon. the Prime Minister concerns the economy of the country and states that the system of free enterprise must continue to be preserved as the basis of our economic and financial policy. We can find fault with this statement, which states that the interests of this country at heart I do not think there is any member of this House, therefore no member on the Opposition benches, who will find fault with it. The fact that the Republic of South Africa has a capitalist system and that we wish to preserve it, can never be sufficiently emphasized. This image of the Republic of South Africa must continue to be presented to the world, not only for the sake of financial gain, but because we really believe in it, because it forms part of our culture, it forms part of our history, it forms part of the kind of democratic practices.

Because the agricultural industry is out of the world is experiencing problems maintaining itself as the provider of food which consequently gives it strategic importance—it remains a fact that there is no country in the world in which this industry is not supported by the State in one or another. As a result the agricultural industry can very easily be squeezed in a

FRIDAY 15 FEBRUARY 1980 774

direction even in a democratic and free capitalist system. Therefore it is necessary to be constantly on guard against such a tendency. It will therefore be fitting if this House re-affirms its confidence today in a system of free and fair economic competition in agriculture. Justified and constructive criticism of the agricultural policy of the Government must always be welcomed and we do so. This can assist in keeping our ideal of free competition pure so that the agricultural industry in South Africa will continue to remain in the hands of the greatest possible number of independent producers and so that here can be constant renewal in the form of new practitioners entering the industry, for if there are no new practitioners entering an industry such an industry stagnates.

Today there are thousands of young men in our cities in South Africa who long for their own piece of land and who wish to make training the profession because it is deep-rooted in their cultural background. They are people who are prepared to accept the challenges of the industry and the risks involved in it. However, they do not have the means with which to make a start. I wish that we could help many more of them to populate the rural areas and our border areas, because a country without a widely distributed farming community is a poor country.

Every economic system develops its own problems, and the same applies to capitalism. In this way, restaurants may be imposed on the operation of free competition, for example by the development of monopolies, or the formation of so-called cartels or agreements which disrupt the market mechanism. If that happens, the State must intervene to protect the system, as the USA had to do as long ago as 1890 by means of the Antitrust laws, and we had to do by passing legislation here last year, viz the Competition Act.

This brings me to the second part of my speech, viz that this House takes note of the problems arising from vertical integration in the agricultural industry. I want to sketch to you what I mean by vertical integration. I mean to do so on the basis of a concept of this concept by the late Dr. A. S. At the same time I should also like to refer to a record here that this man, Dr. [Name], made a tremendous contribution to the rural economy in South Africa. He was

formerly a member of the Viljoen Commission on the Protection of Industries, of the Rivers Commission of Inquiry into Costs and Profit Margins in Agricultural Implements and of the Intron Commission of Inquiry into the Coloured Population. He was a prominent agricultural economist. He said—

Vertikale integrasie is die samevoering by of samevoering met dieselfde produksie-entiteit 'n al die handelinge strek—sowat tot en insluitende die vervaardiging van die afgewerkte produk.

That is his definition of vertical integration. He could also have added the marketing of the end product. By vertical integration, therefore, we understand an agglomeration of production processes where the end product of the one process forms the raw material of the next process. This is upward vertical integration. A good example of this would be where a fruit-farming concern has its own canning factory and marketing organization. Downward integration, on the other hand, is where a marketing organization or a super-market chain acquires its own farming enterprise to help it to get the fruit or vegetables to its own factory. These processes, of course, take place entirely in accordance with the principle of free competition, with the emphasis on competition. In fact it happens precisely as a result of competition. Thus the canning factory will argue that it can make a bigger profit if it produces its own fruit and is therefore able to acquire its raw material at a lower price than its competitors. On the surface there is no fault to find with this. But what problems result from such a situation? I should like to illustrate these problems in this House today on the basis of the history and the present position of the poultry industry in the Western Cape. I am choosing the poultry industry as an example because the vertical integration process in this industry was so dramatic that it brought about a structural change in the agricultural sector in the Western Cape.

*The MINISTER OF AGRICULTURE in the entire country.

COMPETITION AND VERTICAL INTEGRATION IN THE AGRICULTURAL INDUSTRY

(Motion)

Mr G J. KOTZE Mr Speaker, I move—

Board will probe trade monopolies

ADM
16.2.80



Pretoria Bureau
THE Competitions Board is currently investigating restrictive or monopolistic trading practices in five major industries — and there are other investigations in the pipeline. The board, which has taken over the Board of Trade and Industries responsibilities under the old Regulation of Monopolistic Conditions Act, had its first meeting in Pretoria last week. Its primary function is to break down and eliminate unfair competition barriers. The five investigations now under way involve the fertiliser industry, the poultry industry, the liquor industry, sanitary ware and hardware industries, and price discrimination involved in the big chain stores squeezing discounts from suppliers. A major aim of the board was to give relief to those organisations adversely affected by conflicts which had their

roots in an imperfect market- ing system. The investigation into the fertiliser industry was started nearly three years ago by the Board of Trade. In a detailed report on the industry the board found that two major companies — Triomf and Fedmis — controlled about 90% of total production and turnover. The board felt that entry to the industry was restricted for manufacturers and distributors by Triomf's alliance with AE & CI which placed it in a favourable position in getting supplies of nitrogenous raw materials, and the considerable shareholding which the major agricultural co-operatives had in Triomf. This placed Triomf in a privileged position. The inquiry into the liquor industry was launched about two years ago before last year's takeover by SA Breweries of Intercontinental Breweries

Spin off from the takeover was the sale by SAB of its interests in Stellenbosch Farmers Winery to a new company, Cape Wine and Distillers Rembrandt, which sold Intercontinental to SAB for R25-million, also sold its wine and spirits interests in Oudemeester to the new company. SAB and Rembrandt each have a 30% stake in Cape Wine and Distillers. The chairman of the SA Independent Egg Producers Association, Mr Ian Bartlet, said poultry farmers felt their interests were being prejudiced by the virtual monopoly in feed production of the three large producers, Tiger Oats, Premier Milling and Tongaat. As an outlet for their feeds, he claimed, they had to buy up or take over existing poultry farms. This had led to an overproduction of eggs which in turn prevented prices from rising to a level more in line with production costs than existing

prices. These points, Mr Bartlet said, were made clear in a memo to the Board of Trade. Another point made was that the three big producers had formed the National Egg Producers Co-operative (Nepco) to control the egg market. In the sanitary ware and hardware investigation, the background is allegations of supply discrimination and "exclusive dealing" in which some traders may not have free and unqualified access to supplies. This could unbalance the competitive situation in the retail trade. The price discrimination investigation arises from complaints by suppliers that they are being squeezed for unreasonably large discounts on bulk orders. However, the big supermarkets claim this is in the interests of consumers as the cheaper they buy, the cheaper they can sell.

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Hansard

3Q(122/123)

19/2/80

Regulation of Monopolistic Conditions Act

225 Mr T ARONSON asked the Minister of Police.

- (1) Whether any companies were prosecuted during 1979 for alleged offences under the Regulation of Monopolistic Conditions Act, if so, (a) how many and (b) what was the nature of the products concerned,
- (2) whether any convictions were obtained, if so, what were the fines in each case,

245

123

WEDNESDAY, 20

- (3) whether any cases are still under investigation by the Police, if so, (a) how many and (b) in respect of which commodity?

The MINISTER OF POLICE

(1), (2) and (3) No

SOUTH AFRICA'S 21 commodity control boards administer the marketing of the vast bulk of the country's R4 000-million a year agricultural production. They cost R22-million a year to run, employ staffs exceeding 3 000 who earn R5-million a year — and the question of the general public and a section of the farming community has been asking for years is — is all this cost and bureaucracy necessary?

And the broad consensus among consumer organisations, organised commerce and industry and the agricultural unions is that we are better off with them than without them.

The system they say is a good one. With this little fault can be found. It's how the various marketing schemes under the control of the boards are administered that is often cause for concern.

Farmers point to the chaos last year which surrounded the issue of slaughter permits by the Meat Board as an example of bureaucratic bungling. The confusion about egg prices, and the inability to control the gross over-production of eggs.

One major fault in the boards' organisation, the Association of Chambers of Commerce says, is the minimal representation given consumers — one per board. The boards have a heavy overburden of producers. But the agricultural unions claim the boards were set up by producers, and the consumer should be happy to have even a limited representation.

The 21 boards are involved in marketing schemes for potatoes, dried beans, eggs, canning fruit, cotton, karakul skins, wheat, lucerne seed, maize, oil seed, bananas, rooibos tea, deciduous fruit, chicory, citrus, dairy, tobacco, meat and wool, dried fruit and mohair.

The cost of administration in the 1977-78 financial year varied from R36 000 for the Lucerne Seed Board to a massive R4.5-million for the Citrus Board. The Meat Board figure was R3.6-million, Maize R2.9-million and Wheat nearly R2-million.

The PFP's spokesman on agriculture, Mr Philip Myburg, agrees there is a need for control boards but stresses there is a need for improving their performances and of streamlining their operations.

The emphasis should be shifted sharply from the concept of control to that of marketing in the most efficient manner.

The focus should be on the wide gap between what the farmer gets for his product and what the consumer ultimately pays.

"It is in this area — where there is either great inefficiency or great exploitation — that the boards should concentrate their efforts. They must strive to close this gap — a move which would benefit consumer and producer."

The gap is startlingly wide in the meat industry, Mr Myburg claims — "so wide in fact one

Board games?

3 (Consumer Boards)
245
ROM 19/2/80

In these times of rising prices, the commodity control boards remain an enigma to many people. **GERALD REILLY** reports on the pros and cons of the issue.

wonders what the Meat Board is up to."

A similar situation exists in the dairy and other industries.

More efficient marketing for instance could make milk and milk products available to lower income groups at a price many could afford.

Meat consumption in South Africa, Mr Myburg claims, has fallen off drastically in recent years. This is due to prices — inflated because of the growing producer-consumer price gap.

The boards appear to be bogged down in old traditional bureaucratic practices which have no place in a modern economy. They should employ marketing professionals to identify the flabby areas between producer and consumer and to expand demand for their products.

The producer-consumer gap in the marketing of some agricultural products is as much as 60%.

The Department of Agricultural Economics and Marketing has a food basket index which at the end of 1978 showed a gap of 46.7%.

Comparisons between the producers share of the consumers rand between 1974 and 1978 bear out Mr Myburg's claim that an investigation into what happens to the money in the gap could lead to substantial reductions in the prices of many products.

In 1974 the farmers' share of the consumer price for grain products was 41.6% compared with 34.2% in 1978, for meat it was 62% in 1974 and 52.8% in 1978, for oil seeds 38.4 and 33.1, for dairy products and eggs 69.7 and 58.5, sugar 43% compared with 32.4%, for fruit 31.1% and 35.3% and for vegetables 34.4% and 31.1%.

The figures show that the farmers' share of the final price is shrinking except in the case of fruit. This it is claimed, is because fruit has been vigorously marketed.

The SA Consumer Council's liaison officer, Mr Mike Hawkins, claims where a more dynamic marketing approach is adopted by boards, the gap between consumer and producer price tends to close.

He points out, however, that concern over rising prices is not a feature unique to the Seventies and Eighties. In 1940 for instance, beef sold for an average of 7.4 pence a pound, in 1948 12.4 pence a pound and by 1959 it had increased, since 1940, by 265% to 27 pence a pound.

Mutton prices showed a similar trend during these years.

Mr Hawkins points that if the current alarming trend is allowed to continue — where the fat cats in the middle's share of the consumer price is rising — the consumer is going to pay increasingly higher prices to give the producer even a very moderate rise.

In the beef industry for instance for the producer to get an extra rand, the consumer has to pay an extra R2.

And, Mr Hawkins stresses, if the trend persists, in seven years time, the consumer will pay an additional R3 to give the producer an additional R1.

This is why Mr Hawkins and other authorities strongly support a concentrated effort being made to investigate the grey area, and reduce the middleman's growing take from escalating consumer prices.

Another increasingly serious consequence of the present system where the farmers' share of the of the consumer rand is shrinking is that farmers unable to meet their costs, and make a reasonable profit, will abandon farming as a career. Many have already done this.

This, as the Minister of Agriculture, Mr Hendrik Schoeman, has pointed out could have disastrous consequences in a country with a potential for unrest. Food shortages can only be avoided if the farmer is given a reasonable return on his invested capital. This cannot be achieved by huge increases in consumer prices, which generate consumer resistance.

It should be the task of the boards to maximise farmers' returns within the context of a reasonable consumer price, economists say.

It should be a prime function of the boards therefore, to adopt more dynamic marketing techniques. To fight for higher prices for producers is not

enough, in fact it could be counter productive.

Demand is closely linked to price in most agricultural products — in dairy products for instance. If, therefore, production is to be extended to a point where food shortages are avoided, production and marketing costs must be kept down to a minimum.

Assocom has a long-standing view that it is inadvisable that one section, the primary producers, should have a mandatory majority on the boards.

It is wrong that the boards are vested with powers to determine trading conditions of third parties, especially since producers' representatives on the boards often have proprietary interests in the agricultural co-operatives.

This, in the view of Assocom, places a curb on free, open and competitive trading.

Assocom wants the boards reconstituted so that no single sectional interest has a majority over any other.

It is obvious, Assocom holds, that under current conditions, with substantial producer majorities on the boards, the viewpoints of consumers — although consumers had a minority representation — was inadequately represented.

Assocom is also opposed to the physical handling and processing of farm products by the boards. This is a task which should be left to the private sector. Currently five boards operate processing plants — the Egg, Banana, Dairy, Chicory and Rooibos Tea Boards.

Assocom also strongly supports the merging of boards where this can be done with economic and other gains.

The establishment of a joint secretariat housed in a single building to serve all the boards would also result in considerable economies. Assocom points out that services, like advertising, could be shared.

Assocom acknowledges that price stabilisation efforts — one of the major functions of the boards — are necessary. It urges, however, that adequate recognition that some price fluctuations serve an indispensable regulatory purpose should be given.

The association points out that day-to-day price fluctuations have proved indispensable to even out the flow of slaughter stock to markets.

Assocom also points out that in determining general agricultural price policies it is of overriding importance that growth be encouraged in the different segments of farming commensurate with production and export potential.

The food needs of the population and their ability to pay should also be a key factor in pricing farming products.

Assocom repeats however that the boards are dominated by producer majorities who, as often as not, are intractable in their price demands.

However, the boards' part in price fixing is, according to the Marketing Act, purely advisory.

The only curative effort made was the dispensing of tetracycline eye ointment by the members when any signs of trouble...

was measured using three indices:

Cont

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The Minister of Agriculture has the final say, on what prices should be

However, it has seldom happened, since the Act was amended in 1973, that there has been serious disagreement between the boards and the Minister. The Minister normally goes along with the recommendations of the boards.

Assocom says the producer-controlled commodity boards are sometimes praised for their restraint in fixing food prices which are sometimes well below prices in other Western countries.

However, whether this praise is justified or not should be assessed against a background of the low capital incomes in SA — the limited ability to pay — low farm wages and the subsidised rail rates on primary products.

Farmers, the agricultural unions claim, are satisfied that the boards work in their interests and in the interests of the consumer.

The director of the Transvaal Agricultural Union, Mr Flip du Plooy, says organised agriculture is responsible for the introduction of the control board system.

"There is no doubt that farmers generally are satisfied with the performance of the boards. Any interference with the system would meet with an angry and strong resistance."

There are times, Mr Du Plooy concedes, when problems develop but this was more the fault of the human factor than the system itself.

For instance there was grave dissatisfaction last year about the issue of permits to producers by the Meat Board.

"But as long as there is good co-operation and communication between organised agriculture and the boards, the system must work to the benefit of the farmer," he says.

The SA Council of Churches' ombudsman, Mr Eugene Roelofse, condemns the boards out of hand as "money down the drain".

"We'd be far better off without them. They're dominated by producers and middlemen and the voice of the consumer is hardly, if ever, heard — and if heard, it's not listened to."

The system was developed to work for the farmer and the distributor — and this it does very successfully.

On those boards where there is one consumer representative — and there is never more than one — efforts to fight the consumer's cause are "completely ineffectual".

Mr Roelofse believes the country would be far better off without the boards. Prices and distribution of products, he claims, should be left to normal market forces.

Hansard 3 Quest. Col 147/148

20/2/80

245

Price increases of agricultural products

188. Mr H E J VAN RENSBURG asked the Minister of Agriculture

- (1) Whether any applications for price increases of any agricultural products have been received by the Department of Agricultural Economics and Marketing during 1980, if so, from what organizations,
- (2) what in each case (a) was the increase requested, (b) were the reasons given for the application and (c) was the response of the Department,
- (3) whether any increases have been or are to be granted, if so, what is the increase in each case,
- (4) whether any representations were made against such price increases, if so, (a) by which organizations and (b)

what in each case (i) were the reasons for the representations and (ii) was the response of the Department?

The MINISTER OF AGRICULTURE

- (1) No
- (2), (3) and (4) Fall away

ready dragged on since 1977 before government was called in on the act last year. The GMA's gripe is that large chains use their muscle unfairly to screw low prices out of suppliers.

Says Competition Board chairman Dr Dawie Mouton "Don't expect the findings in a hurry. Remember that the investigation into Retail Price Maintenance took five years, and although I am not saying that this one will take as long, there is still a tremendous amount of work to be done and the Board must give priority to investigations started earlier."

Mouton says that the Board is also handling four other investigations and that the reports on the fertiliser industry and the sanitary and hardware industry should appear around mid-year.

Another reason for the delay, he says, is that Assocom and the FCI asked for extensions to the acceptance deadline for their written evidence. "Their submissions are due by the end of February," he says, "and then will begin the task of collating the written evidence, before we draw up questionnaires to send to all the parties. After that, we start hearing verbal evidence."

Meanwhile it's business as usual in the trade, with manufacturers and supermarkets still bargaining hard with one another to gain the price edge on their competitors. Consumers should be grateful

TRADE PRACTICES ²⁴⁵
22/2/80
Keep it confidential

Don't expect an early report from the Competition Board on its investigation into discrimination in price and trading terms between supermarkets and their suppliers. It will come within the next five years -- and that's official.

The dispute between the Grocery Manufacturers Association and supermarket chains on confidential discounts has al-

Hemsvand

4(227)

27/2/80

245

Price control regulations

4(227) 27/2/80 (245)
300 Dr Z J DE BEER asked the Minister
of Commerce and Consumer Affairs

- (a) How many prosecutions for infringement of price control regulations were instituted during 1979, (b) how many convictions were obtained and (c) how many actions are still pending?

The MINISTER OF COMMERCE AND
CONSUMER AFFAIRS.

(a) 3 563

(b) 2 151

(c) 3 377

See Times (for the) 2/13/80

By BILL CAIN

INDUSTRIES Minister, Dr Schalk van der Merwe, has ordered an official probe into AE-CI's virtual monopoly of the explosives industry

The investigation comes two years after National Process Industries announced its intention to break into the R175-million sector with Dupont's Tovex

Manufacture of the American chemical conglomerate's product began just over a year ago at a Roodepoort plant with a 1 000-ton-a-month capacity

Managing director, Oliver Hill, hopes to capture 25% of the market by 1984 in spite of AE-CI's strong traditional and contractual links with the Chamber of Mines

Minister Van der Merwe's move gives the two-month-old Competitions Board its first investigation task apart from probes it took over on January 1 from the Board of Trade

Interested parties are being asked to submit evidence and observations on the present explosives and accessories set-up to the board as soon as possible to Private Bag X84, Pretoria, although scrutiny of the industry will probably take up to two or three years

Dupont licensee NPI, almost sure to be the complainant behind the official probe, has claimed it can supply better explosives cheaper if it can crack AE-CI's hold on the market

(A)

(245)

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MONOPOLIES
Hot potato

245
FM 7/3/80

Industries Minister, Dr Schalk van der Merwe's first directive to the Competition Board — to "investigate and report on restrictive practices in the supply and distribution of explosives and accessories in the Republic of SA," gazetted on February 29 — will be a hot potato to handle

The issue concerns National Process Industries' protest over AECI's long-standing agreement to supply Chamber of Mines members with explosives and accessories.

Oliver Hill's National Process Industries

acquired the licence two years ago to manufacture Du Pont's cartridge packaged, ammonium nitrate based, water gel explosive Hill states categorically that Tovex is a better product

But, Hill claims "Though we have demonstrated through tests to the satisfaction of a mine that we have the better product, the mine has been unable to get permission to use it"

Hill, despite AECI's traditional and contractual links with Chamber of Mines members, is determined to corner at least 25% of the explosives and accessories market, estimated to be worth over R180m in 1980

Philip Clarke, NPI director tells, the



NPI's Oliver Hill, AECI's Denys Marvin . . . whose product is better?

FM "We've supplied substantial amounts at competitive prices to mines" He says Tovex can be produced in unlimited supply "We could easily supply 20% of the market Our product has been proved to be 15%-20% more efficient than traditional products"

He admits "Mining is not a homogeneous industry. There are instances where products other than Tovex are more cost effective"

The Chamber of Mines is at present testing Tovex on "approximately eight mines" No tests have been completed yet, says Chamber of Mines director, George Bosman Tovex is being tested both "against conventional explosives and against other slurry explosives"

Bosman points out "We're looking at only one segment of the explosives market There's a very small market for slurries" However, the FM understands NPI is trying to substitute slurries for conventional explosives

Clarke questions whether AECI has researched and developed new explosives to compete with Tovex in the last 10 years He maintains there are no new developments to speak of

AECI refuses to be drawn into any arguments prior to the findings of the Competitions Board But the FM learns AECI spends more than R2.5m annually on explosives research and development

Says a spokesman "We have four other overseas associate companies who devote similar resources to their research and development activities We get together regularly to pool our experience"

With the total cartridge market running at around 120 000 t annually and NPI targeting for no more than 20%-25% of this, it is questionable if NPI can achieve the economies of scale that AECI does The cost of of AECI's conventional explosives, for example, is anything from one-third to

seas
AECI says the agreement it has with the Chamber doesn't "categorically preclude anyone else from entering the field if they can come up with a better product And it's up to the individual mines in the Chamber to decide which is the better or more economical product"

if the cost of equivalent products over-

Outcry over flour price

Staff Reporters

THERE HAS been an angry consumer reaction to a steep rise in the price of flour which is certain to be gazetted in Pretoria tomorrow

Independent bakers and confectioners say they will definitely apply for an increased bread price to keep pace with rising costs

However, Mr Peter Wrighton, financial director of Premier Milling, which owns at least seven bakeries on the Rand, said he would wait to see whether the Government intended to absorb the flour price increase with an increased bread subsidy

The flour price rise makes it almost certain that an increase in the price of bread will be announced by the Minister of Finance in the Budget on March 26

Mrs Yvonne Foreshaw, the vice-president of the Housewife's League, said that she was staggered by the news "This means that people on the breadline will have to cut back on basics"

The general manager of the Wheat Board, Mr A van Aarde, said the board had met in Pretoria and price increase recommendations had been forwarded to the Minister of Agriculture, Mr Hendrik Schoeman

If they are approved — and they are almost certain to be — it will be the second big price rise to affect the price of bread in six months

The last was last October when the price of wheat was raised by more than 35% — from R136,18 a ton to R185 a ton. At the same time the price of white bread flour rose by 27,8% and brown bread meal by 27,4%

One reason for the probable price rise, Mr Van Aarde said, was the heavy losses being suffered on exports. Others included the recent steep rise in railway rates and high costs of production.

Mrs Foreshaw suggested that the Government establish a stabilisation fund so that consumers do not suffer because of export losses.

This year 126 000 tons of wheat have been exported at a loss of R7,5-million

POLITICAL comment in this issue by Allister Sparks, Chris Day, Lin Menge, Martin Schneider, newsbills by Peter Bunkell, head lines and sub editing by Mike Stent, cartoons by Bob Connolly, all of 171 Main Street, Johannesburg

CONSUMER MAIL

Paraffin price is open to abuse

By VITA PALESTRANT

PRICE control was introduced on illuminating paraffin five years ago to protect consumers — but the very people it is meant to protect are unlikely to be any the wiser whether they have been overcharged or not.

Paraffin, a major source of energy in black households, was reduced by 5c a litre at the end of last month to alleviate the burden on black consumers.

However its pricing structure is such that even now it costs almost as much as petrol — and sometimes considerably more.

A major supplier last week estimated the average consumption of township households at 80 litres of paraffin a month.

This represents — on the recent reduction — a hefty R43,20 a month — more than many white homes pay for electricity.

Consumer leaders have described the pricing structure of paraffin "a mess".

It is so complicated that it is virtually impossible for the average consumer to know whether he or she has been overcharged or not.

It could also lead to widescale abuse.

Basically, the maximum retail controlled price of paraffin is based on the oil companies' wholesale list price plus 50%.

But this is where simplicity ends and problems begin.

The following variables — within the same distribution areas — give rise to different retail prices:

- Not all oil companies have the same wholesale price. The wholesale price of paraffin is not price controlled.
- The wholesale price is determined by the size and type of container paraffin is sold in.
- Traders are allowed to resell paraffin from any size container and recoup the cost of the container.

This means that the end price to the consumer varies — making it difficult for the consumer to know what the correct price should be.

If, for example a trader sells a litre of paraffin from a bulk supply of 200 litres or more, he can charge a maximum of 52c, or 54c with GST — the oil companies' wholesale price of 34,43c plus 50%.

This is straightforward and simple enough since all oil companies have the same bulk prices.

However, if the trader sells paraffin from smaller 20 litre containers — and there are two different types — his customer is likely to pay considerably more for paraffin than for petrol.

● If the trader sells paraffin to his customers from a 20 litre square tin, he can charge his customer a maximum of 63c or 65c — depending on the oil companies' price, plus 50%.

Most oil companies charge between R8,41 and R8,78 for this type and size of container.

● But, if a trader sells from a 20 litre round drum, costing him R8,96 or R9,19 (depending on the oil company) — he can charge 68c to 69c.

The above do not include GST.

Thus the consumer could be asked to pay anything between 54c and 72c with GST, and be none the wiser whether he was charged the correct amount or not.

A trader could claim to have decanted paraffin from the more expensive 20 litre round drum (while decanting from a bulk container in reality) and charge the higher price making himself a quick 18c over and above his 50% mark-up.

Only by referring to the trader's invoices and seeing the container could the consumer tell what he should be charged.

This is clearly impossible. Only inspectors

Stores	750ml price	Price per litre
Pat's Cash Store, Soweto	36c	45c
Sizanani Fish & Chips, Soweto	36c	45c
Andries Cash Store, Soweto	35c	44c
Langatshe General Dealer, Soweto	35c	44c
Bakwena General Dealer, Soweto	41c	51c
Makhureng Trading Store, Soweto	42c	53c
Phirwa Cash Store, Soweto	37c	46c
Serutle Enterprises, Soweto	35c	44c
Renes Fresh Produce, Soweto	47c	59c
Uncle Joes General Dealer, Soweto	49c	61c
Sea Brook Fish & Chips, Soweto	—	45c
Willies Trading, Soweto	49c	61c
Dolly Dairy, Soweto	30c	38c
Vera's Bazaar, Soweto	35c	44c
Busy Boy Trading Store, Soweto	38c	48c
Tlhatswane Fresh Produce, Soweto	—	52c
RM Cash Store, Soweto	—	52c
Matonsi General Dealer, Soweto	48c	60c
Ethel General Dealer, Soweto	48c	60c
Rose's Boutique, Soweto	45c	56c
Thandabantu Supermarket, Katlehong	38c	48c
Mbokane Supermarket, Katlehong	35c	44c
Katlehong General Dealer, Katlehong	30c	38c
Makalo Stores, Katlehong	25c	31c
Beehive Store, Katlehong	25c	31c
Vukuzenzele, Katlehong	35c	44c
Shylock, Katlehong	32c	40c
Aubrey & Cobbler, Mamelodi	—	53c
Sibiya Cash Store, Mamelodi	46c	58c
Mabena Eating House, Mamelodi	—	59c
Cheapside, Mamelodi	42c	53c
Blue Lizard, Mamelodi	35c	44c
Sofasonke Gaza, Mamelodi	37c	46c
Dlamini & Son, Mamelodi	37c	46c
Mahlangu, Mamelodi	32c	40c

However a spokesman for the Price Control office explained the high mark-up as follows:

"The main reason is the difference in distribution methods and costs. While petrol is delivered in bulk to service stations and sold in fairly large quantities, paraffin is normally supplied in small quantities to resellers and usually sold by the latter in quantities of 1 litre or 750ml at a time. Due to their higher distribution costs, the gross profit margin to the reseller of paraffin is higher than that of petrol."

The spokesman also maintained the complicated pricing structure presented no obstacles to inspectors from Trade inspections checking on traders.

(Offenders face fines not exceeding R2 000 or imprisonment not exceeding two years or both.)

Prior to the introduction of price control, both the Co-ordinating Consumer Council and Consumer Mail conducted surveys showing traders were profiteering and charging their customers twice as much as the going rate for petrol with mark-ups of up to 150%.

When control was introduced five years ago, the Price Controller, Mr E G de Beer, said retailers were making mark-ups of between 70% to 300%.

This week Consumer Mail, in co-operation with the Ombudsman Office, surveyed 35 traders in Soweto, Mamelodi and Katlehong.

The survey showed that consumers are asked to pay between 31c to 61c a litre for paraffin. This means that township dwellers can cut

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STUD NO 15130

SUR NAME HENRY GAREKWA

FIRST NAMES

COURSE 110317

DESCRIPTION

SYMBOL

EXAMINATION RESULTS IN FACULTY ARTS

AS AT 29 02 80

PAGE 1

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80

* TOTAL NUMBER OF STUDENTS 1

Rand Daily Mail

14 March 1980

245

Consumer Affairs are able to do this on their spot checks.

One uniform maximum price could be achieved by changing the regulations controlling the price of paraffin.

There is also another aspect in the paraffin story that consumers resent.

Even if the trader sells his paraffin at the lower bulk price, this basic commodity costs 54c — almost the same as that of petrol on the Reef (54,3c).

Consumer Ombudsman Eugene Roelofse, who was instrumental in the battle to get paraffin price-controlled, said he was disappointed in the way it had been applied.

"This is a typical egg dance by the authorities to give a veneer of consumer protection while at the same time allowing the trader to make as much money as he wishes."

Mrs Yvonne Forshaw, vice-president of the Housewives League, said she was horrified that the mark-up on paraffin was as high as 50%.

around

Eight — or 23% — of the stores surveyed charged more than 54c a litre.

In announcing the recent reduction, the Minister of Commerce and Consumer Affairs, Dr Schalk van der Merwe, said a market research survey had shown that the price of paraffin was placing a heavy burden on blacks.

The cost of paraffin required by a household of seven people for the use of 2 paraffin stoves, 2 paraffin lamps and one paraffin heater during winter represented 18% and 27% of its average monthly income during the summer and winter months respectively.

The tabulation shows the shops surveyed, price for 750ml of paraffin and the price for one litre of paraffin.

FOOTNOTE. Consumers who have been charged 41c for 750ml or 54c per litre (including GST) for paraffin are advised to contact the Trade Inspections service of the Department of Commerce and Consumer Affairs in their area.

Bricks black market ^{STAR} 24/3/80 brings chaos to industry

Brick black
market

245

ies were promptly shut
down

Mr Dick Kemp, chief
executive of Tongaat said
these comments were typ-
ical of those in times of
trouble

"The fact that there are
22 other companies in the
same line as ourselves in
the Transvaal alone and
that we have railed bricks
from Natal to help the
situation shows that they
are not true"

Dr David Mouton, head
of the Competition Board,
said his board was aware
of a concentration in the
brick industry, and that
it acted on complaints or
in some instances took the
initiative to investigate
possible monopolies

"But we have no inten-
tion at this stage of look-
ing into the brick industry

If anyone has com-
plaints they can send them
to us at PO Box X84, Pre-
toria"

By John Murray

Increases of up to 130 percent over the controlled
price of bricks are bringing chaos to the home-
building industry, which has already been by
delays of up to a year in brick deliveries

Adding to the prospec-
tive homebuilder's prob-
lems, the increase in
costs caused by the brick
shortage - at least two
percent for every month's
delay

Several building con-
cerns have called on the
Government's Competition
Board to investigate the
brick industry, which is
dominated by one large
concern, Corobrick

The Government-
controlled price on bricks
is R50,00 a thousand stock
bricks delivered, but pro-
fiteers are asking any-
thing from R67 to R120 a
thousand

This situation has been
brought about by a build-
ing boom which has left
the smaller builder strug-
gling to get supplies of
bricks

In some cases the smal-
ler builder has been told
he will have to wait up to
a year for delivery of
bricks

A brick and building
supplies merchant who
did not want to be named
said "Some smaller brick-
yards are exploiting the
shortage

"There is racketeering,
and merchants are cash-
ing in on the situation"

The company charging
R120 a thousand said it
was raling one million
bricks from Pietersburg to
meet demands far exceed-
ing supply

Additional charges were
for railage, loading and
road transport to site, it
said

Corobrick, a Durban-
based company which man-
ufactures 600 million
bricks a year said it was
railing 140 000 stock brick
a day from three points in
Natal and was selling
them for R100 a thousand
delivered

Building concerns have
called on the Competition
Board to investigate the
"chaos created when the
Corobrick monopoly
became effective"

Builders say that while
Corobrick is the only ef-
fective source of bricks, it
now introduced supply
quotas and credit guaran-
tee restrictions

These slash potential
business by 75 percent
and destroy the trust
existing when the small
man supported Corobrick
through the 1974 to 1979
recession, they say

A contractor-merchant
who also did not want to
be named said "Natal

and Transvaal companies
were amalgamated under
Tongaat to form the exist-
ing Corobrick monopoly

"I would like to know
why some of these compa-

CREDIT FM 4/4/80
Fair trade charter

Free traders who are fair need not fear the new Credit Agreements Bill. For unfair dealers it could spell the end. The Bill, read the first time by Com-

Financial Mail April 4 1980

~~28~~ (245)

merce Minister Schalk van der Merwe in the Assembly, contains no new principles, but it is a decided improvement on the Mark One version introduced in 1977.

That Bill, introduced by Transport Minister Chris Heunis, probably holds the parliamentary record for attracting the highest number of amendments ever placed on the Order Paper. The PFP's Harry Schwarz submitted no fewer than 91 amendments, and his former colleague Gordon Waddel was not far behind.

The Bill went to a Select Committee which was later disbanded when PM John Vorster called a general election.

Most of the objections raised in 1977 have been ironed out and the expectation is that, with the exception of provisions relating to the powers of inspectors who will enforce the measure, it will have a fairly uneventful passage through the second and subsequent readings.

The Bill, which replaces and repeals the Hire Purchase Act of 1942, differs in one major respect from its 1977 version. It empowers the Minister to specify, by publication in the *Gazette*, the articles which will be subject to the provisions of the measure. These will be almost exclusively consumer durables and semi-durables.

In the 1977 version, the Bill had an all-inclusive provision but would have permit-

cases are specially designed to effect quick repossession of goods after even the most trifling deviation from its terms.

Section 11 introduces a 30-day blocking mechanism on repossession. Notice of intention to repossess must be given to the buyer by registered post 30 days ahead of action, and the period of notice begins to run only after effective service of summons. Similarly, if goods have been repossessed in the prescribed manner, Section 12(1) of the new Bill gives a buyer the right to reinstate an agreement on payment of outstanding sums within 30 days, and in turn repossess the goods. Nor will a seller be allowed to induce a buyer to sign a document terminating the agreement and return the goods before expiry of a period of 30 days.

The Bill's most important provision is Section 13, the "cooling-off" clause.

It provides that "when any credit agreement in respect of which the initiative emanated from any credit grantor or his manager, agent or employee, is signed by any credit receiver at a place other than the business premises (of the seller) the credit receiver may within five days after the date of the credit agreement terminate it by notice in writing delivered or sent by prepaid registered mail to the credit grantor, and by tendering the return of any goods delivered to him in terms of the credit agreement."

Moreover, "when any credit agreement is terminated (by the buyer), the credit grantor shall within 10 days refund the amount of all payments made to him in terms of the agreement."

Although the old HP Act placed a limit of R4 000 on the value of goods which may be traded on HP terms, the 1980 version contains no such provision. All financial limits, rates of interests etc will be provided for in an imminent amendment to the Limitation and Disclosure of Finance Charges Act which will be introduced by Finance Minister Horwood shortly. The amendment could well raise the ceiling to R10 000.

The teeth of the measure lie in its provision for powers of inspection authorised by the Secretary for Commerce. No one likes this, especially because inspectors have wide-ranging powers of entry and search and also because they are not required to announce their arrival on business premises to carry out their sleuthing.

According to Schalk van der Merwe, however, measures such as the Trade Practices Act, the Price Control Act and the Weights and Measures Act would be worthless if there were no inspectors, or the threat of inspectors, to enforce them. That was the problem with the old HP Act. No one had the muscle to make it work properly.

That may be so, up to a point, but one would have thought that SA society has enough "spooks" and sleuths as it is without introducing them into trading

Schalk van der Merwe . . . no new principles

ted the Minister to publish a list of exemptions. Assocom pointed out at the time that this would have had the effect of killing the so-called open account trading practice because consumers could legally have insisted on buying items such as clothing on HP.

According to its architects, the new measure will not inhibit sales flow of items within its scope. But it should go a long way towards eliminating unscrupulous, high-pressure selling to unsophisticated consumers.

Sections 11-13 provide elaborate protection for buyers who tend to fall prey to shockingly worded agreements which in many

'Cartel fixing electrical goods prices'

STAR
14/4/80

30
32
229
248

By John Murray

A wholesalers' cartel has fixed the prices of electrical equipment used in new buildings and forced them up 25 to 30 percent this year, say people in the trade.

One distributor who refused to join the cartel said he had been told by one of its members not to quote any prices before telephoning because they were changing from day to day.

Another said the cartel was definitely fixing prices and he suspected it among other firms

Mr James Baker, director of the Electrical Contractors Association, said his body had withdrawn from the cartel because it is against price fixing.

LISTED

"We encourage our members to deal with individual wholesalers and not just to accept listed prices"

One contractor said that circuit breakers were to go up on April 15 percent but they are already being sold at the increased prices. "They were R20,10 and they are now R23,30"

He said that, in January

4 mm silicone-covered wire cost him R55 and three weeks later the same dealer was asking R83,50. Reasons given, he said, were that factories had put their prices up and the price of copper had gone up

A month ago a P6 starter motor was R23, and it is now R27 with a R4,41 silver surcharge on top of that

The contractor said that main items affected were cable, wire, switchboards, circuit breakers, starters and conduits

He knew of a case where wholesalers refused to keep equipment provided by a manufacturer because the firm was not a member of the cartel.

LEGAL

Protected switch plugs inside circuit breakers were made legal at the beginning of the year, he said, and they immediately jumped in price from R6,80 to R11,30.

Another contractor said that despite the fact that plastic conduits had leapt from 26c to 36c a metre the finished article had increased in price by only eight to 10 percent.

"Much of the materials are by-products of petrol," he said, "so every time

there is a rise in the fuel price PVC goes up"

Copper has risen from R1 300 a ton in 1979 to R1 859 now and PVC, from R650 a ton to R1 300, he said.

SA has cheapest food, says PM

245 RDM 22/9/80

CAPE TOWN — South Africa still produced the cheapest food in the world, the Prime Minister Mr P W Botha has said in a letter to the Consumer Council.

He was replying to a telegram sent to him by the Consumer Council yesterday, ex-

pressing concern at the increase in the price of consumer goods, especially food products in recent months.

The council asked if it could send an urgent delegation to hold talks with Mr Botha and also "urgently requested" him

to make a public statement to give consumers the assurance the Government was taking action at the highest level to deal with price increases.

Such a statement, the council said, should be made on radio and television.

Delicate task for Competition Board

By HAROLD FRIDJHON

THE CHALLENGE facing the Competition Board was to hold the right balance between the task given to it by the new legislation and the need to avoid excessive intervention in the economic life of the country, Mr Raymond Parsons, chief executive of Assocom, told the council of the Johannesburg Chamber of Commerce yesterday

Mr Parsons was discussing the implications of the Maintenance and Promotion of Competition Act which was passed last year

In assessing how the board might work and what its priorities might be, Mr Parsons said that it would probably frown on

- Restrictions on the entry of a newcomer into a business, that is a combination of vested interests trying to keep out competition

- Vertical integration which would deprive competitors of raw materials or outlets

- Exclusive dealings whereby, for example, a trade association and a manufacturers' association agreed to do business only with each other

- Bilateral monopolies where there was only a single buyer and a single seller in the market.

On the other hand, Mr Parsons expected that the board was likely to be open-minded about mergers. He said that if previous statements were a reasonable guide, the board would not favour a *per se* condemnation of economic power or any *a priori* assumption that it was either good or bad.

This led Mr Parsons to the conclusion that there would not be any trust busting

He mentioned that the 1975 commission of inquiry also believed there were great difficulties in laying down firm criteria on which mergers could be judged in advance. The new Act, however, required the board to lay down criteria and Assocom had been asked for its views

Mr Parsons warned that what must be avoided was a system of prior approvals for mergers and takeovers which would do more harm than good by frustrating desirable mergers by preventing those which might result in harm

He also believed that the Competition Board would be open-minded about the few remaining areas where there was retail price maintenance, such as the newspaper and periodicals industry and in the sale of petrol

The board also had the duty to monitor the entrepreneurial activities of the State from the point of view of competition policy

The Competition Board had the right to investigate whether the restriction on competition had the effect of

- Restricting the production or distribution of any commodity

- Limiting the facilities for the production or distribution of a commodity

- Raising or maintaining prices

- Preventing or retarding the development or introduction of technical improvements or the expanding or opening up of new markets

- Preventing or restricting the entry of new producers or distributors into any branch of trade or industry

Mr Parsons said that under the new legislation a businessman might have more trouble in getting a monopoly, but being a monopoly itself was not bad. It would depend upon how wisely or otherwise that power was used. It was this that the Board could be called upon to investigate

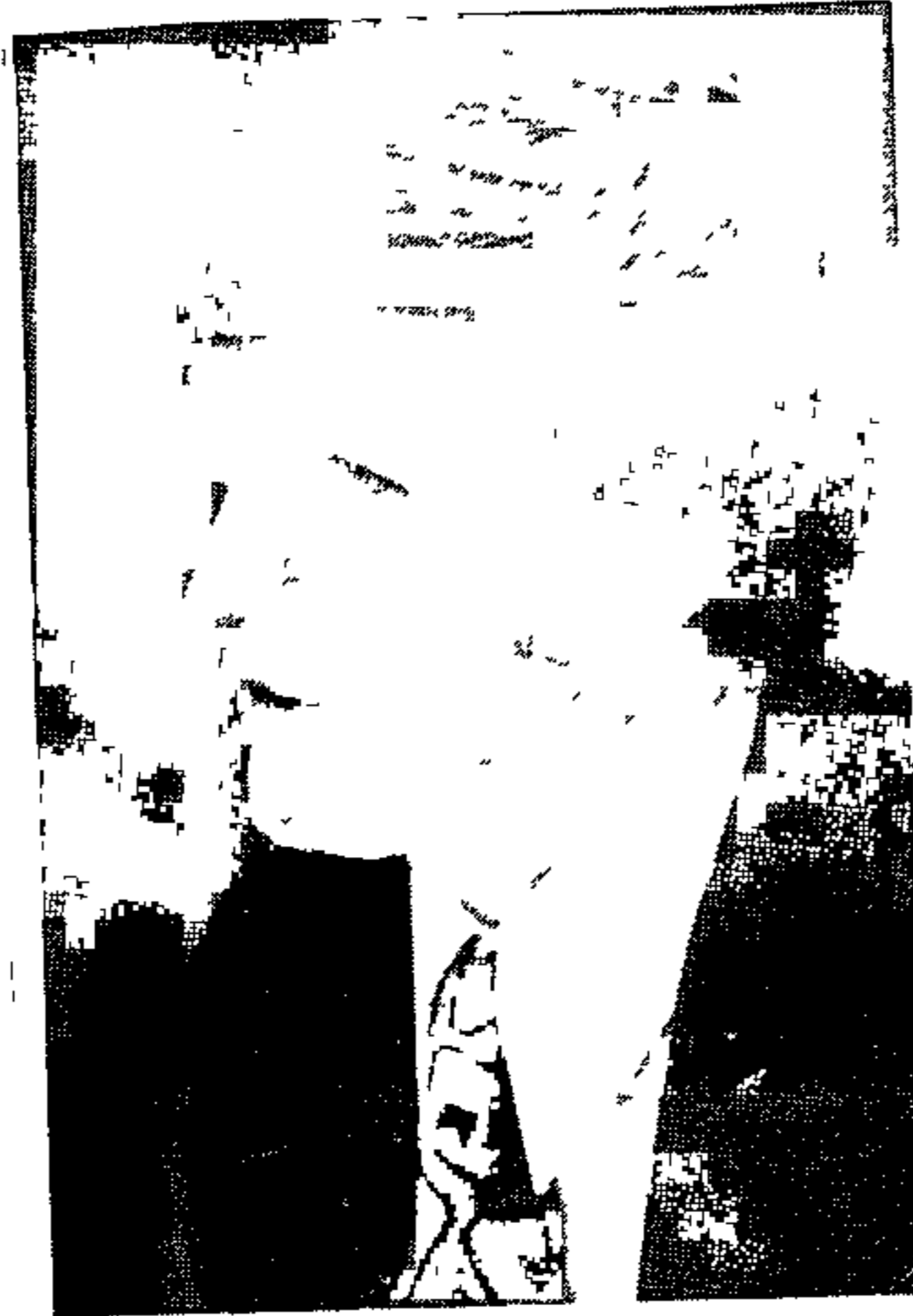
Mr Parsons' view was that, as far as could be gauged at this stage, the board would be pragmatic in carrying out its duties. A pattern would probably begin to emerge as the results of various current investigations were published.

These included inquiries into the fertiliser industry, the sawmilling and hardware sector, alcoholic beverages, the poultry industry, price discrimination (the buying power of chain stores), the explosives industry and the Association of Travel Agents

Some of these investigations were unfinished business inherited from the Board of Trade which had been the body which conducted investigations under the old Regulation of Monopolistic Conditions Act

(245)

16/5/80



Assocom's Parsons . . . there should be no trust-busting

more harm by frustrating desirable mergers than good by preventing those which might result in harm "

What will the board do? On the one hand, it is clearly committed, like the rest of government, to the belief that competitive forces provide the best reason for hoping that *laissez fair* industrial policy, combined with disciplined monetary and fiscal policy, will be translated in the market to lower inflation and higher productivity

On the other hand, statements and actions by the Board so far indicate that it has an instinctive aversion against interfering with commercial decisions

What then, if untrammelled market forces lead to ever-increasing industrial concentration? Should the board challenge the judgment of private investors and managers when they seek to merge their companies, or acquire a competitor, even if the industrial logic of such moves is not immediately apparent, and if competition is thereby reduced?

Should it make greater efforts to weed out restrictive practices even if this means more meddling in corporate affairs?

The short answer is that it should interfere as little as possible. The economic evidence against mergers and acquisitions is far from conclusive

Even though industrial concentration in SA has probably doubled in the past 20 years, there is nothing to suggest that competition has been adversely affected. Nor is it certain that tougher laws against mergers would arrest the trend. And in the current economic climate, particularly following Horwood's 1980 Budget, increasing import penetration will probably make domestic market shares less impor-

tant

What, then, would constitute a sensible and equitable set of merger guidelines? International experience and even SA's own, has shown that the application of monopolies and competition laws has become fittful, precisely because it is so difficult for bureaucrats to decide whether a merger is likely to operate against the public interest. In this way anti-competitive mergers have been sanctioned while other innocuous ones have been deterred or prevented

Under what conditions will prospective merger partners be required to submit their plans to the Competition Board for adjudication? And whether they do so will probably depend more on the lobbying efforts of the participants than on any objective criteria. This would apply particularly to the large conglomerate merger which increases aggregate concentration on the economy but does not effect competition in any specific market

The right approach here may not be to impose an arbitrary ban on mergers above a certain size (as former Economic Affairs Minister Jan Haak wanted to do in 1969) but to examine weaknesses in the tax structure and maybe even the capital market which encourage expansion by take-over

The thing to remember, as Paul Samuelson once said, is that a monopolist is not a fat greasy man with a big moustache and a cigar who goes around violating the law. "If he were we could put him in jail. He is anyone important enough to affect the prices of things he buys and sells "

COMPETITION BOARD *Fm 16/5/80*

More open-minded?

Merger guidelines of the Competition Board are quite likely to reflect an open-minded stance, believes Assocom's Raymond Parsons

He says that, if previous statements are a reasonable guide, the board will not favour *per se* condemnation of economic power concentration, nor any *a priori* assumption that it is either good or bad

He believes, therefore, there ought to be no "trust busting". The 1975 Commission of Inquiry into the subject concluded that there were great difficulties in laying down firm criteria for judging mergers in advance

While the new Act requires the Competition Board to determine such criteria, Assocom believes that "what we must avoid is a system of prior approval for mergers and takeovers which will do

(245)

SAMPRO WONT DELIVER GOODS

(246)

21/5/80

SALES and Marketing Promotions (SAMP-RO), a company which offered its black recruits heaven and earth but failed to deliver the goods, is now also unable to return their joining fees.

After SAMPRO was exposed by POST some of the members tried to retrieve their money. The company did not refuse to refund them. To show their good intentions they wrote letters to all their members in Johannesburg promising to refund them.

However weeks went past without the company fulfilling its promise. Out of desperation one of the members took the company to court in an attempt to get his money back. Judgment was granted against SAMPRO for R235 plus costs, and a warrant of execution issued.

possible property to satisfy the judgment. The only assets on their premises were to have the value of R10.

Another member, Mr Norman Mazibuko has been battling to get a refund of R1 085. This despite the fact that first his wife, Rebecca, and then his lawyer were told that a cheque worth that amount was in the post.

In his affidavit Mr Mazibuko says, "Since April 17, my attorney has been trying to obtain the return of my R1 085 as undertaken by Marais (Mr S Marais is the sole director of SAMPRO).

My attorney has made over forty telephone calls to Mr Marais Johannesburg and to Mr Marais and has left frequent messages at all these places for Marais to telephone him.

Marais has not responded to any of these messages. My attorney has been given evasive and contradictory answers when he has attempted to find Marais."

Marais has in the past recruited members by promising a wide variety of benefits. "It seems that Mr Marais' business is directed mainly at black people, many of whom may be unsophisticated and highly susceptible to approaches of this sort," said Mr Mazibuko.

"It is in the interests of members and other creditors of Mr Marais that a trustee be appointed to take charge of the assets of Mr Marais and establish what has been done with the membership fees and money obtained from members of the public," Mr Mazibuko said.

Mr Mazibuko says Mr Marais has not responded to any of these messages. My attorney has been given evasive and contradictory answers when he has attempted to find Marais."

Mr Mazibuko says Mr Marais has not responded to any of these messages. My attorney has been given evasive and contradictory answers when he has attempted to find Marais."

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 RECEIVED
 Mr Norman Mazibuko
 21/5/80
 B.F.T.P.A.
 SALES

This is a receipt issued to Mr Norman Mazibuko by SAMPRO. It does not reflect the name of the company or the address. At the bottom is Mr S Marais' signature.

FIRM under liquidation

A PROVISIONAL order of liquidation was granted against Sales and Marketing Promotions (SAMP-RO) yesterday in the Pretoria Supreme Court.

The action against SAMPRO was instituted by Mr Norman Mazibuko of Edenburg, South Soweto SAMPRO whose sole director is a Mr Steven Marais was

indebted to Mr Mazibuko in the sum of R1 085. Mr Mazibuko and his wife joined the company in the hope that it would build them a house.

Mr Mazibuko said after joining the company he never received the assistance he was promised. Efforts to get his money have since failed. His lawyer was given evasive answers when he made represen-

tations on his behalf. Many people are believed to have joined this company. They were recruited by agents of the company when it became apparent that the company would not fulfill its promises they demanded their money back.

The order made in court yesterday provides for the urgent appointment of a provisional liquidator.

Mr Steven Marais was

Director's hot denial

By PHIL
MTIMKULU
ALLEGATIONS that
Sales and Marketing

Promotions (Samp-
ro) was a dubious
company were hotly
denied by Mr Steven
Marais, a director.

He said Sampro had
met its obligations to its
members

Disgruntled agents said
they were not paid at the
end of March and became
suspicious

Using vernacular and
simple illustrations Samp-
ro promised attractive
benefits to its members,
they said.

It promised them finan-
cial assistance for build-
ing a house, buying a car,
legal fees, starting a busi-
ness, parolling people and
for bursaries.

The Johannesburg office
was run from the fourth
floor of Colosseum build-
ing. The offices were
sparsely furnished.

The company was not
listed in the telephone
directory and the ad-
dress was a box number
at Randburg

Receipts were issued
from plain books obtain-
able at stationery shops

Mr Marais said there
was nothing fraudulent
about the company. It
had helped a lot of peo-
ple with financial prob-
lems. It was listed as a
company in Pretoria.

But a week later, POST
interviewed five members
of the company who were
all dissatisfied.

They said that after
paying the entrance fee
and a deposit towards the
assistance they wanted,
they did not hear again
from the company.

INTERGROUP STUDIES
(Limited by Guarantee)

UNIVERSITY OF CAPE TOWN
RONDEBOSCH
PUBLIC OF SOUTH AFRICA
7700

March 1980

The Tow
Town Ha

Dear Sir

We are p
bulletin

newsletter of the Constructive
Programme of the Centre for Intergroup Studies.

We aim to reach as many as possible of the influential
citizens of important towns and cities throughout South
Africa. We should, therefore, be most grateful if you
would let us have the names and addresses of members of
the Council of your municipality.

We enclose a stamped and addressed envelope.

Yours faithfully

Mrs Shirley Turner

Projects Officer

Constructive Programme for Sound
Intergroup Relations

Rising anger over control board ads

245
24/5/80
By GERALD REILLY
Pretoria Bureau

CONSUMER anger over the large amounts spent by some control boards on advertising and promotional campaigns is rising

They claim there is no justification for advertising staple foods. The only restriction on the sale of staple foods is the ability of the consumer to buy — and the costs of advertising loaded onto the price made it even more difficult for budgeting families to buy adequate basic foods, they say.

The Progressive Federal Party's spokesman on finance, Mr Harry Schwarz, said at a time of ballooning prices advertising expenditure by control boards should be kept under tight control.

This was particularly applicable to products there was little or no need for stimulating sales.

"The advertising expenditure is loaded onto consumer prices.

"This leads to a degree of consumer resistance, and more must then be spent on promotions to overcome this resistance."

Mr Schwarz said the decision

of the Milk Board to spend R65 000 on promoting Springbok rugby sides was "ridiculous", and had become a national joke. Ultimately the R65 000 would come out of consumers' pockets, he said.

Other concerned sources pointed out that in any case the rugby unions were rolling in funds and there was no need for lavish subsidies.

The president of the Housewives League, Mrs Joy Hurwitz, said the league was opposed to the advertising of any basic food. Funds set aside for advertising could be better used to offset or reduce price increases.

"Families buy as much of the basic foods as they can afford, and advertising is not likely to lure people into buying more meal, or meat, for instance, than their families can comfortably eat."

Mrs Hurwitz said she was appalled when she learnt that the Meat Board had committed itself to a R1 500 000 promotional programme this year.

However, the South African Agricultural Union claimed yesterday that producers were "quite happy" about the funds

spent on promotional campaigns. In fact, some farmers felt that too little was being spent.

The Dairy Board probably got more "mileage" from its R65 000 support for the Springbok rugby side than it would have got had it spent the same amount on advertising, a senior official of the SAAU said.

This year the Maize Board will spend about R250 000 on promotional work, using television, radio and newspaper advertising.

About R35 000 will be spent directly on sports promotions.

According to senior Potato Board officials, the board had budgeted R40 000 this year for advertising, most of which would be spent promoting potato sales among blacks.

The general manager of the Wheat Board, Mr J van Aarde, said the board's promotional activities were confined to a R1 000 exhibit at the Rand Show.

A Citrus Board official said the board spent about R2 500 000 on overseas promotions in about 24 different countries. In South Africa the promotional budget allocation was about R700 000.

Prys-diskriminasie onder die loep

245

25/5/80

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Deur ALPHONS DU TOIT

DIE Raad op Mededinging is tans besig met sewe ondersoeke na beweerde onreëlmatighede in bedrywe wat wissel van kunsmis tot pluimvee.

Wat verbruikers betref is die interessante misken dié na beweerde prys-diskriminasie en die sogenaamde beherende koopkrag van die reuse-kettingwinkelgroepe.

Dr. Dawie Mouton, voorsitter van die Raad wat op 1 Januarie in werking getree het, het bevestig dat dié praktyk van prys-diskriminasie wel deur sy Raad ondersoek word.

„Máár,” het hy vir Sake-Rapport gesê, „dit is maar een van sewe ondersoeke waarmee ons nou baie besig is.

„Afgesien van prys-diskriminasie, ondersoek ons op die oomblik

- Die Kunsmisbedryf
- Die sanitêre en hardeware-sektor;
- Die pluimveebedryf,
- Die plofstofbedryf, en
- Die Vereniging van Reisagente van Suid-Afrika, (ASATA)

„Die meeste van dié onderwerpe is onvoltooide sake wat geërf is van die Raad van Handel en

Nywerheid. Die ondersoek na die kunsmisbedryf is byna voltooi.

Dr Mouton het aan my verduidelik dat die Wet op Reëling van Monopolistiese Toestande (1955) wat deur die Raad van Handel en Nywerheid beheer was vir 25 jaar bestaan het.

In 1976 het die Regering 'n kommissie van ondersoek aangestel om die doeltreffendheid van die bestaande Wet te ondersoek. Ná die verslag van dié kommissie in 1977 is daar in 1978 besluit om dié wet te verander. Sy opvolger was die Wet op die Handhawing en Bevordering van Mededinging.

En uit die benaming van dié Wet is dit duidelik dat vandag se benadering positiewer gaan wees. Die funksies en bevoegdhede van die Raad van Handel en Nywerheid onder die ou Wet is egter aan die Raad op Mededinging oorgedra.

Maar, volgens die strekking van die nuwe Wet sowel as die kommissie se

verslag, kan dit eintlik aanvaar word dat die Raad pragmaties gaan optree. Hy sal nie 'n pollesman wees nie.

Die betrokke wetgewing is inderdaad 'n magtigende maatreël — dit belet niks en as sulks, kan dit nie oortree word nie. Ná 'n deeglike ondersoek kan sekere markgedrag onwettig verklaar word.

Om dié rede moet mense wat gebuk gaan onder beweerde beperkende praktyke nie skroom om by die Raad om verligting aan te klop nie.

Die Raad op Mededinging kan op sy eie inisiatief 'n onderwerp of praktyk ondersoek. Dit is nie meer soos tevore waar 'n opdrag van die betrokke minister afgewag moes word nie.

Dit kan terselfdertyd aanvaar word dat die Raad glad nie te vinde gaan wees vir 'n rits onbenullige klagtes nie. Alle sake-ondernemings, groot of klein, het die reg om by die Raad aan te klop. Maar dit is 'n reg wat met oorleg gebruik moet word. Private geskille, wat uit die aard van die saak in 'n hof beslis behoort te

word, hoort eenvoudig nie by die Raad nie.

Die Raad is ook by magte om sake soos beperkende praktyke, verkrygings en oornames sowel as spesifieke praktyke te ondersoek. Die oogmerk van sulke ondersoeke sal wees om vas te stel of die openbare belang nadelig getref word deur enige beperking op mededinging wat tot gevolg mag wees.

Die Raad op Mededinging, onder voorsitterskap van dr Mouton, bestaan uit vier deelydse en twee ampshalwe lede.

Die vier deelydse lede is mnr Harry Goldberg, oud-sakeman en gewese president van Assocom. Hy is ook 'n lid van die Ekonomiese Adviesraad van die Eerste Minister, dr. Jan de Villiers Graaff, bekende ekonoom en sakeman van Kaapstad; mnr Albert Marais, bekende in bougenootskap-kringe en prof. Steph Naudé, hoof van die staande komitee op maatskappyreg. Die twee ampshalwe lede is dr Basjan Kleu, voorsitter van die Raad van Handel en Nywerheid en mnr Wynand Louw, registrateur van finansiële instellings.

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

OK rejects charges

~~30~~
RDM 245
31/5/80.

THE CHAIRMAN of OK Bazaars, Mr Dick Goss, rejects allegations against the large chain stores by certain manufacturers and small retail interests.

Mr Goss says in the annual report that the group had made detailed written representations to the Board of Trade and Industries, which has instituted an inquiry into monopolistic conditions as a result of discrimination in the supply of commodities.

"We are convinced that the introduction of legislation which would curtail the negotiating ability of large chains will be detrimental to the economy as a whole and ultimately to the South African consumer.

"It is our opinion that the Trade Practices Act and the Maintenance and Promotion of Competition act, together with the recently established Competition Board, provide adequate protection for both small retailers and manufacturers, and that the necessary machinery to deal with individual cases of possible malpractice by manufacturers and retailers on consumer goods thus already exists."

There is strong competition among retailers — "as is evidenced by the gross profit margins which are low by international standards. It is our fear that further legislation may be self-defeating, actually reducing competition and inevitably

increasing prices to the consumer."

All indications are that the current high level of consumer spending will continue, he says.

"We are confident that the group will maintain its competitive position, and therefore expect to achieve a satisfactory increase in earnings for the coming financial year." — Sapa

7/18/80 ARYUS
245

BILL TO STOP HP KICKBACKS

A BILL which is likely to stop motor traders getting kickbacks on hire-purchase agreements is now before Parliament.

It is the Limitation and Disclosure of Finance Charges Amendment Bill and its importance lies in certain provisions aimed at preventing finance companies from giving commission to traders

By the Financial Editor

While all traders using finance companies to finance their hire-purchase and leasing business will be affected, it is believed that it will bear the heaviest on the motor trade

A banker said the provisions could substantially

change the way motor dealers operate

Without kickbacks from the finance charge they would probably have to reduce the trade-in values they offered and would no longer be able to give the same discounts as previously on new cars

The Bill's provision should lead to a cleaner operation in the trade, he said

But the Bill gives some relief to money-lenders and credit card managers

It increases from R200 to R500 the size of loans for which they can charge a maximum interest rate of 18,25 percent, and from R500 to R1 000 the amount on which they can charge a maximum of 15 percent

The maximum rate of 12 percent will now apply to amounts of more than R1 000 instead of R400

The maximum annual finance charge rate which can be levied remains unchanged at 18,25 percent

Investment

Another Bill before Parliament is aimed at cleaning up the investment business.

In terms of provisions contained in the Financial Institutions Amendment Bill no one will be allowed to hold and manage other people's share portfolios as a regular

feature unless he is a stockbroker, a bank, a unit trust management company, a legal executor or curator, or a person approved by the Registrar of Financial Institutions

This development should ensure that anyone offering portfolio management services to the public will have been officially vetted

12

Board hits at monopolies of pharmacists

STAR
20/6/80

91 183 245

Pretoria Bureau

The Board of Trade and Industries has deplored monopolistic practices in the supply and distribution of pharmaceutical products in South Africa.

The board has recommended that the monopolistic conditions be prohibited in terms of the Maintenance and Promotion of Competition Act.

The board report was prepared in November 1978, but was released for the first time today in the Government Gazette by the Minister of Commerce and Consumer Affairs, Dr van der Merwe

"UNJUSTIFIED"

The report says "In the opinion of the board certain of these monopolistic conditions cannot be justified in the public interest"

The board could not justify the system in which wholesalers maintained uniform wholesale profit margins in distributing certain pharmaceutical products

"Such uniform profit margins do not make allowance for economic principles such as rate of turnover, life-span or products, cost of handling or differences in the nature and quality of the services supplied by various wholesalers," the report says

COLLUSION

The board also condemns collusion by manufacturers in bringing about uniform tender prices.

"The board could find nothing to justify in the public interest the action of the Retail Chemists and Druggists Association in encouraging its members to boycott suppliers who fail to restrict the sale of certain pharmaceutical products to retail pharmacies only."

245

GOVERNMENT NOTICES

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

No R. 1262 20 June 1980

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

INVESTIGATION INTO MONOPOLISTIC CONDITIONS IN THE SUPPLY AND DISTRIBUTION OF PHARMACEUTICAL PRODUCTS IN THE REPUBLIC OF SOUTH AFRICA

I, Schalk Willem van der Merwe, Minister of Commerce and Consumer Affairs, do hereby publish in terms of section 14 read with section 21 of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), Report 1884 (M), dated 14 November 1978, of the Board of Trade and Industries, in connection with an investigation into monopolistic conditions in the supply and distribution of pharmaceutical products in the Republic of South Africa, as in the Schedule hereto

DR S. W. VAN DER MERWE, Minister of Commerce and Consumer Affairs.

SCHEDULE

REPUBLIC OF SOUTH AFRICA

BOARD OF TRADE AND INDUSTRIES

REPORT 1884 (M)

INVESTIGATION INTO MONOPOLISTIC CONDITIONS IN THE SUPPLY AND DISTRIBUTION OF PHARMACEUTICAL PRODUCTS IN THE REPUBLIC OF SOUTH AFRICA

CHAPTER I

TERMS OF REFERENCE, SCOPE AND METHOD OF INVESTIGATION

Terms of reference

1. On 10 July 1975 the Board was directed by the Minister of Economic Affairs, in terms of section 3 (1) (a) of the Regulation of Monopolistic Conditions Act, No. 24 of 1955, hereinafter referred to as the Act, to investigate the existence or otherwise of monopolistic practices in the supply and distribution of pharmaceutical products in the Republic of South Africa.

Interpretation of the terms of reference

2. For purposes of this investigation the Board interpreted the expression "pharmaceutical products" as being scheduled and unscheduled medicines intended for human use, either internally or externally. Cosmetics and veterinary preparations, in so far as these could be excluded from the activities of the relevant organisations, were not covered by this investigation. Accessories such as surgical tubes and valves, bandages, plasters and cotton wool, except medical instruments (such as syringes, scalpels and stethoscopes), were also included in pharmaceutical products. In terms of the Medicines and Related Substances Control Act, No. 101 of 1965, medicine is defined as "any

GOEWERMENSKENNISGEWINGS

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

No R 1262 20 Junie 1980

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

ONDERSOEK NA MONOPOLISTIESE TOESTANDE BY DIE VERSKAFFING EN VERSPREIDING VAN FARMASEUTIESE PRODUKTE IN DIE REPUBLIEK VAN SUID-AFRIKA

Ek, Schalk Willem van der Merwe, Minister van Handel en Verbruikersake, publiseer hiermee kragtens artikel 14 saamgelees met artikel 21 van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), Verslag 1884 (M), gedateer 14 November 1978, van die Raad van Handel en Nywerheid in verband met 'n ondersoek na monopolistiese toestande by die verskaffing en verspreiding van farmaseutiese produkte in die Republiek van Suid-Afrika, soos in die Bylae hierby.

DR. S. W. VAN DER MERWE, Minister van Handel en Verbruikersake

BYLAE

REPUBLIEK VAN SUID-AFRIKA

RAAD VAN HANDEL EN NYWERHEID

VERSLAG 1884 (M)

ONDERSOEK NA MONOPOLISTIESE TOESTANDE BY DIE VERSKAFFING EN VERSPREIDING VAN FARMASEUTIESE PRODUKTE IN DIE REPUBLIEK VAN SUID-AFRIKA

HOOFSTUK I

OPDRAG, OMVANG EN METODE VAN ONDERSOEK

Opdrag

1. Die Raad het op 10 Julie 1975 van die Minister van Ekonomiese Sake opdrag ontvang om kragtens artikel 3 (1) (a) van die Wet op Reëling van Monopolistiese Toestande, No. 24 van 1955, hierna genoem die Wet, ondersoek in te stel na die bestaan al dan nie van monopolistiese praktyke by die verskaffing en verspreiding van farmaseutiese produkte in die Republiek van Suid-Afrika.

Interpretasie van die opdrag

2. Die Raad het vir doeleindes van die ondersoek, die begrip "farmaseutiese produkte" vertolk as geskeduleerde en ongeskeduleerde medisyne wat vir menslike gebruik bestem is, hetsy inwendig, hetsy uitwendig. Skoonheidsmiddels en veeartsenypreparate, in so verre dit van die aktiwiteite van die betrokke organisasies uitgesluit kan word, het nie deel van die ondersoek gevorm nie. Bykomstighede soos chirurgiese buise en kleppe, verbande, pleisters en watte, maar nie doktersinstrumente (soos spuite, snymesse en gehoorbuis) nie, is ook ingesluit by farmaseutiese produkte. Ingevolge die Wet op die Beheer van Medisyne en Verwante Stowwe, No. 101 van 1965, word medisyne beskryf

Govt studies drugs report

S 297
8/27/80
2015

By Josie Brownard

The exposure of monopolistic malpractices in the pharmaceutical trade — affecting all consumers in South Africa — was under consideration following a report of the Competition Board, a Government spokesman has said.

Mr T F van der Walt, secretary to the Minister of Industrial Affairs, Dr S van der Merwe, said the Minister was presently considering the recommendations of the report, originally undertaken by the Board of Trade Industries way back in 1975.

After an investigation into the supply and distribution of pharmaceutical products in South

Africa the board (now known as the Competition Board) published its findings and recommendations in a Government Gazette notice on June 20 this year.

The board found that the supply and distribution of pharmaceutical products were monopolistic and not "in the public interest" and further found that:

- Wholesalers (through the National Wholesale Drug Association) maintained a standard profit of 17,5 percent on all medicines regardless of the original cost of the product
- Manufacturers of pharmaceutical products tendered for business with

identical price quotations

- Retail pharmacies were compelled to buy more than 50 percent of their stock from wholesalers who granted them financial aid

- Retail chemists (through the SA Retail Chemists' and Druggists' Association) boycotted suppliers who did not sell to them exclusively

- Manufacturers and suppliers withheld supplies from wholesalers who did not join the NVDA.

- PSSA Contracts — medical scheme of the Pharmaceutical Society of South Africa — restricted a pharmacist's membership to other medical schemes.

- PSSA Contracts members were compelled to have their dispensing done by PSSA Contracts suppliers only.

The board recommended that in terms of the Regulation of Monopolistic Conditions Act, the above practices be prohibited.

Mr van der Walt said today that the recommendations might be implemented — and could be before the next sitting of Parliament — but that any Government steps would not be taken "for a month at least."

He admitted that a long time had elapsed since the malpractices in the industry had been uncovered,

but explained the delay for the board's report

He said a 1977 commission of inquiry into the pharmaceutical trade in general had run parallel to the former Board of Trade and Industries' investigations so that problems by the board had been shelved temporarily

The board's report said as far as most pharmaceutical products were concerned, competition was imperfect. The selling price — and therefore the profits — were generally higher than under perfect competition

RPM on books stays for now

STAR 3/7/50 (20)
(245)

A decision on Resale Price Maintenance for books has been postponed.

This was announced in a notice sent to booksellers on June 30 by the General Secretary of the Association of Booksellers of South Africa on behalf of the Minister of Commerce and Consumer Affairs, Di van der Merwe.

On June 4 the Minister asked certain bodies, such as the Book Traders Association of South Africa and the Indian Booksellers Association, for their recommendations.

He is expected to make a final decision either way once he has studied these reports.

The dropping of Resale Price Maintenance would trim prices of many books by an average of 10 percent. Mark-ups on imported books are said to reach 117 percent.

Mr. John Banks, president of the Association of Book Traders of South Africa, says he believes the dropping of RPM would have adverse effects on sales.

It would cut the profit margin of smaller bookshops which would find it difficult to carry a large variety of specialised books on a wide range of subjects, he said.

Mr. Banks said this was preferable to large chain-stores selling only a few best-sellers at reduced prices.

Mrs. Joy Hurwitz, head of the Housewives League, said she was disappointed the Minister had not decided to drop RPM and hoped he would do so in the near future.

She was especially concerned about students who paid large sums of money for textbooks.

MONOPOLIES

Into the minefield 245

11/7/80



Recent government actions have done little to encourage confidence in its even-handedness on the subject of monopolies. On the one hand, it recently passed the Maintenance and Promotion of Competition Act, with the apparent purpose of ensuring that competition, the foundation of the free enterprise system, remains unfettered.

On the other, it has in the course of the last year sanctioned or been party to the establishment of a number of monopolies or near-monopolies. The recent rationalisation of the liquor industry, for example, fully sanctioned by government, was no shining example of trust-busting zeal.

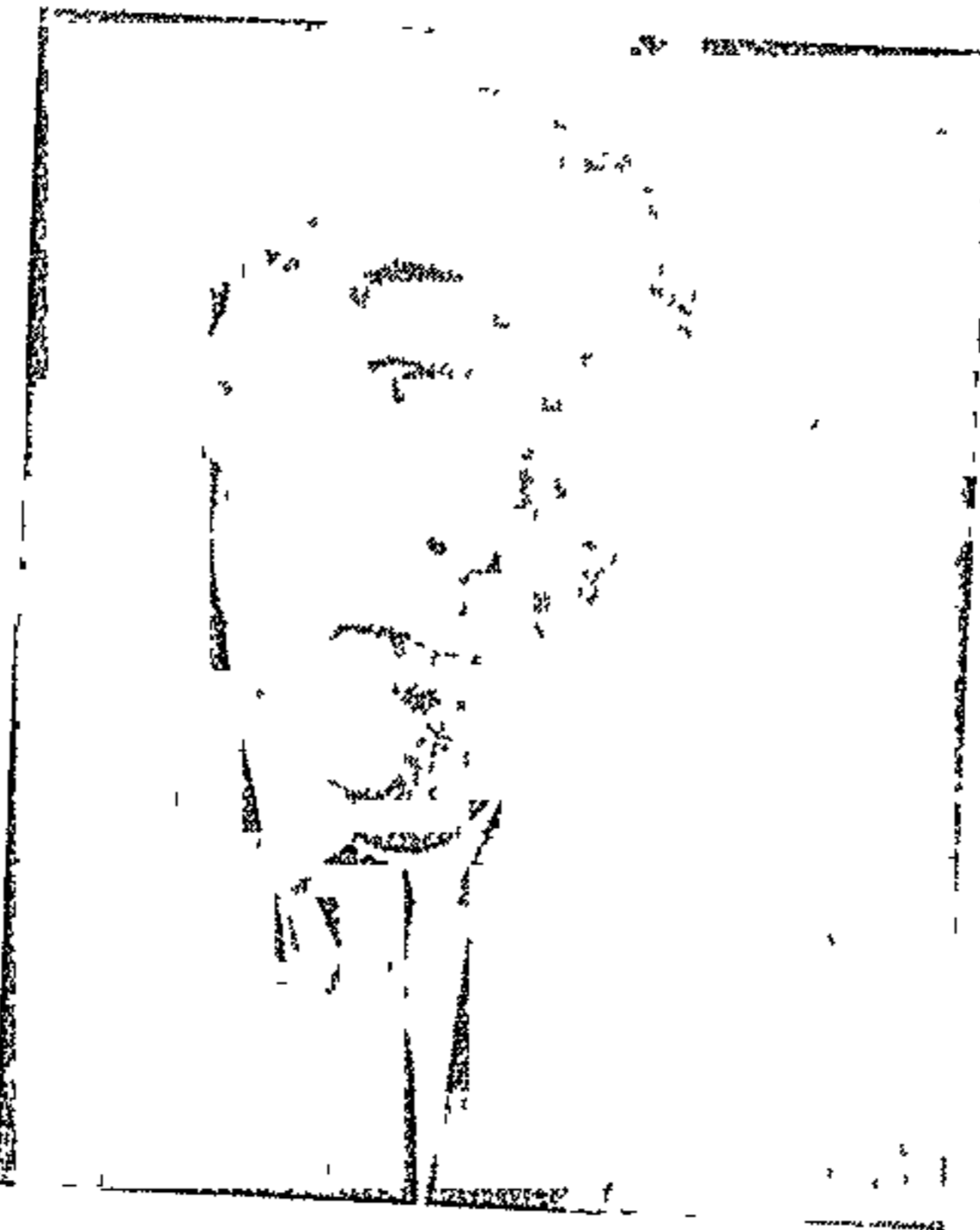
On the contrary, it enshrined a cosy tripartite arrangement between government and English and Afrikaans-speaking business groups which has a strong flavour of monopoly. And the restriction on an early increase in beer prices exacted from SA Breweries would surely have met with approval from that arch interventionist, John Kenneth Gailbraith, himself — permit a monopoly and then regulate it tightly in the public interest.

More recently, government, through the Industrial Development Corporation, has set up Atlantis Diesel Engines, and will compel users to buy their engines from ADE. For some of them it will mean expensive modifications to existing tractor and truck assemblies to accommodate an unfamiliar motor, and will entail an average cost premium of at least 30%. The public will pay for this.

This was followed by a similar authoritarian approach to the manufacture of

truck axles and powertrains, where the Afrikaans group, General Mining, has been given the exclusive right to set up a plant. This will put another 20% on to the price of most trucks. Again, the public will pay for this.

Despite government's claimed commitment to free enterprise, and despite the recommendations of the Franzsen Commission in the early Seventies, government has allowed banks, building societies and, in particular, insurance companies to form unhealthy closer associations that frustrate the competitive forces of the marketplace.



Anglo's Oppenheimer . . . target of the trust busters?

The result has been such an upsurge in tied business practices to the detriment of the consumer that legislation is now being prepared to outlaw it. But in view of the many and large cross-holdings between banks and insurance companies it is hardly likely to be a sufficient or practicable sanction.

Franzsen argued that no banks be allowed to own more than 10% of an insurance company and vice versa. Since then, Sanlam has virtually absorbed Trust Bank as well as the Bankorp subsidiaries, and Volkskas has bought into Legal & General. Old Mutual has brought within its umbrella Nedbank, UAI and the SA Permanent Building Societies.

Most large banking groups have acquired insurance brokers and some, in particular Standard, have acquired their own building societies. Boardroom links exist between Barclays and the UBS and Volkskas and Saambou National.

No longer do the large banks complain to Church Square of the competition from building societies. They now have no need to. The larger building societies have their own captive underwriters with whom their bondholders are required to place their home insurance.

At the moment of writing, there rests on the desk of Dr Schalk van der Merwe, Minister of Commerce and Consumer Affairs, the Board of Trade and Industries' report on "monopolistic conditions in the supply and distribution of pharmaceutical products."

The BTI was entrusted with this investigation in terms of the earlier Monopolistic

12
Conditions Act, before enactment of the Maintenance and Promotion of Competition Act of 1979, which established a specific Competition Board to take over the role of watchdog

At least on paper, the new Act confers on government (acting on the recommendation of the Board) remarkably far-reaching powers. They include the fixing of price controls on any class of goods and the suspension of any tariff providing protection for any class of locally manufactured goods. The powers are subject to the limitations of the Competition Board,



SAB's Dick Goss . . . liquor industry rationalisation was no shining example

there may be prohibition of restrictive practices and the dissolution of bodies formed to police those restrictive practices

Section 14(1)(c) goes so far as to sanction the prohibition or reversal of acquisitions considered to be against the public interest and the dissolution of bodies corporate. There is no time limit, so that action could, at least theoretically, be taken to reverse acquisitions long-predating the enactment of the statute

On the other hand, the whole mechanism of the Act tends to be conciliatory, rather than peremptory, so that draconian action in the foreseeable future does not seem particularly likely. For example, the first step to enforce a recommendation by the Board is a process of negotiation between the Board and the other parties. Only if negotiation fails, can the Board make recommendations to government for actual enforcement

Provision is made, in some situations, for appeal to a special court under the presidency of a Supreme Court judge. In others, decisions must be tabled in the House of Assembly. It's of particular importance in the SA context that the Competition Act also empowers the Board — under section 6(1)(a) — to scrutinise the entrepreneurial activities of State-controlled institutions too

The report on the pharmaceutical industry contains no recommendations relating to market structure (like acquisitions), only to market practices. All the practices found by the Board to be against the public interest relate to matters like the collective maintenance of uniform profit margins, collusion over uniform tender prices and tender conditions, joint action to restrict the sale of pharmaceutical products to retail pharmacies and the restriction of wholesale facilities to members of the Pharmaceutical Wholesale Drug Association

It's likely that these proposals will enjoy a fair measure of public support cutting right across party political lines. So the potentially most contentious features of the Act (relating to acquisitions) will not be tested in this case

Scrutiny

What, though, of other industries currently under scrutiny? These include the fertiliser industry, the sanitary and hardware sector, alcoholic beverages (1) poultry, discrimination in retail distribution, the explosives industry and the Association of Travel Agents. (Some of these investigations are unfinished business inherited, like the pharmaceutical enquiry, from the Board of Trade and Industries)

Only time will tell how the bare bones of the Act will be clothed with action. Of great relevance is the current political scene — rapprochement between government and the business community, in the interests of rapid growth and political stability. But there are some situations with a potential political dimension not under any circumstances to be ignored. One is the allegation of monopoly flung by some National Party supporters at the "English-speaking Press" meaning the Argus and SAAN groups

Then there is the potential expansion of the Anglo-American group to incorporate GFSA, a move which would give it control of some 60% of SA's gold production. Not too far removed from this sensitive area is the effort by Hanhill's Oliver Hill to break into AECI's explosives monopoly. Is it imagining too much to suggest that these two issues might be seen by some observers in one and the same context? In other words, any expansion of Anglo American might be regarded as possibly strengthening AECI's position?

For the present, there is much encouragement for businessmen in the approach of Competition Board chairman Dr Dawid Mouton. He told the *FM* that his Board does not deal with problems in a high-handed way preferring conciliation to coercion. He does not regard businessmen as enemies of the public interest, but as people fulfilling a vital function for the community. The constant challenging of businessmen's motives is therefore most counterproductive. He does not believe in harassment of business, although the

Board does have a vital function in ensuring that competitive market mechanisms are kept working in the public interest

So, at least during Mouton's term of office, it is reasonable to look forward to a balanced and even-handed approach to the monopolies' issue. But that isn't really the point. No law or regulation should be framed around the personality or philosophy of one individual

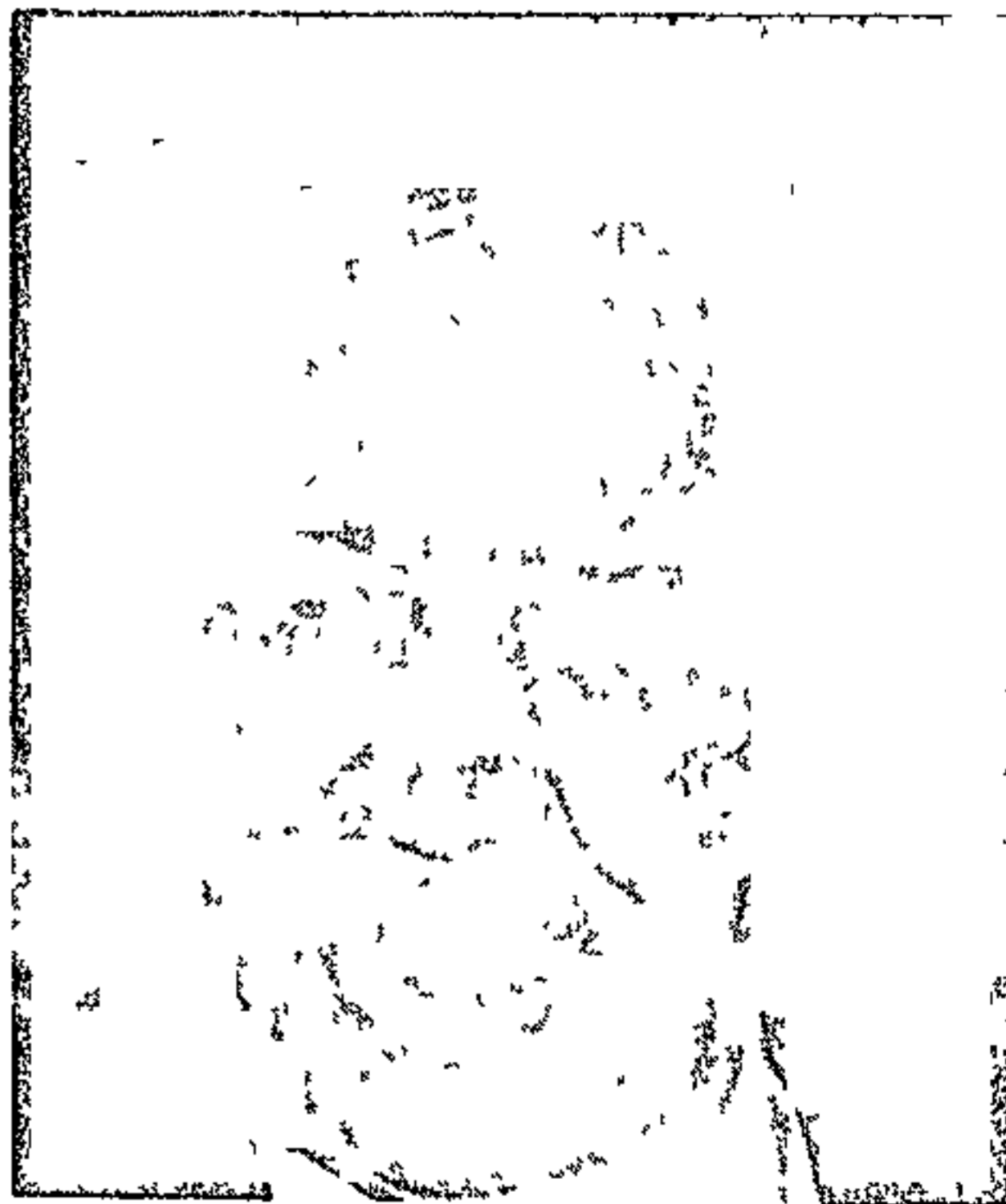
By all means let us have a modicum of regulation framed to prevent abuses of the free enterprise system. Collusion between cartels to fix prices or to raise barriers to entry into their industry or profession should not be allowed — because this represents artificial interference with market forces

A monopoly *per se* is not a bad thing. In SA, where economies of scale are difficult to achieve in a small market, some monopolies are inevitable

What is important though is that the potential for competition is not stifled. The best way to do this is *not* to set up a board of civil servants with wide-ranging arbitrary powers and little imagination, but to frame laws which give greater freedom to the positive operation of market forces

Government must decide where it stands for or against free enterprise. If it is for, it must apply free market principles without concern for whether State-owned corporations, Afrikaans or English business are being hurt

And it must remain the duty of all those with a genuine faith in free market princi-



Rembrandt's Anton Rupert . . . cosy tripartite arrangement

ples to continue to draw public attention to each and every case of nascent or full-blown monopoly, and of a too-cosy relationship between business and government

The full implications of each case must continue to be laid bare for public scrutiny, so that the case for free competition is never allowed to go by default

Lorimer has plans for meat industry probe

57/100 238/10

By-Charlene Beltrario

If the Minister of Agriculture, Mr Schoeman, does not appoint an investigation into the meat industry Mr Rupert Lorimer, P.P. MP for Orange Grove, has said he'll ask the Competition Board to look into the industry.

Mr Lorimer, who is compiling a dossier of complaints and allegations about irregularities and problems within the meat industry, has said he will also ask the Minister for a meeting of all interested parties in September or October.

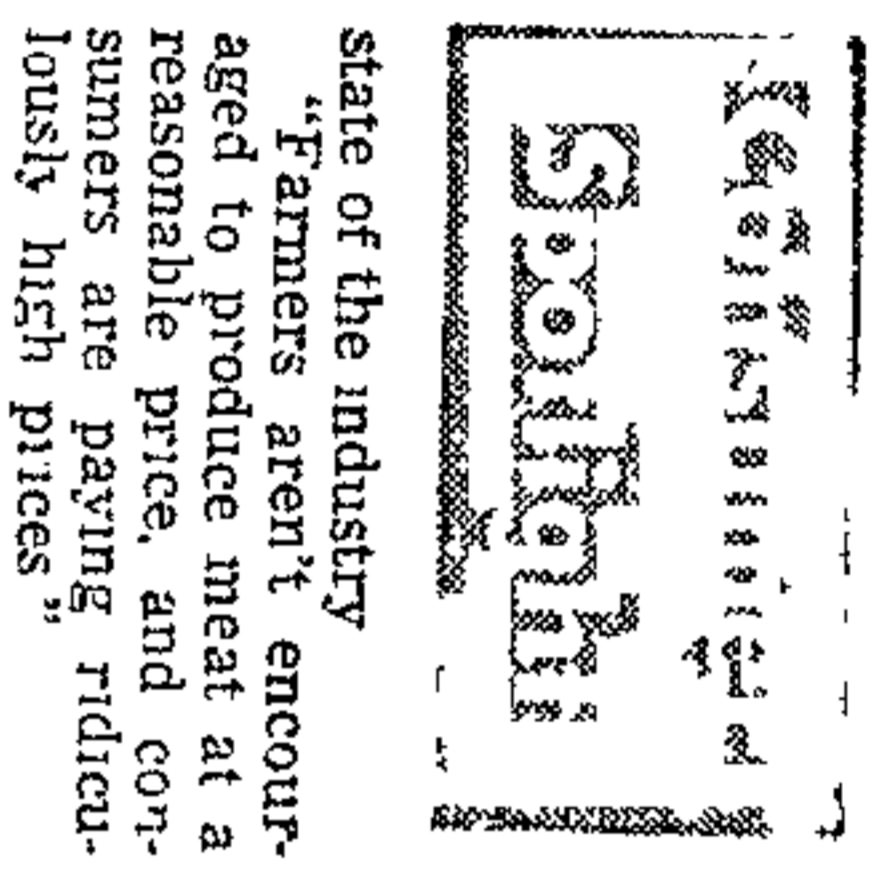
Included will be the SA Agricultural Union, the Meat Board, the Marketing Council, butchers associations, wholesalers independent farmers, the Housewives' League, Imperial Cold Storage, Vleisentraal, Kanhyrn, and the Press.

Mr Schoeman made an undertaking to Mr Lorimer in Parliament earlier this year that he would attend such a meeting. He set the date at any time before July 1, but Mr Lorimer asked for an extension of time to

investigate the situation further.

"I'm sure the public would be happy to have it proved to them that there are not similar irregularities here as those found on the Meat Board in SWA/Namibia," Mr Lorimer said.

"I have no proof of corruption in the industry. But I'm more interested in the general state of the industry.



"Farmers aren't encouraged to produce meat at a reasonable price, and consumers are paying ridiculously high prices."

Let consumer lose-taxman

Fair Deal Reporter

Consumers are complaining that they are not getting sales tax refunds on empty cool drink bottles.

But retailers claim that they lose 1c a bottle on any GST refund.

The Secretary for Inland Revenue, Mr D Roussouw, told Fair Deal that retailers who used the add-in system would lose thousands of rands if the Government forced them to refund tax.

A litre of cool drink sells for 56c at a small retailer's — 20c for the bottle, 34c for the contents and 2c sales tax. It costs him 45,66c a litre — 25,66c for the contents and 20c deposit plus a deposit of R3 on the crate. His profit on a litre is 10,5 percent.

If the retailer were compelled to refund the GST charged on the bottle, he would pay back to the purchaser 20c plus 1c. From the 2c sales tax

Mr Lorimer outlined some of the issues he considered needed investigation.

"Monopolies in the meat industry manipulate the system to the detriment of the primary producer and consumer."

"Why do permits go to feedlot operators who then buy from farmers who can't get permits? It's

highly expensive for farmers to keep stock on their farms that should be marketed.

"Butcher, say they can't buy from the abattoir because price rings operate. Fluctuations in price at the abattoir never get passed on to the consumer."

"Meat bought in country areas is often half or two-thirds the price of

collected on the total cost of 54c he would lose 1c.

The Receiver of Revenue does not take into consideration the money paid back to the consumer out collects tax on the total selling price of 56c. The Government collects four percent of 56c and not 34c.

Mr D Michos, chairman of the Tearoom and Cafe and Restaurant Proprietors' Association, says retailers are already compelled by law to take back bottles even though they were not bought from their shops.

Mr Roussouw told Fair Deal that his department was aware that consumers were losing money.

Someone has to lose and, as the retailer stands to lose more than the consumer — we let the consumer lose," Mr Roussouw said.

that bought in Johannesburg — why is there such a price difference? Transportation doesn't add that much more," Mr Lorimer said.

"I'm interested to note that we could not meet European Economic Community (EEC) specifications with our R40-million abattoirs yet in Maseru they are apparently building an abattoir to meet EEC qualification for about R1-million.

"Why is cheap meat sold on tender by the Meat Board and sold in huge lots such as 2 000 carcasses marked for one buyer only? Small businessmen couldn't afford to buy or store that quantity."

Mr Lorimer said he was also concerned about the number of meat producers leaving farming and that type of agriculture.

"I know a farmer in Caledon who used to send 1 200 lambs to market a year. Recently he received a permit to market only 60. He's now going in for frozen vegetables."

544K
23/8/80
245

Probe into record 'monopoly'

Fair Deal Reporter

The Competition Board has launched an investigation into allegations of monopolistic practices in the record industry.

The situation in the record industry came to a head recently when the major manufacturers and distributors cut supplies to record libraries.

Angered that they had not been consulted on the move and that their form of livelihood was being whittled away without any apparent efforts at a compromise, record library owners approached the Competition Board.

Dr D. Mouton, chairman of the board, said investigations into the industry, as a result of several complaints, had started.

Record libraries said they were still continuing their lending facilities. "We have no option," one owner said.

He said he was buying supplies from cost-cutters and through back door deals with other companies.

C. V. R.
Fertiliser

26/8/65
report ~~1965~~
ready soon ²⁴⁵

The report of the Committee of Inquiry into the cost structure of the Fertiliser Industry should be ready by the end of September, says Professor C Pistorius, head of the committee

"We received more evidence than we expected. Although the report probably won't be very big, we have gone very deeply into the matter," Professor Pistorius said

The Competition Board, which has also been investigating the fertiliser industry for the last 18 months has still not completed its task, but is expected to do so by the end of the year

30/8/10 STAR

Multi-directorships unjustified - prof

245

Should the Government control the number of boardroom directorships a person can hold?

In Barclays Business Brief, Professor D J J Botha (head of the department of economics, University of the Witwatersrand) says there is no economic rationale to one person serving on the boards of 50 companies

"It is a phenomenon which, if contained through legislation of one kind or another, would not harm the private enterprise system in any way; on the contrary it would support it"

Professor Botha also says that the Government should be bold in applying anti-monopolistic legislation.

"Monopolies constitute an impediment to free competition in the South African economy. It is .. strange that so few eminent free market economists have been willing to point out, let alone denounce, the self-seeking practices of monopoly capitalism as one of the greatest single causes of the inexorable decline of the capitalist system in the world today," he writes.

KWV chief defends new price system

3/12/180
245

ROM
rv/9/180

By ALISON GILLWALD

DR ANDRE du Toit, chairman of KWV, says the agreement by major liquor wholesalers to set up a price maintenance system cutting out discount to retailers could be a fairer system of competition

And he feels it will not necessarily lead to an increase in prices for consumers or retailers

Last week supermarket directors called on KWV, a giant wine co-operative which controls 90% of South Africa's wine industry, to weigh the matter seriously, in the interests of farmers who would have to get rid of any surplus by exporting at a loss

Dr Du Toit said "KWV, as representative of the white wine farmers for the last 20 years, has, and still does, strongly support the idea of grocers and supermarkets carrying wine"

He commented on the accusation by consumer organisations that the wholesalers' agreement was contrary to the

agreement sanctioned by Parliament last year, which tried to protect the consumer by preventing companies from being both wholesalers and retailers

Dr Du Toit said it would be incorrect to link the two agreements

"They are entirely separate issues and should not be confused"

He said the pricing system was not contrary to the principles of free enterprise, as consumer demand would still determine the price. The system would not adversely affect the retailer or consumer

It has been common practice in the past for wholesalers to have price recommendations for the retailers, he said

He said a price maintenance system was not a strange practice in countries with a limited number of licensed liquor outlets, such as the United States

"I can understand people worrying about lack of competition — against which the Government has come out so strongly — but this form of pricing can be seen as a better

and freer competition if discount is stopped only to certain retailers for a certain reason"

His view was that if there was a common price in a particular area, competition would be fairer, as everyone would have to "start from scratch and therefore be equal"

He agreed KWV's wine export level was increasing, but said this trade was certainly not functioning at a loss

Reacting to charges that the price system was another form of price fixing, Dr Du Toit said the prices were only recommendations and not compulsory, and could therefore not be seen as "fixing", which is illegal

The price maintenance system was announced last Thursday night by Mr Riaan Kruger, director of the Cape Wine and Spirits Institute, which represents all major wine-producing wholesalers in the country

He said the decision had been taken at the request of the Federated Hotel Association of South Africa, which also represents major wholesalers

SUNDAY POST

14/9/80

245

The numbers game

JUST how long this Government is prepared to go on kidding itself — and, unfortunately, some other people — is anybody's guess.

This week the latest census report was released, and the good news that emerged (for those who still believe the homelands policy is the only solution to this country's problems) is that more blacks have "moved" to the homelands, and that Soweto's population is not even one million as suggested by various people.

It is a shame that such announcements are even made at all. In the first place, the Government knows just as well as anybody else who cares that the population of Soweto is well over a million. Even the Government's authority in the area, the West Rand Administration Board, has been operating on unofficial million-plus figures. The authoritative report by the Urban Foundation has also found the population of Soweto is more than a million.

There are obviously people who want to believe the Soweto population is much smaller than "activists and agitators" suggest.

The answer, however, is simple. Most of the people believed to be in Soweto are actually now living in the homelands. Which can only mean

that apartheid and the homeland system are a success — the fulfilment of a dream that one day all blacks will have disappeared from the face of "white South Africa" to enjoy full political rights in the homelands.

The Government must realise the time for playing games is over. The situation is so urgent that it is tragic that the Government can still sit around pushing dreams back and forth.

The homeland system is a failure. The system has created misery for millions. These people have been stripped of their South African citizenship, and have had citizenship of a non-existent "independent state" foisted on them.

It is this bitterness that will finally lead to an explosive situation in this country. The fuse is burning shorter by the day, and all the while the Government acts like a Rip van Winkle.

It is a pity that all the opportunities that come up for the Government to act positively are simply allowed to slip past.

As Dr Martin Luther King said: "Over the bleached bones and jumbled residues of numerous civilisations are written the pathetic words 'too late'."

And: "We still have a choice today: non-violent co-existence or violent co-annihilation"

ter in the group was headed by the Price Controller and included representatives of State departments, organised agriculture, commerce, industry and consumers.

It took account of the specific circumstances under the competitive-market structure in respect of the individual commodities. This included the way the normal market forces of supply and demand would operate to ensure that price formation would take place unimpeded in the absence of price control.

"The Government is convinced that, on account of the degree of competition in the relevant industries, the prices of the goods in respect of which control is being abolished will not be increased unjustifiably. A watchful eye will nevertheless be kept on price trends in these sectors," the Minister said.

The step was an endorsement of the Government's declared policy that the free operation of the market forces of supply and demand should be the basis of price formation.

To Page 3, Col 7

Prices set to rise as controls are lifted

Political Staff

The Government has abolished price control on a wide range of goods and household appliances. The move, which could lead to prices rocketing, was announced today by the outgoing Minister of Industries, Commerce and of Consumer Affairs, Dr Schalk van der Merwe.

The goods from which price control will be lifted include

- All types of electrical and non-electrical household appliances
- Photographic and cine cameras, enlargers and reducers, projectors, sound recorders and reproducers and photographs for population registration.
- Radios, radiograms, high-fidelity sets, gramophones, record players, tape or wire decks, loudspeakers and amplifiers and accessories to these products.
- Imported seed potatoes and vattle extract.
- Packing material, porcelain insulators, and steel tubes with thread and coupling

Unanimous

The Competition Board is also considering removal of price controls on other goods.

Dr Van der Merwe said that the Government was trying, as a matter of policy, not to exercise unnecessary control over the economic processes but to rely as far as practically possible on the free-market system to ensure economic growth and progress.

The price controls on the goods mentioned were abolished on the unanimous recommendation of a working group appointed to investigate the mat-

In other words, there will be liberated as the system (fig. 22). which will be liberated as the system (fig. 22).

Prices might rise as controls go

supply and demand should wherever possible determine price levels.

It also lent support to the standpoint that the interests of the consumer were being protected in two ways.

By seeing that there would be sufficient growth in the economy to ensure adequate employment opportunities for all sections of the community, thereby enabling them to improve their standard of living.

By taking care, through the creation of a sound climate in which production can expand, as well as through the maintenance of competition, that prices too were kept at reasonable levels.

Mrs Johanna Raath, president of the Suid-Afrikaanse Vrouefederasie, said in Pretoria that she had mixed feelings about the abolition of control.

"My main fear is that prices for essential items such as electric irons, important to most homes, will rocket beyond reason but, when it comes to luxuries, such as hi-fi equipment and cameras, I

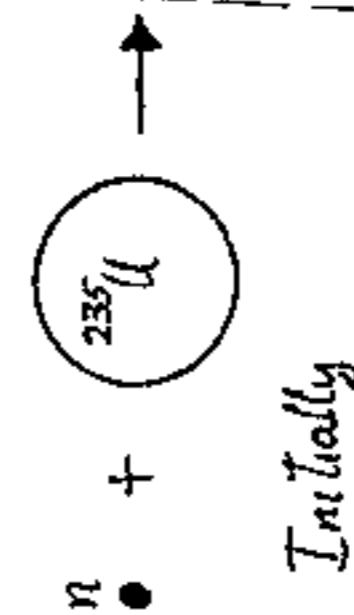
have no worries.

"Those who decided on the abolition did so for good reasons but I hope that prices don't get out of hand."

Mrs Joy Hurwitz, president of the Housewives' League, said she hoped the abolition would not result in increased prices.

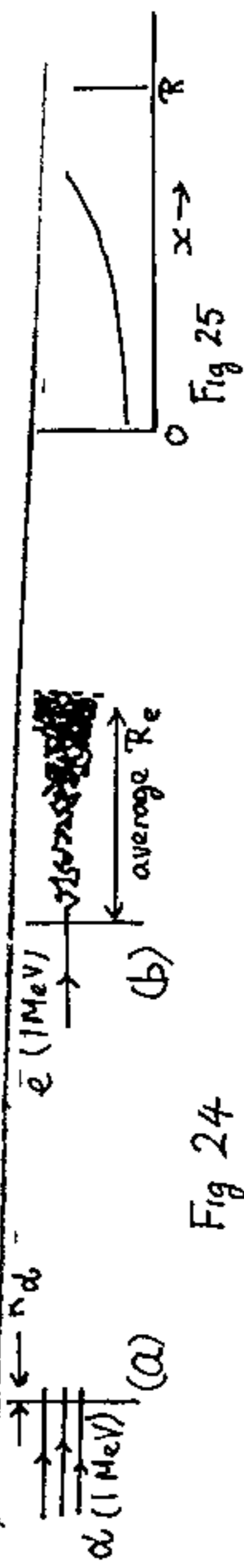
The Federated Chamber of Industries welcomed the removal of price control.

Most of the energy as the kinetic energy



Initially

Fig 23 Example



In the stable nuclei the nuclear binding energy B_{AZ} increases as the nucleon number A increases. To show the rate of increase we plot the ratio (B_{AZ}/A)

FCI FM 24/9/80 (245)
Competition caution

tinue to be based on the principle embodied in earlier legislation "that the concentration of economic power is to be judged by its effect" It is also important to preserve the free market mechanism and the interplay of market forces "without undue intervention"

The first investigation undertaken by the Competition Board covered price discrimination, defined as "a differentiation in price not justified by differences in cost, designed to strengthen the seller's position in a market relative to his competitors or to enable a large buyer to obtain an advantage over his competitors"

According to the FCI, this investigation was launched at the urging of some retailers, and based on the suggestion that price discrimination by suppliers was automatically proof of unfair competitive practices by them

The FCI argued that the issue was as much one of fair competition as of free competition. Internationally speaking, where attempts have been made to outlaw price discrimination, they have been motivated by the fears of small retailers of excessive competition from larger groups

Price discrimination in SA, argues the FCI, is "mostly due to the exercise of pressure on suppliers by large retail groups" Legislation to outlaw price discrimination would not work, and the structural adjustments occurring are "not anarchic" and are capable of accommodation by the interplay of market forces

If this cryptic observation is meant to



Large chains . . . squeezing the corner shop

The Federated Chamber of Industries has a decidedly uneasy attitude to the new Competition Board and its approach

In general, the FCI welcomes the appointment of the board. But competition policy, says executive director Dr Johan van Zyl in his annual report, should con-

be deciphered, it seems to hint at indifference to the fate of small retailers hard pressed by the large chains. But the FCI hedged its position by saying the Competition Board should hold surveillance over the concentration of economic power in the retail sector in order to ensure the free functioning of the market mechanism

On the subject of mergers, the FCI stated as a general principle that "in the SA situation, characteristics in the domestic market justified a degree of concentration of economic power as an integral part of competition policy"

No general case could exist therefore for surveillance over acquisitions in advance. The onus should be on the authorities to indicate the point beyond which the onus of proof shifts to the parties concerned. This formulation presumably designates the point (relative to the state of concentration in a given economic sector) beyond which the parties to a merger would have to show that the proposed acquisition would not result in an unacceptable increase in concentration

It should be possible to recognise the approximate position of this point from a set of stated guidelines laid down by the board

Since this point would differ from industrial sector to sector, the FCI accepted that the Competition Board should introduce a consultation procedure "to deal with marginal cases determined by general guidelines laid down by the board". This approach should have the result of exempting the vast bulk of acquisitions from scrutiny and investigation by the

board

As a general formulation of the board's operation, it should follow a national competition policy laid down by government, to ensure a limitation of its discretions

No rush for meat

Consumer Reporter

THE usual rush to lay in stocks of meat for a public holiday has not happened this week — and prices at the Cape Town abattoir auction fell slightly yesterday instead of rising.

Normally, demand for meat rises steeply before a public holiday and this, together with a short working week at the abattoir, tends to force prices up.

But this week housewives have been buying normal quantities of meat. And the abattoir has been killing more than the usual quota of animals to make sure of adequate supplies.

9/11/80. ARU
prices fall

The price of super beef at the auction yesterday ranged from R2,23 to R2,29 a kg compared with R2,34 to R2,38 on Tuesday.

The price of super lamb ranged from R2,16 to R2,23 a kg yesterday compared with R2,19 to R2,34 on Tuesday.

The price of super pork, which has risen over the past two weeks to nearly the price of red meat, was again R2 a kg as on Tuesday.

The demand for meat has certainly not gone

through the roof,' said a spokesman for Blue Riband butcheries. 'It is a great relief that prices are actually coming down, even if only by a few cents a kilogram, instead of going up as we were afraid would happen.'

aangestel as Voor
Raad te lei en ui
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On the local level, as you know, liaison Committees exist. These committees performed an important part of the functions which the Regional Welfare Board and the welfare committees will now have to undertake, especially as far as co-ordination of services, determination of welfare needs, and the feeding back of information to the communities are concerned.

24/.....

-24-

I believe that under the new dispensation an important role still awaits these liaison Committees, as this will remain a forum on the local level, that is to say where all the parties concerned in the welfare field, will come together.

Permit me, Mr. Chairman, to pay tribute to those men and women, who so ably served and to those who are still serving on these Committees, and to thank them for the excellent services rendered. I am sure that their devotion and achievements will serve as inspiration to all of us.

Die funksionering van die Raad, meneer die Voorsitter, sal met belangstelling gevolg word, omrede die belangrikheid van die

Govt to probe abolition of price control on bricks

The Government is investigating the possible abolition of price control on bricks, cement, fertiliser, coal and other commodities.

The Competition Board has been instructed to investigate whether price control on these items should be abolished.

The public has been invited by a notice in today's Government Gazette to submit written representations to the Board.

Dr Dawie de Vilhiers, the new Minister of Industries, Commerce and Tourism, announced that the board would investigate the possible abolition of price control on seven items.

These are burnt clay bricks, sand, including river sand and pit sand, cement, including slag cement, crushed stone and stone crusher sand, fertiliser, coal and anthracite.

WELCOME

Dr de Vilhiers said that the working group on price control had found that specific conditions existed in the production and marketing of other commodities which required further investigation.

Durban builders have welcomed reports that the Government is to investigate the possible scrapping of price control on bricks, sand and cement.

The main effect of such a move would be to cut the building industry's inflation rate, said Mr Ian Robinson, second vice-president of the Durban

Master Builders Association.

Builders' costs are currently rising by 17 percent a year — against an 11.86 percent rise in the country's overall consumer price index.

"Scrapping price control would mean that the suppliers could operate in a free enterprise situation," said Mr Robinson.

"They would be free to lower their prices to boost their competitiveness," he added.

"Unfortunately there are some complete monopolies but I have no doubt that builders generally would welcome such a move."

Durban developer and builder Mr Tony Sym of Canema Homes said "It would be a good thing for the overall industry, but the situation could be a little different in Durban where there is basically only one supplier of bricks."

The Government's move, however, does not promise an immediate end to builders' cost problems, he said.

Anyone who wants to make submissions can do so to the Director, Competition Board, Private Bag X84, Pretoria 0001.

Price control has a hand in brick shortage

rdm 28/10/80
244

By REG RUMNEY
Property Editor

DURBAN. — Blame for shortages of building materials, such as bricks — at least in part — was laid at the door of price control yesterday by Mr Dick Kemp, chairman of Corobrik.

He was speaking at the Building Industries Federation SA (Bifsa) annual congress in Durban on "Supplies of building materials as an impediment to free enterprise marketing".

He said "There is a shortage of bricks, the severity of which varies in each province and according to the type of brick required. Such a shortage of a commodity does not necessarily mean that free marketing conditions in relation to it do not exist.

"The very existence of a business cycle and the consequent surges in demand will inevitably cause periodic surpluses and shortages.

"I think it possible, however, that price control as an impediment to free enterprise marketing of building materials may unwittingly contribute to a shortage situation."

Price control cut across the self-regulation inherent in a free market system and posed many problems.

Mr Kemp stressed that "the mechanics of price control have always been applied fairly in so far as I am aware. It is not the administering office which is under fire but rather the concept of price control itself."

Most price-controlled indus-

tries, he believed, were trying to keep price increases to an annual event.

Although price control used a formula for setting a level of profitability based on a return of capital employed, because of inflation production costs continued to increase the moment the annual price change became effective so that the authorised return on investment could never be achieved.

"That sounds had enough, but the position actually gets a little bit worse than that."

In a free market, a surplus caused prices to fall, a shortage caused them to rise.

Because price control authorised only a maximum selling price "prices do drop in times of surplus, but cannot rise above the maximum controlled selling price in times of shortage. This situation has prevailed in my own companies and certainly some of the brick subsidiaries have lost heavily in downturn times without having an ability or the opportunity to recover ground in the upturn — to the degree that on average over both cycles the return on investment was bound to be insignificant.

"Manufacturers have gone out of business, and probably will go out of business because of an inability to survive such constrained business cycles."

It was difficult to justify building new production facilities in terms of profitability, particularly as common sense showed that the provision of those facilities should be made

during a slump if there was to be enough production capacity available to meet demands in the next boom.

This was certainly true of the building industry.

"Removal of retail price control over building materials would be a positive step towards creating free market conditions and the building industry could benefit in a number of ways, not least by providing encouragement for the development and expansion of facilities by the manufacturers of building materials in terms of slump."

An adjustment of the price control formula on building materials to give a more realistic average level of profit was overdue.

"There are other benefits, possibly less tangible but nevertheless just as positive, which as a consequence would accrue to the building industry if price control were to cease."

Free marketing did not only rely on the simple mechanism of price.

It also relied on the ability of the entrepreneur to meet the challenge of, among other things, competitive materials, promoting product research and development, maximising product quality, providing a back-up service for building materials during both conception and construction of a building, and in financial control.

The manufacturer of building materials needed to operate in free marketing conditions if the full benefits of free marketing were to be enjoyed.

RPM on books is abolished

STAR
31/10/80
245

By Charlene Beltramo
Fair Deal Reporter

Two decades of restrictive pricing controls are set to disappear from bookstores today with the official abolition of resale price maintenance (RPM) on books.

It is unlikely that price wars will break out among the ranks of super-conservative booksellers, but among a few prices have already started dropping.

Supermarket chains are already cutting prices, although their stocks are limited with a few exceptions to what serious bookworms would generally consider as cheap novels.

A leading specialist publisher, Strunk, has already made a strong move to take advantage of the new situation, by opening a "bargain" book store in Johannesburg on Monday.

The store, which it is thought will be the second or third biggest outside the United States, will sell books at a third

or half their normal price. Art books, for example, that would normally cost R40 each will sell for R17.

The second level of the store will sell specialist books.

The Central News Agency, has cut prices on best sellers and brought out a range of inexpensive books on specific subjects, such as animals, gardening or cookery.

Many booksellers who will cut lines are still anticipating problems from publishers and distributors.

Mr I Halford, a bookseller, said he had been threatened that if he cut prices he could find his supplies reduced.

"Or discounts won't be as good, or instead of shipments arriving in Durban, they arrive in Cape Town, or conveniently get lost in transit."

Mr Halford said he thought prices would not drop more than 10 percent to 25 percent on popular lines and not more than 30 percent on loss leaders.

EDUCATIONAL

He anticipated prices rising on specialist lines and educational books.

Mr M Coombes, a book trader, said there would still be a minimum recommended price put out to dealers.

Another bookseller said he did not think the small bookseller would necessarily be forced out of the market by price cutters.

"Healthy competition has been restricted for a long time by the traditional hide bound bookseller. Stores will get from consumers what they deserve. If they give good service they will be supported," he said.

Govt is

'eager

to stop

cartel

trading'

By GERALD REILLY
Pretoria Bureau

THE Government is determined to eliminate all facets of monopolistic trading practices from the economy and to free a maximum number of commodities from price control, a Government source said in Pretoria yesterday

This is in line with the undertaking given by the Prime Minister to the private sector last year to reduce to an absolute minimum Government involvement in the private sector

The Government hopes to achieve this partly through the Competitions Board, which is currently investigating five industries as well as the advisability of freeing seven commodities from price control

The board had already reported to the Government on investigations into possible monopolistic conditions in the poultry, sanitaryware and hardware and fertiliser industries

An investigation of the three levels of the liquor industry — primary producer, wholesaler and distribution and retailer — started in 1979

Because of restructuring in the industry in November last year, however, the investigation had to be restarted virtually from the beginning

The restructuring involved South African Breweries taking over Intercontinental Breweries, giving SAB virtual control of all beer production in the country

At the same time Breweries surrendered control of Stellenbosch Farmers' Wineries and a new company, which included KVV and Oudemeester, was formed

This meant that competition in the wine industry had been substantially reduced, with only the Picard groups' Uniwyn and Gilbeys in a position to compete to a limited extent with the new combine

An investigation of the explosives industry was started in January and is far advanced

The investigation involves AECI and its exclusive agreement with the Chamber of Mines, and to what extent the lack of competition has had and is having on price levels

The Competitions Board initiated

the operations of the SA Association of Travel Agents and into Interflora distributors
It is understood that the mechanics of the big chain stores are being looked at in another investigation, where one large-scale buyer can dictate price levels to suppliers
The seven commodities being investigated by the board to determine whether the control of their prices is justified are sand, cement, crushed stone, fertiliser, coal, anthracite and bricks

Klaas van der Poel

CURRICULUM VITAE

the Abattoir Commission, Private Bag X84, Pretoria, 0001, within a period of 30 days from the date of publication of this notice and in the manner set out in the regulations published under the said Act.

Attention is invited to the provisions of regulation 11 (6) of the said regulations which requires any person who submits objections to an application to the Minister to serve on the applicant concerned a copy of the document in which his objections are set out

A. R. COCHRANE, for Director-General of Agriculture and Fisheries (Abattoir Commission)

Note—The Regulations require that objections be affirmed under oath and submitted in triplicate
(28 November 1980)

7311 NOTICE 863 OF 1980 (245)
DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

INQUIRY INTO RESTRICTIVE PRACTICES BY THE ELECTRICAL CONTRACTORS' ASSOCIATION (SOUTH AFRICA)

The Competition Board hereby makes known for general information that it intends to investigate, in terms of the provisions of section 10 (1) (a) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), the activities of the Electrical Contractors' Association (South Africa)

Interested parties are invited to submit representations in this connection to the Director, Competition Board, Private Bag X84, Pretoria, 0001, within a period of 30 days after the date of publication of this notice

(CB Ref. M11/1/1/1/2/4)

(28 November 1980)

NOTICE 864 OF 1980

NOTICE OF APPLICATION FOR APPROVAL

30 dae vanaf datum van publikasie van hierdie kennisgewing en op die wyse uiteengesit in die regulasies kragtens genoemde Wet uitgevaardig

Aandag word gevestig op die bepalings van regulasie 11 (6) van die genoemde regulasies wat vereis dat iemand wat vertoe of besware teen 'n aansoek aan die Minister voorlê, terselfdertyd 'n afskrif van die dokument waarin sy besware uiteengesit is op die betrokke aansoek kant moet bestel

A R COCHRANE, namens Direkteur-generaal Landbou en Visserye (Abattoirkommissie)

L W—Die Regulasies vereis dat besware onder bevestig en in drievoud voorgelê moet word
(28 November 1980)

KENNISGEWING 863 VAN 1980

DEPARTEMENT VAN NYWERHEIDSWES, HANDEL EN TOERISME

ONDERSOEK NA BEPERKENDE PRAKTYK DEUR DIE ELEKTROTEGNIËSE AANNEMERSVERENIGING (SUID-AFRIKA)

Die Raad op Mededinging maak hierby vir algemene kennis bekend dat hy kragtens die bepalings van artikel 10 (1) (a) van die Wet op die Handhawing van Mededinging, 1979 (Wet 96 van 1979) 'n ondersoek gaan instel na die bedrywighede van die Elektrotegniese Aannemersvereniging (Suid-Afrika)

Belanghebbendes word versoek om binne 'n tydperk van 30 dae na die datum van publikasie van hierdie kennisgewing vertoe in hierdie verband te rig tot die Direkteur, Raad op Mededinging, Privaatsak X84, Pretoria, 0001

(RM-veiw. M11/1/1/1/2/4)

(28 November 1980)

KENNISGEWING 864 VAN 1980

KENNISGEWING VAN AANSOEK OM GOEDKEURING VIR DIE OPRIGTING VAN 'N NIEUW

Commuter watchdog calls for probe into Putco's affairs

S. Inb
21/12/80
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Tribune Reporter

A broadly based black commuter watchdog organisation on the Reef has called for a commission of inquiry into public transport giant Putco as the strike by the company's Soweto bus drivers continued yesterday and Putco threatened fare increases.

The Commuter Watchdog Association (Comwasa), which enjoys the support of Soweto's Committee of Ten, Inkatha, and groups in coloured and Indian townships on the Reef, has alleged Putco is not operating "to the benefit of the public".

Putco said this week it may have to increase fares to finance wage increases for passenger transport workers announced by the wage board.

A Putco spokesman said altogether 1 285 Putco employees were benefiting by increases of between 15 and 53,8 percent in their weekly wages this year.

He said the increases gazetted on Friday were the second this year. Putco would implement the additional increases im-

mediately, but would have to study the implication and effect on the price structure of bus fares.

Drivers and union organisers belonging to the Transport and Allied Workers' Union (Tawu) are meeting this weekend to decide whether or not to return to work.

Central issue in the strike has been the drivers' demand that a Putco divisional manager, Mr F Vorster, be fired. Putco has refused.

Mr Vorster's firing was reportedly also an issue in the strike in July this year by Putco drivers.

A major stumbling block in the way of a return to work is believed to be Putco management's insistence that it selectively re-employ strikers, instead of re-instating all with full benefits of past employment.

Mohammed Dangor, co-chairman of Comwasa, made the call for a state commission of inquiry into

Putco's affairs when approached by the Sunday Tribune yesterday.

"From evidence at hand, Putco has made tremendous profits in recent years and the company has received state subsidies which it has not used to benefit the public.

"Putco's share price has also increased tremendously. Transport is a social service and should be run as such," Mr Dangor said.

"The State must have a commission of inquiry into all Putco's affairs.

"If Putco announced fare increases, Comwasa would take the matter to the National Transport Commission as it did earlier this year, so succeeding in delaying the fare increases," added Mr Dangor.

A Putco spokesman said the company's wage bill increase resulting from the latest Wage Board award and another 15 percent cross-the-board wage

rise earlier this year, together with other hikes in operating costs, made fare increases a necessity if State subsidies were not increased.

The spokesman said Putco would be able to provide full weekend services between Johannesburg and Soweto. Some 320 drivers of 780 who went on strike last week had returned to work and there were signs that others could be expected to "trickle back," he added.

Putco management had not met with Tawu officials on the strike, he said.

Meanwhile, indications are that many of the effects of the strike have been circumvented. The Railways have added extra coaches to trains travelling to and from black townships on the West Rand, and Johannesburg municipal buses have been used on some Putco routes.

Unconfirmed reports say trucks and other vehicles travelling on roads to and from Soweto are being commandeered to accommodate people walking to work.

PRICES - Control + Contraventions

7 JAN. 1981 — 31 Dec. 1981

7/1/81 -
245 STAK

No mention of monopolies in competition Act

By Mervyn Harris
Dr Dawie Mouton, chairman of the recently formed Competition Board, is not a trust-buster who sees danger merely in big business. His guiding principle is abuse of power.

And that includes small, strategically placed industries which can exercise monopolistic power.

In fact, Dr Mouton says the economy could do with another half a dozen very large groups. If South Africa had them, the economy would be very much bigger.

He makes these points in an interview published in the latest issue of Assocom Review, which gives an insight into the board's policy and actions.

The Act which set up the Competition Board is couched in general terms and sets out very broad, almost vague, principles.

The overall emphasis is not to regulate and control monopolies — major switch from the previous Act — but to promote competition in the private and public sector.

The new Act is essentially administrative and contains no provision that can be contravened.

Dr Mouton emphasises the difference between the present legislation and the former Regulation of Monopolistic Conditions Act.

In the new law the word monopoly doesn't appear at all. The role of being policeman is a very minor aspect of the board's function, he says.

It tries to ensure that the spirit of free and open competition is fostered and it does this by negotiation and discussion.

In the short time the board has been functioning, it has already chalked up some successes by getting the parties around the table.

"We deal with all complaints about allegations of conflict of interest which result in a situation of imperfect competition. We consult with the persons involved and try



DR DAWIE MOUTON

and make them see reason. And in most cases they do," says Dr Mouton.

"Some cases are completely unfounded. Supplies to a business have been stopped and the owner has come to us with allegations of unfair trading.

"But when we go into the problem we have found that this was not a case of restriction of competition: it was a straightforward instance of a debtor not fulfilling what was a normal condition of trade."

Of monopolies, Dr Mouton says that in many sectors business ownership has become highly concentrated in a legal manner and no good purpose would be served in trying to break it up.

Size is not a criteria, he says. But this does not mean that the board will not watch groups which accumulate too much power.

An example of unfair competition would be large companies which have grown vertically in the present buoyant economy and might give preferential supply privileges to subsidiaries and ration supplies to others.

On possible future monopolies and undesirable mergers, Dr Mouton says he will want to know how the proposed merger will work. Will it restrict the market and how can the market be protected?

Let's talk about it before it happens, he says.

for full text

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see gazette.



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STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
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GOVERNMENT NOTICE

**DEPARTEMENT VAN
NYWERHEIDSWESE, HANDEL EN
TOERISME**

**DEPARTMENT OF INDUSTRIES,
COMMERCE AND TOURISM**

No. R. 36 9 Januarie 1981

No R. 36 9 January 1981

**WET OP DIE HANDHAWING EN BEVORDERING
VAN MEDEDINGING, 1979**

**MAINTENANCE AND PROMOTION OF
COMPETITION ACT, 1979**

**ONDERSOEK NA MONOPOLISTIESE TOESTANDE
BY DIE VERSKAFFING EN DISTRIBUSIE VAN MO-
TORVOERTUIGONDERDELE, -KOMPONENTE EN
-MATERIALE IN DIE REPUBLIEK VAN SUID-AFRIKA**

**INVESTIGATION INTO MONOPOLISTIC
CONDITIONS IN THE SUPPLY AND DISTRIBUTION
OF MOTOR VEHICLE PARTS, COMPONENTS AND
MATERIALS IN THE REPUBLIC OF SOUTH AFRICA**

Ek, Dawid Jacobus de Villiers, Minister van Nywerheidswese, Handel en Toerisme, publiseer hiermee kragtens artikel 14 saamgelees met artikel 21 van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), Verslag 1929 (M), gedateer 2 Augustus 1979, van die Raad van Handel en Nywerheid in verband met 'n ondersoek na monopolistiese toestande by die verskaffing en distribusie van motorvoertuigonderdele, -komponente en -materiale in die Republiek van Suid-Afrika, soos in die Bylae hierby

I, Dawid Jacobus de Villiers, Minister of Industries, Commerce and Tourism, do hereby publish in terms of section 14 read with section 21 of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), Report 1929 (M) dated 2 August 1979, of the Board of Trade and Industries, in connection with an investigation into monopolistic conditions in the supply and distribution of motor vehicle parts, components and materials in the Republic of South Africa, as in the Schedule hereto

D. J. DE VILLIERS, Minister van Nywerheidswese,
Handel en Toerisme

D J DE VILLIERS, Minister of Industries, Commerce
and Tourism

BYLAE

ANNEXURE

INHOUDSOPGAWE

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Mouton and monopoly

By Mervyn Harris

Monopoly no longer seems to be a dirty word on the economic scene

It was refreshing to hear Dr Dawie Mouton, chairman of the recently-formed Competition Board, dispense with the humbug associated with this sensitive topic and frankly say that South Africa could do with another half a dozen monopolies

In spite of strident calls in some quarters for a return to laissez faire economics, we have for some time been living in an age of monopoly capitalism.

It is after all, 70 years since Rockefeller was forced by American anti-trust laws to disband the oil cartel

Paradoxically only America, the citadel of modern capitalism, has anti-trust legislation but, as big-corporation analyst Anthony Sampson has written

"The machinery of anti-trust laws is impressive . . . yet American anti-trust institutions have never been quite as fierce as they look and the bold confrontation of government with business has a habit of mysteriously petering out.

"The history of anti-trust in America is a history of evasions and compromises, and repeatedly the biggest corporations have shown themselves stronger than governments"

Weakness

The most fundamental weakness of the anti-trust division, says Sampson, is that it has never been insulated from politics.

This could also be one of the underlying factors why the emphasis of the new local Competition Act is not to regulate and control monopolies — a major switch from the previous Act — but to promote competition.

Bigger companies will be able to compete more effectively with international corporations and South Africa might be less vulnerable on decisions affecting its economy

outside the country.

The centralisation of industry means, however, a loosening of competition and conflicts can and have arisen between the interests of profit-seeking companies and the national interest

Watchful

This is why it is necessary to keep a watchful eye on monopolies and a few big firms already dominate major industries

There was further erosion in competition last year in the creation of beer and wine monopolies.

Dr Mouton says that his guiding principle will be abuse of power irrespective of size. He will have his hands full

For, as Sampson says, business is too important to be left to businessmen

SA has a 'butterfly' products price policy

Pretoria Bureau
POLITICAL considerations played too strong a role in marketing and pricing policies for agricultural products. Mr S T J van Rensburg, chairman of the South African Agricultural Union's Co-operative Council, said in Pretoria yesterday.

Addressing the Agricultural Outlook conference, Mr Van Rensburg said an ad hoc approach had been adopted while economic realities were pushed aside by political considerations.

Failure to coordinate production, marketing and price policies could be blamed on the lack of liaison between the Government and the agricultural sector.

South Africa could only boast of a "butterfly policy" when it came to the control of production and prices.

The control board system, which merited support from "all right-thinking people", was largely emasculated by bureaucracy and inconsistent ac-

tion. It had never been given a fair chance to work.

Lack of motivation and the necessary machinery to ensure success had led to failed efforts to coordinate the production, marketing and price policies of different agricultural products.

Mr Van Rensburg said he doubted whether a satisfactory degree of inter-dependence between various agricultural sectors had been fully realised.

"My conclusion is that the State might have the framework for this great task but definitely not the adequate machinery or manpower to provide the Ministry and the Government with the necessary information for making decisions.

While the free market system should provide price guides, it was still necessary to streamline prices. If the Government intervened, its decisions should be based on scientific facts.

Arbitrary price fixing was often the reason why adjustments

to supply and demand could not be made.

The Government's interest in stability could not be condemned, however, and was actually necessary.

Mr Van Rensburg believed the former Minister of Agriculture's view that the State should not meddle in production should be maintained.

The State, however, was responsible for a balance between supply and demand through its price fixing function.

"After having said all this, it is clear that a total agricultural strategy is absolutely necessary," Mr Van Rensburg said.

South Africa's agricultural production was small in world terms "but in the African context, South Africa is a giant".

South Africa's production and marketing position, seen in a world context and against a background of total strategy, could not be left out of the reckoning.

He stressed the necessity for a healthy agricultural policy.

The Board of Examiners of the Institute of Architects, Cape Province

General J B M Hertzog Prize

D H Pryce Lewis

For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

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For the best woman student in third year.

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For the best student in :-
of Architects' Prize

Cape Provincial Institute

ARCHITECTURE

KATZ AND FRANKEL BURNING BRIGHT

FM 23/1/81

Many members of the business community awoke last Sunday to read a full-page advertisement placed by wholesaler Metro Cash & Carry and aimed at casting producer, Tiger Oats, in the role of villain of the month

Under the banner headline "Tiger Burning Bright Won't You Let Us Eat Tonight?" Metro charged that Tiger Oats had stopped supplying its Induna brand of mealie meal to Met-



Katz . . . "not a con job"

ro's Louis Trichardt branch because it objected to the low selling price of Induna at that branch

"We refused to raise our prices," continued the Metro ad "As a result we will not be stocking Induna mealie meal at Louis Trichardt. Instead we will lay in additional stocks of Premier Milling's Impala mealie meal which we will continue to sell at a lower price. Many people who live in and around Louis Trichardt depend on maize products as their basic food source. Our actions are in their interest."

Tiger Oats chairman Rudi Frankel has confirmed that Metro was asked to keep in line over prices. He said that by selling at, or below, cost, Metro has been causing "anger and confusion among local Indian and black wholesalers who cannot understand how Metro can sell at such low prices, and have accused Tiger Oats of giving preferential treatment to Metro" — in which, as is well known, it has a 30% shareholding. "We have served this community for many years and cannot afford to antagonise people who have been

long and loyal customers" ²⁴⁵

To which Metro chairman, Lionel Katz, has countered "We are helping the small trader fight back against the big supermarkets by wholesaling to them at exceptionally good prices. We can't understand Tiger's logic — those traders can buy as cheaply as anyone else from us."

So far the dispute is confined to Metro's Louis Trichardt branch only, and the amounts involved are, as Frankel has observed, "a drop in the bucket." Tiger is still supplying Induna mealie meal to the 115-odd other Metro outlets. It is also still supplying all Metro outlets, including the one in Louis Trichardt, with the rest of its large product range, which includes Black Cat Peanut Butter and Jungle Oats.

So what is not clear is the motivation behind the placing of the ad, at a cost of R9 625.

General opinion is that the idea was simply to give Tiger the "stone bloody needle" — and that the mention of Premier was an attempt to add insult to injury. It seems Metro wanted to demonstrate to trade and public alike that it does not take orders from anyone, even a major shareholder.

It could also be mooted that the ad was a direct invitation to the Competitions Board, which deals with restrictive trade practices, to look into the matter (Frankel says he is fully prepared to give the authorities all the facts of the dispute).

A more Machiavellian theory runs as follows. The ad was obviously not directed at mealie meal consumers who, it may safely be said, have more pressing problems than Metro's problems with Tiger. Nor could it have been directed at the general public, who are not authorised to buy from Metro — unless, of course, Metro has been selling to the public in that area. Nor was it published in a regional paper where it could have been directed at the specific people concerned.

It seems clear, then, that the ad was directed at one group of people only — the traders. There can be no doubt that

Tiger, in its dealings with other traders, has been constantly compromised every time Metro cuts prices since this highlights Tiger's vertical penetration of the market — and it is accused of offering Metro preferential treatment.

Now Tiger is exonerated. It is shown to have stuck to its old customers, despite its 30% share in Metro, it emerges with the image of being the champion of the small independent wholesalers against burgeoning giant chains such as Metro. So could Tiger and Metro have got together over the ad?

Frankel roars with laughter at this suggestion. "If you tell me who thought of that idea, I'll offer him a job," he says.

He continues "The whole thing was a public relations exercise."

Katz says. "The reason for the ad is clear. We refused to be pressured, and we had to let our traders know what the situation was. That is all. And it was the principle, not the volume of sales, that was at stake. Finally, let me point out that an ad will be appearing in the other local papers, and let me stress that to imply the ad had anything to do with a con job is to be totally inaccurate."

It is difficult to disbelieve Katz. It is also difficult, however, to gauge which party — other than Metro's PR firm — has gained anything from the ad.



Frankel . . . won't antagonise loyal customers

An explosives issue



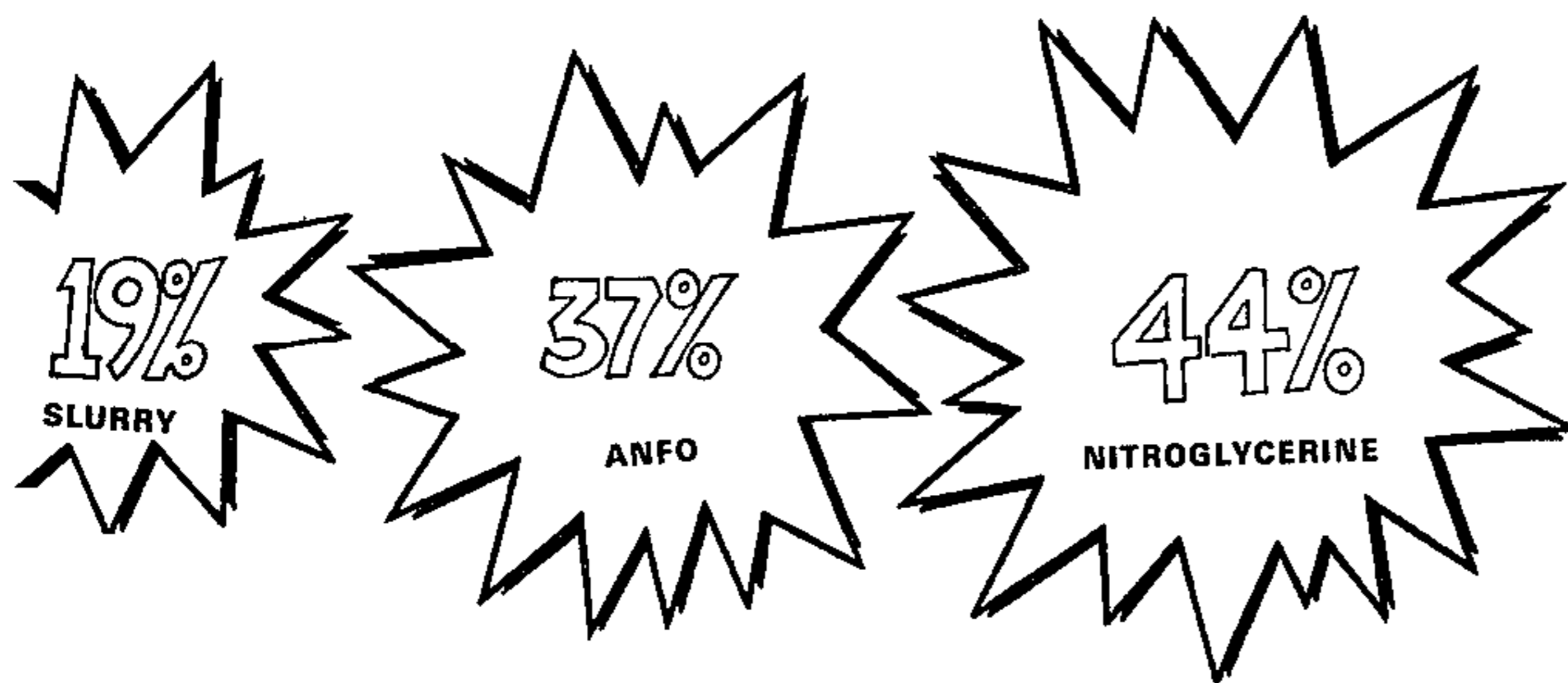
The Competitions Board has its work cut out this year in determining whether or not AECI's virtual monopoly of the commercial explosives industry is in the public interest. Its report on restrictive practices in the supply and distribution of explosives and explosives accessories should be tabled in Parliament early next

year. That AECI has a near monopoly is not in doubt — but whether or not this is against the public interest is difficult to determine. For the facts of the issue are obscured on the one hand, by the flamboyant assertions of a would-be contender in the industry, and, on the other hand, by a

conspiracy of silence between AECI and the Chamber of Mines, its biggest customer.

These two parties jealously guard the details of a secret agreement which governs prices and conditions under which explosives are supplied by AECI to the mines. So far, this agreement has prevent-

Explosives market shares



Types of Explosives

1. Nitroglycerine based

Products such as dynamite and gelignite

2. Ammonium Nitrate based:

- a) Anfo (Anfo Ammonium nitrate fuel oil mixture). Dry granular products such as Anfex and Metafex.
- b) Slurry. Water gels such as Sinex and Tovex.

ed other companies from gaining a foothold in the R200m-a-year industry because it obliges members of the Chamber of Mines to buy their explosives from AECI only. It does, however, allow the testing of explosives made by other manufacturers, but it gives AECI the chance to develop alternative products of its own which are technically equivalent.

Says Oliver Hill, chairman of National Process Industries (NPI), which manufactures Tovex explosives under licence from Du Pont of the US: "The agreement is, in effect, an evergreen contract between AECI and the mines because it can be terminated only once every five years with a five year period of notice. This means that the present arrangement has in effect at least nine years to run because the last contract was concluded one year ago."

Whether or not this statement is true cannot be determined because neither AECI nor the Chamber of Mines will comment on it.

The *F M* gathers that the Chamber has tested Tovex in four underground mines, two quarries and two open cast mines, and found it to have no significant advantage over AECI products. Tests of Tovex are still in progress in one underground mine and one open cast mine.

Hill disputes these findings. He also says that the trials have been "riddled with bureaucracy" and unnecessary delay. He puts this down to collusion between the Chamber and AECI, both of which, he claims, are dominated by Anglo American.

AECI officials retort that much of the delay came from Hill's own failure to produce the explosives needed for the

Hill, however, maintains that Tovex can reduce total operating costs by 10%, because it does not deteriorate as rapidly as dynamite, and does not leave noxious fumes after blasting which can give miners headaches and lead to absenteeism.

AECI officials counter that judging Tovex, an ammonium nitrate-based slurry explosive, against dynamite, a nitro-glycerine product, is like comparing apples with horses, and that it should rather be matched against Sinex 960, AECI's own ammonium nitrate-based slurry.

"Slurries are much of a muchness, but we believe that our own locally developed Sinex 960 is the best slurry in the world," says the manager of AECI's slurry division, Tony Heugh. "We have been manufacturing slurries since 1967 and they now have 19% of the market. In the US, slurries have only 11% of the market."

The AECI view appears to be that most of the sales of Tovex are accounted for by sales to members of the Chamber who are testing it — and that some independent mines which tried Tovex because of its cheaper price are again switching back to AECI products. Hill disagrees and points to several satisfied users of Tovex who are not members of the Chamber, including the De Beers Lesotho diamond mine. These users, he says, buy the product on its merits as they are not obliged to buy from AECI only. AECI claims that his market share is 1% but he puts it at 2%.

Tovex is cheaper than Sinex, but built into AECI's price in terms of its contract with the Chamber is an undertaking to hold high stock levels and manufacture from more than one plant to ensure a continuity of supply in cases of emergency, such as the recent floods which have

erupted West factory and certain Cape mines. NPI presumably gives no such undertakings for Tovex.

"Our contract is a *quid quo pro*," says an AECI spokesman, "which makes us captive suppliers where our profits are clearly defined and controlled."

The company's latest annual report shows that its explosives turnover is 20,3% of total group turnover, with explosives trading income at 28,1% of total group income. Although this suggests that explosives yield higher gross margins than products from other AECI divisions, the company claims that its explosives cost less than similar products in other countries. Its price for 25kg dynagel is R16,23 against R31,40 in Canada, R44,65 in Australia, R30,44 in the US and R50,15 in the UK. Similar price differentials exist for Sinex, which sells in SA for between R21,30 and R24,90 for 25kg.

Hill describes this as selective reporting and says that AECI's price of Anfo porous prills is far higher than the US price in order to subsidise its dynagel price.

By any standard, AECI is a giant — it supplies more than 98% of the total requirements of the big local explosives market in addition to a significant export market. With demand running at 350 000 tons a year, SA is the second biggest consumer of commercial explosives in the Western world (after the US, which consumes 1,8m tons). Canada is third with a consumption of 300 000 tons. And because of the nature of its mining operations, SA is the largest market in the Western world for explosives accessories such as fuses, detonators and igniters.

Consumption of Explosives by Mining Sector

Type of Mine	Share of total tonnage %
Gold	40
Platinum	15
Coal	12
Copper	5
Uranium	5
Diamonds	4
Iron	3
Chrome	3
Asbestos	2
Quarries	2
Manganese	2
Others and Exports	7

In a free enterprise economy, monopolies are not necessarily a bad thing — if their position is not abused. But there should be no artificial barriers to free competition. In the SA explosives industry the near monopolistic AECI sells the bulk of its output to what is essentially one customer, the Chamber of Mines. Entry for new contenders in the market is made difficult by the AECI/Chamber contract. But if the customer freely chooses to buy exclusively from a single supplier, is the supplier guilty of abusing its position? This is the question the Competitions

ployee to borrow single handed against the value of one's labor, as contrasted to borrowing against the security of one's house or other salable assets. The employer in effect becomes a financier of short-term "loans" to his employees when he retains them at the prestated (but otherwise too high) wages during recessions, while the employees repay by continuing to work during boom periods at lower wages than they could have obtained transiently elsewhere.

Employees who are more steadily valuable to employers over intervals of business fluctuations—for example, administrative, nonproduction, security, and maintenance staffs—are more likely to have job stability. Employees who have acquired special knowledge about this particular firm and whose replacement would involve new costs of familiarization are also more likely to be maintained. People who have worked with the firm longer will have more job security (seniority) since they have shown a greater probability of staying with the firm without insisting on transiently higher wages during higher demands. Younger people just entering the market, still searching out career features, are less likely to remain employees of a given firm. An employee's ability to judge their future productivity is less than for "proven" employers, and hence the likelihood of such contracts will be lower.

Those who are self-insuring providers of services to the firm suffer greater fluctuations of income than do those whose income is insured by the employer. During recessions, losses of the firm will increase as the firm continues to pay employed inputs more than they are worth at that moment—but at other times earnings are larger cause insured incomes do not rise as readily.

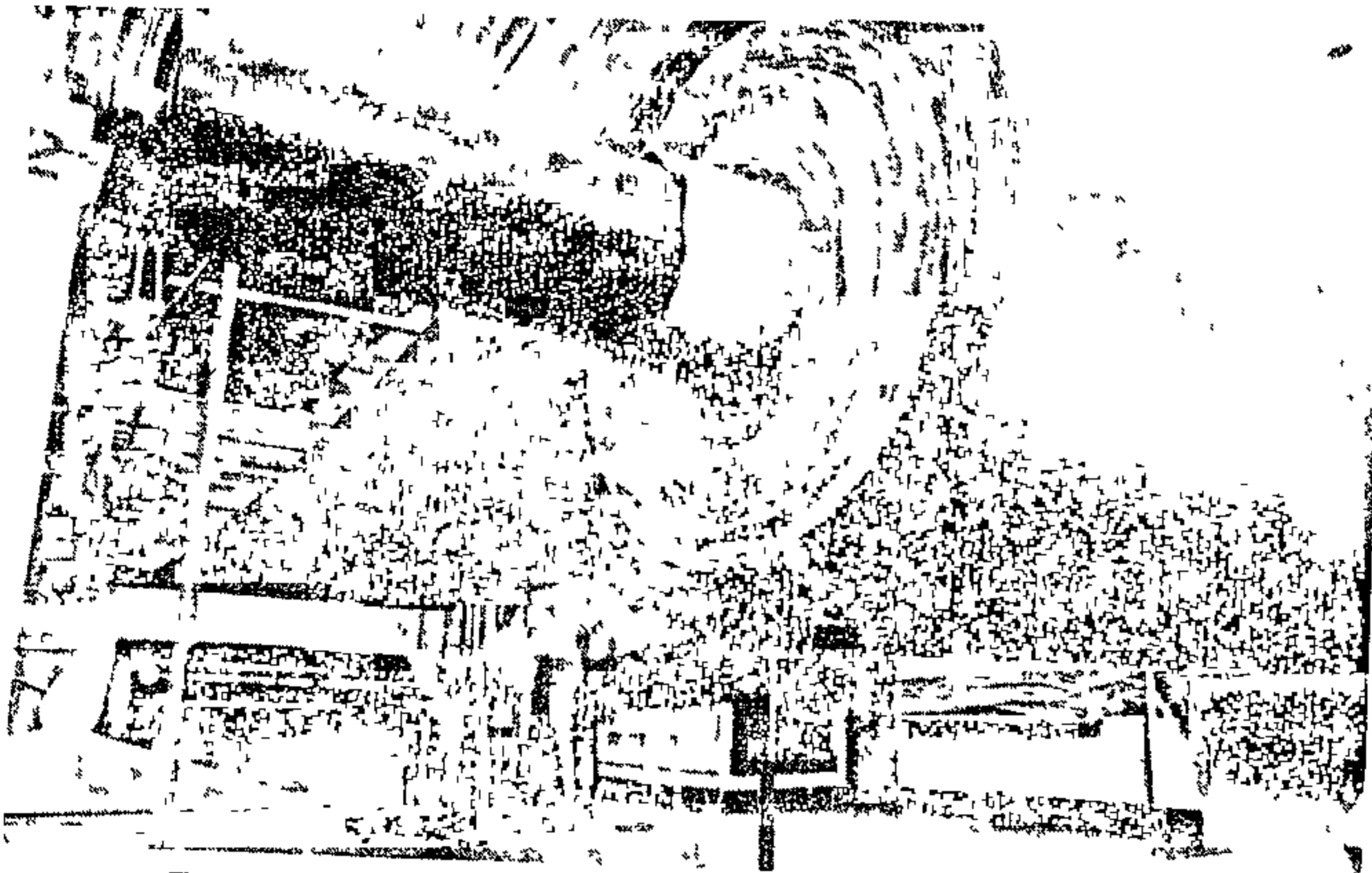
The consequent larger fluctuation in returns to the firm's owners is not some necessary, natural consequence of the world. It reflects voluntary, contractual risk-sharing by the contracting parties—given that future demands and economic conditions are not perfectly and costlessly predictable. For example, a lender of money to a business firm can make a very short-term loan for a fixed interest rate. Normally he will be repaid on time and bears little risk of any interim events that might affect the security of that loan. Others may lend for a 20-year period and expose themselves more to longer-term risks and greater changes in the sale value of that bond in the interim. Others may choose to invest in some firm as an owner rather than as a lender, and experience a wider range of potential values of his investment depending upon how well the firm does. Similarly, employees—sellers of their services to a firm—can make contracts on a shorter- or longer-term basis for a fixed wage or an adjustable wage that depends on business conditions.

6, 7
8, 9
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Summary

1. Teamwork, another source of increased output over independent production, requires team organization, supervision, and monitoring.
2. Team organization, supervision, and monitoring can prevent wasteful team sizes.
3. Different property arrangements of jointly used resources affect the efficiency of team sizes. Private-property rights to resources permit efficient team organization. Communal rights can lead to excessive congestion and overuse of facilities.





Textiles . . . could there be massive imports of piece goods?

Imported yarns often have the advantage of price because of cheaper feedstocks and economies of scale in countries of manufacture such as the US, says Grant

"The duties have gone up to cover current selling prices which went up 15% from the time the application was submitted in August 1979." He claims the amendments are not at a level at which the clothing and textile manufacturers' market will be disrupted

On certain speciality yarns — not manufactured by Sans — rebates on tariffs were granted

The amendments are based on a formula relating to the fob value of yarns

Although it's taken 18 months to process the application, Sans is not unduly perturbed "The BTI revised our application. Duties granted are relevant in relation to our current selling prices"

Quantitative import control on yarn has been phased out to a large extent over the last six months. But Sans is negotiating with the BTI on quantitative controls. What's needed, says Grant, is "very moderate levels of duties backed by quantitative controls"

Even though SA subscribes to Gatt agreements on phasing out import quotas, Grant says "The multifibre arrangement within Gatt is in fact a set of quantitative controls. To say the Gatt agreement precludes quantitative controls is a bit of a red herring"

He sees the need for duties to be "adjusted on an ongoing basis, especially in terms of inflation." The fact that it's taken 18 months to get the new amendments approved "is not all that serious while we had quantitative controls to back up duties. However, if these controls were not there, it would have been very serious"

Stan Schlagman, executive director of the Textile Federation, says Sans consult-

ed "their customer sector, members of the Textile Federation, about the proposed amendments before they submitted their application to the BTI. In many cases

what they originally wanted to ask for was amended or scaled down after consultation with TF members

However, some TF members are less than sanguine about the new duties. Gregory Knitting Mills MD Roy Sable argues that the new duties "are protecting the wrong end of the horse. Possibly there was justification for Sans to ask for extra protection. But if there's protection for Sans, what about protection for textile manufacturers and clothing manufacturers?"

He maintains that if duties are imposed on yarn and not on textiles, "there could be massive imports of textile piece goods without adequate duties and controls. This could mean that textile manufacturers won't buy yarn from Sans. Local industry suffers"

He explains that if there's inadequate protection for garment manufacturers, cheap clothing imports result in manufacturers not supporting the local textile industry. If garment manufacturers don't buy textiles, "we don't buy yarn. It becomes a vicious circle and nobody is happy"

TARIFFS ~~FM 6/2/81~~ FM 6/2/81 Duties amended

Amended duties on nylon and polyester fibre and yarn were gazetted last month, 18 months after application for tariff amendments and rebates was submitted by SA Nylon Spinners (Sans) to the Board of Trade

Sans sales marketing director Don Grant says "We asked for duties which would protect selling prices of our yarns to our knitter and weaver customers against unrealistically priced imports"

The application was necessary, he says, because "there's always the threat" of cheaper imported yarns being dumped in SA

PLASTICS  (245)
Protection bid

FM 6/2/81
The two petrochemical giants, AECI and Sentrachem, have applied to the Board of Trade and Industries (BTI) for import tariff protection which, if approved, will mean importers will have to pay up to 100% duty for plastics raw materials

The BTI requested an application to replace existing import control regulations. And, say the producers, the reason the tariffs are so high is to protect them from low prices abroad. The considerable time the BTI takes to ratify protective tariffs is also believed to be a major reason for the move.

The application has come at a time when prices on the world market are substantially lower than in SA — ethylene, the basic feedstock for most of the plastics produced here, costs 50% more in SA than in the US — and is designed to protect local industry.

Some claim it is also designed to entrench the position of the applicants.

According to Mike Sander, AECI's plastics division manager, and Roy Pithey, GM of Safripol, a major Sentrachem subsidiary which is "sole supplier" of high density polyethylene and polypropylene (HDPE and PP), the effect of import tariffs will be to maintain the status quo.

Sander said prior to the application being tabled in last week's Government Gazette "We are often criticised for using our protected position for lining our pockets," but he notes that the operating margins between SA producers and European ones are very similar.

"The differences stem mainly from differences in raw material costs and subsidisation of the industry of one form or another in overseas countries."

Sander and Pithey both believe the SA plastics industry, which last year had a R1 000m turnover, has performed well in spite of being supplied from only two sources.

They also both refer to the US subsidy of natural gases, from which ethylene is derived, and the fact that half the European plants are state-owned and therefore prepared to operate at levels below profitability.

Their justification for protection is accepted in principle by their clients. And, in a statement released this week, the Plastics Converters' Association notes "The PCA is fully aware that local polymer manufacturers will require some protection, and we would support any reasonable application for such protection."

However, the association notes that AECI and Sentrachem, in their application, have not adhered to the guidelines set out by the BTI which recommends import tariffs on raw materials of 15%-20% ad valorem on fob price — a protection seen as adequate if coupled to realistic floor prices.

"We believe that the reasons for the relatively high duty and floor price applications are that past experience has shown that the BTI is not equipped, in the constantly changing circumstances which apply to our industry world wide, to handle urgent applications timeously," the PCA statement concludes.

Chairman of the BTI, Basie Kleu, feels that industrialists do not invest in increased capacity soon enough to handle heavy demands, and then resort to asking for protection.

Pithey, like Sander, disagrees with Kleu's argument as applied to the plastics industry. "In order to increase capacity we have to make substantial capital investments in our industry and the lead times are up to five years, in the case of Sasol (suppliers of ethylene to the SA market)." He feels the plastic industry is sufficiently unique to warrant higher levels of duty and sees the long term aim of protection as protecting the volume of business.

RDM 2/81 (1976)

Review of 245 tyre price controls

CAPE TOWN — The Competition Board has been ordered to investigate whether or not the existing 'informal' price control on vehicle tyres and tubes should be retained.

This was announced yesterday by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers.

He said in a statement that the board had been instructed to investigate whether conditions existed in the manufacture and marketing of tyres and tubes which made the retention of 'the existing, informal price control on the manufacturers' price of these articles desirable or not'.

A notice to this effect would be gazetted today.

Representations in connection with the inquiry may be submitted to the Competition Board Private Bag X84, Pretoria 0001 until March 6 — Sapa

Call to scrap SA ^{CT 10/2/81} marketing ~~boards~~ ⁽²⁴⁵⁾ board system

Own Correspondent

JOHANNESBURG — Agricultural marketing boards in South Africa had become big business at the expense of the consumer and had lost sight of their stabilizing role the vice-president of the Housewives League, Mrs Yvonne Forshaw, said at the weekend.

Two leading supermarket chains joined her attack saying the boards had failed to stabilize the agricultural sector.

A director of Pick 'n Pay, Mr Richard Cohen, suggested that the system should be abandoned.

Mrs Forshaw was reacting to a comment by the director of the South African Agricultural Union, Mr Chris Cilliers, who said on a radio programme on Friday night that he would prefer to see the abolition of the free market for fresh foods.

This comes at a time when food inflation has soared to 30 percent and is almost double the overall consumer price index.

On Sunday, Mr Cilliers claimed that marketing boards had kept food prices down and said marketing controls on fresh fruit and vegetables (the only agricultural products which do not fall under a control board) would benefit the consumer.

"Free market mechanisms are not suitable for agriculture. Control boards keep prices from fluctuating, like the Meat Board which is a wonderful system," he said.

Mr Cilliers said there were 22 marketing boards employing 2 500 people at a cost of R25 million.

"This means that only R1 per head of population is being spent to regulate the R10 000 m food industry and see that there is no exploitation. This is not excessive," he said.

He said the real income of

farmers had dropped by 30 percent during the past five years and it was only when they were placed "on a sound footing" would the food price come down.

Mrs Forshaw and the supermarket chains differed however.

"Marketing boards have lost touch with their initial functions," said Mrs Forshaw.

They have reached a monstrous stage where they are encouraging farmers to expect fantastic profits and its horrifying to think that extra controls should be introduced," she said.

"Farmers are being led to believe that they have a divine right to massive profits by these boards. The population is being held to ransom just because they have to eat. It seems we are rapidly reaching the stage where farmers are pushing through one increase after another because people can't do without food."

Mrs Forshaw said that while marketing boards had a function to play in stabilizing the agricultural sector she had lost faith in their ability to do so.

"I can't understand why our maize and wheat prices are so high compared to world prices, and meat seems to be going that way too - when our labour costs are so low. Last year, consumers were forced to subsidize our high cost of maize when surpluses were exported at a loss during a bumper year. This is a bizarre situation."

"We've seen how these boards do their marketing with the present egg situation. As a result of the Egg Board ordering the culling of thousands of hens, we are now sitting with a shortage and will have to import eggs."

"It seems these boards which wield enormous power often interfere without assess-

ing the situation correctly.

"All round they have not led to greater prosperity for the population as a whole - in fact, there have been significant drops in food consumption in these basic foods despite population growth, and this is a worrying situation."

"No food in South Africa should be exported at a loss when we have many hungry people within it. I can't see the point of having 'food detente' with the rest of Africa when on our own doorstep there are many who can no longer afford to eat."

"It's time our ministers of agriculture, who are elected by all of us, started looking further than the farmers' needs. They should be looking at the country as a whole. Similarly, the Department of Agriculture, paid for by all of us, should realize that their job consists of more than just seeing to it that farmers get more money," she said.

The marketing director of Checkers, Mr Harold Greenstein, commented "It's time the marketing skills of our boards were investigated. They have tended to place emphasis on the needs of the producers instead of having a balanced look at the needs of the marketing chain as a whole."

He cited debacles in butter, cheese and eggs as an example of the boards' inability to stabilize supply and demand.

"Given the present board structures and their poor track record they should be abandoned altogether," said Mr Richard Cohen, a director of Pick 'n Pay.

"If one looks at maize farmers who have been given a 70 percent price increase in the past three years and are likely to get a 15 percent increase this

year, one wonders what is going on. It is not possible that their increased cost of production has risen this much. The high price of maize has a ripple effect through other food products, and the whole situation reaches an unrealistic position."

Mr Cilliers denied that South Africa was exporting maize at a loss and claimed that only wheat and dairy products were exported at losses.

"Even if the price of export

doesn't mean a loss -- you can still make a profit," he said. Asked how controls could be expanded in the agricultural sector, Mr Cilliers said he would not like to see South Africa go as far as Russia. "We don't need that kind of control. We need a sort of in-between system," he said.

BOMBING TARGET IN SOUTH AFRICAN WEST COAST TOWN

245
10/2/81

~~245~~ 245
14/2/81

Crime Reporter

The Mercury building in Devonshire Place was put under round-the-clock police surveillance yesterday within a few minutes of a bomb threat against the newspaper

The threat, which is linked to Saturday's bomb blast in Field Street, was made at 1.30 p.m. yesterday in an anonymous telephone call to Col Gideon Venter, Station Commander of Durban Central

A man speaking with an Indian accent — either real or assumed — said 'The Mercury is one of the next targets to be bombed. Then he rang off'

Republican Press at Mobeni was also named as a target

The police immediately put an anti-bomb plan into operation. Special foot pa-

trols were moved into the area and the Mercury building was put under observation. Other details of police action cannot be disclosed

After the police had informed the editor of the Mercury, Mr James McMillan, he ordered a thorough search of the Mercury building. No bomb was found

Crank?

Brig J R van der Hoven, Chief of the Port Natal Division Security Branch, said yesterday that the threat could have come from a crank but police could not be sure and were investigating it as genuine

Meanwhile, at police headquarters in Pretoria, the consensus was that the African National Congress organisation was responsible for the bomb, of East European origin, that exploded in a dustbin in Durban's city centre on Saturday afternoon

Mag-Gen Johan Coetzee, Chief of the Security

Branch in South Africa, said yesterday that the ANC would, therefore, be reluctant to claim responsibility because the three victims — earlier reported as two — were blacks

Police were also in possession of information which ruled out the possibility that two white men — one dressed in camouflage uniform — could have been involved in planting the Field Street bomb

After investigating, they were satisfied that the two men had become suspects through an association of ideas after buying 1.4-volt miniature batteries from a hearing-aid shop in West Street a few hours before the blast

Victims

Gen Coetzee also quashed a rumour that the police had been tipped off beforehand that a bomb had been planted in Field Street. 'That is absolutely untrue. We emphatically deny it,' he said

The three African women victims of the bomb were injured by shards of flying glass

The bin in which Saturday's bomb exploded was a standard householder's refuse bin and not the hard plastic refuse bins found on pavements throughout the city

Durban municipal authorities have no intention as yet of removing these pavement bins

Town Clerk Mr Gordon Haygarth said yesterday 'We are, however, considering what is in the best interests of the city in the circumstances

'We are looking to see if wicker baskets or clear plastic bins could be the answer, but both have their drawbacks

'It is really a question of the ingenuity of the urban terrorist. A bomb can be camouflaged to look like an ordinary parcel of garbage'

Bill to limit produce costs

CT 10/2/87

HOUSE OF ASSEMBLY —

The efficiency of marketing-control boards, poor prices paid to farmers and high costs to consumers of fresh produce were discussed in the second reading debate on the Commission for Fresh Produce Markets Amendment Bill yesterday

Introducing the bill, the Minister of Agriculture, Mr Pietie du Plessis, said the measure was one of effective rationalization which he hoped would keep marketing costs as low as possible

The Progressive Federal Party was opposed to the provision in the bill which enabled the minister to prohibit the use of any fresh-produce market which had been erected without his approval

Mr Philip Myburgh (PFP Wynberg) wanted clarification on this point before his party supported the measure

Mr Rupert Lorimer (PFP Orange Grove) also expressed reservations and said that in a free-market system, every facility had to be provided for free enterprise

He was against inefficient control boards such as the Dairy and Meat boards, but was not against control as such

Mr Du Plessis said control had little to do with poor producer and high consumer prices. There was little control in the fresh-produce market and consumer prices were still high, as a result of many other factors

"Marketing-control boards are the pillars on which a stable agricultural marketing system is built and are to the advantage of consumers and producers"

He gave the assurance that he would not use the bill to close down greengrocer concerns and would look again at the definition describing a fresh-produce market

Mr Harland Bell (NRP East London North) supported the bill on behalf of his party.

CHEMICAL

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For the best student in each

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Awarded to the student with the

best classwork in Engineering

Wing.

Benegaldo

& C I Prize

Awarded to the first year student

obtaining the highest average

mark.

Cragg

Row over Six Hundred

The country's biggest machine tool manufacturer, the Six Hundred group, is expected to withdraw its application for protection against certain imports, according to sources in Pretoria

A factor which supports this contention is that the Board of Trade and Industries (BTI) was expected to announce its decision on Economides' tariff protection application last month, but has not yet done so

MD of the group, Jim Economides, denies it, and a BTI official says a formal withdrawal has not been received

Six Hundred raised a furore last year when it applied to government for a 20% tariff and an import permit requirement on turret milling machines which it proposed to make locally (*FM* September 26) Machine tool importers went on record that all Six Hundred's previous applications for protection had been automatically approved even though it had not carried out all its undertakings on local content

They also rejected Economides' claim that he would achieve a 75% local content within a few years and stated that the true figure would be closer to 9% by value

Importers maintain that the factory of the Spanish-made Holke milling machine which Economides intended manufactur-

for the relatively obscure Holke product

Another row has broken out over suggestions that Six Hundred looked elsewhere for a manufacturing deal, despite its connections with Holke At a meeting of the Machine Merchants Association in December, MD of Robert Skok, Bobby Skok, announced that Six Hundred approached the British company Bridgeport for a licence to build its machines in SA Bridgeport supplies about 70% of the SA turret milling machine market

According to Skok, Bridgeport was not prepared to play ball with Six Hundred largely because it had already closed its own SA factory as it did not pay

Economides hotly denies that his company ever approached Bridgeport

Meanwhile Skok has been stocking up on milling machines in case import tariffs are applied "We have 200 Bridgeports, worth about R8 000 a piece, in stock and more are expected to arrive shortly This should give us a year's supply," he says, "and even if Holke machines get their protection, many buyers will still be prepared to pay the duty to get a Bridgeport"

Machine tool sales have rocketed since last year due to the booming economy and the burgeoning armaments industry Order books are full and local manufacturers are struggling to fill demand There is a delivery delay of up to ten months on locally made presses used for making vehicle body parts

Estimates of the market value, which were placed at R160m for last year, have been upped to R250m for this year



Economides . . . denies going to Bridgeport

ing is too small to supply the volume of components required by the SA market They also say that other Spanish manufacturers are concerned over their future exports to SA being blocked by protection

Fedmis-Triomf split recommended

26/2/81 Sme (23) (215) 1981

Political Correspondent
CAPE TOWN — The

Competition Board has found practices in the fertiliser industry which are not in the public interest

In one of three reports tabled in Parliament yesterday, the Board recommended that an agreement between Triomf and Fedmis be terminated

The recommendation could severely affect the interests of fertiliser magnate Mr Louis Luvt

The Board found that the market-sharing agree-

ment between Triomf and Fedmis constituted a restrictive practice which could not be justified in the public interest

The Board recommends that the termination of this agreement should be reconsidered as soon as a further plant for the manufacture of ammonia has been erected which will be able to supply the full nitrogen needs of the fertiliser manufacturers

In the Board's two other investigations

restrictive practices were found in the poultry industry but it recommended a 20 year-old agreement with the Federation of South African Sanitaryware and Hardware Merchants' Associations should be terminated

Mr Oliver Hill, managing director of a small fertiliser company, said he believed the Board's judgment was fair

If accepted by the Government, it would provide for more competition and be in the best

interests of the consumer
He said despite enormous pressure to represent the interests of Triomf and Fedmis the comments would come as a surprise for the fertiliser industry who thought that it "was going to come out smelling like a rose"

Copies of the reports can be obtained from the Competition Board, Private Bag X48, Pretoria, 0001

associated with ill health suggests the contrary, that who becomes ill including those who contract infectious diseases, is rightly determined. A recent study in U.K. showed that a majority of the

a major disruption of their
their hospitalization (snoc
of job, for a house, divor

Moreover the fact that in the
definable groups (26) (as

families there are definite
much more often than other

incidence of disease is in
improvement in the condition

or groups which improve the
illness, as likely to improve

well. There is a definite
broad spectrum condition

social support, etc., and
such as immunization, spina

Some economists have seen
programme together, with

It is just complicated
ough reality to cover
as well as the health
take a broader view
syndromes. Even the
for the perspective
care as seen by the
services professionals
trust perceived by

26. The poor, those from
often than others. Social
strong determinant of
see J. Kosa, a African
leader, said that
from, are are typically
groups who to be more
paper on mortality
shows that deaths from
South Africa for 1980

in if the meaning of 'cause' is agreed upon, ways of
achieving it may be very much open to doubt. It is often
said that the cause promotes health by removing disease.
This is usually taken to imply that a change of concept
is necessary, first cure to active promotion of health;

but it is also true in a very literal and scientific
sense. Suppose that a certain type of event, e.g. moving
house, predisposes people to suffer a variety of illnesses
to such they may be prone to heart attacks, asthma, etc.

One could not know, since we have not looked for this
factor. Under many circumstances it might be the
simplest and cheapest way to reduce morbidity and mor-
tality to reduce the number of times individuals are

obliged to move house. This is perhaps an artificially
simple example yet there may be a group of families
particularly at risk to a number of diseases simul-
taneously. e.g. husband drinks and fights, wife is rheu-
masic, high blood pressure, etc., children are liable to

accident and infectious diseases due to poor hygiene
in the home, etc. It may be calculated the extent to
which on average, an adult who dies in a car

accident is saved by his parents taking into account
the fact that he has a disease. But if this one man is
prevented by judicious road safety measures and the

compulsory wearing of seatbelts from dying in a car
accident, his chances of dying of cirrhosis of the
liver are much higher than those of someone else

who has had a heart attack, unemployment, lack
of education, poor housing, etc.) may in the long run
be more effective and carry a large number of diseases
at once. By deciding on the priority of different diseases

according to their severity, prevalence and curability,
we will perhaps expend more resources and energy for
increasing returns without reaching the fundamental problems
of this family.

It may be argued that this family is not typical, that on
the whole diseases are more randomly spread among families
and individuals. But as this is a research into the
environmental and socio-psychological conditions

FM 27/2/81
COMPETITION BOARD

Fertiliser to fly?

The Competition Board has decided that the market share agreement between the country's two main fertiliser suppliers, Triomf (54%) and Fedcor (46%), is harmful and constitutes a restrictive practice which it cannot condone in the public interest.

The board recommends the practice be terminated 12 months after Fedcor's new ammonia plant comes on stream, now scheduled for 1984. Once the market share agreement is terminated, manufacturers will have to claim their own market share in a free-for-all fight.

This emerged during this week's tabling by Minister of Industries, Commerce and Tourism, Dawie de Villiers of three reports by the Competition Board.

The reports contained the board's findings and recommendations in connection with its investigations into the supply and distribution of sanitary ware and hardware for the building industry, the supply and marketing of poultry products, and the supply and distribution of fertiliser.

The investigation into the distribution and marketing of fertilisers focused on the industry's control over the supply of essential raw materials and intermediate products, and allegations of unfair allocation to smaller producers of scarce raw materials such as nitrogenous products due to insufficient local production of, for example, ammonia products.

The board recommends that government should revise its policy on import control and tariff protection on these scarce commodities, to allow new entrants into manufacturing and to obtain requirements at reasonable prices.

The question of shareholdings by co-operative societies in fertiliser manufacturing operations was considered by the board to be a restrictive practice which it could not condone in the public interest. However, co-operative societies last year voluntarily terminated their shareholdings in one of the two major fertiliser manufacturers, Triomf, before the completion of the board's report.

The board's investigation into the sup-



Premier's Bloom . . . major feedstock companies cleared

ply and distribution of sanitary ware and hardware was concerned mainly with the 20-year-old agreement between the Board of Trade and the Merchants Association in terms of which the merchants and suppliers may not enter into exclusive dealing arrangements or the practice of resale price maintenance.

The board recommends that because

important changes have occurred since the agreement was reached in 1961, the agreement has become obsolete. The practice of resale price maintenance has been illegal since 1969. The board recommends that because the agreement is ineffective, each complaint should now be treated individually and on merit.

The board's investigation of complaints into the supply and marketing of poultry focused largely on allegations levelled against Nepco and the Egg Board and the way in which they administered the production and marketing of eggs as well as on allegations of abuses stemming from vertical integration by large feedstock manufacturers into egg and poultry production.

In terms of Section 2 of the Maintenance and Promotion of the Competition Act, the board is precluded from making recommendations which would regulate the production and distribution of eggs by the Egg Board or Nepco. As a result of this provision in the Act, the board's report contained no findings and recommendations in regard to the Egg Board and Nepco.

As far as allegations concerning the vertical integration of major feedstock manufacturers, the board could not find evidence for allegations that the three major feed manufacturers manipulated and dominated Nepco and the Egg Board

for their own advantage.

The board suggests that government provides egg producers with adequate financing facilities. The board feels independent egg producers do not at present have adequate financing facilities such as Land Bank loans available to them and this should be changed. Inadequate financing facilities encourages vertical integration in the poultry industry.

To what extent the board's findings will be implemented depends on De Villiers whose decisions are being awaited by all interested parties.

More 'inevitable' price rises on way

THE Price Controller will be obliged to authorise increases on all price-controlled products again this year, it was learnt in Pretoria yesterday.

The present 16% inflation rate makes this inevitable.

The controlled products which will be affected will be building materials, steel products, fertilisers, fruit juices, mineral waters, agricultural implements and spares, and fresh milk in certain areas.

They will rise by at least 10%.

Apart from formally price-controlled products, there are many others where the price is fixed under a 'gentleman's agreement' which means producers must satisfy him of the

need for price rises, and abide by his decision.

These products include metal containers, glass bottles, pharmaceutical products, petrol, power paraffin, household furniture, vehicle spares, anthracite and coking coal.

Uncontrolled industries loaded their prices with all cost increases, including higher pay

February 1. A Government source said the controlled industries had to compete with uncontrolled industries in the same market.

for employees — often as soon as they were incurred.

They could also adjust prices to compensate for losses in times of recession, and to build up reserves to combat possible lean periods.

heads on the ceiling" and could hope only for relief once a year — when a sound case had to be made out, based on rising production costs.

Economists pointed out that 1981 will not be greatly different to previous years, because South Africa was in the grip of the winter of December 1901.

a prolonged inflationary spiral which was difficult to slow down — and impossible to halt. In addition to higher prices for controlled products, prices administered by the Department of Agriculture will also rise — subject to Cabinet approval.

These include basic foods such as maize and wheat products (including bread), the whole range of dairy products and the floor price of beef.

For drill sharpening were often constructed at the bottom of the lower shaft to assist the upward flow of air. But natural ventilation was no longer always effective, particularly for those miners working in dead ends. (36) In fact, some of the older deep level mines had only one shaft. (37) Shafts as shallow as 500 feet were difficult to ventilate by diffusion and exhaust air from drilling. (38) These hazards were exacerbated because dry drilling was practised and virtually unregulated blasting hours were permitted. (39)

Development work was usually performed by proficient overseas miners. The custom was for pairs of miner-contractors to undertake a particular job. With the aid of Africans they would work singly; and if they completed a greater fathomage than their contracts demanded within the stipulated time they would receive large bonuses. This made them oblivious of the dangers to their health, preferring to have 'purses lined with gold, often to the extent of £800 or £900. (40) The 'cut and round' system of blasting increased their exposure to nitrous fumes. Under this system, which was still in vogue by 1915, a certain number of holes were drilled at the face, and then the 'cut' (or centre) of the hole was blasted. Within half an hour, while the air was still vibrated from the initial blasting, the other partner would return to complete the blasting of the hole and then recommence drilling. (41)

The question arises as to why Alfred Milner, the new British Administrator of the Transvaal and High Commissioner of South Africa, came to view the disease seriously and what led him to appoint the Miners' Phtisis Commission on 19 December

demonstrated a high fatality rate, particularly amongst rock-drillers, and Hugh Weldon, the Acting Mining Engineer, suggested that blasting regulations should be framed which would prevent miners returning too soon to the face after blasting, and before the 'noxious fumes had been dissipated'. (44) Despite the report and general recommendations, the mining regulations which came into effect in August 1905 were practically identical in substance (particularly those connected with health methods underground) to the 1898 laws of the South African Republic. (45) Even a recommendation concerning ventilation (the amount of air per cubic foot required) incorporated on the suggestion of the Miners' Phtisis Commission, was one identical to that of 1898. (46)

South African medical authorities claimed that the mortality statistics caused Milner to appoint the Miners' Phtisis Commission. (47) Such a view may be only partly true and it is likely that other pressures were brought to bear on Milner for the appointment of such a commission. Sir Thomas Oliver, a British physician famous for his investigations into occupational diseases, claimed that his article in the Lancet of 14 June 1902 was the determining level. (48) In this article he exposed the destructiveness to 'human life' of the Transvaal gold mining industry and urged the necessity for introducing better ventilation, wet-drilling methods and alterations to the existing mining regulations. He based these observations on his personal experiences in the collery districts of Northumberland where he had witnessed the deaths of a large number of miners who had returned from the Transvaal to their homes during the Anglo-Boer war. He also dispelled

245

'Don't raise the maize price' plea by housewives

NEWS
Pretoria Bureau

THE Housewives' League has called on the Government to hold back on raising the price of maize.

The Cabinet Food Committee is now studying the Marketing Council price-increase recommendation for the new season.

The expectation is that a 15 to 20 percent price rise will be authorised from May 1.

Economists have pointed out that this will create an inflation wave which will

affect a large range of food stuffs, including beef, poultry, eggs and dairy products

In a statement yesterday the Housewives' League said South Africa was harvesting the biggest maize crop in its history — 13.5 million tons

Almost half of this would be exported.

For a number of years maize was exported at a profit and the profits given to the farmer in the form of a final payment.

Maize

The consumer received no reduction in price so why should they pay for the losses?

In terms of the maize scheme all maize produced in the major areas must be bought by the board at the controlled price, the league said

This price was determined by producers themselves, who dominated the board

This meant they could plant as much as they liked

because the Maize Board had to buy it

Any increase in the price of maize would have an effect on the food inflation rate, the league pointed out

'We assume the Government, commerce and industry and agriculture are very concerned about this and we consider they have a duty to do something to bring down inflation. They can start by not allowing any increase in the maize price this year'

Meat industry's reaction to buyers' resistance

2/14/81 SIM
123
245

By Ann Crotty

The merger of the meat interests of Kanhym and Asokor with those of Karoo was the basis for the strong growth experienced in the six months ended December 31 and is expected to help maintain the growth in profit of the past five years.

In his chairman's report Dr W J de Viliers said that the increase in meat prices as well as the expansion of the group's activities resulted in an increase in turnover to R294 million for the six-month review period from R304 million for the year ended June 30, 1980.

Income before tax as a percentage of turnover increased from 1,9 percent for the year ended June 30 1980 to 2,4 percent for the six months ended December 31.

INVESTMENT

The increase in net profit percentage was attributed to greater efficiency after the merger of the various meat companies.

For the six-year period ended 1979, meat prices increased by about 33 percent whereas the prices of farming requirements increased by 98 percent and consumer prices by 76 percent. As a result of the slow increases in prices from 1977 to 1979 producers, and breeders in particular, supplied meat at prices which did not compensate them for their capital investment and other input costs.

Long term planning would have protected the producer as it would have ensured a more gradual increase in prices. The one time price adjustment

after six years resulted in consumer resistance and does not compensate the producer for losses sustained over the years.

The various meat price increases from January 1980 to December 1980 were estimated at beef — 87 percent, mutton — 59 percent, lamb — 57 percent, pork — 27 percent.

Whites spend only 5,2 percent of their earnings on meat, with the rest of the population spending 9,6 percent and more money was spent on liquor than on meat in 1978. Furthermore, the meat industry is estimated to represent only approximately 3 percent of the economy and this indicates that the effect of the increase in prices cannot be as great as alleged.

STIMULANT

Consumer resistance to high prices and production shortages resulted in an estimated 30 percent reduction in meat consumption.

For the future Dr de Viliers sees the increase in meat prices as a stimulant for producers. However, the long production cycle makes it difficult to adjust production to market fluctuations and tends to produce a cobweb type supply and demand function.

Sky Couriers 'shot down' by SAA

245
STAR
7/5/61

By Marion Duncan
and Richard Paris

The Free Market Foundation says there is a "good case" for an investigation by the Monopolies Commission into South African Airways actions stopping the operation of the country's only courier cargo service, Sky Couriers.

The company's right to operate has been withdrawn by SAA at the insistence of members of the South African Association of Air Freight Forwarders.

Mr J Mackenzie-Parker, chairman of the Air Freight Division of the Transvaal Association, told The Star his organisation was not prepared "to sit back and allow Sky Couriers to take away such a large amount of business" from freight agents

"When it started five years ago we did not mind, as it was a small amount of cargo. But it

has become a very large enterprise, and so we as freight agents asked SAA to stop it or all of us — perhaps as many as 15 companies — would want to start a courier service of our own," said Mr Mackenzie-Parker.

Sky Couriers, which operates a courier service for the transportation of documents and urgent parcels for four Government departments and 4 000 companies, employs 120 people.

Its right to operate was withdrawn by SAA at the beginning of this month.

Mr Terry Markman of the Free Market Foundation, said SAA had a "coercive monopoly" which means it has no competition "not because it is more efficient than any potential competitors, but because all potential competitors are not allowed to compete — by law.

"Now SAA is using its privileged position to keep out Sky Couriers, which in a way competes with one of the services (the express cargo service) that SAA offers."

Monopolies are strangling meat trade - Lorimer

3/26/61
2/6/61

**By Hannes Ferguson
Farming Correspondent**
If the stranglehold of monopolies in the meat trade were allowed to persist, a free marketing system could not operate successfully.

This was the gist of the evidence given to the Meat Inquiry Commission today by Mr Rupert Lorimer, former PFP spokesman for agriculture and consumer affairs.

Mr Lorimer said Imperial Cold Storage, Kanhym-General Mining and Cleissentraal controlled 80 percent of the industry.

Their monopoly was based on their meat wholesaling operations. It had been made practically impossible for an independent butcher to bid for beef at the auctions held at the abattoirs.

The "Big Three" easily excluded the smaller man. And the health regulations obliged him to buy and operate a special meat truck costing about R50 000. This forced the independent butcher to get his supplies from one of the "Big Three."

The monopolies also controlled much of the meat supply to supermarkets, Mr Lorimer said. They sold meat at retail prices which were often 40c to 60c a kilogram higher than those charged by the independent butcher.

The Meat Board played into the hands of the "Big Three," Mr Lorimer said. They had large cold

storage facilities, and by not buying, they could force the Meat Board to "buy in" the carcasses offered.

When the Meat Board "bought in" carcasses when the minimum price was not reached at the abattoir, those carcasses were then offered for export or resold to large buyers, generally at a lower price.

Confusion and suspicion shrouded the methods of disposal of the meat which sometimes seemed to have been sold to the "Big Three" at very low prices.

Mr Lorimer suggested to the commission that to allay suspicions, it should investigate in detail how carcasses bought by the Meat Board were disposed of. It should be established whether or not carcasses were sold to companies whose directors served as members of the board.

Mr Lorimer said the present makeup of the membership of the Meat Board was unsatisfactory. He asked the commission to give its attention to the qualifications for membership.

He believed that before anyone was appointed to the board he should disclose his financial interest in the industry.

If only to remove suspicion the present members of the board should also give details of their financial interests in the marketing of meat.

practitioners are generally far preoccupied with the pressing needs of the ill to spare time to study a parallel and often presumed inferior rival system. There is also a general lack of epidemiologic knowledge for this type of research: there is also a lack of interest in community medicine in South Africa. Most therefore contribute impressionistic information based on samples of patients who come to them after a failure in

of a traditional practitioner. Their impressions then

- We need to ask ourselves the following questions:
1. How does the traditional medical institution serve the present needs of the society?

4/

- description will take us to the following areas:
- political system, kinship system, marriage and family, the economic system and the concept of the individual.

1. Political System: In the rural areas paramount

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other?
 al consequences arising
 scientific medicine?
 I implications of the use
 a traditional society?
 preventive medicine in rural
 khosa social structure and
 base. Consequently a very
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 in this conference. This

Monopolies: Govt warning

Staff Reporter

THE Minister of Internal Affairs, Mr Chris Heunis, yesterday warned private enterprise that the abuse of monopolistic powers could lead to increased government intervention

He told the Kimberley Chamber of Commerce a heavy responsibility rested on the state to maintain a "fair and judicious competition policy" to safeguard the consumer against possible abuse of market power

He said the government was constantly aware of the need for foreign competition where it was justified by the lack or absence of domestic competition

The government was presently reviewing its tariff policy with a view to moving towards "more indirect forms of protection"

Greater internal competitiveness would benefit the anti-inflation policy. Price movement would reflect real supply and demand conditions rather than "artificially

imputed imbalances" caused by monopolistic powers

He said the government might have to intervene to a greater degree to establish a framework more conducive to free enterprise, based on effective competition and coupled with a gradual disengagement of the government

He said the private sector should be clear as to what they were "really clamouring for" when they advocated a more free system of enterprise

It was contradictory to free enterprise principles for monopolistic concerns to find it necessary to apply for protection against foreign competition

The abuse of overwhelming market power for short term profiteering could lead to more government intervention. But if this power was used to sharpen competitiveness it could lead to more government support in competing with giant overseas competitors in export markets

20/6/81
245

X could get for the 1 cabbage we are in need of. We however directly substitute the one for the other by the 2 1/2 cents.

A very good ex

PRICE CONTROL
Silly season

FM 12/6/81
245

Considering that we are deeply enmeshed in yet another season of administered price increases it is surprising to learn that government's anti-inflation efforts in

the area of administered prices are supposedly taking the form of de-regulation, rather than limits on percentage increases

According to Jan Dreyer, chief of economic planning at the Prime Minister's office PW Botha's Economic Advisory Council discussed the question of price administration, and concluded that pricing decisions should be returned to the jurisdiction of those markets in which effective competition existed. This was felt to contain greater anti-inflationary potential ef-

fects than simply putting statutory ceilings on administered price increases as and when they arose

Given the strong oligopolistic tendencies of SA markets, the criterion of "effective competition" may be a severely restrictive one. As one economist points out, price manipulation is by no means the exclusive province of government. It would not be too much of an exaggeration, he adds, to say that most prices in SA are administered, but that government is responsible for only about 30% of them

Through the device of the Marketing Act, Pretoria reserves the right to administer crucial basic consumer prices like bread, flour, butter, meat, milk, and so on. Recommendations for increases are made by marketing boards and are then subject to ministerial approval. The same approval (largely from the Minister of Agriculture) is reserved for the producer prices of key agricultural products, like maize.

The Price Control Act covers other prices, like building materials, fertiliser, steel products, coal and so on. These are directed through the Price Controller's Office in Pretoria, and some are referred to the Ministry of Commerce and Consumer Affairs. The Price Controller also has less formal agreements with certain manufacturers — like those of anthracite, pharmaceuticals, tyres, motor spares, and so on — by which price increases are held back until authorised.

Unless bureaucratic delay is the explanation, the lack of effective competition in local markets is proving the major stumbling block in removing prices from the administered list. Since the Prime Ministerial directive on de-regulation was issued in early 1980 as a logical offshoot of the Carlton conference, only the prices of household appliances, radios and electronic equipment have been freed, and that was nine months ago. Dreyer makes the

point that effective competition is not a static concept. Even where markets are apparently oligopolistic in the sense of being dominated by a small number of sellers, if they can be shown to contain freedom of access, and suppliers are not statutorily protected, they can be regarded as effectively competitive. If this is indeed the case, the small number of de-regulations so far makes the SA market situation look even more dismal.

But some economists believe a case can be made for price administration, if not actually in support of it, then in terms of putting a more favourable light on the existing situation.

Certain highly cyclical industries, especially in agriculture, must be protected from market gyrations. And if government co-ordinates its regular rounds of administered price increases, instead of resorting to sequential rises each of which has ripple effects, it can exercise a moderating influence on inflationary forces.

This may contain some cold comfort for consumers already feeling the direct and indirect effects of the rises in prices of rail transport, maize, milk, eggs, paper, oil, and so on already sustained this year. And with meat, steel, bread, petrol and medical price increases supposedly in the pipeline, the silly season could get sillier still.

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FM 27/81
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More madness than method

Businessmen have every reason to be concerned if government's strategy on industrial development is a measure of the quality of its "total strategy"

They have only to look at the relative prices of trucks, beer, plastics, tyres and items in other government-rigged markets to see its failings

What is more, there is no method in the madness of government intervention For there are at least 15 government departments, committees and state-appointed bodies which have a say in the country's industrial development They often work at cross purposes Many have wide discretionary powers to enforce their decisions in overlapping, or poorly defined areas of responsibility

This both necessitates and encourages frequent ad hoc decisions at Cabinet level to resolve inevitable difficulties

The situation has arisen not only from

an excess of bureaucracy, but also from the lack of a clearly defined national industrial strategy to coordinate the activities of these bodies

If any body should be responsible for formulating such a strategy, it should surely be the Board of Trade and Industries (BTI) But in its 60 years of existence, the BTI has failed to do so

It is not clear whether this is the fault of the BTI itself or whether it arises from the refusal of successive Cabinets to heed its recommendations

Legislation provides that the BTI shall, under the direction of the Minister of Industries, Commerce and Tourism, advise the government on state aid for industries, fiscal policy on commerce and industry, tariffs, the supply of raw materials, labour and technical knowledge for industry, the encouragement of investment in industry, transport and markets for the requisites and products of industry, the relationship between factory, wholesale and retail prices, and commercial legislation and industrial training

National strategy

These provisions cover most of the areas which should be considered in formulating a coherent national industrial strategy

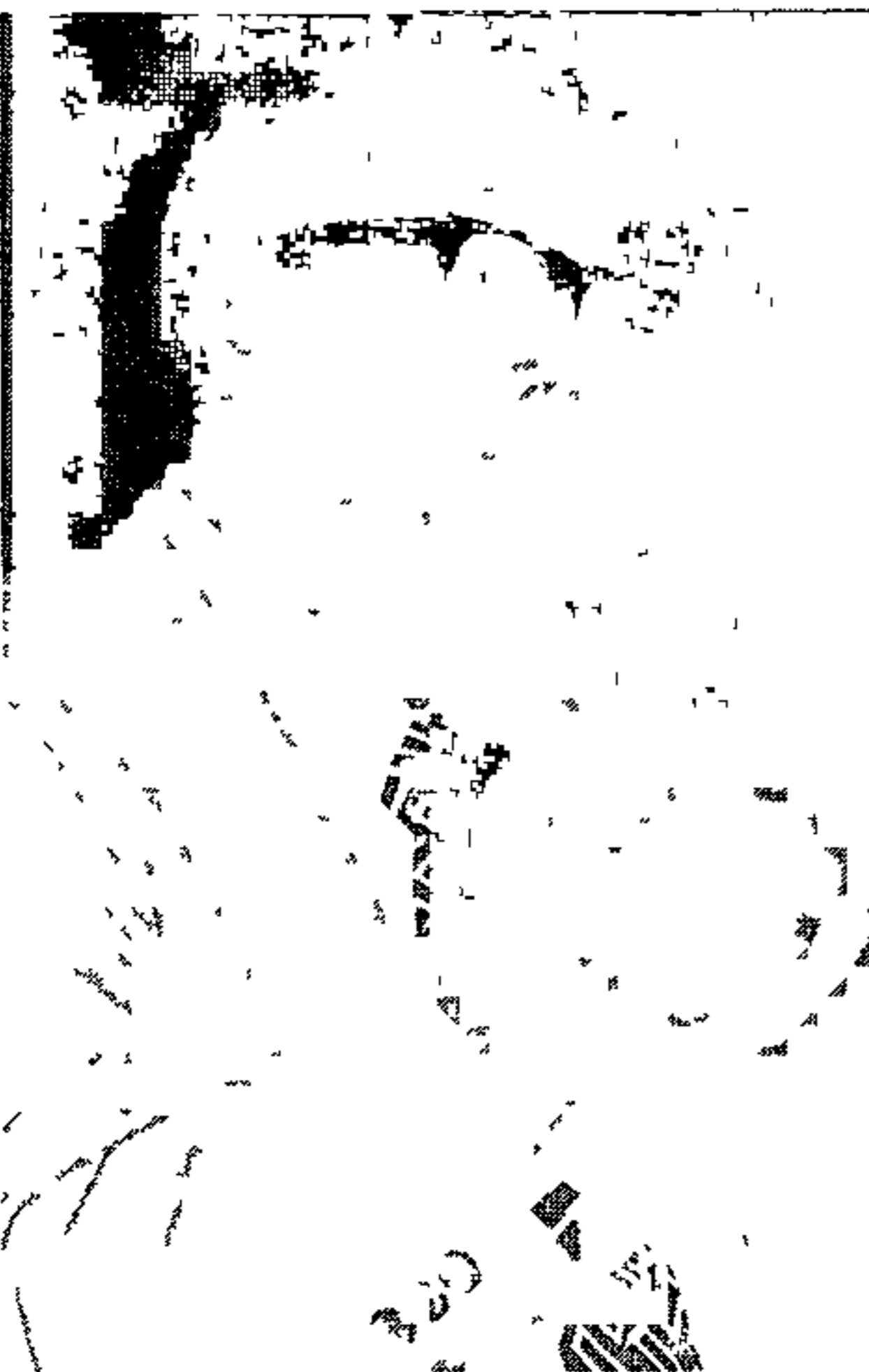
But the functions of the BTI have withered over the years, until today its prime function consists of recommendations on import tariffs Many of its other functions have now been farmed out to other bodies These include several government departments as well as other government-created bodies with certain nominal responsibilities (See Box)

The Cabinet frequently rejects the recommendations of these bodies, as is its right But on occasion it also usurps their specialised investigative and planning functions

For example, when the BTI was investigating alleged monopolistic practices in the liquor industry, the Cabinet implemented its own plan for the industry which gave a monopoly in beer to SA



Commissioner Kleu . . . four years, no report



Minister Heunis . . . appointed the commission

Breweries, dominance in wines and spirits to CWD, and a powerful position in liquor retailing to the Pickard group

If anything, conditions in this industry are now more monopolistic than before, and the final report of the Board will be of academic interest only

The state utility, Escom, endeavours to supply electricity at the lowest possible cost, and its record in doing so is good But this has not stopped the Cabinet from considering proposals to establish a state-protected monopoly for the expensive local production of power generating equipment at a time when established manufacturers world-wide are begging for Escom business

The BTI formulated the local content programme for motor cars and light commercial vehicles This is not without its short-comings But it is not as chaotic as the heavy truck and tractor local content programme which has emanated from the Cabinet during the last three years

The BTI was not consulted on this in spite of its experience in related matters. And it now appears that some of its members have been asked to help clear up the mess.

The Competition Board recently put forward recommendations on reducing restrictive trade practices in the fertiliser industry. There has so far been no ministerial response to these recommendations, although Sasol has since received the go-ahead to enter the fertiliser market. Initially, this may increase competition. But some observers believe that if government's fiat is exercised as it has been in other industries, a market which is now dominated by two public companies, could one day be controlled by an organisation established with funds supplied by the

taxpayer.

In these circumstances, industrialists might be forgiven for assuming that the Cabinet lacks confidence in the machinery it has created to regulate industry and in the experts it has appointed to it.

It also suggests that the system cannot work because it has not been provided with an adequate framework of principles within which to operate.

The Cabinet is clearly not happy with the present situation. Four years and three ministers ago, then Industries Minister Chris Heunis set up a commission to establish a national economic/industrial strategy to counter the "total economic onslaught" against SA.

The commission's report has yet to appear.

It is ironical that Minister Heunis appointed Dr Basie Kleu as chairman of this commission, for he is also chairman of the BTI. Kleu may find himself in the unenviable position of having to censure the institution over which he himself presides. Equally, if he criticises the Cabinet's disregard of BTI recommendations, his motives may be regarded with suspicion.

Heunis' successors in the Industries portfolio have perhaps realised the embarrassment such a report could cause. For the efforts of the members of the Kleu Commission have since been redirected into what are described as "higher priorities".

We are thus still without a national industrial strategy, because, as one wag has put it, government is still "Kleuless".

The plea for a national industrial strategy does not stem from a desire for a centrally planned economy but from the need to limit arbitrary bureaucratic interference in private industry and to rationalise that which is unavoidable.

An industrial strategy should set out the rules which apply to bureaucrats and industrialists alike and define their areas of endeavour.

Without it, government is likely to continue to blunder into contradictions and all sorts of economic errors which will prevent resources from being used to their best advantage.

That, in turn, will lead to further undeserved government protection for the uneconomic — including near monopolies in some industries — while other sectors are condemned to prolonged poverty and price instability.

GOVERNMENT'S INDUSTRY REGULATORS

Department of Transport Affairs

Ministry of Finance

Department of Agriculture and Fisheries

Department of Mineral and Energy Affairs

Department of Industries, Commerce and Tourism

Department of Manpower

Competition Board — restrictive trade practices

Standing Commission on State Competition — competition between state and private controlled industries

Division of Export Promotion — export incentives

Decentralisation Board — tax incentives related to geographical location

Standing Commission of Enquiry on Taxation Policy — general tax incentives

Wage Board — wage levels

Manpower Commission — labour-related matters

National Transport Commission — competition between SAR and private hauliers

SA Reserve bank — borrowing facilities for foreign subsidiaries

Govt looks at price control on coal

245
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6/8/81

By PAT SIDLEY

THE Competitions Board is investigating the desirability of retaining or removing price control of coal.

The move has not been prompted by the industry — either the producers or the retailers — but by the Government in line with its approach to a free-market economy

The industry, however, expects few changes, if any, from the investigation

The chairman of the Competitions Board, Dr Dawid Mouton, said yesterday the board would also look at the relationship between the coal mines and merchants

The board's merger advisory committee was recently called on to sanction the merger of Johannesburg's coal merchants which were bought by the Cape-based company Triton

It is claimed that there is not much competition in the coal industry

There was "some competition in duff coal", said Mr Richard "Dickie" Bird, chairman of the Transvaal Coal Owners Association

A Triton source frankly admitted a virtual monopoly in coal retailing. Tendering for large contracts, like the Johannesburg Hospital, was "a bit of

a farce"

"It is general Government policy now to look at price controls," Mr Bird, said. "The Government is having a rethink on controls — they are asking if controls have controlled inflation"

In addition to inflation aspects, price controls removed competition, Mr Bird said

In the long run he believed it might be best to retain controls as they tended to promote conservation of coal reserves. The removal of control would provide a strong temptation to "pick the eyes out of a mine".

A Triton source believed the board would endorse price controls. It was merely a "subterfuge" to keep controls

Coal was a primary source of energy that needed some form of control since it provided 75% of South Africa's energy, the source said.

If the price rose substantially after controls were removed, the consumer-price index would rocket, he said

Neither the TCOAC nor Triton would predict the movement of prices if controls were abolished

Mr Bird said it would depend on whether collieries were getting a fair return at the time. Right now, he believed the price was "about right". The return on domestic coal was small but was subsidised by exports

The Triton source said the price controller allowed only a 15% return on coal which was too small

(Anthracite, which forms a large part of Triton's domestic sales, is not controlled at retail level)

AECI'S DYNAMITE CHALLENGE

FM 11/8/81

Another chapter was added this week to the saga of AECI's challenge to the validity of Du Pont's patent for its water gel explosive Tovex (Business March 27 1981) in the Court of the Commissioner of Patents in Pretoria. Mr Justice O'Donovan is acting as Commissioner.

What might be at stake in these proceedings is nothing less than that part of the SA explosives market presently supplied by nitroglycerine-based explosives — essentially dynamite. Du Pont and its SA licensee for Tovex National Process Industries — a subsidiary of Oliver Hill's Hanhill Industries — have been engaged in a long-term effort to supplant dynamite in the SA mining industry.

Their efforts have been based on the alleged superiority of the Tovex water-gel explosive in regard to safety and other properties. In 1978 Hill won the right to have Tovex tested and tests have since been conducted on several mines.

Proceedings have also been instituted before the Competition Board, whose report on restrictive practices in the supply and distribution of explosives and accessories should be tabled in Parliament early next year.

AECI has countered partly by devel-

oping its own range of water-gel explosives under the name of Sinex, of which the latest variant is Sinex 960.

Regarding the very important patents issue, AECI applied to the Patents Court in April 1977 for the revocation of the Du Pont patent over Tovex on the grounds of obviousness and utility.

Du Pont then applied to amend the patent and AECI opposed the proposed amendment on two grounds. The first was that the amendment had not been made in good time. The second was that the patent even as amended still suffered from its original defects.

AECI has lost one point in regard to a Du Pont "Patent of Addition" relating to emulsion explosives manufactured elsewhere in the world but not in SA. In a 1980 judgment AECI's application to prevent amendment of the patent for emulsion explosives was refused. But the main issues concerning the Tovex patent are still undecided.

At the latest hearing on Tuesday August 11 AECI made an initial application for leave to lead oral evidence. After hearing argument Mr Justice O'Donovan reserved judgment. Only after judgment on this very important point has been given, will it be possible to adjudicate the substantive issues.

MERGER GUIDELINES

Prior consultation call

FM 4/9/81

245

The Competition Board's policy guidelines on "acquisitions of control" reflect an open-minded stance. Recurring theme of the guidelines is when in doubt, consult.

Elaborate procedures are laid down. No acquisition — however undesirable — is prohibited in the new Competition Act. But if parties to a deal ignore that the consequences of a marriage may be "significant" in the sense of reducing the level of competition in a line of business, then the parties are at risk.

Crucial to an understanding of the board's attitude to mergers, take-overs and so on, is the definition of "acquisition" in section 1 of the Act. It is "acquisition by the holder of a controlling interest in any business or undertaking involved in the production, manufacture, supply or distribution of any commodity, of such an interest in any other business etc so involved, provided such acquisition restricts or is calculated to restrict competition and acquire has a corresponding meaning." That seems clear enough.

There is no *a priori* or *per se* assumption that any acquisition is undesirable from the public interest point of view. The Act is not even neutral in this regard. The board has to be satisfied that "circumstances exist which do not justify the acquisition in the public interest" before preventing or busting a deal.

In principle, the board will take an interest in an acquisition which seems likely to have a "significant" effect on competition — either through increased market share in the case of horizontal acquisition, or increased concentration of power through vertical or conglomerate acquisition.

The board tried to define what it means by "significant effect on competition." Thought was given to possible quantification of percentage market share cornered by way of a deal, and to an amount of the gross assets of a company acquired. But, at the present stage of its knowledge and experience, Dr Dawie Mouton and his men thought this unwise. The pragmatic approach is best.

Because of this approach, the board believes that relatively few formal investigations will be instituted — "provided that the machinery of the Act for prior consultation is properly developed and made use of."

The board is quite right in deciding that economic efficiency should be its watchword. It should interfere as little as possible with corporate decisions. The economic evidence against mergers and acquisitions is far from conclusive, although some notable recent exceptions spring to mind. But they took place before promulgation of the new Act.

Even though industrial concentration in

the private sector has probably doubled in the past 20 years, there is little to suggest that competition has been adversely affected. Nor is it certain that tougher laws against mergers would arrest the trend. And in the current economic climate, increasing import penetration will probably make domestic market shares less important.

International experience, and even SA's own, has shown that the application of monopolies and competition laws has become fitful, precisely because it is so difficult for bureaucrats to decide whether a merger is likely to operate against the public interest. In this way anti-competitive mergers have been sanctioned while other innocuous ones have been deterred or prevented.

COMPETITION BOARD

Twenty months on

FM 4/9/81

245

Competition Board chairman Dr Dawie Mouton is satisfied with the board's progress so far. There are many others, however, who are not.

Established on January 1 last year, the board had to be built up "from the ground". It had no personnel and very inadequate facilities. Most of these problems have been overcome now, says Mouton, and "we are fairly productive".

Most recently, the board published the guidelines on acquisitions and mergers which were one of its terms of reference under the Maintenance and Promotion of Competition Act of 1979.

The reason it took so long to compile the document was that the board was very careful, says Mouton. "We took great pains over it because of its importance. We can't mislead people."

Mouton, who headed the commission of enquiry on which the 1979 legislation was based, does not believe economic concentration is necessarily undesirable.

And this is the kernel of criticism from those who believed competition legislation in SA is inadequate to protect free enterprise.

J V Tregenna-Piggott, of Natal University's Economics department argues that while the 1979 legislation was an improvement, "South African policy is still weaker than that in operation in other countries. Weak in this context means that the legislation does not set out the conditions under which monopolies, mergers or restrictive practices are referable. The South African legislation also does not have any stated views on the desirability or not of mergers or increased levels of monopoly power."

Says Mouton "We don't consider the possession of substantial or considerable economic market power as undesirable without more ado. We look at whether economic power is being abused.

"Especially in a small country like SA certain items can only be produced economically on a large scale. So in principle I am not perturbed at all at economic concentration in certain sectors of the market."

Mouton also emphasises that competition is part of the government's overall economic policy and must be reconciled with other objectives such as creating job opportunities or utilising natural resources.

And this is possibly where some of the problems with the board come in.

Mouton may call it reconciliation, but it seems that competition policy can be inconsistent with the aims of other sectors of government.

An example is the liquor industry. The Board of Trade and Industries was investigating monopolistic conditions in the industry at the time the industry was restructured with Cabinet consent in 1979.

The Competition Board inherited the investigation into the liquor industry from the BTI and has still not published a report.

Mouton says the investigation had to be started all over again when the board took it over and the board never hurries over important matters.

Another question hangs over the investigation into the fertiliser industry. The board published a report which was tabled in Parliament at the beginning of this year. So far there has been no comment from the Minister of Economic Affairs as to whether or not he accepts the board's recommendations.

One possibility is that the report conflicts with current import and tariff policies, hence the delay.

Mouton says he can't say what the Minister's response to the fertiliser industry report is.

The board also investigated and reported on the sanitary and hardware and poultry industries and its recommendations were accepted.

It is still working on an investigation into the explosives industry, which Mouton says is "far advanced," and investigations of Asata (the Association of SA Travel Agents), Interflora, the Electrical Contractors' Association and price discrimination.

On instructions from the Minister, the board is also investigating the advisability of abolishing official price control on burnt clay bricks, sand, cement, stone, fertiliser, coal and anthracite.

There is a growing school of economic opinion that sees stultified competition as a major contributor to inflation. It is a questionable argument. But the fact remains that a more competitive economy is usually a more efficient one. So unless Mouton can whip up a more cracking pace, he is going to come in for more and more criticism from influential business and academic quarters.

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	Begroting Estimates 1981-82	Maand Julie Month of July		Totaal April tot Julie Total April to July		
		1981	1980	1981-82	1980 81	
<i>Utgawe</i>	R	R	R	R	R	<i>Expenditure</i>
Bedryfsuitgawe						Operating Expenditure
Pos-, Spaar-, Geldoordrag-, Agentskapdienste en Tele- kommunikasie	1 187 173 000	97 865 092	67 861 424	376 104 965	300 710 797	Postal Savings Money transfer Agency services and Telecommunications
Leningsdelging	11 700 000	505 338	1 334 373	505 338	11 805 577	Redemption of Loans
Verhoging van Standaardvoor- raadkapitaal	15 000 000	—	—	—	6 000 000	Increase of Standard Stock Capital
Personeelbehuringskema	14 000 000	1 449 460	—	2 346 204	—	Staff Housing Scheme
Totaal	1 227 873 000*	99 819 890	69 195 797	378 956 507†	318 516 374†	Total
<i>Kapitaaluitgawe</i>						<i>Capital Expenditure</i>
Telekommunikasie	470 069 000	35 066 246	36 081 633	124 789 407	104 658 750	Telecommunications
Grond, Geboue en Behuising	62 550 000	2 507 837	2 216 476	10 175 646	7 158 084	Land, Buildings and Hous- ing
Voertuie	19 007 000	471 559	8 353	1 112 352	1 174 229	Vehicles
Kantoor-, Dataverwerkings-, Poshanterings- en Voorraad- uitrusting	13 421 000	1 178 184	336 266	2 127 634	1 385 192	Office, Data Processing, Mail Handling and Stores Equipment
Totaal	565 047 000	39 223 826	38 642 728	138 205 039†	114 376 255†	Total

Drukkersnota Items stem ooreen met die 1981-1982 gedrukte begroting
Printers Note Items correspond to 1981-82 printed estimates

* Interne heffings nie ingesluit nie
Internal charges not included

† Nóg inkomste nóg besteding is gelykmatig oor die boekjaar versprei. Sekere groot bedryfsuitgawebetelings geskied kwartaaliks, halfjaarlik of jaarlik, terwyl kapitaaluitgawebetelings saamhang met die uitvoering van bepaalde kort- en langtermynkontrakte
Neither revenue nor expenditure is evenly spread over the financial year. Certain large operating expenditure payments are made quarterly, half yearly or annually, whilst capital expenditure payments are related to the execution of specific short and long term contracts

(11 September 1981)/(11 September 1981)

KENNISGEWING 704 VAN 1981
DEPARTEMENT VAN NYWERHEIDSWESE,
HANDEL EN TOERISME

WET OP DIE HANDHAWING EN BEVORDERING
VAN MEDEDINGING, 1979

ONDERSOEK NA DIE MOONTLIKE BESTAAN VAN
BEPERKENDE PRAKTYKE IN DIE KOELDRANK-
BEDRYF

Hierby word kragtens die bepalings van artikel 10 (4) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), vir algemene inligting bekendgemaak dat die Raad op Mededinging van voorneme is om kragtens die bepalings van artikel 10 (1) (a) van gemelde Wet ondersoek in te stel na die bestaan van enige beperkende praktyk by die verskaffing en distribusie van koeldrank in die Republiek van Suid-Afrika, wat gemelde Raad rede het om te vermoed bestaan of mag ontstaan

Enigiemand mag binne 30 dae vanaf die datum van hierdie kennisgewing die skriftelike vertoe wat so iemand nodig ag aangaande sodanige ondersoek, rig aan die Voorsitter, Raad op Mededinging, Privaatsak X84, Pretoria, 0001

(RM-verwysing R4/2/1/2/22/3)

(11 September 1981)

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NOTICE 704 OF 1981
DEPARTMENT OF INDUSTRIES, COMMERCE AND
TOURISM

MAINTENANCE AND PROMOTION OF
COMPETITION ACT, 1979

INQUIRY INTO THE POSSIBLE EXISTENCE OF
RESTRICTIVE PRACTICES IN THE SOFT DRINK
INDUSTRY

It is hereby made known for purposes of general information in terms of the provisions of section 10 (4) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), that the Competition Board intends investigating, in terms of the provisions of section 10 (1) (a) of the said Act, the existence of any restrictive practice in the supply and distribution of soft drinks in the Republic of South Africa, which the said Board has reason to believe exists or may come into existence

Any person may within 30 days from the date of this notice make such representations as such person may consider necessary regarding the said investigation to the Chairman, Competition Board, Private Bag X84, Pretoria, 0001

(CB reference R4/2/1/2/22/3)

(11 September 1981)

SOFT DRINKS

Not so cool

FM 25/9/81

245

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What initially began as a complaint about Pepsi-Cola "predatory pricing" by rival Cape Town bottlers, has now snowballed into a full-blown investigation of the entire soft drinks industry by the Competition Board.

The industry is keeping mum on the matter, but it is understood that Pepsi upset competitors in the Peninsula when it launched its 1,5l bottle. It was marketed at the same price as its competitors' 1l package

Manufacturers responded by first challenging Pepsi on price, but then resorted to calling for official intervention

The Competition Board set up an inquiry into, of all things, "the restrictive practices resulting from the price policy of Pepsi in respect of the marketing of soft drinks" This has now been replaced with an investigation into "the possible existence of restrictive practices in the soft drink industry."

While it appears not only fair but also beneficial that a company should be able to sell its product at the cheapest possible price, Pepsi's competitors seem to feel differently

Pepsi's "predatory pricing" policy is, claim angry bottlers, aimed at grabbing a bigger share of the market and will have the effect of forcing other manufacturers out of business

This, as the old argument goes, would lead to a less competitive environment.

Pepsi's strategy has apparently proved successful. It has obtained a 30% share in

the Cape Town area compared with its 6% national cut

And there is more in the Pepsi pipeline it seems. The US parent company has recently invested a further R9,6m in SA

Representations from interested parties in the soft drink industry are presently being called for by the Board

It is possible that even if it finds restrictive practices in the industry it may recommend that they be maintained "in the interests of the public"

The Board hopes to tie up the investigation by the beginning of next year

PLASTICS

Forcing free enterprise

The plastics industry is about to receive a dose of government's new-style free enterprise philosophy - and AECI and Sentrachem, the two giants which dominate it, are doing some nail biting.

They may have to cut prices drastically if the Board of Trade and Industry (BTI) does not agree to the high import tariffs they have requested.

Up to now they have been protected by import control. But to promote competition and conform with the Gatt agreement, government is lifting import control and has asked manufacturers to apply for tariffs instead.

To their embarrassment, AECI and Sentrachem must now convince the BTI that they cannot compete with imports unless they are protected by some of the highest tariffs applied for in recent times.

They range from 45% on high density polythene and polypropylene imports to 100% on PVC.

The R230m Coalplex plant, jointly-owned by AECI and Sentrachem on a 60/40 basis, produces PVC via the capital and labour intensive coal route.

US plants produce PVC from cheap, price controlled natural gas, and the recession is forcing them to dump their product on world markets.

AECI and Sentrachem had originally planned to build PVC plants at Richards Bay to run on feedstocks supplied by a large petroleum refinery nearby. The entire project was cancelled after the oil crisis, and

they started Coalplex instead. They claim it has not reached final profits since coming on stream in 1981.

Other plastics are made from ethylene produced by Sasol. Manufacturers complain their product is made uncompetitive by Sasol's high ethylene prices.

Government's treatment of Gencor's strategic truck gearbox project (*Business* September 11) suggests it no longer goes to any lengths to protect a local industry.

Gencor invited on the understanding that it would get the protection it asked for and have a guaranteed monopoly. It received only a fraction of the protection requested, and government has now indicated it may allow in a competitor.

A BTI policy document declares that normally protection of not more than 25% on intermediate goods and 35% on final consumer goods "could possibly be justified".

Plastics are intermediate products and the lowest tariffs applied for are significantly higher than the level laid down for consumer goods.

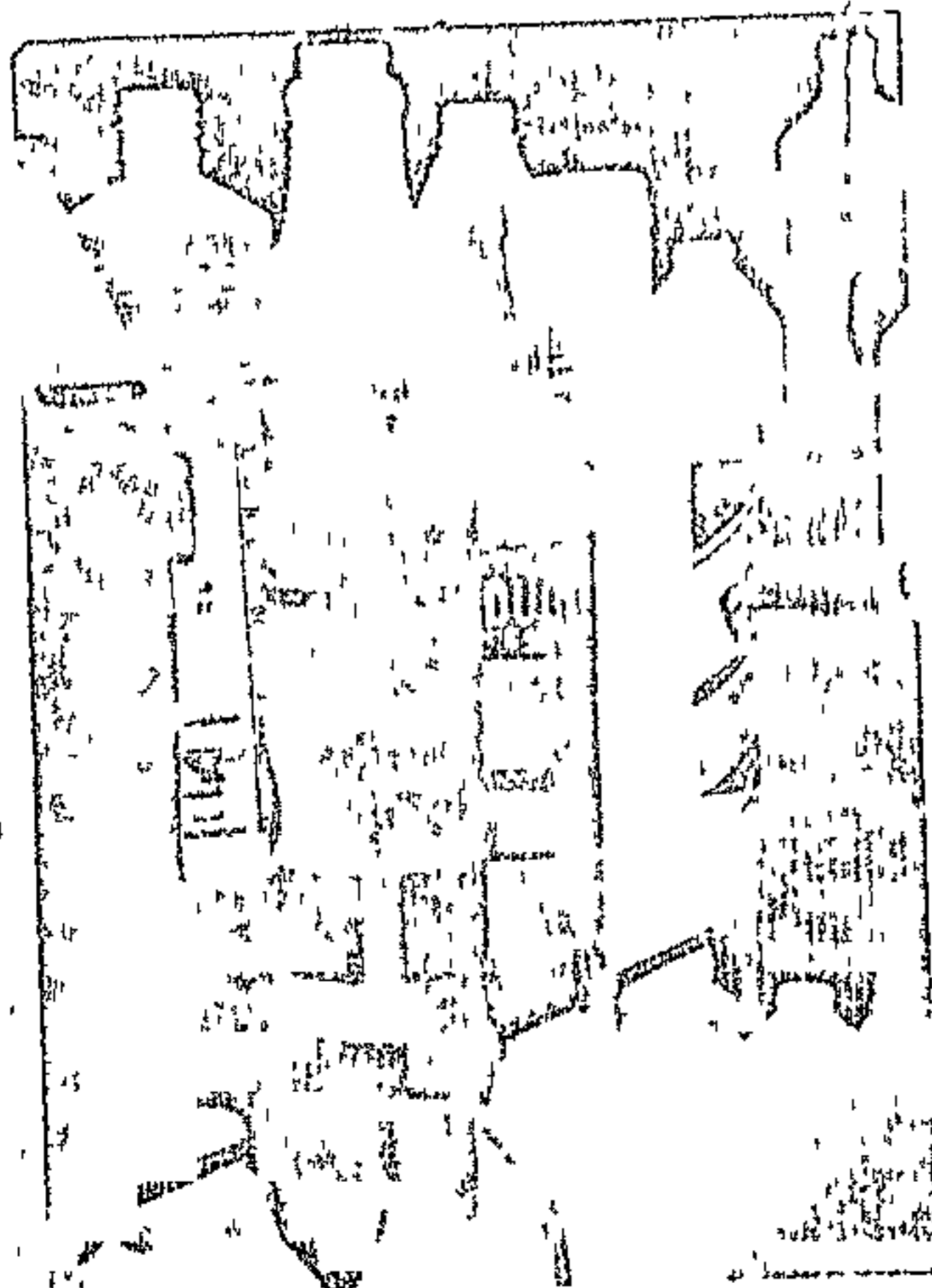
The Plastics Converters Association (PCA) is pressuring the BTI to limit the tariffs to 20% on all plastic lines.

Converters say their industry would grow if they had cheaper plastic, and point to the fact that packaging giant Nampak has shown lack of confidence in the future of plastic by investing in a new glass bottle factory.

Manufacturers retort that plastics usage in SA is high even by the standards of the developed world. SA consumes 9 kg of plastic a year for every \$1 000 gdp. The figures for the EEC and the US are 8 kg and 10 kg. If the requested protection is not given, they say, their R800m investment in plastic manufacturing plant could be in jeopardy.

Even if high levels of protection are given, consumer prices of plastic products are not likely to rise.

For import control has always kept out cheap plastics from abroad. And the Department of Industries is investigating the accounts of plastics manufacturers to make sure they do not exploit their protected position.



Plastic bottles . . . problems for the locals?

Financial Mail December 4 1981

PLASTICS

18/5

PM 4/12/81

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Plastic bottles . problems for the locals?

3 Aangesien ondergenoemde aanbiedinge op 22 Mei 1981 gemaak is, verstryk die tydperk van agt maande op 21 Januarie 1981

4 U word versoek om vertoe wat u in verband hiermee wil maak skriftelik by die Streekverteenvoordiger, Departement van Gemeenskapsontwikkeling, Private Sak X18, Johannesburg, 2000, Tel. 28-3500 in te dien

5. Hierdie advertensie word ingevolge die bepalinge van artikel 7 (5) van Wet 63 van 1975 gepubliseer
 Gedateer te Johannesburg op heds die 11de dag van Desember 1981

L. FOUCHE, Direkteur-generaal, p/a Streekverteenvoordiger, Departement van Gemeenskapsontwikkeling, Private Sak X18, Johannesburg, 2000

3 As the compensation was offered to you on 1981 the period of eight months expires on 21 January 1981

4 All interested parties are requested to submit any representations they may wish to make in connection therewith to the Regional Representative, Community Development, Private Bag X18, Johannesburg 28-3500.

5. This advertisement is published in terms of provisions of section 7 (5) of Act 63 of 1975.

Dated at Johannesburg this 11th day of December 1981
 L. FOUCHE, Director-General, c/o Regional Representative, Department of Community Development, Johannesburg, 2000.

BY LAE

Erf No.	Geregistreeerde eienaar	Transportakte No.	V
Erf 124, Finetown.	Rose Dawn Luttig	12737/71, gedateer 6 Augustus 1971	R685

SCHEDULE

Stand No.	Registered owner	Title Deed No.	C
Stand 124, Finetown.	Rose Dawn Luttig	12737/71, dated 6 Augustus 1971	R685

(11 Desember 1981)/(11 December 1981)

KENNISGEWING 969 VAN 1981

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME
 ONDERSOEK NA EKONOMIESE KONSENTRASIE IN DIE SAAGMEULBEDRYF

Die Minister van Nywerheidsweese, Handel en Toerisme, het kragtens die bepalinge van artikel 5 van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), die Raad op Mededinging opdrag gegee om ondersoek in te stel na en verslag te doen met betrekking tot die gevolge van oormatige ekonomiese konsentrasie in die saagmeulbedryf in die Republiek van Suid-Afrika.

Belanghebbendes word versoek om binne 'n tydperk van twaalf (12) weke na die datum van publikasie van hierdie kennisgewing skriftelik vertoe in hierdie verband te rig aan Die Direkteur, Raad op Mededinging, Private Sak X84, Pretoria, 0001.

(11 Desember 1981)

(RM-verwysing R6/2/1/2/44)

KENNISGEWING 970 VAN 1981

DOEANE- EN AKSYNSTARIEFAANSOEKE — LYS 43/81

Onderstaande aansoeke betreffende die Doeane- en Aksynstarief is deur die Raad van Handel en Nywerheid ontvang. Enige beswaar teen of kommentaar op hierdie vertoe moet binne ses weke na die datum van hierdie kennisgewing aan die Raad van Handel en Nywerheid, Private Sak X342, Pretoria, 0001, gerig word.

Verhoging van die reg op:

- (a) Toebehore vir buise en pype van swart smeebare gietys, indeelbaar by tariefsubpos 73 20 90.10, van 15 persent *ad valorem* plus 19 840c per 1 000 kg (algemeen) en 15 persent *ad valorem* plus 825c per 1 000 kg (m b n) tot 15 persent *ad valorem* plus 70 000c per 1 000 kg; en

NOTICE 969 OF 1981

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM
 INVESTIGATION INTO ECONOMIC CONCENTRATION IN THE LUMBER MILLING INDUSTRY

The Minister of Industries, Commerce and Competition in terms of section 6 of the Maintenance of Competition Act, 1979 (Act 96 of 1979), has directed the Competition Board to investigate and report on the existence of excessive economic concentration in the lumber milling industry in the Republic of South Africa.

Interested parties are invited to submit representations in this regard to The Director, Competition Board, Private Bag X84, Pretoria, 0001, within a period of twelve (12) weeks of the publication of this notice.

(11 December 1981)

NOTICE 970 OF 1981

CUSTOMS AND EXCISE TARIFF APPLICATIONS LIST 43/81

The following applications concerning the Customs and Excise Tariff have been received by the Board of Customs and Excise. Any objections to or comments on these applications must be submitted to the Director of Customs and Excise, Private Bag X342, Pretoria, 0001, within six (6) weeks of the date of this notice.

Increase in the duty on:

- (a) Tube and pipe fittings, of black iron or steel, classifiable under tariff subheading 73.24, at a rate of 15 per cent *ad valorem* plus 19 840c per 1 000 kg and 15 per cent *ad valorem* plus 825c per 1 000 kg to 15 per cent *ad valorem* plus 70 000c per 1 000 kg; and

Maart 1963, soos gewysig by Goewermentskennisgewings R. 1418 van 13 September 1963, R. 634 van 23 April 1971, R. 1525 van 25 Augustus 1972, R. 521 van 5 April 1973, R. 348 van 8 Maart 1974, R. 512 van 1 April 1977, R. 2231 van 10 November 1978, R. 296 van 23 Februarie 1979, R. 283 van 15 Februarie 1980, R. 2405 van 28 November 1980 en R. 1253 van 19 Junie 1981

2 Paragraaf 61G van die Statuut word hierby gewysig deur die graad "Baccalaureus in Geneeskunde . B.M." te vervang deur die graad "Baccalaureus in Geneeskunde en Baccalaureus in Chirurgie . M.B., Ch.B."

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

No. R 2844

31 Desember 1981

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

FARMASEUTIESE PRODUKTE

Ek, Dawid Jacobus de Villiers, Minister van Nywerheidswese, Handel en Toerisme, verklaar hierby kragtens artikel 14 (1) (c) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), die beperkende praktyke in die Bylae hierby beskryf, onwettig en gelas die persone daarin vermeld om die stappe te doen soos uiteengesit

D J DE VILLIERS, Minister van Nywerheidswese, Handel en Toerisme

BYLAE

1 In hierdie kennisgewing, tensy uit die samehang anders blyk, beteken—

"farmaseutiese produkte" medisyne soos omskryf in die Wet op die Beheer van Medisyne en Verwante Stowwe, 1965 (Wet 101 van 1965), en ook skoonheidsmiddels soos omskryf in die Wet op Voedingsmiddels, Skoonheidsmiddels en Ontsmettingsmiddels, 1972 (Wet 54 van 1972), in soverre die hantering en verskaffing van die gemelde medisyne en skoonheidsmiddels deel vorm van die normale besigheidsaktiwiteite van groothandel- en kleinhandelsaptekiers

2 Die beperkende praktyke wat hierby onwettig verklaar word, is enige ooreenkoms, reëling, verstandhouding, besigheidspraktyk of handelsmetode of enige handeling of toestand waardeur—

(a) vervaardigers van farmaseutiese produkte op enige wyse, regstreeks of onregstreeks, saamwerk ten einde eenvormige pryse of voorwaardes vir die verskaffing van farmaseutiese produkte aan enige tenderkoper, vas te stel;

(b) 'n kleinhandelsaptekier verplig word om sy benodigdhede van farmaseutiese produkte vir herverkoop van 'n spesifieke groothandelsverskaffer van farmaseutiese produkte aan te koop, maar uitgesonderd in die geval van 'n groothandelsverskaffer wat finansiële bystand aan 'n kleinhandelsaptekier verleen, in welke geval die groothandelsverskaffer kan vereis dat die kleinhandelsaptekier hoogstens 50 persent in waarde van die kleinhandelsaptekier se benodigdhede van farmaseutiese produkte vir herverkoop van sodanige groothandelsverskaffer moet aankoop gedurende die tydperk waartydens die finansiële bystand verleen word;

(c) 'n vervaardiger of verskaffer van farmaseutiese produkte weier om sodanige produkte aan 'n groothandelsverskaffer van farmaseutiese produkte te verskaf op grond daarvan dat sodanige groothandelsverskaffer—

(i) nie sodanig deur enige vereniging van vervaardigers of distribueerders van farmaseutiese produkte erken word nie, of

amended by Government Notices R. 1418 of 13 September 1963, R. 634 of 23 April 1971, R. 1525 of 25 August 1972, R. 521 of 5 April 1973, R. 348 of 8 March 1974, R. 512 of 1 April 1977, R. 2231 of 10 November 1978, R. 296 of 23 February 1979, R. 283 of 15 February 1980, R. 2405 of 28 November 1980 and R. 1253 of 19 June 1981

2 Paragraph 61G of the Statute is hereby amended by the substitution for the degree "Bachelor of Medicine B.M." of the degree "Bachelor of Medicine and Bachelor of Surgery . M.B., Ch.B."

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

No R 2844

7974

31 December 1981

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

PHARMACEUTICAL PRODUCTS

I, Dawid Jacobus de Villiers, Minister of Industries, Commerce and Tourism, in terms of section 14 (1) (c) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), hereby declare the restrictive practices described in the Schedule hereto to be unlawful and require the persons therein mentioned to take the action set out

D J. DE VILLIERS, Minister of Industries, Commerce and Tourism.

for full text see SCHEDULE 7974

1. In this notice, unless the context otherwise indicates—

"pharmaceutical products" means medicines as defined in the Medicines and Related Substances Control Act, 1965 (Act 101 of 1965), and furthermore means cosmetics as defined in the Foodstuffs, Cosmetics and Disinfectants, 1972 (Act 54 of 1972), in so far as the handling and supply of the said medicines and cosmetics form part of the normal business activities of wholesale and retail pharmacists

2 The restrictive practices which are hereby declared to be unlawful are any agreement, arrangement, understanding, business practice or method of trading or any act or situation whereby—

(a) manufacturers of pharmaceutical products in any way, directly or indirectly, co-operate in order to submit uniform prices or conditions for the supply of pharmaceutical products to any tender buyer;

(b) a retail pharmacist is obliged to purchase his requirements of pharmaceutical products for resale from a particular wholesale supplier of pharmaceutical products, except in the case of a wholesale supplier that renders financial assistance to a retail pharmacist, in which case the said wholesale supplier may require that retail pharmacist to purchase not more than 50 per cent in value of the retail pharmacist's requirements of pharmaceutical products for resale from such wholesale supplier during the period in which such financial assistance is rendered;

(c) a manufacturer or supplier of pharmaceutical products refuses to supply such products to a wholesale supplier of pharmaceutical products on the grounds that such wholesale supplier—

(i) is not recognised as such by any association of manufacturers or distributors of pharmaceutical products, or

Prices - Controls & Contravention

1982

JAN. — DEC

Law 'won't cut chemist prices'

Mercury Reporter

HOPES that the prices of pharmaceutical products and cosmetics will drop sharply following new legislation aimed at promoting freer trade in the pharmaceutical industry have been dismissed by manufacturers and pharmacists as 'futile'.

Dr Fred Clarke, MEC for hospitals, said that he doubted there would be any changes in prices, but said he had requested the province's central supply depot at Mobeni to carefully monitor fluctuations.

The question of a drop in prices in the pharmaceutical industry arose after a Government investigation had shown that some practices in the past had led to alleged blacklisting of certain suppliers and to claims of artificially inflated prices.

In order to clamp down on these practices, which the Department of Industries, Commerce and Tourism described as not being in the best interests of the general public, new laws were introduced covering scheduled medicines and other products such as cosmetics which formed part of the normal business activities of wholesale and retail chemists.

However, a spokesman for a Johannesburg drug manufacturer said that, contrary to the general feeling expressed by the public, prices of medicines already were subject to stringent control and were not likely to alter.

'A maximum price for all scheduled drugs which we manufacture is set by the Government Price Controller and even when these drugs are sold their prices are regulated. 'A product, for instance, which is made by the manufacturer for 82,5 c, can be sold to the wholesaler for R1 and

then sold in turn by the retailer for a maximum of R1,50.' This structure, he said, applied to every single item of restricted medicine sold throughout the industry.

A representative for a major cosmetics firm, which sells its products solely through chemists and selected stores, said that he could foresee no change in marketing tactics in his company, in spite of the new laws which forbade the South African Retail Chemists' and Druggists' Association from preventing members stocking or selling products which were sold through other outlets, such as supermarkets.

'It is essential for us to be able to offer a back-up service if we are to sell our products. We have learned over many years that the chemists are best suited to do this,' he said.

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FM 5/2/82

The farmers' view

Sir — I, a farmer, have been a subscriber to your magazine for some time now and am most disturbed by your reporting on agriculture. Our industry has many troubles like any other, and we receive no understanding mainly because the man-in-the-street is ignorant of our troubles. The way your articles are presented only aggravates the situation.

As an example, I wish to draw your attention to "Maize — government's folly" (F&M January 15). While you attack the government policy on maize you erroneously describe the bread subsidy as a wheat subsidy. You revel in the statement that wheat is produced cheaper overseas than locally. At the same time you conveniently ignore the fact that the majority of wheat in SA is produced on ground with the lowest potential yields in the world in a climate which is subject to the most erratic rainfall.

We farmers are quite happy with the free enterprise system — on condition our production requirements are subject to that same system. Necessities such as fertiliser, fungicides, insecticides, PVC and polyethylene products, tyres, cardboard

cartons and fuel are all either subject to tariff protection or are produced more cheaply overseas.

Why must the farmer pay for a strategic industry like Atlantis Diesel Engines? Do you know that certain tractors have increased in price by 50% during the past 12 months? In the past season, carton manufacturers and the freight carriers received more than the farmer for his export fruit. The fruit farmer alone bears the cost of a 24% surcharge on fruit exported. Is it not ridiculous that the tin in which canned fruit is packed is more expensive than the fruit inside it? Have you compared the producer price of fresh produce to the cost of that same produce in retail outlets? After all fruit and vegetables are totally controlled by supply and demand and the farmer has the risks.


In a previous article on the maize surplus you asked the question "Why should the maize farmer be the only beneficiary of the clement weather?" I ask who is going to suffer with the maize farmer during the next drought? Any farmer needs those good years without being made the scapegoat for inflation; there are always fences to repair,

stones to clear, stock watering schemes to be tackled, irrigation pipes to be laid, flood damage to be repaired and so on.

While so much is made of the fact that the private sector must help with the housing of its employees, you do not mention the fact that the agricultural sector has been housing its employees all along. Show me another sector where the effects of estate duty are felt more than in the agricultural sector. I know, because I experienced it when my father died. As a result, I think it is essential that life-insurance companies be forced to invest a certain percentage in government stocks. After all if there was not estate duty, I would not need half the life insurance I have.

Your recommendation of removing the maize and bread subsidy, coupled with reducing the farmer's margins to ease the burden on the taxpayer, would certainly be an interesting experiment. I hope we are around to debate the "political dynamite" after the event.

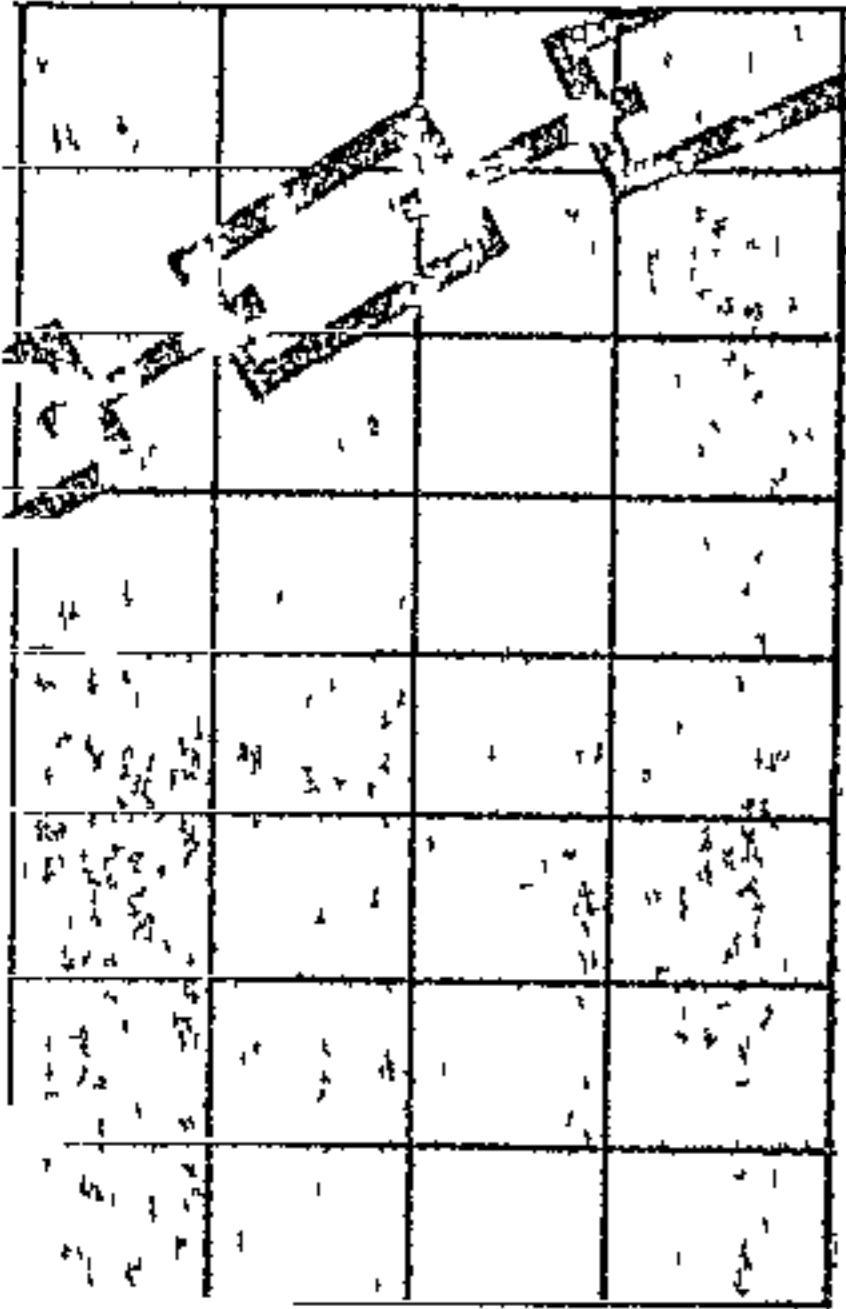
Have you compared food subsidies in SA to those in the EEC countries? Do people honestly think there are still that many inefficient farmers who have managed to



Engineering Insurance —
let Mutual & Federal measure the risk.

Specialised insurance for the engineering industry. Mutual & Federal Insurance Co. Ltd. (Incorporated in South Africa) 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

Reaction



..Sales...Profit

h your company name, and/or the title
re scheme. They are valid indefinitely,
exchangeable for currency or travellers
are transferable to other members of the
volving the whole family unit in your

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country associated with your
product. You simply present
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winner and Thomas
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TPF/354

stay in business? Finally, are the other sec-
tors so efficient? If they are, why are they
always screaming for import tariff
protection?

W R Groenewald Langkloof

Not connected

Sir — I refer to an article about the liquida-
tion of Group Editors in Johannesburg
(FM January 22). You said that they had
been in trouble for some time and that it
was difficult to establish what was left of
the GE group.

May I point out that my company, Group
Editors Natal (Pty) is not connected in
any way whatsoever with Group Editors in
Johannesburg. We are alive and well and
thriving in Durban. GE Natal, which also
owns a printing works, was established by
me 17 years ago and I am the sole owner of
the business.

Peter Wrinch-Schulz, managing direc-
tor, Group Editors Natal (Pty)

Trade potential

Sir — I refer to your article headlined "Ko-
sher connection" (FM December 11) quot-
ing me as having said that there is "no need
to initiate further export drives." This is, of
course, incorrect.

I am of the opinion that there is great

potential for the increase of tra-
SA and Israel, and there is certa-
for a concentrated and continu-
initiate further export drives.

I am sure that the mistake wa-
one and would appreciate your
of this important statement.
B Lami, counsellor for Ec-
Commercial Affairs, State
Trade & Tourism Centre.

Our apologies for the cross-
Editor.

Wishful thinking?

Sir — Following the letter "Lar-
sus retailers" (FM January 2),
theme of the ending boom, wou-
nice if.

□ The hypermarkets and super-
aside some of their many tills, I
fashioned, cash paying customer
receive old-fashioned discount.
the number of credit cards used
that these shops do not carry the
it card charges.

□ The building societies condi-
business in a better fashion by
days grace on the payme-
houseowner's insurance premi-
present arrangement is to debit
um and the interest on the outst-
mium on the same day. It wou-

the FM reserves the right to

ONLY 3 WEEKS

Managing Director

THIS IS A CRITICAL PERIOD FOR DECIDE WHETHER TO PAY C

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- Increase Profitability.
- Build a Reserve against Lean
- Create substantial Cash savings
- Provide "Additional" Tax Free
- Discharge Capital Debts — Ac
- Enjoy a Host of other alternat

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**INTERFLORA
Rapped**

245
FM 26/2/82

The Competition Board has found Interflora (African Areas) Ltd guilty of restrictive trade practice. In a report tabled in Parliament this week, it asks Commerce Minister Dawie de Villiers to outlaw the Flower Relay Organisation's regulation 73, which forbids Interflora members to join

other relay outfits like Teleflora, its sole competitor in the SA market

Interflora has been operating in SA since 1950. It has 410 members and commands 80% of the flower relay agency business. Teleflora opened shop here in 1976, has 240 members but only 20% of the market.

The board found that the relay agencies perform a convenient service for consumers and flower traders alike, but that the market leader's restriction on membership of other relay agencies is not in the public interest because it inhibits competitors' market penetration and is therefore unfair. The practice whereby relay agencies forbid multiple membership has been outlawed in France, the US and Australia, but Britain is still thinking about it.

The board was presented with ample evidence that Interflora applied the restrictive clause of its articles of association and expelled and suspended traders who contravened it. One florist appealed against its suspension and said that membership of both Interflora and Teleflora had resulted

in a substantial rise in turnover.

Interflora head office bulletin number 77 warned members "You may at times be tempted to join other organisations — this is your own free choice. But remember, if you do so you will immediately lose the security of your Interflora membership which you may not be able to regain."

But in evidence before the board, Interflora said it encouraged members to join other organisations. Regulation 73, they said, was only to be invoked if members sought to join organisations which could harm the SA flower trade. For this reason it was in the public interest. The board rejected this notion.

Friday, April 19, 1975

Making economic sense of the call-up years

It seems that the younger men of South Africa are committed to at least two years continuous military training at some time in their lives. We must accept for the time being that it cannot be avoided. But need those two years be an entire economic waste?

There is an answer to that question and the Israeli army not only knows it, but applies it.

Most of us know that military training consists substantially of three months intensive

basic training supplemented by three to nine months specialised training for military needs, the remaining 12-18 months being taken up by the performance of routine tasks, sport and standing by.

The Israeli plan is to complete the military training phases and then put the trainee to work

on something which would stand him in good stead back in civvy street. He could learn motor mechanics, computer science, book-keeping, welding or what you will.

The critical issue is the waste of precious learning potential at time when the capacity to learn is at its greatest.

It will mean turning the establishment inside out - but then we will have achieved two things:

plex, is designed and made there in a well equipped machine shop.

The machine assembling the spring and the two wooden halves of a clothes peg is a little masterpiece of engineering dexterity and is said to be the only mechanical assembler in the world. Be that as it may, it is cleverly home-made and it works well. It is a tribute to Engineer Georgio Carnio the maestro of the engineering shop.

245

710

KENNISGEWING 165 VAN 1982

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

ONDERSOEK NA DIE MOONTLIKE BESTAAN VAN BEPERKENDE PRAKTYKE IN DIE ANTRASJETBEDRYF

Hierby word kragtens die bepalings van artikel 10 (4) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), vir algemene inligting bekendgemaak dat die Minister van Nywerheidswese, Handel en Toerisme, die Raad op Mededinging kragtens artikel 10 (1) (a) van die gemelde Wet opdrag gegee het om ondersoek in te stel na die bestaan van enige beperkende praktyk by die verskaffing en distribusie van antrasiet in die Republiek van Suid-Afrika, wat gemelde Minister rede het om te vermoed bestaan of mag ontstaan

Enigiemand mag binne ses (6) weke vanaf die datum van hierdie kennisgewing die skriftelike vertoe wat so iemand nodig ag aangaande sodanige ondersoek, rig aan die Voor-sitter, Raad op Mededinging, Privaatsak X84, Pretoria, 0001

(RM-verwysing R4/2/1/2/27/1)

(12 Maart 1982)

NOTICE 165 OF 1982

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

INQUIRY INTO THE POSSIBLE EXISTENCE OF RESTRICTIVE PRACTICES IN THE ANTHRACITE INDUSTRY

It is hereby made known for purposes of general information in terms of section 10 (4) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), that the Minister of Industries, Commerce and Tourism, has directed the Competition Board, in terms of section 10 (1) (a) of the said Act, to investigate the existence of any restrictive practice in the supply and distribution of anthracite in the Republic of South Africa, which the said Minister has reason to believe exists or may come into existence

Any person may within six (6) weeks from the date of this notice make such representations as such person may consider necessary regarding the said investigation to the Chairman, Competition Board, Private Bag X84, Pretoria, 0001

(CB Reference R4/2/1/2/27/1)

(12 March 1982)

KENNISGEWING 166 VAN 1982

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

ONDERSOEK NA DIE MOONTLIKE BESTAAN VAN BEPERKENDE PRAKTYKE IN DIE STEENKOOLEDRIEF

Hierby word kragtens artikel 10 (4) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), vir algemene inligting bekendgemaak dat die Minister van Nywerheidswese, Handel en Toerisme, die Raad op Mededinging kragtens artikel 10 (1) (a) van die gemelde Wet opdrag gegee het om ondersoek in te stel na die bestaan van enige beperkende praktyk van die verskaffing en distribusie van steenkool in die Republiek van Suid-Afrika, wat gemelde Minister rede het om te vermoed of mag ontstaan

Enigiemand mag binne ses (6) weke vanaf die datum van hierdie kennisgewing die skriftelike vertoe wat so iemand nodig ag aangaande sodanige ondersoek, rig aan die Voor-sitter, Raad op Mededinging, Privaatsak X84, Pretoria, 0001.

(RM-verwysing R4/2/1/2/27/2)

(12 Maart 1982)

NOTICE 166 OF 1982

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

INQUIRY INTO THE POSSIBLE EXISTENCE OF RESTRICTIVE PRACTICES IN THE COAL INDUSTRY

It is hereby made known for purposes of general information in terms of section 10 (4) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), that the Minister of Industries, Commerce and Tourism, has directed the Competition Board, in terms of section 10 (1) (a) of the said Act, to investigate the existence of any restrictive practice in the supply and distribution of coal in the Republic of South Africa, which the said Minister has reason to believe exists or may come into existence

Any person may within six (6) weeks from the date of this notice make such representations as such person may consider necessary regarding the said investigation to the Chairman, Competition Board, Private Bag X84, Pretoria, 0001

(CB Reference R4/2/1/2/27/2)

(12 March 1982)

KENNISGEWING 167 VAN 1982—NOTICE 167 OF 1982

DEPARTEMENT VAN POS- EN TELEKOMMUNIKASIEWESE—DEPARTMENT OF POSTS AND TELECOMMUNICATIONS

STAAT VAN INKOMSTE EN UITGAWE JANUARIE 1982
STATEMENT OF REVENUE AND EXPENDITURE JANUARY 1982

	Begroting Estimates 1981-82	Maand van Januarie Month of January		Totaal April tot Januarie Total April to January		
		1982	1981	1981-82	1980-81	
<i>Inkomste</i>	R	R	R	R	R	<i>Revenue</i>
Posdienste	136 807 000	10 841 867	11 028 038	118 253 107	106 740 094	Postal services
Spaardienste	43 196 000	4 716 411	4 714 750	37 561 748	30 377 840	Savings services
Geldoordragdienste	11 470 000	873 418	789 165	9 833 784	9 015 444	Money transfer services
Agentskapdienste	6 315 000	271 269	263 429	5 589 550	4 691 490	Agency services
Telefoondienste	950 170 000	83 429 248	67 665 949	809 119 229	670 939 154	Telephone services
Teleksdienste	90 085 000	6 667 660	5 900 410	73 814 024	61 933 370	Telex services
Genteksdienste	22 902 000	2 202 543	2 285 943	17 685 535	17 480 924	Gentex services
Huurverbindinge	21 069 000	2 487 469	1 583 686	19 788 904	13 911 836	Leased circuits
Totaal	1 282 014 000*	111 489 885	94 231 370	1 091 645 881†	915 090 152‡	Total

Cape Times
25/3/87

Control
245
on bricks
abolished

Staff Reporter

PRICE control on a wide range of building materials is to be abolished, a press statement by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, said yesterday.

Following recommendations by the Competition Board, it had been decided to remove price control on burnt clay bricks, river and pitsand, cement, slag cement and mixtures thereof and crushed stone and crusher sand, the statement said.

An additional recommendation by the Working Group on Price Control had also been accepted by the government which meant that materials ranging from burglar proofing to wood blocks would also no longer be subject to price control.

The Government Gazette would give effect to these decisions in a notice to be published tomorrow, the statement said.

Dr De Villiers said a close watch would be kept to ensure that manufacturers, suppliers and distributors of the building materials adjusted their prices.

A good answer

14

THE Government today set out to break an AECI stranglehold on the R250 million explosives industry in South Africa

The Competition Board found restrictive practices caused by three agreements between AECI the Chamber of Mines, Fedmis and Sasol which effectively tied up the supply of explosives and raw materials prevented newcomers from entering the field

It recommended that the restrictive practices should be declared unlawful in terms of the Maintenance and Promotion of Competition Act

SIX WEEKS

The Minister of Commerce Industries and Tourism, Dr Dawie de Villiers, has instructed the board to negotiate the ending of the monopoly with all groups concerned. He gave six weeks' grace for the abolition of the restrictive practices

Representations to abolish the monopoly came mainly from National Explosives (Pty) Ltd a subsidiary of National Process Industries Holdings (Pty) Ltd, quoted on

**Explosives
industry
monopoly
to go**

the stock exchange as Hanhull Industries

The board acknowledged the role that AECI had played in the development of the explosives industry and its record of having supplied the country's needs for many years

It was not convinced that AECI's achievements were made possible by restricting the entry of any newcomer.

AECI had submitted that the size and complexity of the explosives industry as well as the manufacture of raw materials was so great it could only develop through the emergence of a dominant supplier

245

ARGUS
23/4/87

KENNISGEWING 241 VAN 1982

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

ONDERSOEK NA DIE WENSLIKHEID VAN DIE HANDHAWING VAN PRYSBEHEER

Die Minister van Nywerheidswese, Handel en Toerisme het kragtens die bepalings van artikel 6 (1) (a) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), die Raad op Mededinging opdrag gegee om ondersoek in te stel of daar bepaalde omstandighede by die produksie en bemarking van die volgende handelsartikels aanwesig is wat die opheffing van prysbeheer op sodanige handelsartikels onwenslik maak, al dan nie

- (1) Geel margarien,
- (2) koeldrank en vrugtesap;
- (3) landboumasjinerie, -implemente en -toerusting en onderdele daarvoor,
- (4) sekere staalprodukte;
- (5) suiker;
- (6) televisie-ontvangers en -bybehore;
- (7) vuurwapens en ammunisie;
- (8) farmaseutiese produkte;
- (9) huishoudelike meubels;
- (10) kooks;
- (11) blikke en ander metaalhouers;

NOTICE 241 OF 1982

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

INVESTIGATION INTO THE DESIRABILITY OF MAINTAINING PRICE CONTROL

The Minister of Industries, Commerce and Tourism has, in terms of section 6 (1) (a) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), directed the Competition Board to investigate whether or not specific circumstances prevail in the production and marketing of the following commodities which make the abolition of price control on such commodities undesirable:

- (1) Yellow margarine;
- (2) soft drinks and fruit juice;
- (3) agricultural machinery, implements and equipment and components thereof;
- (4) certain steel products;
- (5) sugar;
- (6) television receivers and accessories;
- (7) firearms and ammunition;
- (8) pharmaceutical products;
- (9) household furniture;
- (10) coke;
- (11) tins and other metal containers;

- (12) glasbottels,
- (13) motorvoertuigonderdele en -toebehore en
- (14) ruitglas as boumateriaal

Belanghebbendes word versoek om binne 'n tydperk van agt (8) weke na datum van publikasie van hierdie kennisgewing skriftelike vertoe in hierdie verband te rig tot die Direkteur, Raad op Mededinging, Privaatsak X84 Pretoria 0001 (RM-verwysing R4/1/2/2/6) (16 April 1982)

- (12) glass bottles.
- (13) motor vehicle parts and accessories, and
- (14) sheet glass as building material

Interested parties are invited to submit written representations in this regard to the Director, Competition Board, Private Bag X84 Pretoria 0001 within a period of eight (8) weeks of the date of publication of this notice (CB Reference R4/1/2/2/6) (16 April 1982)

Dynamite 'closed shop' is to end

By David Breier,
Chief Reporter

The Government today broke the AECI stranglehold on the R250 million a year explosives industry in South Africa which dates back to the last century

The Competition Board, in its first major finding since it was founded in 1980, published, its report on monopolistic practices in the giant explosives industry

It found that restrictive practices caused by three agreements between AECI, the Chamber of Mines, Fedmis and Sasol effectively tied up the supply of explosives and raw materials — and prevented newcomers entering the field

The board recommended that these restrictive practices be declared unlawful and be prohibited

NEGOTIATIONS

The Minister of Commerce, Industries and Tourism, Di de Villiers, has instructed the board to negotiate the ending of the monopoly with all groups concerned, and has given six weeks' grace for the abolition of restrictive practices

Representations to abolish the monopoly came mainly from National Explosives (Pty) Limited

It sought to break AECI's 90 percent stranglehold on the explosive market

The board found

three contracts to be restrictive These were

● The agreement between AECI and the Chamber of Mines whereby, for all practical purposes, the sale of all explosives is confined exclusively to AECI and the chamber

The board found that this restriction was clearly calculated to restrict the entry of new producers

● The agreement between AECI, Fedmis and Sasol which restricts Sasol from selling more than a certain quantity of nitrogenous raw materials for explosive purposes from its Sasolburg plant

● The agreement between AECI and Fedmis which restricts Fedmis from manufacturing explosives or raw materials of every description intended for the manufacture of explosives

The board acknowledged the role AECI had played in the development of the explosives industry in South Africa But it was not

convinced the achievements were made possible by restricting the entry of newcomers

AECI submitted that the size and complexity of the explosives industry and the manufacture of raw materials was so great that it could develop only through the emergence of a dominant supplier

"OBSOLETE"

Both AECI — controlled effectively through a tie-up of De Beers and Anglo American — and the Chamber of Mines opposed any change of the present system

National Explosives maintained that dynamites made by AECI had become obsolete for safety and health reasons They said it intends to produce modern water-gel explosives under licence from Du Pont of the United States

AECI denied that its explosives were obsolete

● See Page 7.

245

2162

1803

Staw

23/4/82

Govt accepts explosives monopoly ruling

AECI to mount counter-attack

First time in

A COMPETITIONS Board report which yesterday condemned as unlawful agreements giving AECI a virtual monopoly in the supply of explosives in South Africa has been accepted by the Minister of Industries, Dr Dawie de Villiers.

He has given AECI, the Chamber of Mines, Sasol and Fedmis (part of Sentrachem) six weeks in which to decide how to end various restrictive practices.

The explosives industry

has a turnover of about R280-million a year

AECI has total control of the market apart from production at Palabora Mining, which makes its own requirements, and small sales by Mr Oliver Hill's National Explosives Limited (NEL)

NEL has the Southern African sub-licence for Tovex, Du Pont's water gel explosive

On the Johannesburg Stock Exchange yesterday the share price of Hanhill which has a 25% stake in NEL, bounded up from 155c to 230c

The Competitions Board finding is a major victory for Mr Hill, who has been battling for four years to get AECI's monopoly agreements with the Chamber of Mines ended

According to the Competitions Board, NEL has only 1% of the existing market

Mr Hill told me yesterday,

By HOWARD PREECE

however, that this figure was actually now up to about 2% in volume terms and higher still by value at about R6-million

He said NEL was already planning to double its capacity and was currently operating at only about half its capacity

Mr Hill's target is to push sales up to R24-million over the next four to five years — which would give NEL close to 20% of the market for "sophisticated" explosives

If he is successful, this would have a major effect on Hanhill's profits

However, NEL can expect a fierce marketing counter-attack by AECI

In a statement last night AECI, which is controlled by De Beers and ICI of Britain, said "AECI, the world's largest producer of commercial

explosives will enter into negotiations in terms of the recommendations of the Competitions Board firmly believing in the strength of its product range and quality, its proven research and development capacity and its trusted service will enable it to meet any competition

"AECI, also producer of the world's largest range of explosives, has always been able to supply the four requirements of the mining industry since the first contracts with the Chamber of Mines were entered into in 1924

(According to the board those contracts account for 90% of the South African explosives market)

"The contracts have been renewed from time to time voluntarily and willingly by the mining industry and on the basis of cost, quality, research and supply are, in AECI's opinion, to the benefit of the industry and, therefore, to the public as well

"The agreements with Sasol and Fedmis were part of the rationalisation schemes for ammonium nitrate product distribution which produced cost benefits for all parties, including customers, and were also 'arm's length' deals willingly concluded by independent companies"

The Competitions Board found that

● The agreement between AECI and the Chamber of Mines, by restricting competition, has or is calculated to have the effect of preventing or restricting the entry of new producers into the explosives industry, limiting the facilities available for the production or distribution of explosives and preventing or retarding the development or introduction of technical improvements or the expansion of existing markets or the opening up of new markets for explosives

● The triangular agreement among AECI, Fedmis and Sasol, which restricts Sasol from producing at and selling from its Sasolburg plant more than certain quantities of nitrogenous products . . . constitutes a restrictive practice

● The agreement between AECI and Fedmis, restricting Fedmis from manufacturing explosives or nitrogenous materials . . . therefore, a restrictive practice

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24/4/82
R0H

3 on price control charges

245

S. Post 6/5/82

A PORT ELIZABETH company, one of its directors and two employees appeared in the Port Elizabeth Magistrate's Court today on 478 charges of contravening the Price Control Act

Varms Pty Ltd, trading under the name TV Corner, the director, Mr Rodney Plett, 31, and employees Mrs Behnda Van Wyk, 27, and Mrs Mareen Roets, 45, are charged with overpricing television sets and aerials, and for their installation

The case has been postponed until June 28

Mr J D E Mooney was on the bench and Mr P P J Coetser appeared for the State

- F. Sauls
- J. Roux
- P.J. Roodt
- I. Roets
- R. Rich
- B. Reineike
- A.C. Reddy
- E. Raletschala
- D.K. Rae
- C.J. Pretorius
- C. Pretorius
- A. Poole
- S. Pillay
- R.R. Pillay
- P.J. Pienaar
- I.A. Petersen
- G.P. Peterson
- H.P. Pearson
- P.J. Paulus
- V. Packwood
- S.E. Olla
- M. Oliphant
- M. Oewies
- M. Ntseke
- S. Nsibandé
- D. Nowatha
- C. Nkabinde
- E. Nienaber
- B. Nicholson
- T.S. Neebling
- M. Narsoo

Concentration of power in hands of a few

CAPL Times 5/5/82

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CONT-D

By HOWARD PREECE

JOHANNESBURG — The South African economy is becoming steadily more characterized by the concentration of great power in the hands of a few large corporations and institutions

Look at some recent developments

Anglo American and Barlows carve up the sugar industry between them Edgars buys Ackermans — and SA Breweries buys the enlarged Edgars, and Scotts stores for good measure

Tiger Oats and C G Smith come together to form the country's biggest food group HLH takes over Blaikie Johnstone with important implications for the building supplies business The acquisitive Mr Natie Kirsh scoops up Greatermans stores

And so it goes

It has been said that if you don't work for Anglo American, Sanlam or the Government you might not work at all

Well, yes, that is obviously taking things a little too far — but it still has a niggling germ of truth

In its annual report tabled in Parliament this month the Competitions Board said "Concentration, chiefly in the form of oligopoly is a pronounced feature of the South African economy

"In the Republic this tendency is accelerated by firms with cash superfluous to their requirements, the activities of merchant banks and by corporate and fiscal legislation which inhibits the distribution of the profits generated by the mining and manufacturing ventures

"Oligopolies always carry with them the danger of causing prices to congeal at unduly high levels while conglomerates can distort competition by ensuring market support for their members at the cost of more efficient outside firms

"Clearly these oligopolies and conglomerates should be under constant scrutiny so that possible abuses can be detected and, where necessary, corrected in the public interest"

The board said the merger trend in South Africa needed to be closely watched The principle of non-interference in free enterprise should not be extended to un-

changed

A touch of genuine competition, even on the margin, may also be in AECI's long-term interests in terms of motivation, research and marketing developments

But that issue — a restrictive practice entrenching the position of a virtual monopoly supplier — is only one aspect of the threat to competition

Take another example SA Breweries has a monopoly on beer production There is nothing to stop any other company from trying to combat it — but after the experiences of Whitbread, Dr Louis Luyt and Dr Anton Rupert — no-one is likely to try

The drawback to new competition is that the costs involved and the entrenched power of SAB make the prospect pretty unappealing

That applies with equal force to many long-standing monopoly or tight oligopoly situations Glass, bricks and pulp are instances

The Competitions Board is trying to make some dent in this Fertilizers, timber, soft drinks, bearings, travel and electrical contracting are among the areas that either have been reported on or are now being investigated

But solutions are difficult

Monopoly or oligopoly may not always work against the public interest

At any rate, it often may not pay to compel a large and successful group to break up its operations

In its submissions to the Government in 1980 the Association of Chambers of Commerce quoted Nobel prize winning economist Professor Paul Samuelson on the dangers of anti-monopoly action that "rather than concentrating on bringing down prices for the consumer concentrates on keeping many firms in business, even though some may be inefficient"

There is also the critical issue of power wielded by state or semi-state bodies which may act against the public interest but about which the Competitions Board is effectively powerless

It can also be argued that the Reserve Bank

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the steady disappearance of small and medium size firms into large groups

This report coincided with the decision by the Competitions Board — accepted by Dr Dawie de Villiers, the Minister of Industries — that the monopoly agreement between AECI and the Chamber of Mines over the supply of explosives was against the public interest and should be compulsorily ended

It is important to understand why the board was right, I think, to have reached that conclusion

The principles involved apply far more widely than the particular instance

The explosives produced by AECI's tiny competitor, National Explosives, may or not be more efficient or better value for some needs

But that ought to be tested in something more akin to a genuine market

If AECI's products are comprehensively better they may still command their existing 98% or so of the market Good luck to them in that case

If, on the other hand, however, there is greater merit in the products of National Explosives than has so far been reflected in sales then it is in the public and national interest that this should be

balance of payments difficulties, be consistently sympathetic to exchange control requests by South African companies to acquire overseas interests wherever a good commercial case can be argued

That might reduce some of the pressures for ever-larger domestic concentrations of business

South Africa certainly faces a conflict between a generally professed commitment to competition and enterprise and the reality of a constant diminution of that competition

DAFO

PRICE CONTROL FM 14/5/82 (245)

Lifting the load

Stand by for increased price competition on a wide range of consumer and industrial items

If the Competition Board (CB) carries out government's avowed policy of freeing markets, it will recommend that price controls be lifted from 14 commodities including sugar, soft drinks and fruit juices, yellow margarine, agricultural machinery and equipment, firearms and ammunition, some steel products and television accessories

A further category of goods under scrutiny are not subject to price control in terms of the Act, but still need the official approval for price increases. They include motor-vehicle parts, household furniture, tin and other metal containers and pharmaceutical products

The latest CB investigation was ordered as a result of the recommendations of a working group established to examine national pricing strategy

The study group has already made its impact, as its recommendations have removed price controls from imported seed potatoes, porcelain insulators, fencing and photographs for identity documents. These amendments were gazetted in September 1980

It dealt a further blow to controls when, on its recommendations, authorities freed prices of building materials in March, more recently price control on rubber tyres was abolished

The study group also recommended that pricing of certain agricultural products — which fall under the Marketing Act — be looked into. These include bread, wheat and flour meal, butter and cheese, fresh milk in certain areas and bananas

So far these prices are still firmly under control and will probably remain this way, unless government is prepared to take the daring step of permitting free market forces in agriculture

Other items recommended for investigation but which have so far not been decontrolled, are fertiliser, anthracite and paraffin. As these are all political and social hot potatoes, controls will probably remain



Competition Board's Mouton
... will he free prices?

Abolish
controls
Staw
maize
2/15/82
farmers 245

By Hannes Fergusson,
Farming Correspondent

Maize farmers are demanding the abolition of all price controls on maize as well as those on fertilisers, farm chemicals, implements and other farm requisites.

The chairman of the National Maize Producers' Organisation, Mr Hennie de Jager, said in Bothaville today that price controls were ruining the maize industry.

South Africa's maize producers could not compete internationally because of price controls, levies and crippling import duties on everything they had to buy in order to produce.

The Government drove maize farmers to despair by forcing them to accept maize prices which were not related to the market and which were way below costs.

The only solution was to follow the Government's declared policy of allowing market forces to determine prices, Mr de Jager said.

"Let the market determine the maize price. But let the market also determine the prices of fertiliser, farm chemicals, tractors and implements."

R400 000 boat dispute settled

Staff Reporter

A DISPUTE over a R400 000 yacht, which arose from an alleged breach of contract between two companies, was settled in the Supreme Court late on Thursday

The yacht, an 18 9 m luxury Deerfoot 62, was built by Cenmarine Pty Ltd of Athlone for export by International Yachts Pty Ltd

An order was made in Mr Justice Friedman's chambers on Thursday by which International Yachts was required to pay Cenmarine R26 000 and to provide further security of R52 000

Cenmarine was ordered to release the yacht to International Yachts

In an affidavit, Mr S Dashew, director of International Yachts, claimed that on September 29 last year a company called CIW (Pty) Ltd had agreed to equip the yacht before February 28 this year

CIW's obligations were taken over by Cenmarine in December last year

Antigua week

According to Mr Dashew, Cenmarine was aware of the stipulated completion date and agreed to it. He claimed they were also aware the yacht was required for resale

He said the completion date was stipulated because the yacht was to have taken part in the Antigua annual yacht week in April this year

To take part, the yacht would have had to complete its sea trials by March Sailing time from Cape Town to Antigua was about five weeks

Because the completion of the yacht was delayed, the yacht would not be able to sail to Antigua in time for the yacht week, Mr Dashew said

His company's customer Constellation Marine Ltd had informed him that International Yachts would be held responsible for any damages suffered through the late delivery of the yacht, he said

Mr F Palthe, managing director of Cenmarine, claimed in an opposing affidavit that February 28 had not been agreed on as a completion date. He alleged that it had also not been stated that the yacht was to take part in the Antigua Yacht week

'Not stated'

Mr Palthe said Constellation Marine Ltd, the customer for the yacht, was controlled — directly or indirectly — by Mr Dashew

Mr Dashew intended selling the yacht for 360 000 dollars — far below its true market value, he claimed. The selling price had been settled at 550 000 dollars in their original agreement, he said

Mr Justice Friedman presided. Mr I Farlam, SC, assisted by Mr M Jacobs, instructed by Asherson and Asherson, appeared for the applicant. Mr W Burger, SC, assisted by Mr C W Rosenthal, instructed by Sonnenberg Hoffman and Galombik appeared for the respondents

Deposit mistake: Man fit to appear

Staff Reporter

A 41-YEAR-OLD Kuils River businessman who left the country on March 25 this year with R396 000 after the money had been deposited accidentally into his business bank account, was fit to appear at a summary hearing on a charge of theft in the Supreme Court on August 19, a Cape Town magistrate ruled yesterday

Mr Dirk van Rooyen, of Stepping Stones Road, Durbanville, was referred to Valkenberg Mental Hospital for 30 days' observation on May 12 after an appearance in a Magistrate's Court, where he

and could not recall details of an alleged disappearance of R1.2-million

The district surgeon had said Mr Van Rooyen was not capable of giving a rational account of his financial dealings and said he went overseas to obtain funds to repay the money he had allegedly embezzled

A senior psychiatrist at Valkenberg Hospital, Dr T Zabouw, yesterday submitted a report stating that Mr Van Rooyen's memory was intact. Dr Zabouw said Mr Van Rooyen showed "adequate insight" into his predicament and was

Board blasts cola battle

Political Staff

HOUSE OF ASSEMBLY — The bitter fight between Coca-Cola and Pepsi-Cola in the South African softdrink market has led to the Competitions Board finding that restrictive practices existed in their operations in Cape Town and Soweto

The board, whose investigation of alleged restrictive practices in the softdrinks industry was tabled in Parliament yesterday, said the activities of Pepsi in Cape Town and Coca-Cola in Soweto could not be said to be in the public interest

While one member dissented, the board said Pepsi's pricing policies in Cape Town between 1978 and 1981 had been a restrictive practice

Bottles

"By repeatedly introducing new bottle sizes at the price of the smaller packages in use, it caused a dislocation of that market, endangering output and threatening the continued existence not only of less efficient small firms but also of viable medium-sized ones"

Its fight all along had been with Coca-Cola, but in Cape Town it had overreacted

One unjustified restrictive practice by Coca-Cola in Kiptown and Soweto was conclusion of tying agreements with one or more of a limited number of distributors. The other was removing crates and bottles of a competitor, Sparletta-Suncrush, and substituting its own

Pepsi had now increased its prices to levels less disruptive of competition in Cape Town and the board did not consider that action by the minister was necessary at this stage

me the order to do that. One of the soldiers then commanded all the people to leave the church and gave an order to other soldiers to shoot anybody who ran away or refused to leave the church

The men were then separated and assembled at the main entrance of the church

"They were then taken by the soldiers one by one in order to be interrogated and beaten. Some of the women started to cry when they saw the men were really badly beaten. The soldiers then ordered the men to move further behind the walls of the church building

'Badly hurt'

"They were also beaten and kicked with boots. All these things were done before our very eyes. All lasted for about an hour. Some of the people were so badly hurt that they were unable to continue with the worship service after this," the memorandum says

On the same day, he says, two unregistered army lorries full of soldiers arrived at the Onayena parish, 15km from Elombe

A car full of passengers was on its way to the graveyard for a funeral when the passengers were ordered to get out and were beaten up. Two of them were "half dead" and had to be hospitalized

Mr Peter Kalangula, chairman of the executive committee of the Ovambo Representative Authority, could not be reached for comment yesterday

Bond prize for Fish Hoek

PRETORIA — This week's R10 000 Bonus Bond bonanza prize has been won by the holder of certificate 0009935372, bought at the Fish Hoek Post Office, the Treasury announced in Pretoria yesterday — Sapa

Monogrammed Tee-shirts made on the premises from imported Silks and Sea Island Cottons

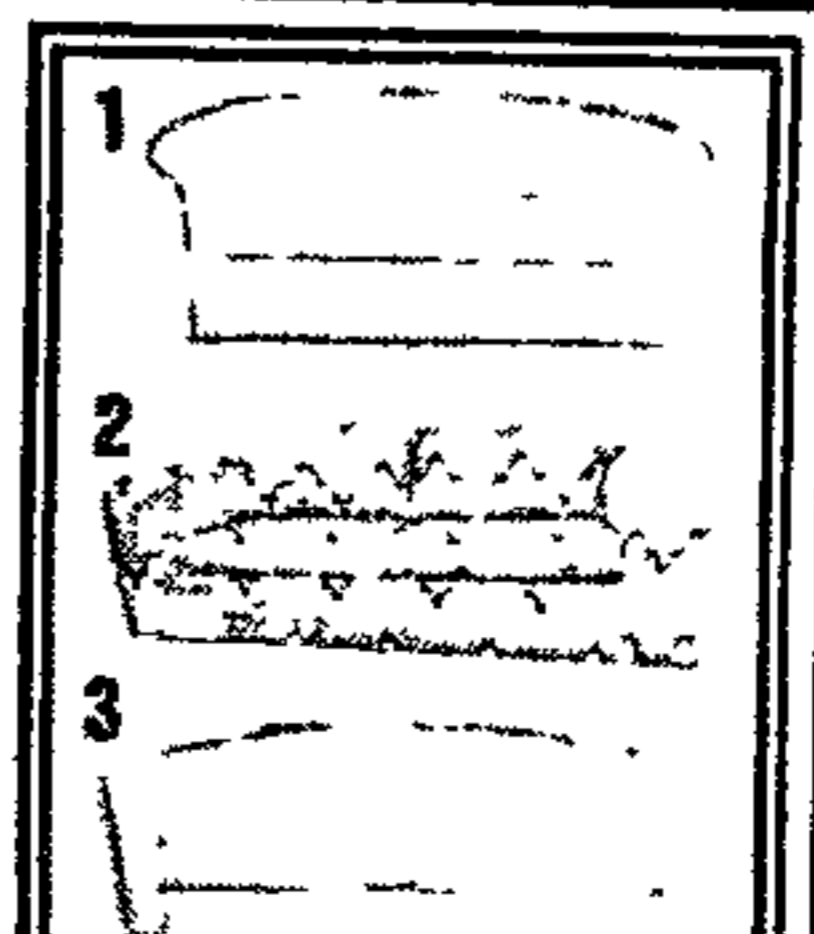
at the Fish Hoek Post Office

of Cape Town

JAMES HINDON & LEVER

PHONE 2-41610

bathroom



BOARD TELLS OF THREAT TO LIVING STANDARDS

ARGUS 31/5/82

Handwritten initials and circled numbers: "M.H.", "245", and "245".

INFLATION of more than 10 percent constitutes a serious threat to the living standards of most sectors of the community, says the Competition Board.

It says that in the past year inflation has hovered between 15 and 16 percent, exceeding the rates of the country's principal trading partners

In these circumstances competition policy acquires particular importance because of sensitivity about price increases that may be blamed on imperfect competition

One way in which the effects of inflation can be reduced is to raise the efficiency of the economy. This is done negatively by avoiding all acts that afford excessive security to its industries,

such as over-protection against imports

Positively, it requires applying measures that increase productivity

It is sometimes presumed that economic power corrupts and is always bad. But it is unavoidable in developing small markets

It need not be bad if the firm or firms concerned can gain by charging reasonable prices and by being efficient. It makes possible economies of scale and better use of plant capacities.

However, oligopoly situations and conglomerates should be under constant scrutiny so that possible abuses can be detected

In particular, the destruction of viable small and medium-sized businesses important to the preservation or establishment of stable socio-political conditions must be prevented

Most abuses of economic power can be effectively dealt with in terms of the Maintenance and Promotion of Competition

Act of 1979 and other forms of State intervention should not be required, the board says.

Local disability statistics used

JOHANNESBURG — Sanlam says it has used local statistics for the calculation of premiums for cover against loss of income during disability which have led to lower premiums

The risk of disability among the working population is at its lowest between the ages of 30 and 35, the statistics show — Sapa

ers and Welders Society

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

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

AGRICULTURE, FORESTRY AND FISHING

Black Allied Workers Union

Farmworkers Union

Food and Canning Workers Union

National Certified Fishing Officers Association

Orange-Vaal General Workers Union

Trawler and Line Fishermen's Union

MINING AND QUARRYING

Amalgamated Engineering Union of S.A.

Amalgamated Union of Building Trade Workers

Amalgamated Society of Woodworkers of S.A.

Black Allied Workers Union

Black Mineworkers Union

Federated Mining Explosives and Chemical Employees Union

Iron Moulders Society of S.A.

Mine Coloured Staff Association of South Africa

Mine Surface Officials Association

Mine Workers Union

S.A. Boltermakers, Iron and Steel

S.A. Electrical Workers Association

S.A. Engine Drivers, Firemen and

S.A. Technical Officials Association

Underground Officials Association

MANUFACTURING

Food & Beverage

African Food

Amalgamated

Bakery Emp

Black Allie

Boland Imme

Brewery Emp

Cadbury In-

East London

Food and Ce

Food, Bever

General Woi

General Woi

Natal Bakin

Natal Sugac

National M

National U

National U

National U

National U

Operative

Pretorise

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Price control knocks fertiliser

By STEVE ELLIS

THE change in Government policy towards fertiliser pricing has attracted criticism from the chairman of Omnia Holdings, Dr Joachim Winkler

He says in the annual report that the Government has not adhered to price-control formula and has fixed the prices in an arbitrary manner

As a result, Omnia's profits this year will be detrimentally affected

The industry has been allowed to recover its increased costs only to a limited extent

"In fact, in relation to the price control formula which was applied during the last couple of years the Government reduced the industry's margin by R32-million"

The expected fall in profitability will be hard to bear because "even in the past, (margins) did not allow for the adequate retention of funds to provide for the replacement of plant and equipment"

Dr Winkler says the change in pricing policy will not only have a profound impact on further investment in the fertiliser industry but

will force companies into the radical rationalisation of facilities

He says "The Government also allowed large scale importing of low-priced fertilisers by Swaziland operators"

SA producers could not market the product at such low rates and had to give up substantial market share, and reduce their use of SA manufacturing facilities

"If the Government is not able to stop this procedure, the SA producers who have invested heavily in this industry should also be allowed to import freely on the same terms

Because of the cheap imports and altered pricing policy, the fertiliser industry, "which is already fighting desperately to operate its export-orientated facilities at full capacity", will experience a drastic drop in profits in 1982

"I believe that by now the Government realises that these developments will eventually lead to steep increases in fertiliser prices when, in the foreseeable future, world market prices no

doubt exceed SA prices"

He urges the Government to take corrective steps to re-establish stability and confidence in the industry

This year, all companies in the Omnia group are operating to budget, but because of the fertiliser developments, he is not confident of continued earnings growth

On the bright side, however, "we can look to increased profits after the new facilities in Sasolburg come on stream towards the middle of 1983"

Long-term borrowings in the year under review rose from R968 000 to R1 133 000 - contributing to a 452,7% leap in interest from R127 000 to R702 000

Interest cover sank from 22,8 times in 1981 to 12,5

Stocks were also materially higher at the yearend - 31,1% to R8 024 000 Bank and cash balances fell from R2 584 000 to R362 000, and the group's overdraft jumped from R147 000 to R1 375 000

This is hardly an ideal financial position in the face of high interest rates and tight trading conditions

"THERE are 173 allied security organisations on Reef - 150 of them are from backyard, managing director of one of the largest firms providing day and night security guard service said this week. Inside Mail's investigation working and pay conditions of guards in a dozen of best-known firms on Reef and found both appalling and appalling employment practices. Most employers seem to apply the minimum conditions laid down for the industry in a Government wage determination, which was gazetted in 1969 and most recent pay adjustments were made in 1978. Though some firms struggle to apply the provisions many do not, and a variety of irregularities are evident. Inside Mail's investigation found: • Most guards watchmen work 84 hours a week - six or seven shifts. The best employed limits working hours to 60 hours a week in five shifts. The wage determination prescribes an 84-hour week as "ordinary hours" and allows for a further 12 hours "overtime". The 84-hour week is interpreted as six 14-hour shifts though most firms work on a 12-hour shift and allow for "wasted" time on transport and parace

205 202 110 111 3/11/1982

Move to break wine monopoly

Political Staff

THE Competitions Board has recommended termination of restrictive practices which resulted in a massive upheaval in the wine industry when Cape Wine was formed in 1979

Lashing out at monopolies in the manufacture and marketing of alcoholic beverages, the board said that while South African Breweries' 100 percent holding in beer manufacture was a restriction on competition, little could be done to re-establish the slight degree of competition which existed before SAB took over Intercontinental Breweries in 1979

The government has accepted one recommendation, as an interim measure, abolishing the existing bar on ownership or control of more than five retail liquor outlets

The relaxation will not apply to those with interests in the wholesale trade until the government has considered the other recommendations

Double standards

One member of the board, Mr A J Marais, refused to support their final recommendations, saying that the question would be asked why double standards were being applied through different approaches to the wine and beer industries

In a minority report Mr Marais said that while no action was recommended to break the monopoly in the beer industry where

SAB had a 100 percent holding, Cape Wine's 85 percent holding in the wine industry had led the board to assume that the company would abuse its power

The board's recommendations to the government are apparently aimed at breaking the stranglehold achieved in the 1979 takeovers in the liquor industry SAB had to give up its interests in Stellenbosch Farmers Winery (SFW) and Cape Wine was formed with SFW and Rembrandt as affiliated partners

The board recommends that the restrictive practices resulting from the birth of Cape Wine should be terminated within a reasonable period

It also recommends that the merger between the Oudemeester group and SFW as affiliates of the holding company, Cape Wine and Distillers Ltd, should be terminated

In his minority recommendations Mr Marais said the government should accept that two monopolistic situations existed — in the beer and wine industries

● The board's call for a more realistic and simplified system of liquor licensing was welcomed last night by the KWV wine farmers' co-operative

In a statement KWV said it was strongly opposed, however, to extension of grocers' licences to other alcoholic beverages such as beer

"The justification for

the distribution of wine through grocers lies mainly in the strong connection between wine and food which no other alcoholic beverage can claim," the statement said

The co-operative also supported the board's confirmation of the Cabinet decision of 1979 that there should be an "absolute separation" between the wholesale and retail trade

However, it pointed out that to separate these two sectors without placing some form of restraint on the number of outlets in the hands of one party could be self defeating as a new power concentration at retail level could give rise to the "same and more severe malpractices" which the board would wish to eliminate

The recommendation that Cape Wine be dissolved was rejected as "extreme"

KWV noted that in the case of SAB the board "obviously accepts a 100 percent monopoly, but in the case of the wine and spirit industry a 75 percent market share would appear to be sufficient to recommend dissolution"

Producer liquor outlets urged

Chief Reporter

MR JAN PICKARD, chairman of Union Wine, said yesterday that it was important that producers should be able to have their own outlets in the liquor market.

"It is difficult for the new producer to get on to the market," he said, "and for this reason small producers should be allowed to have a limited number of outlets."

Disagreed

While agreeing with most of the recommendations of the Competition Board, the aim of which is to end restrictive practices in the liquor industry, Mr Pickard said he differed on this particular issue.

The proposals of the Competition Board are contained in its 78-page report tabled in Parliament this week.

Mr Pickard said if the proposals were to be

acted on they must be acted on in total as a package.

If wholesalers were to be deprived of bottlestores, then KWV must give up its stake in Cape Wine, which controlled the two major wine manufacturers, Stellenbosch Farmers Winery and Oude Meester.

He agreed with the Competition Board that Cape Wine's control over SFW and Oude Meester be ended and that the merger be broken between these two groups which at present constituted an undesirably dominant force in the liquor industry.

● The KWV in a statement yesterday welcomed the recommendation of the Competition Board that there should be a more realistic and simplified system of liquor licensing.

The recommendation, it said, agreed in broad terms with the standpoint that KWV had advanced over many years. KWV was, however, strongly opposed to the extension of grocers' licences to other alcoholic beverages such as beer.

'Justification'

"The justification for the distribution of wine through grocers lies mainly in the strong connection between wine and food, which no other alcoholic beverage can claim. KWV believes that

it is in the public interest that this principle be upheld.

The Competition Board's confirmation of the cabinet decision of 1979 that there should be an absolute separation between the wholesale and retail trade accords with the principles that KWV and others have put forward for many years. KWV therefore supports this recommendation.

'Self-defeating'

However, to separate these two sectors without placing some form of restraint on the number of outlets in the hands of one party could be self-defeating. A new power concentration at retail level could give rise to the same and more severe malpractices which the board would wish to eliminate by separating the wholesale and retail trades.

The recommendation that Cape Wine and Distillers could be dissolved in spite of the fact that it came into being after being approved by the cabinet is extreme and is rejected.

"It is very clear that as stated in the minority report double standards were applied here. In the case of the SA Breweries the board obviously accepts a 100 percent monopoly, but in the case of the wine and spirit industry a 75 percent market share would appear to be sufficient to recommend dissolution.

A From page 1
calling on the Syrian troops to leave. They appealed to the Syrian commander in Beirut to get out of the city before the Israelis moved in to take on the Palestinians in their final stronghold.

'Not your war'

In effect the leaflets said "This is not your war. We are after the Palestinian forces in the city which have led to a breakdown of security and which cause terrorism."

By last night there was no indication whether the Syrians would respond to this plea.

Reports from Beirut last night said there could be only one Israeli objective — to wipe out the PLO in the city, its heartland and headquarters.

Reports said residents in the city had reacted to the pamphlets with near-panic. The situation there had been growing tenser throughout the day and, one report said, by nightfall the latest Israeli moves had frightened some residents to the point of hysteria.

The pamphlets gave the Syrians "hours" to get out, but they did not say whether this was two or 10.

Reports from Beirut last night emphasized evidence that this time Israel intended to kill or capture the PLO commanders. All the best-known leaders — including Yasser Arafat — were said to be in Beirut.

Few ways out

With Israeli troops in control of southern Lebanon, shells from Israeli artillery making the main Damascus road hazardous and Israeli patrol boats offshore, there were few ways out for the Palestinians.

Palestinian commandos and gunmen from the various militias fired on the attacking Israeli aircraft without success, eyewitnesses said.

The Israeli authorities have admitted 45 of their forces killed and six missing since the fighting started on Sunday, and more than 300 wounded.

The PLO said there have been as many as 10 000 casualties in the fighting.

Press up ov

JOHANNESBURG Press leaders yesterday declared that they were proceeding with the establishment of a voluntary media council which would operate independently of any injunctive control by the State.

Members of the Newspaper Press Union and the Conference of Editors founders of a new council said after a meeting yesterday to call for the Registration of Newspapers Amendment Act now before Parliament that they were strongly opposed to the principle of statutory power assumed by the government to cancel registration of newspapers.

"We are making our representations to the Minister of Information (Mr J C Heun) they said in their statement.

Unwanted duties

The bill before Parliament sought to vest media council powers and duties which it did not want and which by impairing its voluntary basis and independent status, the statement.

"To this we raise the strongest possible objection."

"We have not asked

Press to through

THE speed with which the Amendment Bill was passed made any detailed debate and legislation, the Western Human Rights, said.

Lawyers for Human Rights about 100 attorneys, Western Cape, said if the bill would receive the approval by the time Parliament meets.

The bill, which provides for the expansion and restriction of the press towards the middle class.

"The issues raised in the future of the press trend in government."

"The speed with which the bill was passed through Parliament, an analysis of the bill in comment on the proposal."

"The bill itself appeared in the report of the Steyn Commission on Mass Media. A study by LHR questioned the

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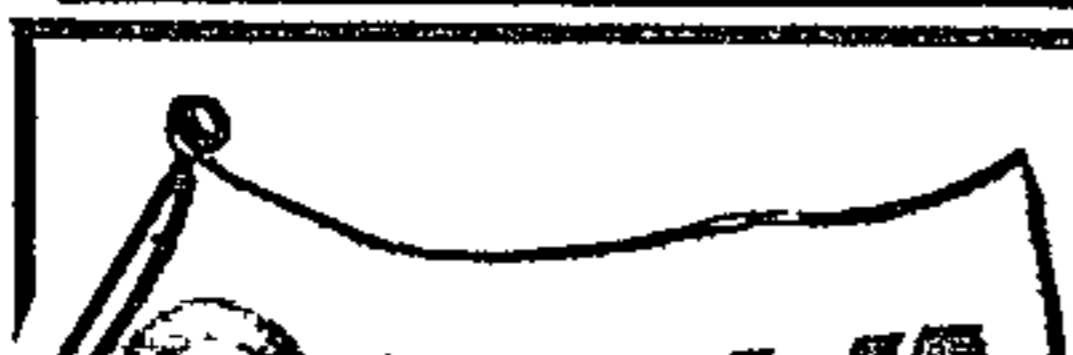
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182

245

FM 11/6/82

Heading for a bust-up

Industries Minister Dawie de Villiers faces the toughest test of his political career

In the face of powerful opposition from the wine lobby, he must decide whether or not to heed the recommendations of the Competition Board that he should terminate the 1979 arrangement whereby

□ SA's largest wine and spirit houses, SFW and Oude Meester, became the operating subsidiaries of Cape Wine and Distillers (CWD),

□ KWV, which controls the production of wine, obtained a 50% stake in CWD through KWV Beleggings Pty, and

□ SAB obtained a 30% interest in CWD in return for relinquishing its wholly-owned wine house, SFW

The Competition Board's report, tabled in Parliament this week, is highly critical of the agreement in November 1979 which, with Cabinet approval, brought about the present structure in the liquor industry

The Board says the agreement is restrictive and, because it limits competition, cannot be in the public interest. Only one of the eight board members, Albert Marais, dissented and issued a minority report

De Villiers' initial response to the report and its far-reaching recommendations is understandably cautious. He says certain recommendations require further study by government. But he has accepted an important recommendation relating to a 1979 restriction on the acquisition of retail liquor stores by people unconnected with the manufacture of liquor. The provision limiting ownership of bottle stores to five has been terminated on the grounds that there is nothing wrong with horizontal integration of outlets

To give effect to the Board's recommendations to unscramble parts of the 1979 agreement, which would result in the winding up of CWD, will require iron nerve. Yet the Board's condemnation of the existing structure of the wine and spirit industry is so clear and unambiguous that failure to act in the public interest would be seen as a serious reflection on the integrity and the competence of the Board

The Board says the arrangement whereby SAB acquired the former Remgro brewer, ICB, amounts to a restriction on competition, but adds that little can be done to restore the small measure of competition that did exist in the beer business before November 1979. Thus, it does not recommend the unscrambling of the SAB-ICB deal

With the exception of recommendations relating to KWV, CWD, Oude Meester and SFW, implementation of the Board's suggestions would not pose any grave political

risk to government

The Board recommends that cross-holdings between brewers and wine and spirit houses should be outlawed. It also urges government to prohibit wholesale producing merchants from acquiring an interest in retailers and suggests that SAB and Remgro divest themselves of residual liquor store holdings in five years, not 12 as agreed in 1979. This means that Union Wine and Gilbeys will also have to get out of retailing

The Board also recommends termination of restrictions on the granting of retail liquor licences. It urges government to amend the Liquor Act accordingly. It says liquor licences should be available to any willing trader who complies with certain specified objective standards and that grocery licence-holders should be permitted to sell beer

Another major recommendation is that the liquor retailing monopoly of administration boards in black townships be terminated immediately and that licences be granted to black entrepreneurs

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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

	Internal	External
	(2)	(3)
1	29 } 35 } 64	
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Minister De Villiers to

pieces of paper or other material brought into the examination room 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

182 232 245
CAPE TIMES 15/6/82

Cape Wine monopoly may be hard to break

Industrial Reporter

DISSOLUTION of the multi-million rand Cape Wine monopoly, as recommended by the Competitions Board, is likely to prove an extremely complicated and perhaps impossible task.

Industry sources yesterday noted that implementation of the board's findings released last week amounted to a virtual repudiation of moves considered by the wine industry to be vitally important to its survival.

In essence, Cape Wine was born out of a "fight-

fire-with-fire" approach aimed at ending the beer war between South African Breweries and Dr Anton Rupert's Intercontinental Breweries.

The new deal in the industry which established Cape Wine in November 1979 saw Dr Rupert dispose of Intercontinental to SAB in return for a merging of the latter's substantial SFW wine interests with Dr Rupert's Oude Meester in a new company managed by his Rembrandt group and the KWV.

Another aspect of the

deal, which required cabinet approval was a requirement that the liquor giants divest themselves of their bottle store holdings over a period of 12 years.

So far this has come to naught and now the Competitions Board has called for the period to be reduced to five years. It also appears to be tackling the problem from the other end with the accepted recommendation that restrictions on bottle store ownership by interests outside the industry be terminated.

Hardly anyone in the industry is perturbed by this aspect.

There is no real anxiety on the call to break up Cape Wine either, but this could be due to the general feeling that the government will find it as difficult to act against the wine combine as the board believed it would be to hit the beer monopoly, particularly since the very existence of the one is considered as being due to the other.

Brick cost controls explained

245 E. Post 19/6/82

By GILBERT FOSTER

(As published in South African Builder, official journal of the Building Industry Federation of South Africa)

THE recent abolition of price control over bricks, and the subsequent announcements of a 17% price hike by the manufacturers, has been greeted with dismay and disapproval in certain quarters, which is likely to lead to some strong lobbying for its reimposition

This is understandable in the current inflationary climate, where contractors and clients are both subjected to continually rising costs over which they have no control and where price is a sensitive issue in the minds of the general public

There is, consequently, a danger that the subject will become an emotive issue which obscures the underlying economic facts. It may, therefore, be useful to consider previous policy and the situation which has arisen from its pursuit

In the past, the Government has exercised a policy of administered prices over certain key building materials in an attempt to exert a controlling influence over general price levels and, thereby, to contain the rate of inflation

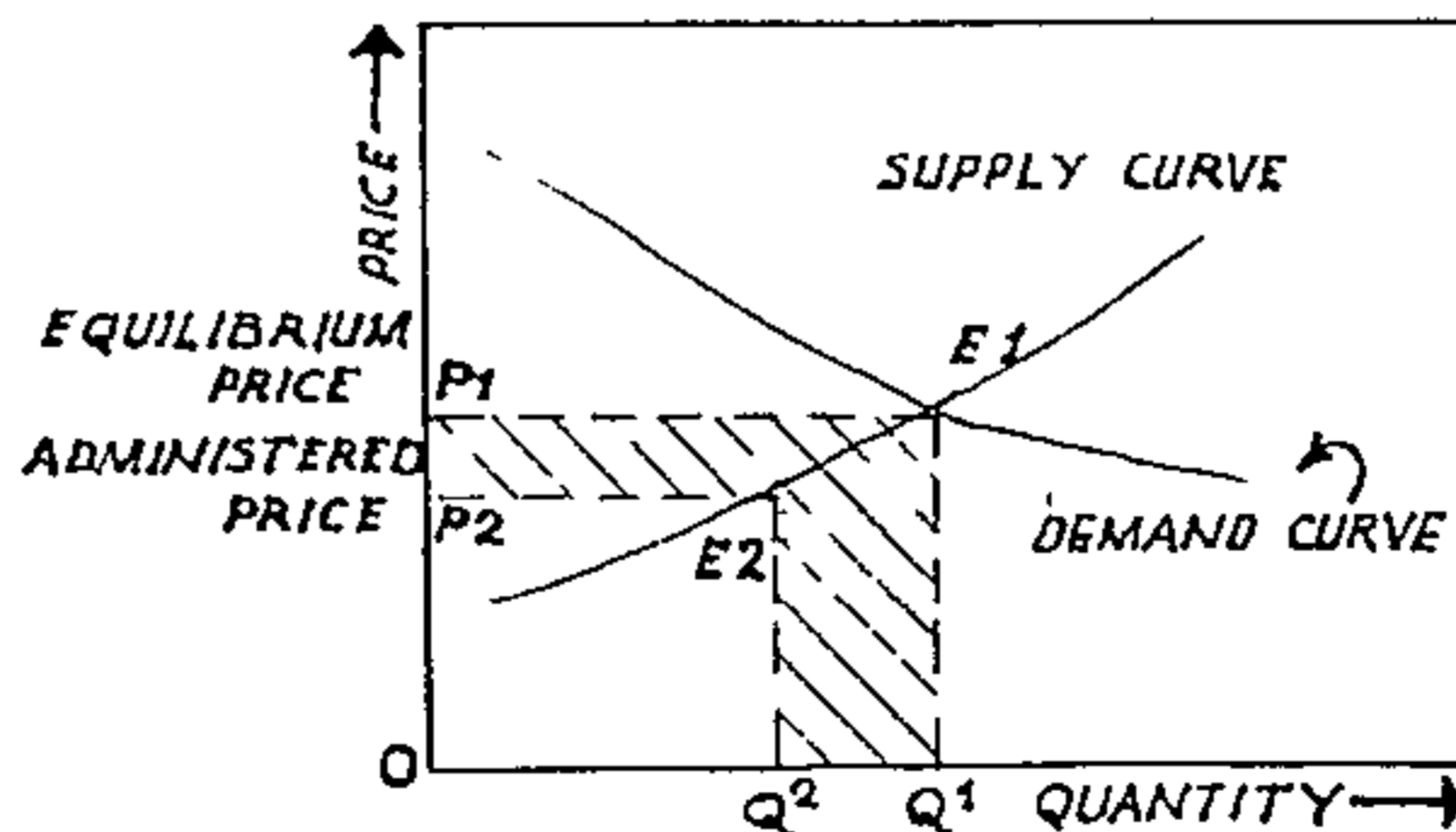
While this is a praiseworthy objective, it does not work in practice over any extended period of time and several reasons can be advanced

The first and most important of these is that a market economy revolves around its price structure, with prices acting as the co-ordinating mechanism, directing productive resources into the areas of greatest opportunity on one hand and signalling to consumers on the other

To interfere with this natural adjustment of prices must, in time, distort the market and cause the supply and demand of the affected goods to get out of line

Where prices are artificially set below the true market price this will inevitably result in the development of shortages

This can be expressed graphically as shown below



Supply and demand curves, as shown above, are standard concepts used in economic analysis. The theory has it that, as the price goes up, so the attractiveness of the product increases to manufacturers who then expand their production along the curve below

Conversely, as the price falls, so the demand for the product increases, leading to a greater consumption

At the intersection of the producers' supply curve and the consumers' demand curve is the so-called equilibrium price

At this price, an output (shown by the rectangle OP'E'Q') will be produced which will satisfy the ambitions of most manufacturers and the needs of most customers

Once an administered price is introduced, shown on the diagram as P2, the product is no longer as attractive to the manufacturers, who will now produce a lesser quantity (shown by rectangle OP2E2Q2). As a result, a shortage will arise in the market, indicated by the shaded area on the diagram

All these symptoms have been demonstrated of late in the beleaguered brick industry. The artificially low price for bricks, maintained over a number of years, has led to under-investment in this crucial sector and has contributed to the recent shortages

ICS to spend R80m, urges Govt to change milk policies

By STEVE ELLIS

IMPERIAL Cold Storage is to inject R80-million into major new projects during the next five years.

The chairman, Mr William Neate, says in the annual report that the company has made arrangements with bankers to provide financial credits to fund the programme

The increase in capital expenditure influenced the board's decision to raise dividend only 11% in the year to February — despite a 43,7% lift in attributable earnings to R17 056 000

ICS also wants to conserve funds to combat the effects of the economic downturn.

In the past year, the group's capex totalled R40-million — R19-million of it in new projects.

"The company has embarked on an extensive programme of renewal and development in order that its facilities and services are properly equipped to enable (the) company to remain competitive."

Mr Neate says the heavy capital outlays should improve earnings in the future, and that the improvement in recent results reflect the benefits of the programme

The interest bill rose 33,7% to R7 233 000 but the cover fell from 5,66 times in 1981, to 5,45. And an improved cash flow now allows the company to be able to mop up total interest-bearing debt in 2,05 years compared with 2,46 years in 1981

Mr Neate is confident about the company's prospects this year, but warns that profit margins may be adversely affected by increased interest and operating costs.

"The effect of the increase in the rate of company taxation should also be taken into account."

Of the year under review, he says the red meat division operated more profitably than in the previous year when losses were suffered on fixed price institutional contracts

However, all is still not well in the industry

The season began favourably but a drought later forced producers to market increased numbers of cattle, particularly lower grade animals

Mr Neate says "In fixing the floor prices for the coming year, the minister will doubtless have regard to these factors and the effects of the recent maize increase, so that producers may continue to be encouraged to increase their herds to safeguard supplies for the future"

The company's poultry operation, like the industry generally, benefited from consumer resistance to higher red meat prices.

But its turkey growing venture has had to be thoroughly reassessed "In the light of the high capitalisation involved we have decided to discontinue this operation and convert the facilities to the production of additional broilers"

Concern is also raised about the Government's control over milk pricing

The chairman says that the operating margin on fresh milk processed and delivered to dairies is inadequate to cover costs, and to yield a fair return on investment.

"It all points to anomalies in basic pricing structures and we are strongly of the opinion that the time has come for the Minister to review the necessity of the rigid controls which are exercised over this industry"

The commissioning of ICS's ultra high temperature milk treatment plant in Cape Town is now scheduled for August.

Handwritten notes: 245, Meat, ROOM, 23/6/82

Maize 245

Govt's protection policy 'could doom maize production'

Mail Reporter

PROTECTION by the Government of certain industries at the expense of the maize industry could spell the end of profitable maize production

The chairman of the Maize Board, Mr C von Abo, told this to 1000 farmers at a special congress of the National Maize Producers Organisation in Johannesburg yesterday

He said import tariffs for fertilisers, implements, weedkillers and seeds from overseas were forcing farmers to buy local products at high prices

The controls should be abolished, he said

He said the maize industry remained one of the most important sectors in the employment of rural-based black workers, employing nearly 11% of the black rural population

He also pointed out that continued subsidisation of other industries — such as those producing fertilisers, and machinery — had lost the maize industry R150-million over seven years

Mr Von Abo added that though a yield of 8-million tons in 1979 had secured a profit of nearly R34-million, the same yield this year was expected to show a loss of R639 million

A continued increase in expenditure without a parallel increase in income would force farmers to limit production

South Africa could do without subsidised local industries but not without a maize industry

Nampo economist, Dr C F Le Clus, called for an investi-

gation into the policies governing the marketing and production of maize

He said prices of farm implements fertilisers and other chemicals in developed Western countries, were significantly lower than those in SA

For example the local price of two brands of weedkillers was 48% higher than the world price He called for an end to protection of the local industry so competitive weedkillers could be imported

A request for an increase in the fertiliser price, if granted, would put local prices 110% higher than overseas

The manager of Nampo, Dr P J Gous, said SA farmers trading on the world market would have to concentrate on quality, meaning higher production costs

Local maize costs far more than imported maize, and the prices were not determined by free market forces but by politicians, he said

He proposed three alternatives limited production, self-control by altering the status quo in the industry, or accepting a free-market situation and allowing prices to be determined by supply and demand

The farmers unanimously decided to follow the trends operating in the free market and empowered the Nampo executive to ask the authorities to grant autonomy to the maize industry

Dr Gous said if the proposal was accepted, farmers would be able to import fertiliser and machinery without having to obtain import permits and pay protection tariffs

245



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Vol 204

PRETORIA, 25 JUNIE 1982
JUNE

for full list
No. 8275

GOEWERMENSKENNISGEWING

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

No 1214 25 June 1982

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

DIE BEDRYWIGHEDA VAN DIE ELEKTROTEGNIESAANNEMERSVERENIGING (SUID-AFRIKA)

Ek, Dawid Jacobus de Villiers, Minister van Nywerheidswese, Handel en Toerisme, publiseer hiermee kragtens artikel 14 van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), in die Bylae hierby, die Raad op Mededinging se Verslag No 6, gedateer 28 Julie 1981, ten opsigte van gemelde Raad se ondersoek na die bedrywighede van die Elektrotegniese Aannemersvereniging (Suid-Afrika)

D. J. DE VILLIERS, Minister van Nywerheidswese, Handel en Toerisme

REPUBLIEK VAN SUID-AFRIKA

RAAD OP MEDEDINGING

VERSLAG No. 6

DIE BEDRYWIGHEDA VAN DIE ELEKTROTEGNIESAANNEMERSVERENIGING (SUID-AFRIKA)

HOOFSTUK I

DIE AARD EN OMVANG VAN DIE ONDERSOEK

1. Die oorsprong van die ondersoek.

1 Op 7 Julie 1980 het die waarnemende Provinsiale Sekretaris van Natal aan die Raad geskryf en gekla dat die Elektrotegniese Aannemersvereniging (Suid-Afrika), hierna "die ECA" genoem, aan sy lede opdrag gegee het om nie tenders vir die nie-benoemde subkontrakte vir twee provinsiale skoolprojekte aan houer aan te bied nie. Na die mening van die Natalse Provinsiale Administrasie vorm dit 'n beperkende praktyk.

GOVERNMENT NOTICE

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

No 1214 25 June 1982

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

THE ACTIVITIES OF THE ELECTRICAL CONTRACTORS' ASSOCIATION (SOUTH AFRICA)

I, Dawid Jacobus de Villiers, Minister of Industries, Commerce and Tourism, do hereby publish in terms of section 14 of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), in the Schedule hereto, the Competition Board's Report No 6, dated 28 July 1981, in respect of the said Board's investigation into the activities of the Electrical Contractors' Association (South Africa)

D. J. DE VILLIERS, Minister of Industries, Commerce and Tourism

REPUBLIK OF SOUTH AFRICA

COMPETITION BOARD

REPORT No. 6

THE ACTIVITIES OF THE ELECTRICAL CONTRACTORS' ASSOCIATION (SOUTH AFRICA)

CHAPTER I

THE NATURE AND SCOPE OF THE INVESTIGATION

1 The origins of the investigation.

1 On 7 July 1980 the Acting Provincial Secretary of Natal wrote to the Board complaining that the Electrical Contractors' Association (South Africa), hereafter referred to as the ECA, had instructed its members not to tender to builders for the non-nominated sub-contracts on two provincial school projects. In the opinion of the Natal Provincial Administration this constituted a restrictive practice.

The coupons would then be exchanged at stores for bread and the storekeeper would be paid out by the AIA. This plan, says Mr Abrahams, had to be scrapped because it would become too expensive due to the "enormous response" received by the AIA throughout the country. He said "well over 100 000 people" had applied to the AIA but could not give more specific figures. Mr Abrahams said he then devised a new plan to replace the coupon system. Members would now pay a flat rate of R17,50 which would give them access to a competition with huge cash prizes.

Incentive

Only members would be eligible for the competition and they would be able to buy competition tickets for a minimum of 20c and a maximum of R2 from the AIA. The AIA would have weekly draws and the winner, who would be chosen by computer, would be entitled to a cash prize "running into thousands". Mr Abrahams said the prizes were an incentive for people to join the AIA. The profits from the competition would be given to the Wheat Board to subsidise the price of bread directly. For the scheme to be viable the AIA would need a minimum of two-million members. Mr Abrahams said despite the massive membership applications to join the AIA, he had not collected any membership fees. He said he had returned all the money sent to him as subscriptions. He could not specify how many people had sent him money or how much money was returned by him. Membership fees would be collected only in October when the scheme would be launched, he said.

Investigate

Asked whether the Wheat Board had sanctioned the scheme, Mr Abrahams said he had had a meeting with the board and discussions "were very fruitful and the Wheat Board was very interested". When told that the Sunday Times had established that the Wheat Board was investigating the AIA, Mr Abrahams said the meeting with the two Wheat Board officials was "unofficial". "More official meetings will be held later," he said. The manager of the Wheat Board in Pretoria, Mr Dennis van Aarde, said the board would have "nothing whatsoever" to do with Mr Abrahams' bread scheme. Mr van Aarde said the board had instructed their inspector in Durban to investigate the matter. "Our inspector reported to us that Mr Abrahams could not give sufficient details," he said. Mrs Joyce Hurvitz, national president of the Housewives' League, said Mr Abrahams had approached them last year after the bread price was increased. "But he could not give them specific details at that time. We don't want to be part of a scheme that we know nothing about," Mrs Hurvitz said. When the Sunday Times

length is always dad"

Picture RAYMOND PRESTON

Wage freeze

the limit in anticipation of a freeze Mr... He said if the current recession were allowed to deepen unemployment would increase the risk of unrest and instability. The head of the Economic Research Bureau of the University of Stellenbosch Professor J L Sadie, said the alternative to a government wage and price restraints policy as British Prime Minister, Mrs Margaret Thatcher's policy of tight monetary discipline and attempting to cure inflation by including recessionary conditions. Some economists say the Government's monetary policy has failed to slow down inflation mainly because of insufficient control of the money supply.

'Temple an asset'

Mall Reporter

THE controversial Mormon temple planned for Parktown Ridge will be a beautiful building and an asset to Johannesburg, according to the architect, Mr John Halford.

Local residents headed by the Parktown Association recently lost an appeal to the Johannesburg City Council to stop the erection of the six-steeped temple at 7 Jubilee Road, Parktown.

The temple which will cost millions of rands will take about a year to build, said Mr Halford.

It would not be much larger than the house presently on the site.

"All the parking will be on site in an underground basement which will be covered with grass," said Mr Halford.

The authorities have treated water supplies with chlorine. Dr Tibbit advised residents to boil their drinking water - Sapa

Electricians' power is cut

PRETORIA - A notice has been published in the Government Gazette prohibiting the Electrical Contractors' Association (SA) from restricting its members from tendering for non-nominated sub-contracts.

The notice published by the Minister of Industries, Commerce and Tourism Dr Dawid de Villiers, followed an investigation by the Competition Board, which found that the association's restrictive practice, in the public interest, was unjustified - Sapa

The Pope's peace plea

VATICAN CITY - Pope John Paul II said yesterday Israel's siege of Beirut is causing "terrifying" death and destruction and issued an emotional appeal for a "just" recognition of Palestinian rights.

The Pope's appeal came during his weekly blessing to about 35 000 people gathered in St Peter's Square. "The news and images that arrive from the martyred city of Beirut are terrifying," the Pope said - UPI

Agostino Casaroli, told Mr Cerullo the Pope would personally study the workers demands and reply to them in a document.

The letter was referred to in a statement released by the association on Saturday. The letter also said the right of the association to represent its members was henceforth recognised.

Leaders of the association, which was formed last year and has about 1 600 members, have been pressing Vatican officials to recognise the association's right to represent the workers in negotiations with Vatican administrators.

At the beginning of June the association called for the first strikes in Vatican history. Workers were asked to stay off the job for the first two hours of every shift on June 14.

The strikes, called to press demands for a new contract and for union recognition, were later called off because of the Pope's trips to Britain, Argentina and Switzerland this month.

Association members said Archbishop Paul Marcinkus, president of the Pontifical Commission for the State of Vatican City and other Vatican administrators had been trying to keep the association powerless.

The employees have asked for wage and benefits increases, pension plan modifications, a uniform 36-hour work week, and an end to the Vatican policy that bars hiring of employees' children.

On May 3 about 1 000 association members held a silent protest march inside the Vatican to show their solidarity with their elected representatives.

It was the first labour protest in Vatican history UPI

As the... including a 4... freeze has stirred a... It is being condemned a... in the Communist Socia... 'What's the difference... 'austerity' jeered a... Workers' Confederation... "We are swamped w...

'The land I loved'

STANLEY - During Falklands war... were looted of... like sentimental... and valour medals from... Second World War but... they miss most... they loved - wild unspoiled... isolated from modern... worries.

"I cannot explain... the attraction of the Falklands, and what it means the Falkland people," Mary Elphinstone a physician who visited the... on a holiday and decided... move there permanently.

"It can never be the... again now that we are on... map.

"The people here are... unsophisticated subsistent... They made a conscious decision that the... and unspoiled lands are what they wanted."

In the capital of Stanley hospital nurses bemoaned that the influx of tourists... to mention a huge permanent garrison of 2 000-4 000 British soldiers plus their wives... would change the face of the islands.

"The Falklands are wild and remote and that is the way we want it to be," said a nurse at a hospital. "But it has changed already because now the world knows where we are and there will be more visitors and settlers," she said.

Mr Harry Bonner the Falklands engineer and surveyor, suffered the death of his wife in the British war with the Argentines but still managed to be optimistic about the future of the islands.

"We had no kind words for the Argentines responsible for this," said Mr Bonner. "But out of it, has emerged one good thing."

"There is so much money promised to the islands that now one of our dreams will come true."

"Now we can go ahead with a R17 200 000 development programme for Port Stanley, with roads, sewage and housing" - UPI

Move again

Mall Correspondent

DUBLIN - The Irish opposition party is to press for legislation to outlaw telephone tapping following the disclosure that the Prime Minister Mr Charles H... had...

Double tragedy

A police spokesman said a vehicle crashed in Maitland at about 6 40am. Mr Hatting and Mr Groenewald took the victims to hospital. When they returned they were involved in a second accident - Sapa

'Distance' in Botswana

Trusts presenting papers and panel discussions include Gordoner, Richard Berote and James Mathphers. David Goldblatt film-makers Keyan Michael Raeburn

from all over South... representatives of organisations Fuba and... as Ravan Press and... and drama faculties of

several universities - are expected to attend

The symposium, the first of its kind in Southern Africa, will include discussions on South African dance, film, theatre, poetry, music, photography writing, the novel and fine art.

Discussion will take place during the day in the evenings, South African music and dance will be performed and feature and documentary films will be shown.

METRO MAIL

Special race preview

THE Rand Daily Mail racing correspondent, Peter Duffield, will give his Northlands High School Old Boys Club colleagues a special Durban July preview tomorrow. With only five days to go before the big race in Durban the Johannesburg branch of the Durban-based NHSOBC has invited old boy Duffield to "tell all" over drinks at the Pirates Club in Greenside starting at 5 30pm. Old boys can contact Philip Simpson at 834-8224 for further information.

A cattle-judging course

A COURSE in the judging of Hereford cattle will be held at the Sydenham experimental farm at the University of the Orange Free State on July 19 and 20. Lectures and demonstrations will be given by Mr Hendrik van der Walt and Mr Jim Mapham, both senior judges of the Friesland Breeders' Association. A written exam will be held and those who are successful will qualify for the junior judges exam. The course is open to all.

Basketware on display

ALL day today there is a basketware exhibition in the Square Court at the Carlton Centre.

Hints for vegetarians

THE Vegetarian Society of SA will meet at 7 45 this evening on the first floor, Happiness House in Rissik Street, off Wolmarans Street. Dr Z Zampetakis will be speaking on "Health Hints for the Vegetarian."

Cranes fly at university

AT 8pm the Wits University...

Holiday creche planned

BUSY Springs mothers with toddlers can take a breather during the holiday season. The Springs Child Welfare Society is planning a creche during the holiday season, which begins next week. It will be open all day from Monday to Friday.

Mini-fete for animals

A MINI-FETE to raise funds for animals at the Anti-Cruelty League's kennels in Pretoria will be held on Saturday (July 3) at 99 River Street, Sunnyside. Anyone who would like to donate a cake or anything suitable for a fete should phone Mrs Dell Ferero at (011) 447155.

University is bucked up

THE University of the Orange Free State's Game Farm on the banks of the Hendrik Verwoerd Dam - recently donated to the University's Department of Grazing Science by the Cape Provincial Administration - is to receive 400 Spriggbok and a number of Zebra and Blesbok as part of the gift.

Cytology meeting opens

THE biennial congress of the SA Society for Clinical Cytology will be held in the President Hotel, Johannesburg, from today to June 30. Dr W A van Niekerk will deliver the opening address. He is chairman of the Committee for Community Relations of the President's Council, President-elect of the International Academy for Cytology and Chairman of the SA Society for Clinical Cytology.

Men only rule off

Mall Correspondent

TEL AVIV - Faced with an avalanche of protest from 30 furious women journalists, Israel this weekend dropped a "men only" rule for correspondents wanting to cross the northern border with Lebanon.

Female reporters were suddenly banned from touring the combat zone on Friday morning. No reason was given but it was intimated that general Rafael Eitan, Chief of Staff, was anxious to ensure none was hurt in any fighting.

The move came at a time of increasing strain in the International Press Corps covering the invasion from the Israeli side.

Television camera teams have been arrested for touring the occupied areas of Lebanon without military escorts.

Last week, I witnessed an embarrassing row between an American woman reporter and her escort. The soldier accused the girl, a Jewess from New York, of trying to portray the troops as "monsters".

Chinese Wall

FM 2/7/82

Amid growing criticism of Government's protectionist policies (including the latest salvo from the maize farmers) the Board of Trade and Industries has reported on its activities during 1981. The board's work falls into two major segments — investigations at the direction of the Minister of Commerce, Industry and Tourism in terms of the Board of Trade and Industries Act and customs and excise tariff matters.

During 1981 the board submitted its findings and recommendations on the supply and distribution of motion pictures. Several investigations are still in progress and will be reported on during 1982.

□ The preference system for SA products purchased by tender by public authorities (at an advanced stage),

□ The collection, marketing and supply of non-ferrous scrap to the metal manufacturing industry in SA, and

□ The incentive scheme for the SA shipbuilding industry and the desirability of its extension to ship repair. The scope of the inquiry includes the effect on the shipping and fishing industries of incentive and protection measures for shipbuilding.

A total of 471 applications were received during 1981 (see table), of which 160 were for increases in duty and withdrawal of rebate and two were anti-dumping applications.

The board reiterates government's general tariff protection policy — a policy of "moderate and selective" protection. The policy is moderate to prevent burdening the economy with a cost structure which might impede future development, and selective to encourage the most efficient use of the country's productive resources.

While customs duties are in general moderate where imports at "normal world prices" are concerned, substantially higher tariffs are fairly often imposed in cases of "disruptive foreign competition," defined

TARIFF APPLICATIONS PROCESSED: 1981

Type of application	Number to deal with		Number finalised		Total	Number with- drawn or not pro- ceeded with by appli- cants	Number outstanding as at 31.12.1981
	Outstanding as at 31.12.1980	Received in 1981	Recom- mended	Rejected			
APPLICATIONS FOR TARIFF RELIEF							
Rebate of duty	37	28	37	47	84	38	43
Reduction in duty	22	96	17	55	72	25	21
Drawback of duty on export	2	4	3	1	4	2	0
APPLICATIONS FOR PROTECTION							
Increase in duty	67	136	43	33	76	36	91
Withdrawal of rebate	20	24	11	3	14	4	26
Anti-dumping action	1	2	0	3	3	0	40
APPLICATIONS IN RESPECT OF							
excise duties	9	25	28	1	29	0	5
others	12	56	28	8	36	8	24
TOTAL	170	471	167	151	318	113	210

as imports at prices lower than and bearing no relation to the relative costs — like dumping and other forms of marginal price determination.

The board says SA has an "exceptionally open" economy, and notes that merchandise imports and exports combined exceed a third of gnp. Encouragingly, it emphasises that SA dare not damage its trade relations through excessive protectionism. And "a fair number of tariff applications" approved by the Board concern reductions in or rebates of customs tariffs. So SA should not be regarded as being a party to the "new protectionism" — so severely condemned by Gatt and the IMF.

Yet there is increasing concern that SA is painting itself into a corner with an over-zealous protectionist policy, despite the board's protestations that the level of protection is moderate. The ripple effects are clearly detrimental to the local cost structure and, especially, to exports. Basic attitudes still need to be examined very carefully.

9

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

No. R. 1286 2 Julie 1982

WET OP DIE HANDHAWING EN BEVORDERING VAN MEDEDINGING, 1979

ASSOCIATION OF SOUTHERN AFRICAN TRAVEL AGENTS (ASATA)

Ek, Dawid Jacobus de Villiers, Minister van Nywerheidswese, Handel en Toerisme, kondig hierby, kragtens artikel 13 (2) van die Wet op die Handhawing en Bevordering van Mededinging, 1979 (Wet 96 van 1979), die reelings af wat in die Bylae hierby uiteengesit is.

D J DE VILLIERS, Minister van Nywerheidswese, Handel en Toerisme

245

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

No R. 1286 2 July 1982

MAINTENANCE AND PROMOTION OF COMPETITION ACT, 1979

ASSOCIATION OF SOUTHERN AFRICAN TRAVEL AGENTS (ASATA)

I, Dawid Jacobus de Villiers, Minister of Industries, Commerce and Tourism, do hereby, in terms of section 13 (2) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979), publish the arrangement set out in the Schedule hereto.

D J DE VILLIERS, Minister of Industries, Commerce and Tourism.

GOVERNMENT GAZETTE, 2 JULY 1982

No 8285 21

BYLAE

Kragtens 'n reeling met die Raad op Mededinging, onderneem die Association of Southern African Travel Agents om, vanaf die datum van publikasie hiervan, nie deel te hê aan 'n ooreenkoms, reeling of verstandhouding en om nie 'n handeling te verrig of 'n toestand teweeg te bring, waardeur sy lede regstreeks of onregstreeks verbied word om met reisagente sake te doen wat nie lede van die Association of Southern African Travel Agents is nie

SCHEDULE

In terms of an arrangement with the Competition Board, the Association of Southern African Travel Agents undertakes, as from the date of publication hereof, not to have part in any agreement, arrangement or understanding, or to commit any act or to bring about any situation whereby its members are directly or indirectly prohibited from doing business with travel agents who are not members of the Association of Southern African Travel Agents

245
Mercury
24/8/82

'Blacks charged more for drinks' claim

Mercury Reporter THE Department of Trade is to investigate claims that a beachfront cafe has charged black customers more for canned soft drinks than laid down by the Price Controller. White customers were being charged the correct price of 37 c for a 340 ml can whereas some blacks claimed they had paid up to 3 c more for the same product.

The allegations were brought to the attention of the Mercury by a man after his black messenger had been charged 40 c at the cafe. The man checked with the Coca Cola Company and established that the prices of soft drinks were gazetted by the Price Controller.

The man said: 'I sent my messenger to buy me a soft drink at the shop after hearing they were charging blacks 3 c more than the controlled price,' he said.

Driver

'He returned with the can having been charged 40 c. So I went down myself to the cafe to complain and was almost bodily removed while the owner threw abuse at me when I told him a charge would be laid against him,' he added.

A white member of the Mercury staff went to the cafe yesterday morning and was charged 37 c for a can.

Later in the day, a black Mercury driver was sent to the same cafe and was charged 40 c.

When approached by the Mercury for an explanation, a woman in the cafe who said she was the owner, told us the price was 37 c a can.

'Look at the list sent here. It says a can is not 40 c,' she said.

After explaining that our driver had just been charged 40 c, the owner told a black woman serving behind the counter to refund 3 c.

The manager of the Coca Cola Company in Natal, Mr Lionel Cork, said people charging more for soft drinks than that laid down by the Price Controller were breaking the law.

No evidence of overcharging

245

Mercury Reporter *Mercury*

27/8/82

THE Natal regional trade inspections branch of the Department of Industries, Commerce and Tourism yesterday investigated a Point Road cafe but found no evidence of overcharging blacks for soft drinks.

A spokesman for the department said a black inspector was sent to the cafe but was charged the correct price of 37 c for a 340 ml can of soft drink

Allegations that the cafe was overcharging black customers by three cents a can were brought to the attention of the Mercury by a man whose black messenger was charged 40 c on several occasions.

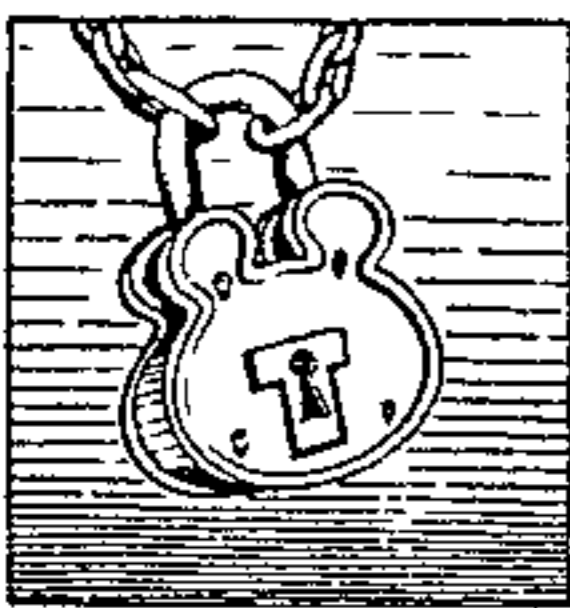
Yesterday the same messenger returned to the cafe and was charged the correct price of 37 c.

A white member of the Mercury staff went to the cafe on Monday morning and paid 37 c for a can of soft drink. Later, a black driver from the Mercury was sent to the same cafe and was charged three cents more.

The price of soft drinks is controlled. Charging more for soft drinks than that laid down by the Price Controller is an offence under the Price Control Act.

The spokesman for the department said they would continue to monitor the situation

Time to count hidden costs



"World trade based on the operations of free markets and on the personal enterprise of free men fosters the cause of international understanding, while trade straitjacketed

by government controls and subject to authoritarian dictation from the top becomes a servant of nationalism and an abundant source of ill will friction, and conflict" — Michael Heilperin, *The Trade of Nations*

If consumers should ever doubt the high price they pay to protect some industries, let them arrive at Jan Smuts customs hall with a R172 miniature television set. Under present rulings it will attract an additional R537 in import duty and gst.

Of course, protectionism comes not only in the form of such direct taxation. It appears in a variety of guises, from subsidies to anti-dumping pleas, from government procurements to local content programmes. But such measures are no less of a straitjacket to the economy. The point is that they all carry a cost.

In the past six years the Board of Trade and Industries (BTI) has received 866 applications for protection alone. They seek justification mainly by claiming the importance of self-sufficiency in a "strategic" industry. A close second is the claim that more jobs can quickly be created.

In the long run, however, fewer jobs see the light of day, as labour and capital resources are misallocated and under-utilised as a result of protection.

More complex is the question of strategic requirements. In some cases protection may be difficult to avoid, but always at a high economic cost.

Two recent investigations into the maize industry — by the National Maize Producers' Organisation (Nampo) and SA Farm Consultants on behalf of Assocom — suggest that the time has come to weigh up seriously the cost of protectionism.

Nampo Development Foundation head Kit le Clus says protectionism adds about 10% to the total cost of production of maize. At a rough guess he puts the cost of protectionism to the economy as a whole at a conservative R1 billion at 1981 prices.

More than 60% of the costs of producing maize are accounted for by commodities wholly or partly subject to price control. Yet maize is by no means the only industry permeated by protection in this way. And for sure, it is difficult to see the reasons for protecting cricket ball cores, bicycle chains, knitted socks and "small articles for inclusion in Christmas stockings and

Christmas crackers." Yet protection for all these items was requested from the board last year.

BTI director Gerrit Breyl comments "The board does get applications without merit and summarily rejects some cases. But we believe anyone has the right to apply. On average the board rejects 41% of applications for tariff protection."

Le Clus is researching the cost of protection to local maize farmers. He says they could have saved R121,9m on their R414m fertiliser bill last year by using imported fertilisers.

His comparison of local fertiliser prices with landed ex harbour world prices (wp) is ammonium sulphate, R161/t (wp R117/t), urea R342/t (wp R197/t) and diammonium phosphate R330/t (wp R238/t).

Jute bags are another item used extensively by maize farmers. They are manufactured in the Transkei from jute imported from Bangladesh. They sell at 74c/bag but could be imported ready-made from Bangladesh at 51c/bag.

Farmers spend R63m a year on weedicides, says le Clus. Technical atrazine, manufactured by Sentrachem, costs R4,72/kg. It is freely available on the world market for R3,50/kg.

Farmers spent R450m on tractors last year. The Atlantis Diesel Engine (ADE) project, which will make SA self-sufficient in diesel engines, increased costs in the



Farmers' input ... prices pushed up by protection

popular 52 kW-60 kW range by 23% to 40% from August 1981 to May 1982.

Le Clus says maize farmers spent some R162m on tractors last year and R320m on farm machinery. While not all were affected by the ADE project, it added R14,2m to the cost of the 1981-1982 maize crop.

The National Association of Automobile Manufacturers of SA (Naamsa) is currently researching the cost of local content to SA manufacturers. This ensures that 66% of total mass is supplied from local sources and has forced over 20 manufacturers to invest millions in capital equipment to meet this demand.

In the plastics industry the AECI price for good quality low density polythene is about R1 550 (wp R1 000/t). PVC costs R1 600, (wp R700/t). It is true that some protected industries can get PVC for as little as R700/t, but these are exceptional cases.

AECI Plastics manager Michael Sander says plastics world prices are abnormally low at present. This is due to the worldwide recession. Capacity installed is more than double the demand and ethylene is available free to other countries. Saudi Arabia burns off its ethylene as waste because it does not yet have facilities for converting it.

Xactics chairman Hymie Meyerson says SA uses about 10 500 t of PVC annually to manufacture plastic bottles. This costs R14m and could be slashed by 35% if imported materials were used. The 12c selling price of a 750 ml bottle could be cut to 9½c.

Free Market Foundation director Leon Louw says "The BTI never asks for estimates of the economic impacts of its tariffs. That should disturb anyone." The BTI's guide to the protection policy states that it is policy to examine "the effect of the duty on users of the product and on the end consumer." Candidates for protection must have "a potential for or record of viability and growth." The industry requesting protection must be able to supply the bulk — about 60% — of SA's demand for the goods in question.

All applications are thoroughly screened. Details are normally published in the *Government Gazette*. Anyone interested is free to comment on them. Organised commerce and industry, such as the Federated Chamber of Industries, Assocom and Seifsa, frequently make recommendations and these comments are referred back to the applicant.

If the board decides to support the recommendation, the Minister of Finance is asked to change the Excise Act accordingly.

Protectionism has become so entrenched in SA that the structure could be difficult to modify, let alone dismantle. It is hardly

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

surprising, therefore, that several industries have been ruffled by the government's firm stance on replacing import controls on a number of goods with tariffs

This is in keeping with the spirit of the General Agreement on Tariffs and Trade (Gatt) But as Reserve Bank adviser Professor Jan Lombard also points out "Import tariffs are used more as they are politically more convenient Subsidies are often more economically justifiable but must go through the Budget" Understandably, those who benefit from protection prefer it to be hidden, so that the cost cannot easily be counted and the damage temporarily masked Direct subsidies voted by Parliament can be more precisely aimed and efficiently allocated But they come up

at least annually for public scrutiny No beneficiary of protectionism wants that to happen

BTI's Breyl says "Price comparisons on goods must be seen over a period of time Industry isn't a stop-go process We can't turn off our factories when overseas prices are low" On the other hand, if our industries are unable to feel the cutting edge of competitive world prices, they are denied an opportunity to improve their own efficiency Over time, they generally become even more dependent on protection and less able to compete in world markets

Because of the stigma attached to SA's social policies, and consequent fear here of international retaliation exaggerated weight has tended to be given to the argu-

ment for strategic protection for specific industries or materials What little logical misgiving there might be is, more often than not, discouraged by fear of an accusation of deficient patriotism

Yet a healthy, competitive SA economy that plays an increasing role in world trade is probably strategically more important than self-sufficiency in specific materials or goods Greater circumspection is badly needed in the choice of what specifically should be protected

But perhaps the worst aspect of protectionism is that it is pervasive It ripples deeply and stealthily into the fabric of the economy and is extremely difficult to eradicate once the damage it does becomes evident

CONSUMER

Consumers — particularly blacks — are swindled out of many thousands of rands each year by unscrupulous men.

In the first of four articles Star Line Reporter ELAINE REYNEKE reveals some of the rip-off antics, records concerned community spokesmen and suggests precautionary measures to be exercised.



Dealers are fleecing the public

Human injustices seem to accelerate over the years as thousands of dealers continue to fleece ignorant members of the public

Each year tens of thousands of black consumers are swindled of hundreds of thousands of rands by unethical dealers and fraudulent schemes which cover various fields

Many are sold dreams that turn into nightmares

Simple misunderstandings are the cause of many grievances but thousands more are caused through the cunning and guile of wily businessmen

Legal experts as well as black community leaders agree that it is often inexperience that places the unsophisticated quarry in a position where he is open to manipulation by the glib-tongued exploiter

Many experts maintain that widespread poverty aggravates patterns of exploitation. Because poverty and race tend to coincide in South Africa, they fear that deceptive selling techniques employed by the massive criminal subculture operating on the periphery of the consumer world have racial overtones exacerbating rather than solving the plight of the unenlightened consumer.

The Government has no effective control to

stamp out charlatans in the business world, thus thousands of aggrieved people have no official avenues of redress. Statutory protection is almost non-existent. Even in areas where there is some legislation such as price control, the inspectorate is insubstantial

Mr Etienne le Roux, president of the Transvaal Law Society, said the legal profession's growing concern with the magnitude of the problem had prompted the society to take decisive steps to help curtail the exploitation of the less sophisticated in the province

"We are at present preparing a scheme to enable people who would not ordinarily have access to legal advice to consult an attorney for half an hour for a flat rate of R15. The attorney will then determine whether the complainant has a case or not," said Mr le Roux

Although it is ultimately up to the consumer to ensure he gets a fair deal and avoids pitfalls by merely using caution and exercising his legal rights, many concerned spokesmen — including Mr Arthur Chaskalson, advocate and director of the Legal Resources Centre, Mr Geoff Budlender, an attorney at the centre, Mrs Sheena Duncan, vice-president of the Black Sash, Mr Gilbert Bakana, leader

of the Venda Independence Party, and Mrs Marjori Mohlala, president of the Ikageng women's organisation — agree that lack of education is a major factor contributing to blatant exploitation of the ignorant

They called for the establishment of an effective machinery to counteract exploitation. Many viewed self-help as an important notion and appealed to organisations in the black communities to organise consumer-awareness lectures on a regular basis

Others called for the incorporation of consumer education into school curricula

Although concerned organisations such as the Consumer Council and the South African Institute of Race Relations do provide protective literature much of it does not reach those who need it most

Professor Leon Wevers, chairman of the Consumer Council, said every effort was made to keep the black consumer informed but unfortunately most available literature presupposed a certain amount of sophistication before it could be meaningfully used

Despite constant warnings issued by legal assistance groups — including Legal Aid, the Legal Resources Centre, the law clinics of the University of the Witwatersrand and Rand Afrikaans University, Industrial Aid,

Lawyers for Human Rights, the Black Sash, the Consumer Council and the South African Institute of Race Relations — exploitation of the illiterate remains a hideous mesh that continues unabated

"The problem seems virtually impossible to solve. It is like a hydra, you cut off one head, and another springs up," concluded Mrs Pauline Lipson, director of Legal Aid

Although many spokesmen agreed that exploitation could be tempered through intensive and extensive consumer education, others viewed these efforts as only a marginal solution and called for the "complete eradication of the status quo"

Leading black spokesmen, including Dr Ntatho Motlana, chairman of the Soweto Committee of Ten, Mrs Sally Motlana, president of the black Housewives League, Mr Ishmael Mkabela, publicity secretary of Azapo, and Mr Sam Buti, chairman of the Alexandra Liaison Committee, said exploitative trends would continue unless the country's political system was overhauled and effective power sharing introduced

According to Dr Motlana the black man is at the mercy of every charlatan crook and slick operator merely because he has no access to a representative with effective power to act in his interests

Mr Eugene Roelofse,

an independent ombudsman, said every facet of the black man's life was regulated by the Government, and he called for government legislation to protect the black consumer

Ready material for the unscrupulous exploiter, the black man is often tricked into signing blank contracts, leaving room for the crafty dealer to manipulate the document.

South Africa's con-



Mrs Sheena Duncan . . .

sumer law does not prevent businessmen from compiling blatantly one-sided contracts which strip the buyer of all legal rights, and contain no legally enforceable obligations on the seller

Unscrupulous dealers take advantage of this

Contracts are often well disguised with barely legible print. After signing, many buyers discover they have forfeited all their common law rights and have no means of redress for their com-

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A court will always assume that the signer of a contract read and understood what he was signing unless evidence to the contrary is presented. No court will assume you are foolish.

The doctrine of caveat emptor (let the signer beware) must be accepted as basic law.

It is up to the signer to be aware of the true information and to un-

up contract which negates the salesman's promises

Often only the seller has the right to cancel the contract according to the fine print and the customer must pay up or face the expensive and almost impossible task of proving fraud or misrepresentation in court.

Here are a few examples of the types of contracts often causing misfortune and some comments relating to them.

● "The seller does not warrant that the

lose the major part of your investment should the seller go into liquidation

● "Should any amount due in terms of the agreement not be paid on due date the full existing balance will become due and payable forthwith"

This clause is widely used and is commonly known as an acceleration clause. Should the buyer find himself unable to make a monthly payment he could be faced with a bill for the immediate payment of the full outstanding balance. This could lead to a court order instructing an employer to deduct a fixed amount from the debtor's salary until the debt and the legal costs are paid.

● "A 10-year guarantee is given" This imposing undertaking is commonly used for home improvements and should be viewed objectively. Precisely what is guaranteed? The guarantee will lapse if the contractor goes into liquidation.

● The purchaser acknowledges that he has carefully inspected the goods together with all fittings and equipment"

This clause is widely used in the car industry. It must be remembered that it is beyond the capability of most purchasers to inspect a car with a reasonable degree of accuracy.

Should this clause be included in a contract, the buyer should insist on a prior inspection

by an impartial technical expert, preferably from a motoring organisation such as the Automobile Association or Rondaia

● "The Provisions of this clause shall constitute any consent in writing for the purpose as may be required by Section 45 of Act 32 of 1934"

Never agree to any clause you do not fully understand. This is an important principle to follow at all times.

● "The seller shall nominate the carrier and delivery to such carrier shall be deemed to be delivery to the purchaser"

This clause is vague. It does not define the term "carrier". It could be the South African Railways or a friend of the seller who happens to be travelling in the direction of the buyer's home. In this clause it is the buyer who accepts the risk of ownership before he obtains possession of the goods. The buyer is therefore responsible for any loss or damage during delivery.

The cooling off period in the Credit Agreements Act aids those pressed into signing contracts by door-to-door salesmen.

Under the Hire Purchase Act door-to-door salesmen could coerce people into signing contracts which were binding.

Now the Credit Agreements Act gives the customer the right to cancel the contract within five working days. This is applicable only where the initial

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the agreement
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The removal of Hire Purchase agreement and its placement by the Agreement is detrimental to the consumer in certain ways. These ways are: previously the purchaser could terminate agreement at any time as long as the car did not lose through the cancellation of the deal; no longer the case right to cancel a contract is now limited; agreements made from the business premises of the seller; the important difference that the purchaser claim his money when he returns goods.

The Credit Agreements Act makes it possible for companies to shrug off responsibility for latent defects through the small print in their contracts.

Disputes, however, still have to be settled in court and the consumer, particularly the less sophisticated, will afford costly litigation. Besides, companies are often unfamiliar with litigation procedures than customers.

Several spokesmen from the legal fraternity believe the institution of a small claims court would greatly benefit hard done



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derstand the terms of the document he signs. Your signature is your most important possession. Anything you own can be signed away — even money you hope to earn in the future.

Many salesmen use any ruse to get customers to sign legally binding contracts.

Once the contract is signed the salesman gets his commission and the customer finds he has landed himself in a tricky situation with a skilfully drawn

township will be approved or proclaimed within any particular time if at all"

This clause underlines the risk taken when purchasing a plot in an unproclaimed township. Buyers should watch for vague verbal assurances that "proclamation will not take long" or that "you cannot lose". The fact is that you can lose. If there is an undue delay you could lose a fair return on your money. You could also



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also covers contracts
signed at exhibitions
and cultural shows.

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Hire Purchase Agree-
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ty believe the institu-
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consumers

In Australia this type
of court handles con-
sumer disputes over
goods worth up to
R600. These courts
streamline litigation
procedures and cut le-
gal costs. According to
spokesmen a similar
court in South Africa
could be set up to
handle even bigger dis-
putes.

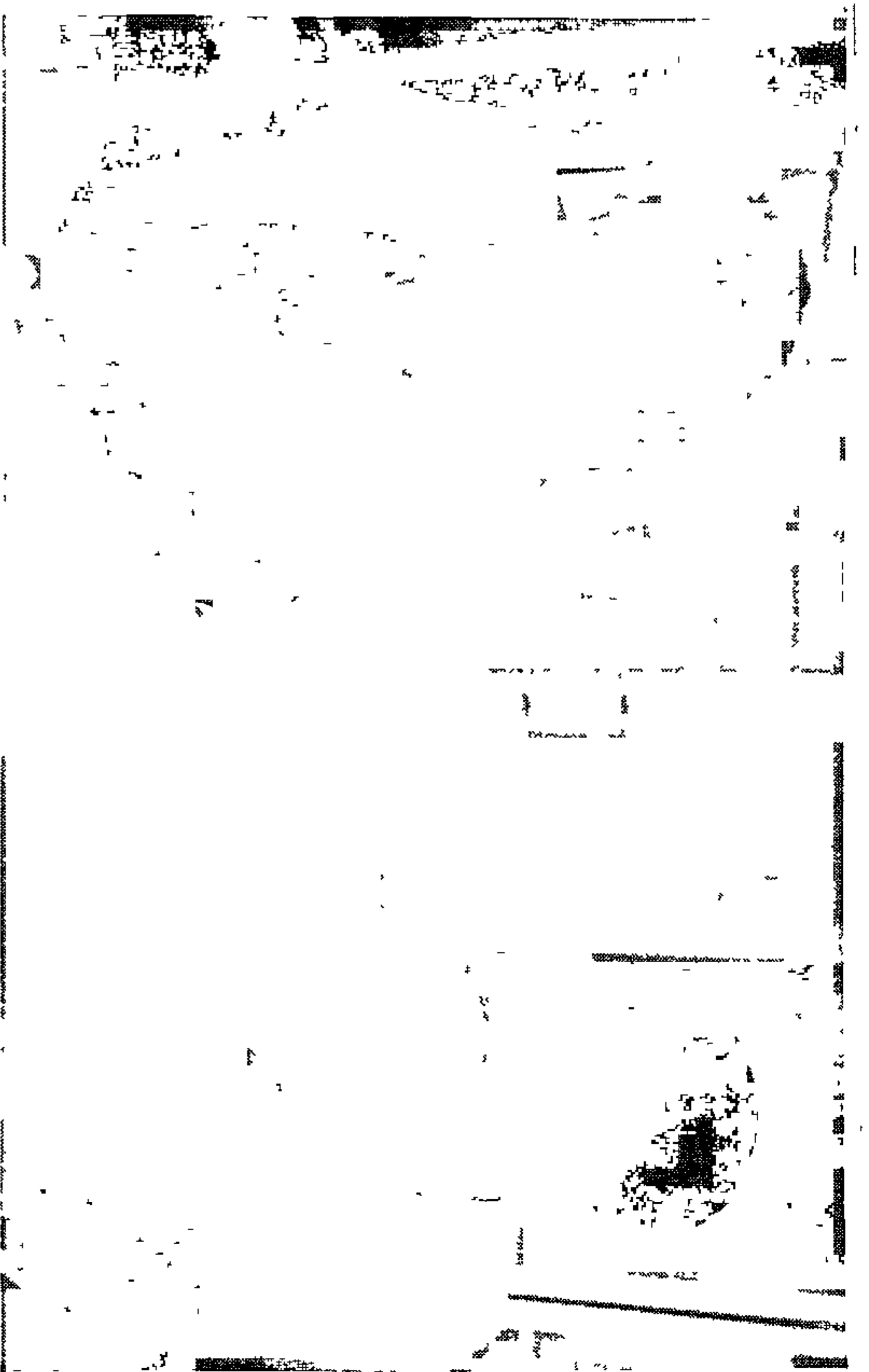
Mr M E de Jager,
chief executive of Asso-
com, believed a small
claims court would be
highly effective as it
would deal quickly and
effectively with the un-
scrupulous business-
man. He said one solu-
tion to the problem of
exploitation lay in on-
going consumer educa-
tion programmes. He
called on consumer
bodies to take the initi-
ative by approaching
Assocom for advice on
consumer education
techniques.

According to Profes-
sor Leon Wyers, chair-
man of the Consumer
Council, the country's
black consumers were
the least informed and
the least aware of their
rights than any other
consumer group. He
said discrimination in
the market place
engendered frustration
and enmity in the
black person, who was
continually exploited
by dealers who were
aware of his unsophisti-
cation and the limited
machinery to assist
him.

He called for the in-
troduction of a small
claims court — "One of
the few solutions to
the problem," but ex-
pressed fear that its
practical implementa-
tion would be a major
hurdle.



Mail reporter Jane Streak questions a man at the Trafalgar Cafe, corner Commissioner and Hospital Roads, Germiston, after he had charged her 15c — 1/2c too much — for half a loaf of brown bread.



An assistant at the Ace Cafe in Dunswart Avenue, Boksburg, pictured with the owner yesterday seconds after ringing up 30c on the till — and overcharging by 1c for a loaf of brown bread.

Mail Reporters

MANY consumers on the Reef are still being overcharged for both white and brown bread — in spite of warnings by the Wheat Board that cafe owners found guilty of this are liable to fines of at least R1 000

Yesterday the Rand Daily Mail surveyed cafes on the East Rand and in Soweto

On the East Rand, nine of 28 cafes — 32% — were contravening the bread price regulations. In Soweto, 25% of the shops surveyed were overcharging con-

And the great bread price rip-off continues

sumers by at least 1c

Most of the East Rand assistants claimed ignorance of the price of brown bread. Sowetan shop assistants gave various reasons for overcharging

In spite of the fact that on Thursday a Mail reporter pointed out to the owner of the Ace Cafe, Dunswart Avenue, Boksburg, that his staff were selling a

loaf of brown bread illegally for 35c, bread is still being sold at the incorrect price

Yesterday another Ace Cafe assistant sold a loaf of brown bread for 30c to a Mail photographer

The owner, who has only recently bought the shop, said he had inherited the staff from the last owner and they

were charging the prices used by the previous owner. Since Thursday he had put up correct price lists for the staff and he did not know why they were still charging incorrect prices

The assistant at the Wayside Cafe, Stanhope Road, Germiston, said that she had always charged 15c for half a loaf. She was also quite forthcoming

about the price she charged for a full loaf — 30c

"Up the road they charge 17c for half a loaf"

One assistant at a Commissioner Street cafe in Germiston is also charging the incorrect price for brown bread, but she is undercharging — she charges 28c

Only one cafe asked for 14 1/2c and another refused to sell the reporter a half loaf unless she had the 1/2c piece

The chairman of the Wheat Board, Mr. Dennis van Aarde, said though the board sympathised with retailers on the ruling of half a loaf of brown, they would have to take action against cafe owners if they received complaints from the public

He said the only solution for cafe owners now would be to refuse to sell half loaves

Picture: DAVID VAN GUN

Picture: DAVID VAN GUN



Beware the door-to-door salesman

(Continued from Page 14).

or heavily fined if you ignore a court order.

Many people are plunged into misery by credit with resulting embarrassment. Buying on credit actually means the borrowing of money and interest is then paid by the consumer on the amount borrowed.

It has become evident that the dangerous method of buying on credit is here to stay. It is therefore advisable for every consumer to make use of this facility wisely.

Many firms know they cannot allow unlimited credit to clients and lay down a limit for each client who may not buy on credit for more than the maximum amount laid down.

Credit buying is simple and as a result the consumer may be encouraged to buy more than he can afford. The dealer, on the other hand, knows too much credit may result in bad debts as the client might, at some stage, be unable to pay an instalment or settle his account. Most dealers act responsibly.

Unfortunately there are dealers who thrive on credit, to be in a position to take back the goods when the client cannot continue paying. Usually, the client then loses the money he has already paid.

A sound principle is

never to buy on credit for more than five percent of your income, irrespective of what the dealer says. The buyer must lay down a credit limit for himself and adhere to it at all costs.

Each year thousands of blacks do not have ready cash for articles and as a result secure them by lay-by. The article is set aside by the seller while the purchaser pays it off.

But problems do arise, in spite of Government legislation restricting dealers from selling on the lay-by system. Legislation does make this type of selling an unviable proposition for the seller.

Many dealers take the part-deposit on one article from as many as five customers. Sometimes after deposits on items are paid the buyer is casually told the price of the item has increased.

Hundreds of cases have also been reported to Star Line where blacks pay deposits on certain items and are then denied possession of the item unless more money is paid.

Many dealers also charge for the storage of goods put aside on the lay-by agreement.

The Lay-by legislation enables the buyer to terminate the agreement at any stage and claim back 90 percent of his money. If a shop fails to keep goods on which a

lay-by deposit has been paid the customer is entitled to a refund of 90 percent of the cash paid.

If the seller cannot deliver the goods within 14 days of the full price being paid, he must refund all money plus interest at 10 percent a year — except if the goods have been altered or specially made for the customer.

Some other provisions of the lay-by legislation are:

- The description and price of the goods including engine and serial numbers, where applicable, must be noted on a document signed by both parties and the buyer must be given a copy;
- Monthly statements reflecting all payments, the purchase price and the balance outstanding must be sent to the customer;
- Dealers may not sell the goods to a third party or;
- Increase the price of the article after the lay-by payment or;
- Levy storage charges.

The records of organisations concerned with the well-being of the consumer, as well as

Diploma may be worthless
Stew
 16/9/82
 (245)

newspapers and civil courts abound with problems which started with a knock at the door.

Not all door-to-door salesmen are dishonest, some highly reputable firms use the hard-selling technique.

Pitfalls do, however, exist for the unwary. Some door-to-door salesmen are rogues in disguise exploiting the traditional hospitality of South African households and causing misery to thousands.

The average household believes his house is his castle and he is safe at home. Court records prove that this is not the case if vigilance is relaxed.

Door-to-door salesmen gain the confidence of the homeowner to get inside the front door. They then sell you something you do not really want after they have regurgitated a well rehearsed sales pitch.

Often using flattery they get you to commit yourself to buy what they are selling. Here are some additional points compiled by Star Line and the Consumer Council which should be remembered

when accosted by a door-to-door salesman.

- Ignore tempting discount offers — insist on thinking it over before you commit yourself.
- Find out what the same goods would cost in shops before signing on the dotted line of the contract he eagerly holds in his hands;
- In the case of building services and home improvements obtain and compare estimates from other firms.

Rogue salesmen often try to disguise the real cost of the goods. If goods or services are offered on credit insist on being told the number of instalments and how much they will add up to with additional credit charges. Compare this figure with the cash price.

- Don't sign a contract if it has Latin or legal jargon you don't understand. Read the fine print;
- Don't be ashamed to consult a friend or even a lawyer before you sign a contract;
- Don't sign a form requesting a quotation and never sign a form proving you have been given a quotation

either;

- Don't sign any contract if free gifts are offered as an inducement;
- Don't discuss the salesman's offer with your husband or wife while the salesman is still there. Many salesmen are trained to play one off against the other.

The Great RIP-Off

P.T.O.



Legislation does provide a "cooling off" period — you can cancel the contract within five working days in writing. All monies paid at the time of signing must then be refunded to you.

Another area where exploitation appears to be rife is in the granting of loans to black home builders.

This is an entirely new field and many blacks are ignorant of the fact that they can approach a building society directly for a loan which could be granted at no charge.

Mr Phillip Nhlapo paid an exorbitant R200 administration fee to an investment corporation for a R2 000 building society loan. The investment corporation failed to secure him a loan from the

building society to improve his Soweto home. One hundred rand of the sum was for "making an appointment with the building society for the loan application."

Millions of rands a year are paid by gullible blacks to commercial colleges which issue worthless diplomas.

The colleges often charge R1,000 a course but pupils are provided with the most fundamental knowledge and insufficient training in their choice of subject. Diplomas dished out are worthless in commerce and the various trades.

There is no controlling body to supervise the activities of these colleges and nothing exists to control and licence them.

The Department of Education and Training offers protection to students who enrol with commercial colleges registered with the department.

Star Line records show that apart from churning out worthless diplomas in subjects including typing, book-keeping, accountancy and computers, many colleges are merely interested in students paying their fees. Often after receiving enrolment fees colleges simply close down overnight.

During an investigation conducted by Star Line in June this year irate employment agencies slated the various colleges for putting students through courses like "sausages in a machine."

There is evidence that many blacks graduating with diplomas from these colleges are not familiar with a typewriter keyboard after months of "training."



Enticing window displays attract thousands of black consumers who are swindled out of many thousands of dollars each year by unscrupulous businessmen.

Guarantees and door-to-door selling are among several business operations in which black consumers can be swindled. In the third of four articles Star Line reporter ELAINE REYNEKE explores more rip-off antics employed by conniving businessmen and the necessary counter measures.

Guarantees can be a swindle

257
5/16/82

There is no effective legislation to protect consumers against one-sided sales contracts and the ineffective guarantees often written into them.

Many consumers have found that in spite of guarantees from the seller they cannot get the defective article repaired or exchanged. In some cases the guarantee simply protects the seller, stripping the buyer of his common law rights.

Customers fortunate to get a long-term guarantee often find that when they turn to the firm for assistance it is no longer around to honour the guarantee.

The guarantee concept is probably rooted in man's primeval distrust of his neighbour. Today many contracts include guarantees "only guarantee trouble" for the customer — but this is not always the case. Guarantees do have a valid and important role to play in consumer transactions — they serve to clearly demarcate the legal relationship between buyer and seller as regards liability for defects in the merchandise.

The guarantee is in fact a device to contain or prevent costly litigation and simplify the exact liabilities of each party. The guarantee mechanism has created the bureaucratic machinery whereby the consumer may look to

the dealer for repairs that are in fact covered by the guarantee.

Unfortunately, most guarantees only guarantee the manufacturer's rights and not those of the consumer as well. Often it is a one-sided bargain that approximates their far too successfully for comfort.

When making a purchase study your guarantee and make sure you are satisfied with your legal position. Never accept verbal guarantees which are vaguely worded. Let someone explain a guarantee to you as you may find it is something completely different from what you had presumed it to be.

Installment sale or hire purchase, as it used to be called, is a convenient method of buying when you do not wish to pay or cannot pay the full purchase price immediately.

The buyer has the use of the item as soon as an agreement is signed and a deposit paid, where applicable. The outstanding amount is repaid, along with interest or finance charges over an agreed period of time. The item legally becomes the buyer's when the

last instalment is made. There are many terms and conditions imposed by the laws of the land and by the person providing the installment sale finance, which will affect the buyer, who should follow two basic rules before getting involved in an installment sale agreement.

- Find out what you are committing yourself to and what your rights and obligations are.
- Only go to an organisation or person who can be fully trusted for an installment sale.

Many unscrupulous dealers use installment sale to encourage the consumer to buy goods he cannot afford. Installment sale will generally cost more than paying cash and the money "borrowed" must be paid back.

Never over-commit yourself. Only sign an agreement if you can afford the monthly instalments.

There are two laws directly concerned with installment sales: The Credit Agreements Act and The Limitation and Disclosure of Finance Charges Act.

Both these laws are detailed and cover all aspects of installment credit. Some points the buyer should remember are:

- The seller is responsible to the buyer for any latent defects in the goods if they existed when the agreement was finalised.
- The buyer cannot be forced to forfeit any money he has paid before delivery of the goods, even if he has failed to comply with the agreement.
- If the seller cancelled the agreement was signed away from the seller's or his agents' business premises, then the buyer has the right to back out of the agreement within five working days. This must be done in writing and the buyer must state he intends returning the goods.
- The law forbids the parties to sign an agreement where the period, the number and amounts of the instalments, and the due dates, are not clearly demarcated. The seller may not lend the buyer the required deposit — it must be paid by the buyer.
- If the seller offers goods, the discounted price must be reflected

on the agreement signed by the buyer.

- Even if the buyer breaks the terms of the agreement he is still assured some protection; the seller must give the buyer a written warning to remedy the matter before he claims the goods back. Should the buyer return the goods to the seller he (the seller) must retain them for 30 days unless it is the buyer who has terminated the agreement. If

the matter is sorted out within the 30-day period the goods must be returned to the buyer.

Goods bought on installment sale cannot be repossessed unless a court order is obtained, or unless the buyer returns them voluntarily.

Any term in a transaction agreement which authorises the seller to remove the goods from the buyer's premises to repossess them is invalid.

Read your contract carefully for this kind of clause.

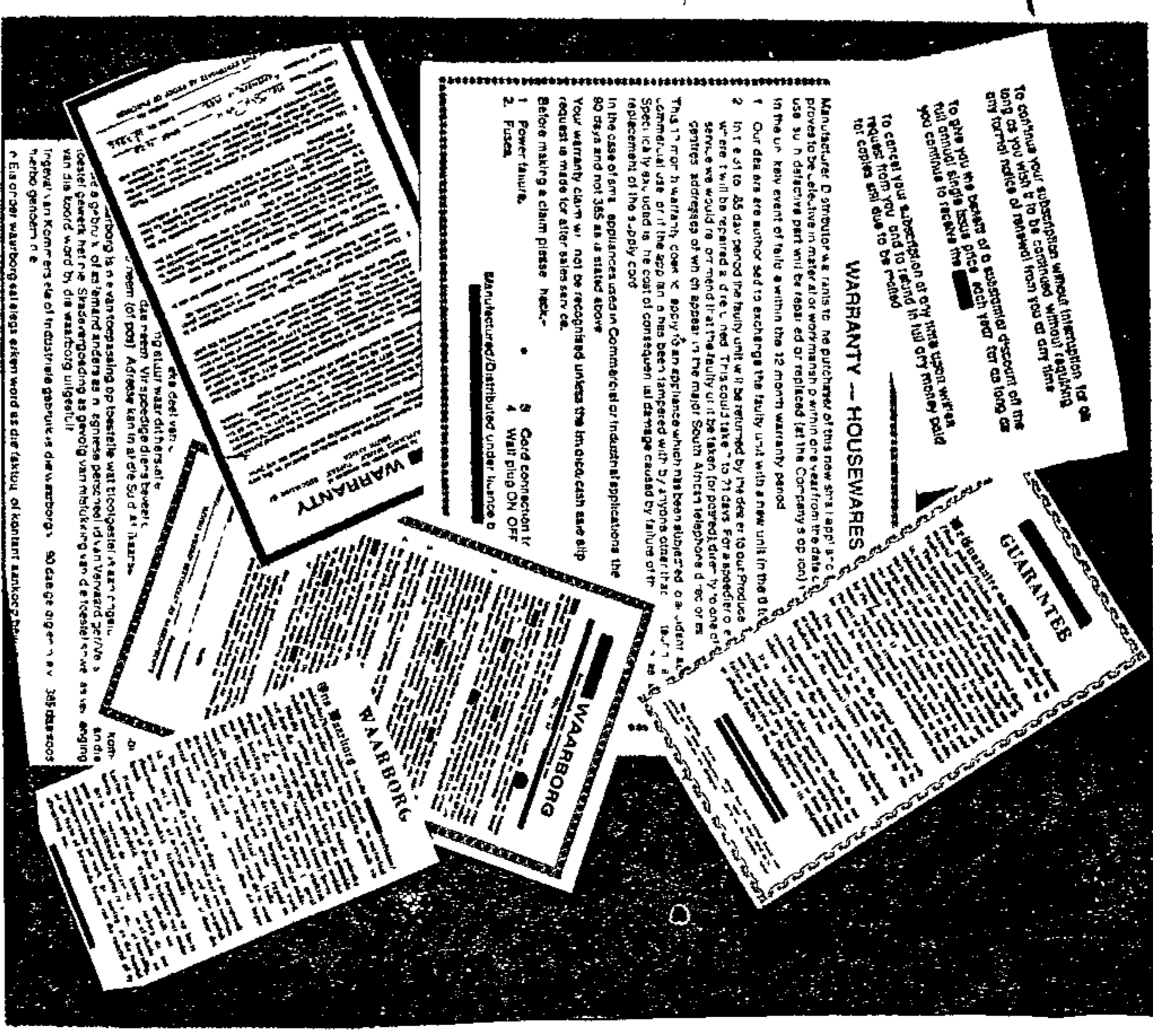
The seller can apply to court for the repossession of goods but he must give the buyer 30 days written notice to comply with the terms of the agreement.

You cannot be jailed for failure to pay your account, so ignore threats of arrest. You can, however, be jailed.

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(Continued on Page 15.)

The price of (245)
a soft drink — Mercury
21/9/82
when you're black

Mercury Reporter

A POINT Road café was yesterday charging black customers more than the stipulated price for canned soft drinks

Last month the Mercury investigated allegations that a café had charged black customers 40 c for a can of soft drink, while white customers were being charged the correct price of 37 c.

The allegations were investigated by the Department of Industries and Commerce, but the café was found to be charging the correct prices

Yesterday, following new allegations, two black Mercury employees were sent to the café with instructions to watch what the other was charged.

The men were each giv-

en 40 c and told to purchase a can of any soft drink.

Both reported back that they had each been charged more than the controlled price of 37 c and had witnessed the other being charged 40 c.

The owner of the café was not available for comment yesterday.

The price of soft drinks is gazetted by the Price Controller and anyone charging more than the controlled price is breaking the law.

Investigations at another café in the area found that blacks were being charged the correct price

The Price Controller said yesterday that further investigations would be made

(245) Mercury
22/9/82
**Mercury takes up
overcharging with
the Price Controller**

Mercury Reporter
THE Price Controller is to be handed affidavits from the Mercury following investigations into allegations that a beachfront cafe was overcharging black customers for canned soft drinks.

This week the Mercury investigated further allegations that a cafe was charging blacks three cents more for canned soft drinks than the stipulated price. White customers

were being charged the correct amount of 37 c a can.

Two black Mercury employees were sent to the cafe on Monday with instructions to watch what each other paid.

The men were each given 40 c and told to purchase a can of any soft drink. They reported back that both had been charged more than the controlled price.

Last month the Mercury investigated earlier allegations that blacks were being overcharged. Following a report in the Mercury the matter was investigated by the Department of Industries and Commerce but the cafe was found to be charging the correct prices.

Checks made at other cafes in the area found that blacks were being charged the correct price.

Switch on and avoid this says Mr Boya.

(245) *Some farm*
24/9/82
This exploitation
must be stopped

SIR — I support the idea that we must support our local shops but these shopkeepers seem to be exploiting us more than white shop-owners

Recently I had a disheartening experience I sent my younger brother to buy a 500g tin of powdered milk To my surprise the change I got from the shop was 84c from R5,00 I immediately returned to the shop together with that tin and the change But first I asked another shopkeeper how much the tin actually cost It was R2,96, Mark the difference — R1,20 I couldn't believe it!

I then went to the original shop I cordially greeted the shopkeeper and then enquired as to whether their price was correct She recognised my younger brother in

mediately and did not try to make an excuse I demanded an explanation as to why my brother was overcharged The question left her standing with her mouth open but, nevertheless, I did not get my money back Otherwise, I consider that it was a mistake

I now appeal to Kagiso shopkeepers to please try to avoid future occurrences of this nature

The authorities who are responsible for checking the controlled prices should please do their duty and help to alleviate this problem of exploitation, lest people be compelled to go and buy their groceries from supermarkets in town

CHEATED

Kagiso

...only cost R300. She's a ready paid R300 and she still owes more than R200

Lady and the lamp

(245) S. Tribune 26/9/82

SOME lamps are supposed to bring luck, but Roselyn Ncayiyana's brought only a string of bills and the threat of jail.

By KEVIN DAVIE

Seven years after she bought the R16 paraffin lamp she owes more than R200 for it, even though it "didn't work even a single day".

"I've paid R300 for this lamp already. I'm sick and tired of paying. I think I'll be dead before I finish paying," says Mrs Ncayiyana, 40, who lives in Durban's Lamontville township.

She bought the lamp in 1975 for R16, but says when she got home it didn't work, so she refused to pay when Lancers Home Furnishers, the seller, sent bills.

Mrs Ncayiyana told Lancers the lamp didn't work, and they agreed to come and collect it, but "never came"

A court appearance followed, and with interest and legal fees which have mounted over the years including when she was defaulted on payments, she still faces a bill of R221,46

Yet a legal source told the Sunday Tribune if she had bought the lamp under the hire purchase laws, and defaulted, all the seller could do was repossess the goods or claim the outstanding amount.

The Tribune intended to approach Lancers Furnishers for comment, but they went out of business several years ago.

In 1975 they invited Mrs Ncayiyana — considered a good customer because she had paid up a radio bought on account — to buy goods without deposit.

She chose the R16 lamp, which she says was second-hand. A large discount store today sells new paraffin lamps for R5,98.

"When I got home the lamp wasn't

working. It didn't work even one single day," says Mrs Ncayiyana.

"I asked them many times to collect it, but they never did. So I never paid I never used the lamp, so I didn't pay."

Later, in 1976, a summons arrived, and Roselyn was instructed to appear at the magistrate's court in Somtseu Road.

She went as instructed, and was met by a "white man," who told her that R100 was already owing, and asked her how much she could afford

Roselyn said R2 a month. She says she paid this money, acknowledging that she has defaulted at times when she was sick or out of work.

She defaulted early this year on these monthly payments, which, over the years, have risen to R6.

An official arrived at her work the week before last with an order for her arrest and a 30-day jail sentence. Her employers managed to get a stay of execution by paying R42 of the outstanding amount.

Mrs Ncayiyana's receipts show that during 1981 alone she paid the firm of Patterson, Manikam and Mousley R81.

Patterson, Manikam and Mousley refused to discuss Mrs Ncayiyana's case with the Tribune, preferring to answer in writing.

They wrote:
1 We are not entitled to discuss our client's affairs with you.

2 All the steps taken in this matter have been in accordance with the procedure laid down in the Magistrate's Court Act and Rules.

3 The documents

relating to the matter are contained in the court file under Case Number 5622/75 and are available for perusal by any member of the public

The file shows that in 1976 the amount owing was R16,51 for the lamp plus costs of R12,95 An unsigned statement by Edwin Mousley in 1979 says Roselyn Ncayiyana had not paid the agreed R2 a month for three years, so that R72 was owing.

In addition, he said costs of R141 had been incurred.

The file also shows that most of the expenses are costs of issuing summons, and messenger of the court fees. The attorneys acting for the defunct Lancers Furnishers do not show how much money they have received from Mrs Ncayiyana.

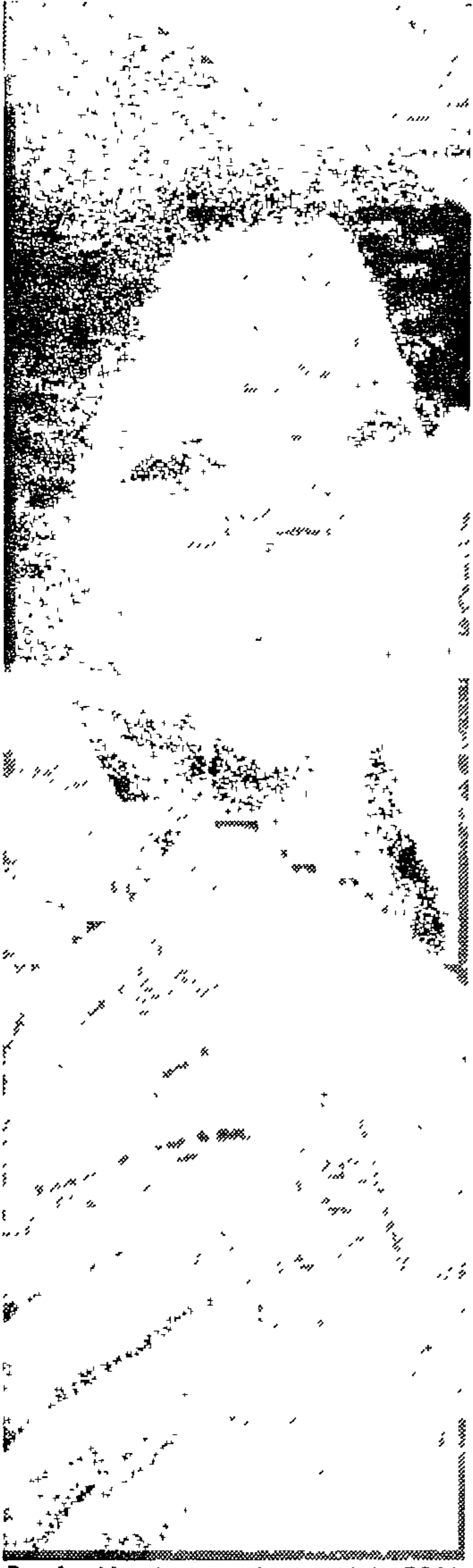
In terms of the procedures of the civil court, they do not have to declare this.

The file also shows that Mrs Ncayiyana was sentenced to a 20-day prison sentence in August 1980 for being in contempt of court.

After one night in jail, August 30, 1980, their attorneys, Mike Sellick and Associates, agreed to have her released.

Richard Lyster of the Legal Resources Centre, says this sort of practice is "absolutely rife", especially in the furniture trade.

The cause of the string of summonses, court appearances, and ever increasing legal fees, the lamp, rusted and was discarded. Roselyn Ncayiyana says she doesn't even know where it is anymore.



Roselyn Ncayiyana and some of the R300 receipts for her R16 lamp

examination book(s) are used
4 Do not write in the left hand margin
Any dishonesty will render the candidate's work invalid

Made in South Africa TRIO RAND/S P C T

(245) (7/11) Sowetan 27/9/82

'Black consumers will fight back'

THERE is a danger that consumer resistance could develop strongly within black communities unless protection was afforded to the most vulnerable black consumers, Mr Sam Motsuenyane said this weekend.

Mr Motsuenyane, president of the National African Federated Chamber of Commerce (Nafcoc) and a director of companies, was addressing the twenty-first-anniversary function of the National Consumer Union in Pretoria.

"What is so sad and

deplorable about our South African market is that it is arbitrarily divided into racial components," Mr Motsuenyane said

This division, he said, opened vast possibilities for exploitation of the weak by the strong and the under-privileged by the more privileged

Mr Motsuenyane said the black consumer was the most difficult to reach and to communicate with

He said the Press, magazines, television, cinema and radio were inadequate to supply full communication needs for black consumers, especially those living in rural areas

He attributed this to a lack of means, electricity and illiteracy

Racial discrimination made it difficult for blacks and whites to share social and educational amenities

Mr Motsuenyane said little could be done to protect the unformed,

defenceless and sometimes unsuspecting black consumer against exploitation

"In the long run, however, the black consumers will find effective remedies to their exploitation," he said, citing the American black consumer as an example.

The anniversary function, whose theme was "Co-operation; A Better Deal for the Consumer", was addressed by representatives of the Chamber of Industries, Afrikaanse Handels Instituut, Assocom, SA Agricultural Union and the SA Co-ordinating Consumer Council

'Symbolic bread boycott' urged

Staff Reporter

TWENTY-THREE Cape community, trade union, women's and student organizations yesterday resolved to oppose the October 1 bread price increase — possibly by calling for a limited boycott of bread

At a mass meeting in Athlone the organizations and the crowd of about 600 people decided to liaise with trade unions, civic organizations and other community groups to discuss the possibility of a 'short-term, symbolic boycott' of bread

This would be co-

ordinated on an area basis, with October 1 being a possible date for implementation

A petition would be drawn up to oppose the price increase and this would be launched nationally

The meeting called by the non-racial United Women's Organization (Uwo), called on the government not to implement the bread price rise to exempt basic foodstuffs from General Sales Tax and said bread should be more heavily government-subsidized

It was also demanded that free bread be distributed to primary schools,

pensioners and the disabled and employers were called on to increase wages so workers could afford to buy food

Introducing the speakers Ms Cheryl Carolus said "Over the past few months many things which the poor people cannot do without have gone up in price

"Somewhere there must be a limit, and the Uwo feels this bread price increase is the limit"

The secretary of Uwo Ms Zo Kota, told the meeting the increase was "a vicious attack on the people" and the money from the increased bread price would go towards 'making the homelands system work' and to the Defence Force

To applause, she said "Thousands of people in South Africa are dying of hunger — we demand food for the people and not for profits. We demand that bread be made to fill the stomachs of the masses and not to line the pockets of the bosses"

The chairperson of UWO, Mrs Dorothy Zihlangu, addressed the audience as 'a mother from Guguletu'

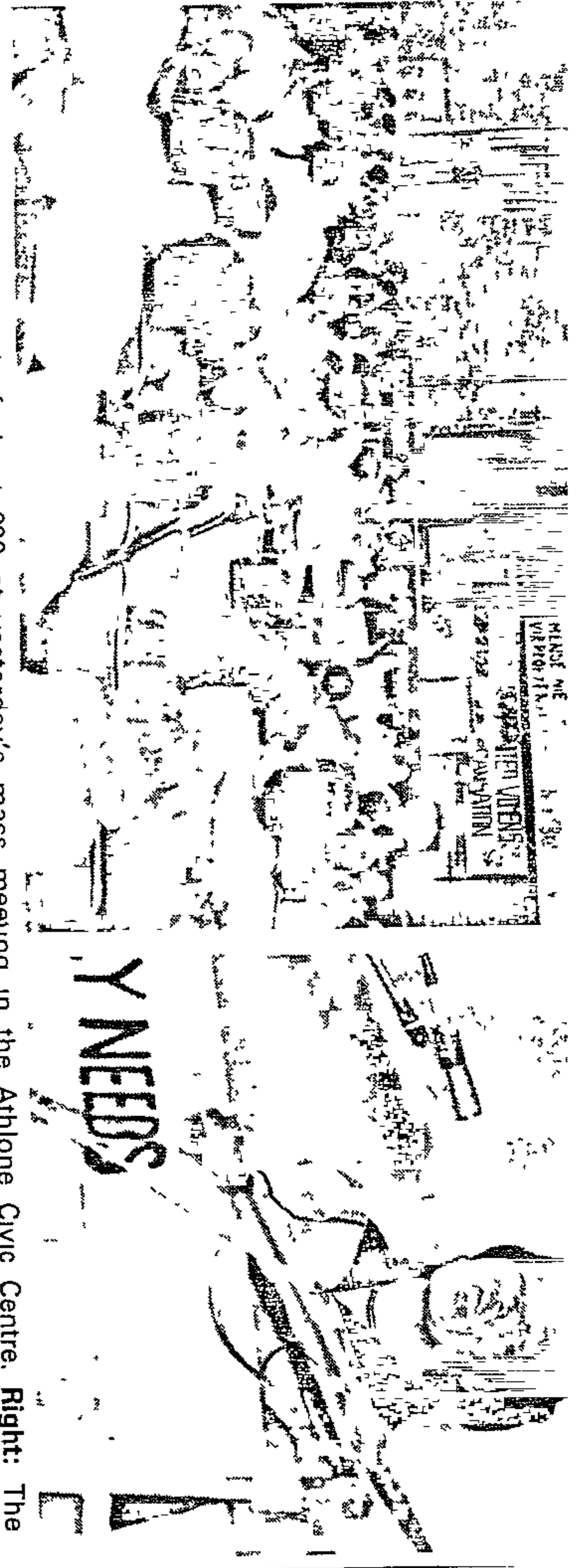
"If this increase comes in, my children are going to suffer

"We must unite, mothers, we must have one voice, we must fight this increase, we must fight this government"

Speakers from the floor emphasized that it was the working class who would suffer most from the increase, and although profits of the farmers and the milling companies would go up, the wages of workers in the two industries would not

Political comment by A H Heard, G E Shaw, R A Norval, J V Scott and M P Acott. Cartoons by A M Grogan. Headlines and sub-editing by A J Moth and W Odendaal. All of 77 Burg Street, Cape Town

Left: Part of the crowd of about 600 at yesterday's mass meeting in the Athlone Civic Centre. Right: The chairperson of the United Women's Organization, Mrs Dorothy Zihlangu, tells the crowd "We must unite, mothers, we must have one voice, we must fight this increase."



Before you sign on the dotted line . . .

Consider the pitfalls of hire purchase

What is instalment sale?

INSTALMENT sale, or hire purchase as it used to be called, is a method of buying something you want or need when you cannot, or do not wish to, pay the full purchase price immediately. It is widely used in many parts of the world and is extremely popular in South Africa for acquiring such items as cars, motorcycles, boats, caravans and household appliances.

In simple terms, you get the use of the item as soon as you sign an agreement and pay a deposit where applicable. The outstanding amount is repaid, along with interest (or finance charges) over an agreed period of time and the item legally becomes yours when the last instalment is made.

There are, of course many terms and conditions imposed by the laws of the land and by the person providing the instalment-sale finance, which will affect you. So, for your own good, you should follow two basic rules before getting involved in an instalment-sale agreement.

- Find out what you are committing yourself to and what your rights and obligations are, and

- Only go to an organisation or person whom you feel you can fully trust for an instalment sale

Some guidelines

Instalment sale can be used by an unscrupulous seller to encourage you to buy goods more expensive than you can

really afford. Remember that instalment sale will generally cost more than paying cash and the money you "borrow" must be paid back. So don't over-commit yourself.

Plan your instalment-sale payments. Sign an agreement only after you have worked out whether or not you can really afford the monthly instalments.

Add up all your regular commitments, such as rent or bond repayments, electricity and water charges, rates, insurance premiums, housekeeping costs, other regular payments and your usual "spending money".

Allow for the unexpected (perhaps you have a savings account that takes care of this), don't forget inflation, and only then decide whether you can afford the instalment-sale payments.

If you don't do this exercise, you may well find that what you thought was going to make your life more fun or easier becomes a millstone around your neck.

Your rights

The laws are very detailed and cover all as-

pects of instalment credit. The main points you should remember are:

- The seller would be responsible to the buyer for any latent defects in the goods if they existed in the goods when the agreement was finalised.

- You cannot be forced to forfeit any money you have paid before delivery of the goods, even if you failed to comply with the agreement.

- If the seller canvassed you for business and the agreement was signed by you anywhere other than at his or his agent's normal place of business, you have the right to back out of the agreement within five working days. You must do this in writing and you must state that you intend to return the goods.

- The law forbids you and the seller to sign an agreement where the period, the number and amounts of the instalments, and the due dates, are not clearly shown. The seller may not lend you the required deposit — it must actually have been paid by you.

- If the seller offers you an inducement to enter into an instalment sale, he must show this in the agreement document. For instance, if he offers you a discount on the goods, the discounted price must be reflected on the agreement you sign.

- Even if you do happen to break the terms of the agreement, you

still have some protection. The seller must give you a written warning to remedy the matter before he claims the goods back and, should you have returned the goods to him, he must retain them for 30 days unless you yourself have terminated the agreement. If you put things right within the period he must return the goods to you.

- The maximum finance charge (interest) that may be charged on instalment sales is laid down by the law, although it may be changed from time to time. Finance charges can, however, be charged only on the amount made up of the cash price (after any discount) of the goods, plus the cost of any extras such as sales tax, insurance, licence fees, stamp duties, etc., less your deposit.

- The seller must give you a copy of the agreement, within 14 days from the date you signed it, and a detailed statement of your account at least every three months during the period of agreement.

- You are entitled to pay up your agreement early and the seller may apply finance charges only for the actual period that the agreement has run. You must give written notice to the seller, stating the date on which settlement will occur. Your agreement must state

- The period that must elapse before you may give notice that you wish to settle early (The maximum prescribed

period at present is 90 days.)

- The required period of notice that you must give before you can qualify for the prescribed reduction in finance charges (The prescribed maximum period at present is 90 days.)

Your obligations

Although much of the law exists to protect you, your own legal obligations are just as important. Moreover, you should remember that you have moral obligations when you consider using instalment sale facilities. You should not think of using instalment sale unless you have both the ability and the intention to pay, and you know you will be able to pay the instalment in full by the due date laid down in the agreement.

Some of your more important legal obligations are:

- You must pay at least the minimum legal deposit required.

- You must not sell, lend or let the goods to anyone else until the agreement has been settled in full.

- You must advise the seller within 14 days if you change your address.

- You must be totally honest when completing your application form, — do not leave out any information that you know is important.

- It is just as much your responsibility to ensure that the details on the agreement are correct.

- The goods must not be misused and must be insured and licensed if these are the conditions of the agreement.

- You may not take the goods out of South Africa without the seller's written permission.

- If the goods are kept anywhere other than on your own property the seller must be informed of the landlord's name and address.

Agreement periods and deposits

The legally laid down periods over which instalment-sale agreements may be run and the minimum deposits to be made on goods are changed from time to time. At present they are, for example:

	Minimum Deposit	Maximum period of payment
Cars and motor cycles	20%	42 months
Bakkies and panel vans	30%	36 months
Household furniture and appliances		
TV sets and boats	10%	24 months

Finance charges (interest)

Although the laws dealing with instalment sales talk of "annual finance-charge rate" (AFCR), many different types of finance charge (interest rates) are quoted. The two most

common ones are **flat interest rate** and **nominal interest rate** (same as AFRC). Flat rate always sounds less, but that is just the way it is calculated, the rate you are really paying is the nominal rate.

You should always be quite sure what type of interest you are being quoted by the seller and you should check that this is the rate given in your agreement.

The law lays down the maximum finance-charge rates that may be charged on instalment-sale deals. These can be changed by the government but currently they are:

a Where your outstanding debt is less than R5 000 24% (AFRC)
b Where your outstanding debt is more than R5 000 21% (AFRC)

Many companies offering instalment-sale finance charge less than these rates and it is well worth shopping around for the best possible rates offered.

A final word

One of the main reasons for the laws on instalment credit is to protect you and your rights. However it is a fairly complex matter and there may be aspects of instalment sale that you are unsure about. It is advisable therefore to talk to someone in a position of responsibility or authority if you have any doubts or questions.

Ackerman

to cut bread price

CPA/T Trunk

30/9/82

~~30/9/82~~ 2005

Staff Reporters

FRUSTRATED by a lack of government response to his proposals for holding down the bread price Pick 'n Pay chairman Mr Raymond Ackerman is going ahead on his own and has earmarked R1-million which will be used to sell bread at the old price.

This will enable Pick 'n Pay to maintain its brown and white bread prices for some three to six months.

Last night Mr Ackerman slammed the government's apathy towards his three-month campaign to prevent the October 1 bread price. He had proposed raising R5-million from the private sector which, with a R30-million government grant would have enabled the cost rise to be avoided.

Image

It was put to Mr Ackerman that move was merely marketing strategy to enhance Pick 'n Pay's image.

"I totally reject this. We have devoted three months trying to stave off the price rise to enable both government and the private sector to work together. We are deeply concerned at the impact on social peace, not only in the cities but also in the black homelands.

"The government could easily have used part of the recent one percent rise in GST, which could

net R600-million in a full year, to subsidize bread. Gold revenues have also been running ahead of budget."

Incensed by insensitivity in official quarters Mr Ackerman threatened to form a consumer's action party to represent consumers in Parliament.

He claimed he had had a 'poor meeting' with the Prime Minister on the bread issue, and had been referred to the Minister of Finance and then the Minister of Agriculture who had refused to see him.

Given the understanding no bread price would be announced before Mr Owen Horwood returned from the International Monetary Fund summit in Canada, he had been most surprised to hear the Minister of Agriculture's announcement.

"Since Mr Horwood re-

To page 2



7. 30/4/82
 From page 26

turned about 10 days ago — and let me make it clear I have great admiration for the Minister of Finance — I have been phoning his secretary some three times a day to no avail.

Mr Ackerman said the inactivity made a mockery of recent attempts at the Good Hope conference to bring the business sector and government closer together.

Asked what response there had been from the private sector to his appeal for R5-million, Mr Ackerman said that there had been a flat rejection. "But we are not discouraged and hope our competitors will also play their part in preventing this increase."

Spokesmen for both Mr Horwood and the Minister of Agriculture Mr Greyling Wentzel denied yesterday that the ministers had refused to see Mr Ackerman.

A spokesman for Mr Horwood said there had been no attempt to avoid Mr Ackerman, but Mr Horwood had a very tight programme.

Mr Wentzel's office said that when Mr Ackerman's secretary requested an interview she had been asked to provide a short memorandum on the subject for discussion. This was still awaited and when it was received a meeting could be arranged.

Backing for bread boycott

Staff Reporter

THE call for a short-term symbolic boycott of bread in protest against the October 1 price-increase gained momentum on Tuesday night when a protest meeting in Paarl voted for a two-day boycott of the foodstuff.

The crowd of about 300 people voted not to buy or eat bread on October 1 and 2 and called on the government to remove general sales tax on basic foodstuffs, to increase the bread subsidy and to provide free bread for pensioners, the disabled and primary schools.

Cafés and supermarkets were asked to reduce their profits on basic foodstuffs.

Another public protest meeting is being held tonight in Kavamandi Township Stellenbosch.

the dexterity of some of the competitors.

Midweek was given over to a discussion between Christopher Dingle and the New Zealand policeman who wrote "Red Squad" — an investigation of the Springbok rugby tour of that country. The extraordinary observation was made that a spin-off of the tour was the introduction to sleepy hollow New Zealand of the harsh realities of the modern political world — riots, teargas and special police units previously unheard of in that neck of the woods. Dingle handled the interview well, but the policeman stuck to his basic point: that the media covering the tour was unfairly pro the demos.

Try as government spokesmen might, their arguments attempting to justify the proposed hike in the bread price rang hollow.

NEIL VEITCH

TV 2 and 3

IT was unfortunate that so much was left out of the documentary *Ulimo Leziqhamo*, which featured the Cape fruit industry.

This showed now programmes with a historical background prepared solely for black television are scantily done.

The documentary should have focussed more attention on the migrant labourers who work in the industry.

Apart from showing the significant role these men play in the production of one of South Africa's major exports the most important aspect — the living conditions of these men on the farms while they are under contract — was missing.

The issue was probably too hot to handle.

It has been quite some time since we were entertained by a true jazz singer. Freda Payne's superb performance in *The Other Broadway* reminded jazz diehards that this idiom is very much alive.

JOE GUWA

Political comment by A H Heard, G E Shaw, R A Norval, J V Scott and M P Acott. Cartoons by A M Grogan. Headlines and sub-editing by A J Moth and W Odendaal. All of 77 Burg Street, Cape Town.

Too late for classification

BIRTHS

STERN — To Hilton and Jill (nee Blumberg) a son and brother for Bradley on September the 29th. Both well. Thanks to doctors and staff at the Somerset.

Lolapo and Kraai at the trail of the villain captive.

6 00 Nuus
 6 14 Die Kraames A youth presented by Janni Keuzenkamp.

6 36 Platepraatjies Johan kaans recording artists leases. Produced by

6 50 Uit en Tuis A magazine whole family.

7 20 Die Vlakke duskant H is set in the years of Rumours that diamond mined at the small village of the Kalahari. Some poor families were. Produced by Nic de

8 00 News

8 28 Weather

8 40 The Royal Amanda aged couple who are hotel in the Transvaal and abiding passion.

next train to the coast able to board a ship to

nal home. But they just this for years proved to be unsuccessful and entertaining film.

Ambrose Brown on a series of events which

Natal during the 1920

9 38 Ipi Tombi After great and a record running South African show us, but this time on

11 11 News

11 21 Epilogue The Rev Jc

TV2 AND

6 30 Batjha Ithabiseng M young viewers by Choir, Mangaung Lehlesedi Primary School and The To

Monareng

6 45 Mo Nageng (Wild Africa) Nkwe The patterns of the leopard

duced by David Shro

7 00 Dtaba/Dikgang (New

7 10 Sidibeng (Women's

7 30 Dinaledi A programming Pacific Express

with Mapule Zethu

Space Cats with Myst van Rooijen

8 00 Ezangolwesine (The

8 30 Impi Sesibili Yomhla Yaphuma Ngezimpondo

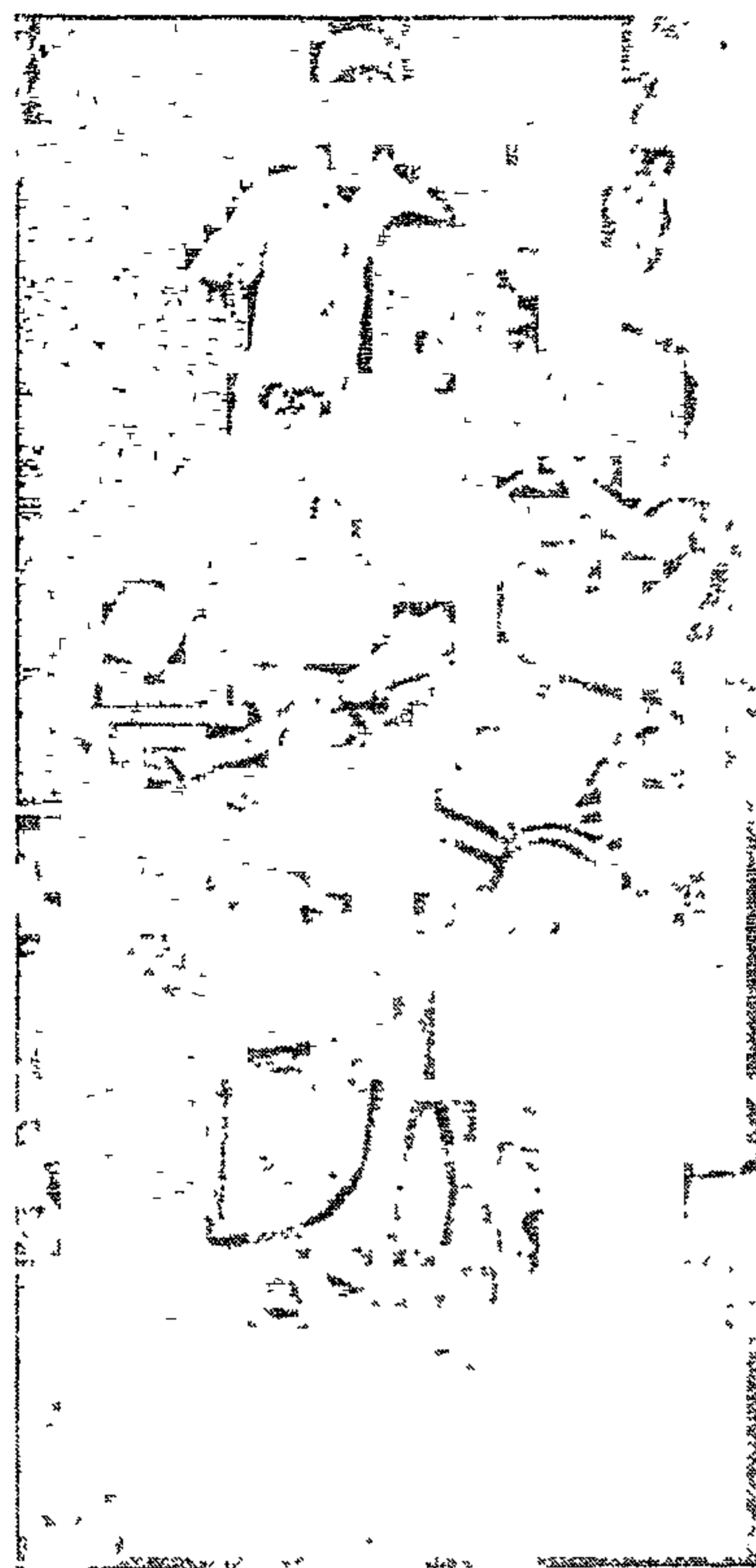
ry of a mission whose divisions of flying fort

many than anyone had order to bomb the M

Regensburg and Sch

9 00 Izindaba/Iindaba (The

9 25 Ophunga Elimnadi (Epilogue) Produced presented by A Q 7



A Palestinian child sits on the lap of a French paratrooper in the Sabra refugee camp in Beirut. French and Italian troops are now in and around the camps. Troops of the multinational force returned to Beirut following the massacre of refugees in the Sabra and Chatila camps.

Bursary Fund tops R600 000

Latest donations received	R598 065
Previously acknowledged	
Mrs L M Chagan	20
Anonymous	50
Miss M C Vane	25
B T B	1 000
Vilene SA (Pty) Ltd	200
Trek-Petroleum (Pty) Ltd	300
M Z Brown	15
Anonymous	4 000
Anonymous	107
Total	R603 782

Contributions should be sent to The Cape Times Bursary Fund, P O Box 11, CAPE TOWN 8000

message from
 H & Morris:
 we will print

COLOUR DEVELOPING
 AND PRINTING IN



Swoop on bread marchers

NINETEEN placard-carrying women, youths and children were arrested and held under the Riotous Assemblies Act when they marched on the Sasko Milling Company in Paarl today in protest against tomorrow's bread price increase

Earlier two youths standing on a street corner near where the protesters later gathered were bundled into a police car, and a third youth was put in the back of a police van which already held seven or eight prisoners

From 7 am women and children had formed small groups outside Gabby's Corner in Van Riebeeck Street, Paarl. Three unmarked police cars and a police van patrolled the area

CARRYING PLACARDS

The women and children moved 100 metres along the road to a bus stop

At 7.35 am 40 women and children, holding placards, began walking towards the Sasko Milling Company. Some of their placards read "Ons is honger, bring pryse af" (We are hungry, bring down prices), "Low wages, but high prices", "Now another blow for the hungry people" and "Bread for people not for profit"

Within minutes they were apprehended by uniformed policemen, many of whom carried batons who were waiting with riot vans and police dogs

Nineteen of the protesters were searched, photographed and ordered into a riot lorry. They were then taken to the Paarl police station. The posters were confiscated by police

Among those held are two officials from the Food and Canning Workers Union

A police officer said the arrested people may be charged later today



UNIVERSITY OF EXAMINATION

MOTOR PARTS

Easy pieces

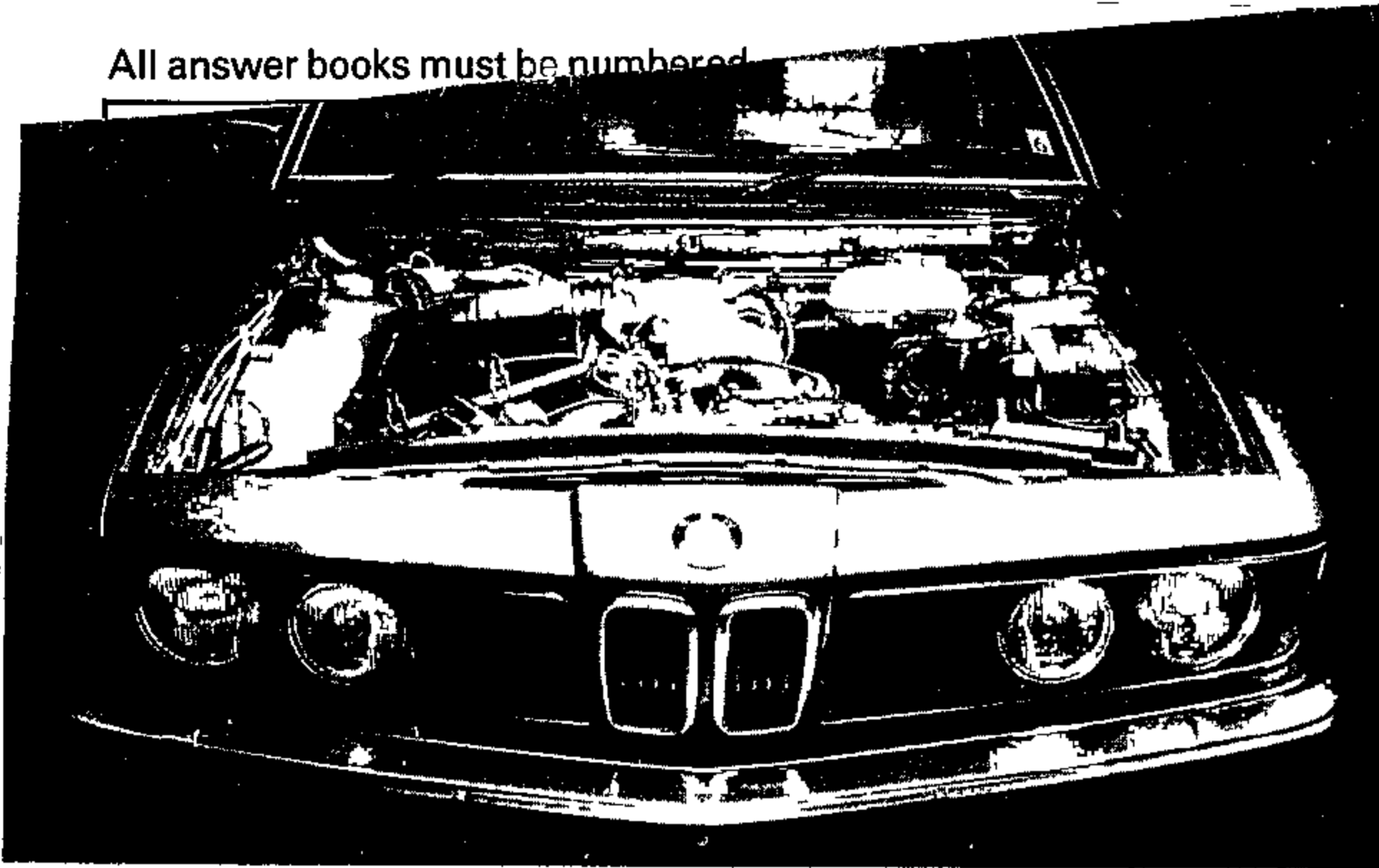
FM 1/10/82

The Competition Board is investigating price controls of motor vehicle parts and accessories. The Automobile Association believes that curtailment of controls would go a long way to eliminating malpractices within the industry.

The AA recommends that the authorities consider making it compulsory for parts to

CANDIDATE MUST enter in 1) the number of each question id (in the order in which it has swered), leave columns (2) and

All answer books must be numbered



Car parts ... subsidising sales competition

be marketed under the brand names of original manufacturers. It also suggests that a regular publication of comparative prices for parts be prepared in co-operation with Central Statistical Services in Pretoria.

The essence of its recommendations is that there should be full disclosure and free competition. This would benefit both the consumer and insurers in an industry that commands over R2 billion a year in turnover.

At present, the situation in the market place is far from clear. Lower prices through competition for new car sales are often subsidised by a mark-up in the price for spares and accessories. The legal maximum mark-up of 250% is often exceeded, even though this limit is supposed to include all integrated marketing tiers from the point of manufacture or importation to the end-user.

Included in a Board of Trade and Industries report in January 1981 are examples of the price differences depending on distribution channel. An exhaust manifold, for instance, cost R10,96 as original equipment and R25,41 as a replacement part. This is for the same item sold to the same motor manufacturer. To the retailer the price was R70,93 and the motorist as end-user paid R123,35 — that is a 1 025% mark-up.

Original equipment is simply the parts used in making the basic vehicle, while the replacement parts go to the motor manufacturer's own franchise dealers. The price difference allows the vehicle supplier to compete on price in the new car sales market. In return for under-pricing his supplies of original equipment, the component manufacturer is allowed to make a special mark-up on the items sold as replacement

wealthy individual. This could explain why a front wing for a car such as the BMW 520 costs R118,66, and yet the similar replacement part for the Alfa Alfetta Super costs R307,13. A large component of this difference is the competitive subsidy. A front wing for the Toyota Corolla, with the largest sales volume, is priced at R116,60, very similar to the luxury car.



PHONING IN

Since the recent installation of Saan's new telephone exchange, many callers have experienced difficulty in getting through on the FM's main number, 710-9111. To make matters simpler in future, we list below the direct-line numbers of the FM's principal departments.

- Editor 710-2400 (Secretary 710-2401)
- Advertisement Manager 710-2472 (Secretary 710-2473)
- Deputy Editor 710-2403 (Secretary 710-2402)
- Senior Asst Editor 710-2404 (Secretary 710-2402)
- Assistant Editors 710-2405/6
- Art Department 710-2410
- Business 710-2423
- Current Affairs 710-2426
- Economics 710-2434
- Investment 710-2441 or 2444

Legislation is hard to enforce because of the confusing distribution pattern for parts and accessories. The confusion also allows genuine parts and "pirate parts" — copies of standard franchise parts made by an independent manufacturer — and also re-conditioned components to become intermingled in the marketing chain. At the same time, different brand names can be used for an identical item depending on its distribution channel.

In addition to supplying the motor manufacturer, the component manufacturer also supplies wholesalers, sub-wholesalers and retailers with the same part. An independent operator might also import the same component from an overseas subsidiary of the local component manufacturer for distribution through the wholesale and retail trade. Importation might facilitate the export of funds to the subsidiary where the part carries an inflated landed cost, or provide an extra profit margin where an imported component enters the market at a lower price than the one made in SA. For example, a certain front bumper is sold as original equipment for R32,98 if made in SA, but R8,13 if imported. By the time the end-user sees the product he might be paying either R97,75 or R104,40, depending on its origin.

Price exploitation

The implication of this confusing distribution pattern is that there is plenty of opportunity for price exploitation, which at the same time makes legislation hard to enforce and comparisons difficult.

The AA would like to see parts marketed under the brand name of the original manufacturer. While this could form the basis of comparative tables, it would also mean that rebuilt and pirate parts could be more easily recognisable.

The potential new vehicle owner would benefit from full disclosure of repair costs because his purchase would be based, not just on a comparison of vehicle prices — and fancy advertising — but also on prospective repair and accessory costs for each vehicle. Beyond this, there is no reason why insurers should not adjust premiums downwards for those vehicles that were cheaper to repair. The upshot of this would be a shift in the emphasis of competition from the showroom to the repair shop.

The Competition Board has a long list of consumer products under consideration at the moment. A report on the motor trade is not expected until February 1983.

BANK XEROX

Profiteers snatch 19c on a loaf

H. K. K. K.
245
Mercury
2/1/82

Mercury Reporter

CENT-SNATCHING shopkeepers yesterday cashed in on the Pick 'n Pay subsidised bread campaign, buying up hundreds of cut-price loaves — and then producing their GST certificates to get a tax refund on top.

This meant.

They bought brown bread for 24 c and white for 36 c;

They got a GST refund of 1 c or 2 c.

Then they went to their shops and sold the bread at 35 c and 53 c a loaf.

This meant:

A profit of either 12 c or 19 c a loaf, less GST

The general manager of the Durban North Hypermarket, Mr Martin Rosen, said he had been forced to give the shopkeepers' their GST refunds

'There was nothing we could do about it.

'But from now on we'll be limiting the number of loaves anyone is allowed to buy

'It's not illegal to buy bread in bulk — but it was disappointing to see shopkeepers going berserk to make a few cents out of an offer made to help ordinary people

'We were unhappy enough about them buying in bulk — but then they had the cheek to ask for a GST refund'

'We have people who buy in bulk — for kindergartens and those sort of places — but we know who they are'

Yesterday sales rocketed at the store to almost double those of a 'good day'

On July 30, the store sold 2 700 loaves

Yesterday it had sold 5 000 before 5 p.m. By closing

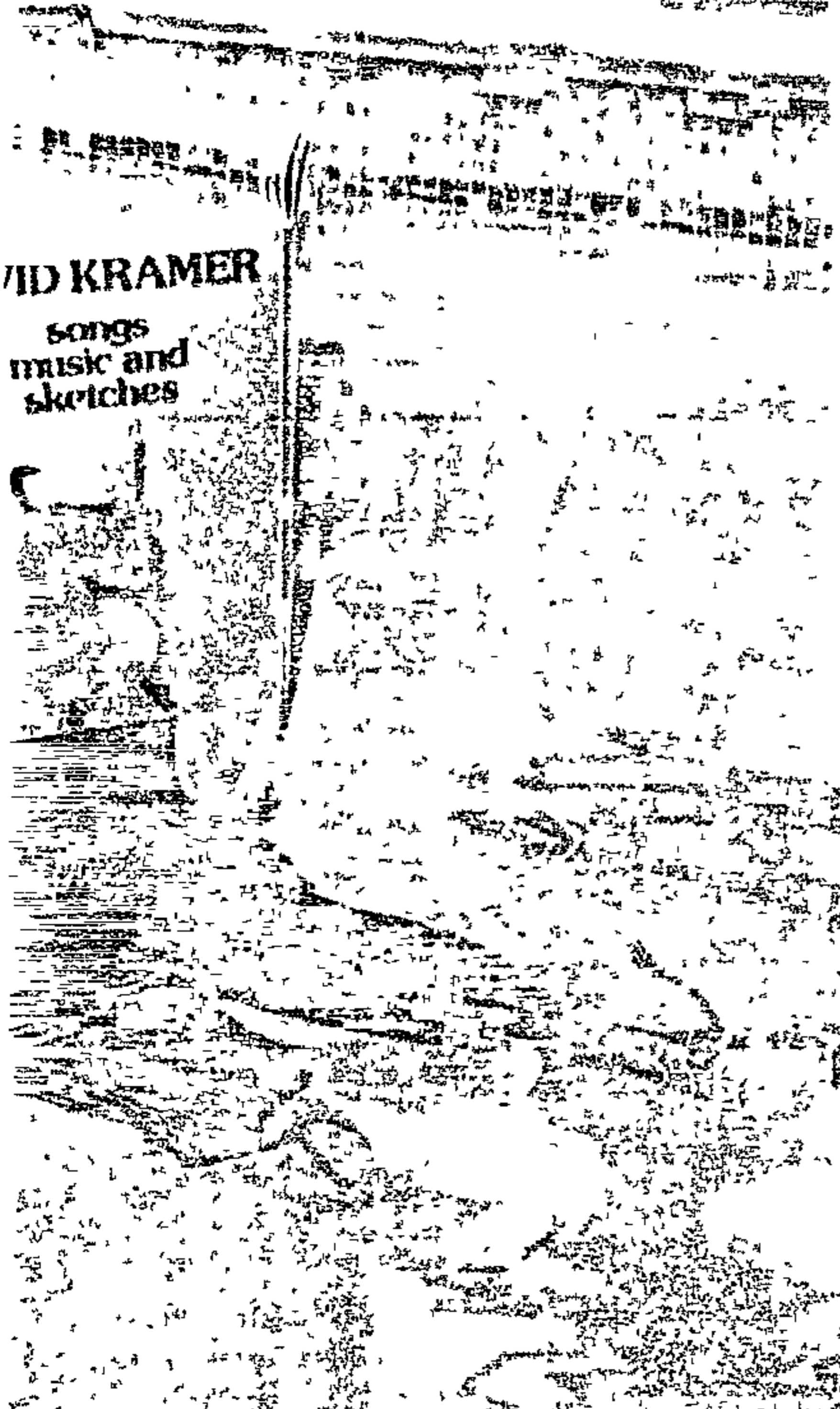
time at 8 p.m., sales had topped 8 000

Other chain stores were reported selling their bread at cost.

Corner cafes experienced no drop in sales but said there had been complaints from blacks

They are selling the bread at 4 c above cost price

BOYS BOOK



IVOR KRAMER
songs
music and
sketches

and Kramer, and a few hours before the launching of
ed off in the pool of his Oranjezicht home. The man
the rise and fall of Blokkies and Budgie in his book
ch goes on sale today

Picture Ivor Markman

Another chain keeps bread price down

By KAREN LE ROUX
GRAND Bazaars has
joined Pick 'n Pay in its
fight to keep the price of
bread down

In a bid to protect cus-
tomers from the substan-
tial bread price increase
of October 1, Grand Ba-
zaars is selling white
bread at 13c below cost to
all social pensioners and
at lower income group
outlets

Mr N Bernstein, mer-
chandising director of
Grand Bazaars, said yes-
terday that the group had
decided to set aside a
large sum of money to
subsidize basic foods

White bread will be
sold at 35c — 13c below
cost — at the Elsie's
River, Matland and Ep-
ping branches and at 35c

at all branches to all so-
cial pensioners who pro-
duced their pensioner
cards

Mr Bernstein said the
special offer would con-
tinue until the subsidy
money ran out

Before the latest in-
crease the control price
of white bread was 43c
and brown bread 29c in-
cluding GST. The control
price from October 1 is
53c for white bread and
35c for brown

Mr A Baxter, senior
buyer for Pick 'n Pay's
Western Cape supermar-
kets said yesterday that
the daily bread sales had
doubled on Friday

Mr Baxter said there
was no limitation on the
number of loaves a cus-
tomer could buy

City has hottest day since March

Staff Reporter

CAPETONIANS experi-
enced their hottest day
since the winter and the
second-hottest day this
year when the tempera-
ture soared to 33,4 deg C
at DF Malan Airport yes-
terday afternoon. The
highest temperature re-
corded this year was 0,01
deg C higher on March 9

Yesterday's tempera-
ture was also the hottest
for October at the airport
since 1973, when 36,2
deg C was recorded. The
hottest temperature ever
recorded at the airport
was 40,7 deg C in March
1973

The 127mm rain that
fell at the airport last
month — the hottest Sep-
tember in the past seven
years — was well below
the 424mm average for
the month

It was also the driest
September since 1975,
when only 9,3mm was re-

corded — the lowest since
recordings were first
made at the airport in
1957

In the central City area,
20mm was recorded in the
three days that it rained
in September. The aver-
age for that month is
73,7mm

In Newlands, 98mm fell
over four days in Septem-
ber. The average there for
September is 164mm

The lowest rainfall ever
recorded in September
was in 1945, when 4,8mm
fell in the City and 5,3mm
fell in Newlands

But in spite of the dry
September, this year's
rainfall was still "well
above" the annual aver-
age and Boland and
Swartland farmers could
still look forward to
bumper crops, a spokes-
man for the weather
office said yesterday

● Pictures, page 2

Missing golfer safe on Rand

By ANDREW
DONALDSON

CATHERINE Sarah Dale,
17, the Junior Western
Province golfer who dis-
appeared from her Pine-
lands home last week,
was tearfully reunited
with her family by tele-
phone late yesterday
after she had been traced
to Johannesburg

Catherine's father, Mr
J P R Dale, a chief medi-
cal technologist at UCT's
medical school, said last
night he was "very
pleased that this little bit
of nonsense is over" and
that she was being
"looked after" until her
return

He said Catherine, last
seen by her parents on
Wednesday after she had
attended a Rotary leader-



Catherine Dale

the former neighbours,
who were friends of the
Dale family, and had told
them she was on holiday
"When they contacted
me and said Catherine
was staying with them I
told them to be discreetly

YOU PAY LESS AT

QUICKS

BALL STUD

FARRINGS

Go
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SABS stamp of approval

Protection, the saviour of many an inefficient businessman and scourge of the consumer classes, comes in many forms. As the *FM* has often pointed out, it does not have to be through direct tariffs. One effective way of masking a protected commodity is to persuade a standards authority to impose quality controls far beyond those needed.

Take, for example, that strategic device without which we could not live if there were a trade boycott: the common or garden tap or faucet, as the Americans are pleased to call it. Who in GATT would swallow a tariff on taps? Yet if we need to protect the local tap manufacturers in case we are boycotted, all we have to do is call up

the SA Bureau of Standard (SABS) and, with only a few people knowing, we have tap specifications that are tantamount to protection.

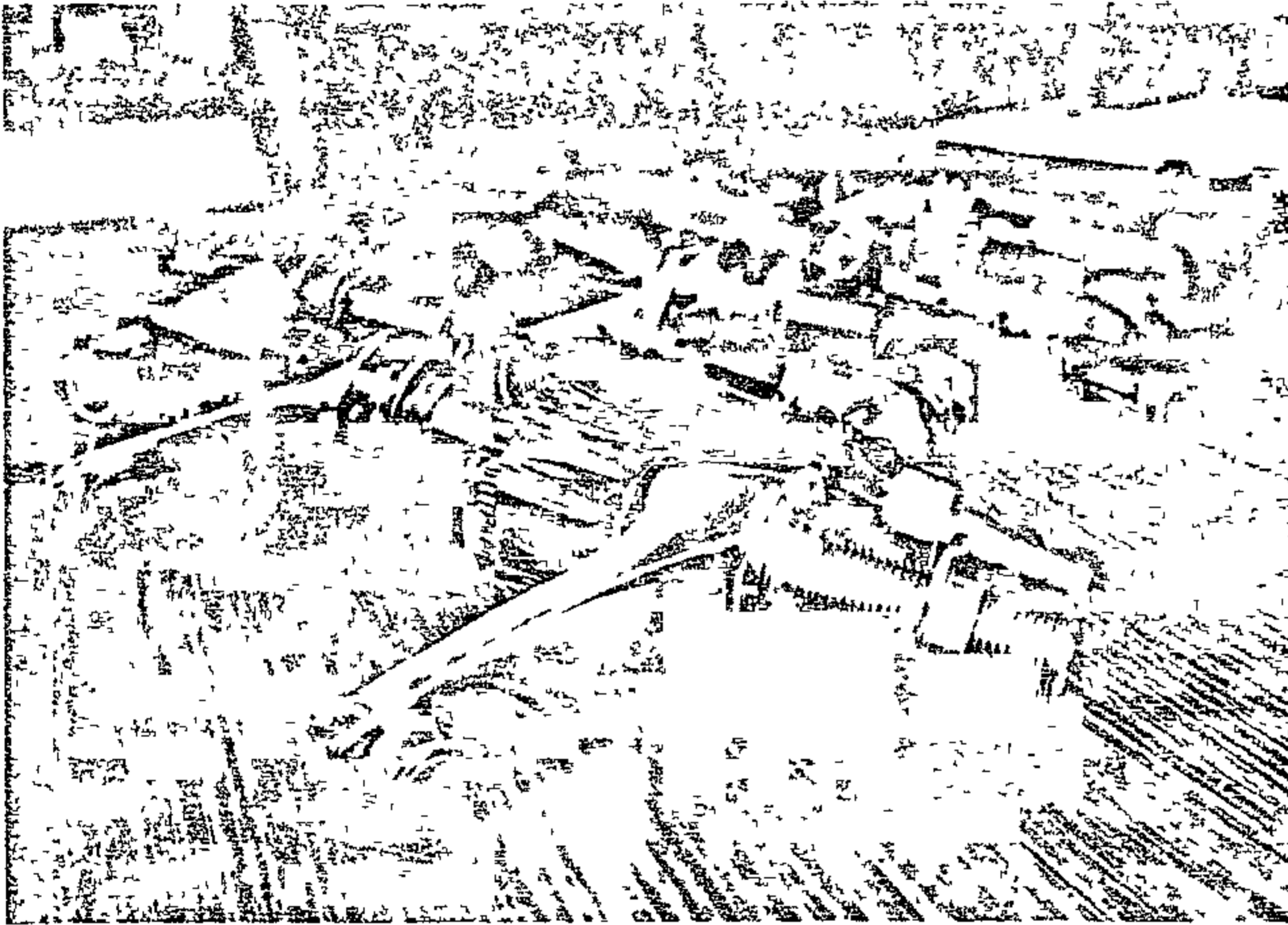
An SABS committee met on March 30 this year, under the chairmanship of William Geyer, to consider for amendment specifications for a number of plumbing supplies which include taps, valves and copper tube fittings.

The official justification for the investigation is the problem of de-zincification in water pipes. The committee aims to discuss and set requirements for appropriate resistance to de-zincification: a build up of zinc residue that clogs pipes. If the regulations that are currently being discussed are im-

plemented, all taps and mixers will be required to have a 63% copper content.

As many of the taps that are currently being imported do not meet the proposed requirements, the regulation will have the effect of excluding overseas manufactures from the local market.

While this is obviously not specifically given as one of the motivations for the new specifications, the spin-offs are clearly recognised both by the local tap manufacturers and the SABS committee members. This emerges from the minutes of the meeting. They mention that "cheap imports were flooding the market and (the local authorities concerned) had no way of controlling their use, other than by "calling up" a



Shiny new taps ... do they have to be so good?

suitable specification. One manufacturer, Nu-World Industries, however, was more candid. According to these minutes it asked the bureau to "control" (presumably through specifications) cheap tap imports.

Its request did not fall on deaf ears. The chairman said that it was under consideration: the difficulty was policing the operation.

A committee member also noted that with the advent of mass construction of cheaper houses there would be an even greater demand for cheaper imported taps.

Local importers of plumbing fittings are, understandably, outraged by the possibility of protectionist specifications being implemented. Many of their lines could go to the wall.

One importer argues that as few Europe-

an manufacturers produce taps to 63% copper, the SABS committee is implying that taps and mixers that are accepted worldwide are in this country of inferior quality.

He also points out that de-zincification is not a national problem. It is confined to the East London/Cape Town area. If this is the case he argues why should a national law be passed if only certain areas are affected? Why should the consumers, who will be burdened with higher prices, suffer because of regional problems? Rather the regional plumbing industry should manufacture equipment to meet the needs of the local community or the relevant waterboards should purify the water.

A SABS spokesman agrees that the problem is confined to the East London/Cape Town areas as specifically stated in the

minutes of the meeting. He says, however, that it is too costly for the water authorities to purify the water. He also notes that the water is softer in this area and that this is considered to be beneficial by water consumers.

On the question of specifying specifically for regional conditions, he says that the bureau is reluctant to recommend two sets of specifications as it can lead to confusion. Therefore specifications must be across the board.

He also concedes that de-zincification does not pose a significant problem in taps as the flow of water washes out any zinc build up. This is not the case in piping where blockage can cause severe problems that may require alteration later.

The importer claims that according to metallurgists a higher copper content will make the material softer and in the case of tap-spindles they will wear far quicker. This will mean that tap users will have to buy spares more often. Of course, for local manufacturers this means more business. The SABS spokesman admits that the cost to consumers may be greater if the recommendations are implemented, but argues that costs would be lower than a purification of the area's water system.

Apparently one waterboard has already jumped the gun on the 63% copper specification. Yet it is applying the standard only to imported taps. It has passed some local taps that laboratory tests have shown do not meet the 63% copper level.

One does not, of course, want to be carried away by the pleadings made to an SABS committee. If there is any advantage in bureaucracy, it gives men of common-sense and goodwill time to reassess such requests for specifications as this one. Hopefully, it will in due course be rejected.

But the point is how much other protection is gained through this back door.

BREAD SUBSIDY

Who benefits most?

215

FM 8/10/82

~~Board~~
186



When men were more concerned with conscience than public opinion they had fewer qualms about admitting to their own selfishness. If they wanted a favour they had the honesty to ask

blacks eat little or no bakers' bread. Most of them live in homelands on farms or in other remote areas which are not served by the few score Wheat Board licensees who alone are privileged to bake the sort of bread which qualifies for the subsidy.

While it is true that the better-off urban blacks are eating more bread than they used to, most of them still eat some mealie meal as well. The ratio varies from area to area and family to family, of course, but there can be no doubt that the substitution of wheat for maize among blacks has been accelerated by the bread subsidy itself. When subsidisation first started it was aimed at whites, coloureds and Asians. But the urban whites ended up its main beneficiaries. They had the vote. And they knew that the government had artificially inflated the local price of wheat to their detriment to woo another bunch of "patriotic" voters.

The white community is now typified by a small segment at the top which shuns fattening bread (especially the dull, subsidised sort), another small segment at the bottom which still eats a lot of boiled rice, potatoes and putu, and a great blob in the middle which buys subsidised bread for all the family, three meals a day, plus an extra loaf for the housemaid and gardener. That is the blob which does the screaming. It is also the blob from which most journalists are drawn and to which most editors pander. And as Raymond Ackerman must realise, it's one of the two big blobs which

bring most business to Pick 'n Pay. The other is the upper income black blob which has just switched from mealie meal.

The only whites in SA who can honestly claim to be poor nowadays are the aged. Since few of them have the appetite to wrap themselves round more than two loaves a week, their share in the R19 m handout must be small. At 13,8c a brown loaf and 1,5c a white one, the benefit of the subsidy to a septuagenarian can't be worth more than R10 to R15 a year. It would be easier, and more just, to add that sum to their pensions so that they could decide for themselves whether they would rather buy beans or 'baccy. Many of them we suspect would prefer to buy good old fashioned crusty loaves like the ones they knew in their childhood — before the government intervened to drive small bakers out of business.

But the Wheat Board's licensed bakers and millers wouldn't like that any more than they would like blacks to swing back to mealie meal (which is less tightly controlled). Enter the next bunch of hypocrites and vampires. An accumulation of baking and milling licences seems to pre-dispose charitable businessmen towards the Wheat Board and press upon their consciences the need for "economic justice" in the form of subsidies which will swing business in their direction. The bread subsidy is only paid out on standard brown, white and wholewheat loaves which confectioners and speciality bakers are prohibited (by Wheat

for it for themselves. Nowadays they masquerade as benefactors and pretend they are lobbying for someone else.

During the recent hullabaloo about bread prices not one of the predominantly middle class consumer lobbyists had the decency to say that he or she wanted a larger consumer subsidy because he or she would be an immediate beneficiary. Instead, they ranted unreasonably about the need to protect the "poorer sector of the community" and the "blacks especially." We chomp our way through roughly 1,8Mt of wheat a year. But more than a third of it goes into cakes, biscuits and other fancy goods. So the offtake for bread is little more than 1,1Mt. By comparison 2,8Mt of maize are used for "human consumption." It is difficult to imagine more than 20% of that going into luxury foods.

By deduction, maize is at least twice as important as a staple in our national diet. What's more, everyone knows that the ratio of wheaten products to maize products in the diet declines rapidly as you descend the social scale. Consumer lobbyists and supermarket owners know full well that poor

Subject (to be copied from the heading on the Examination Paper)

2

Paper No (to be copied from the heading on the Examination Paper)

112
5
560 10
60/560

Examiners' Initials		
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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

Board regulations) from producing Its the Wheat Board's conscientious bureaucracy which justifies its limitation of the number of "baking units" on the grounds that

- The industry's profit margin is fixed at a level well below the margin aimed at by the non-controlled sector of the economy,
- Prices of bread are controlled by government, and
- A government subsidy is paid on bread in order to keep down the prices of bread for the consumer.

If that's not a blatant case of busy work for the bureaucrats and favours for their promoters, we would like to know what is since when has it been necessary to stop entrepreneurs investing in ventures where the profit margin is fixed at a level "well below" that at which they aim? Why does the subsidy make a limited licensing system so important? Is the board worried that unlicensed bakers might forget to claim their share of the booty? Of course not. Although it will never admit it, the board's main pre-occupation is and always has been to protect inefficient middlemen, first by preventing what it euphemistically calls "excessive and wasteful competition" among bakeries and millers, and second, by guaranteeing its (predominantly co-operative) agents a handsome return for storing grain on the nation's behalf. In addition to a basic handling charge, the board gives its agents roughly R4 a ton a month for holding wheat. Individual farmers (many of whom could do the job more cheaply) are not entitled to any reward for storing their own grain. The Wheat Board gives them a flat price for the year. Needless to say, the bakers, millers and co-operatives can muster a voting majority on the board.

Irrespective of its other demerits, the bread subsidy has played a significant role in masking the damage which they and the Minister of Agriculture have inflicted on the South African economy by restraining competition, distorting natural trade patterns and fostering the development of monopolistic conditions in the baking, milling, grain handling and animal feedstuffs industries.

The media and concerned citizens are

justified in being angry with the government over the rising cost of living and the bread issue in particular. But they are barking up the wrong tree when they ask for bigger subsidies. Apart from the fact that the subsidies are going to the wrong people, they are costly to administer, they distort trade and they come in a large part out of the very pockets of the middle class taxpaying whites into which they are subsequently put back.

Alternatively, it could be argued that the subsidies are not paid out of taxes at all but out of new "deficit money" printed by the state for the purpose. In that case they are a direct cause of inflation, rather than an answer to it. To render the cost of living more reasonable in South Africa we need a two pronged attack aimed first at making our uncompetitive food industry more efficient, and second, at releasing the energies of the poor so that they can contribute fully in the economy and thereby earn their fair share of a much bigger and more appetising national loaf. Here's a four part

shopping list for the pukka godfearing consumer lobbyist. She should ask for

□ Competitively priced agricultural inputs. If our farmers could buy their fertilisers, fuel, weedkillers, insecticides and tractors at world related prices they wouldn't need protection for themselves, and the prices of nearly all locally produced foodstuffs would fall. Simultaneously, our exporting farmers would become more competitive on overseas markets. This would result in a much needed boost to rural employment and thereby enhance living standards in those parts of the country where poverty is most acute,

□ Total and immediate abolition of all the controls (including price controls) which currently hinder genuine competition all the way along the tortuous pipeline from the primary producer to end consumer. In a free market some prices might rise. But the majority would fall and rises would only occur where consumers opt voluntarily to pay for added services or better quality products. Either way real consumer needs would be more adequately satisfied.

□ The withdrawal of the bread subsidy as part of an all round package of cuts in government expenditure. Inflation won't disappear until the government learns to live within a balanced budget. No country can expect to have an efficient economy while the State employs one third of its citizens and more than half of its diminutive supply of graduates. At the moment the more efficient private sector in SA is being hamstrung (by superfluous legislation), starved of skilled manpower (because too many candidates have been absorbed into the public sector to administer the controls) and deprived of cash (because the spendthrift bureaucrats are licensed to fritter unproductively the lion's share of the nation's savings).

□ Economic de-segregation. If black workers were allowed to move about and compete on equal terms with whites and if black entrepreneurs were permitted to compete with the so-called "formal sector" of insulated white ones, much of the real poverty in South Africa would disappear. No one would need a subsidised diet.

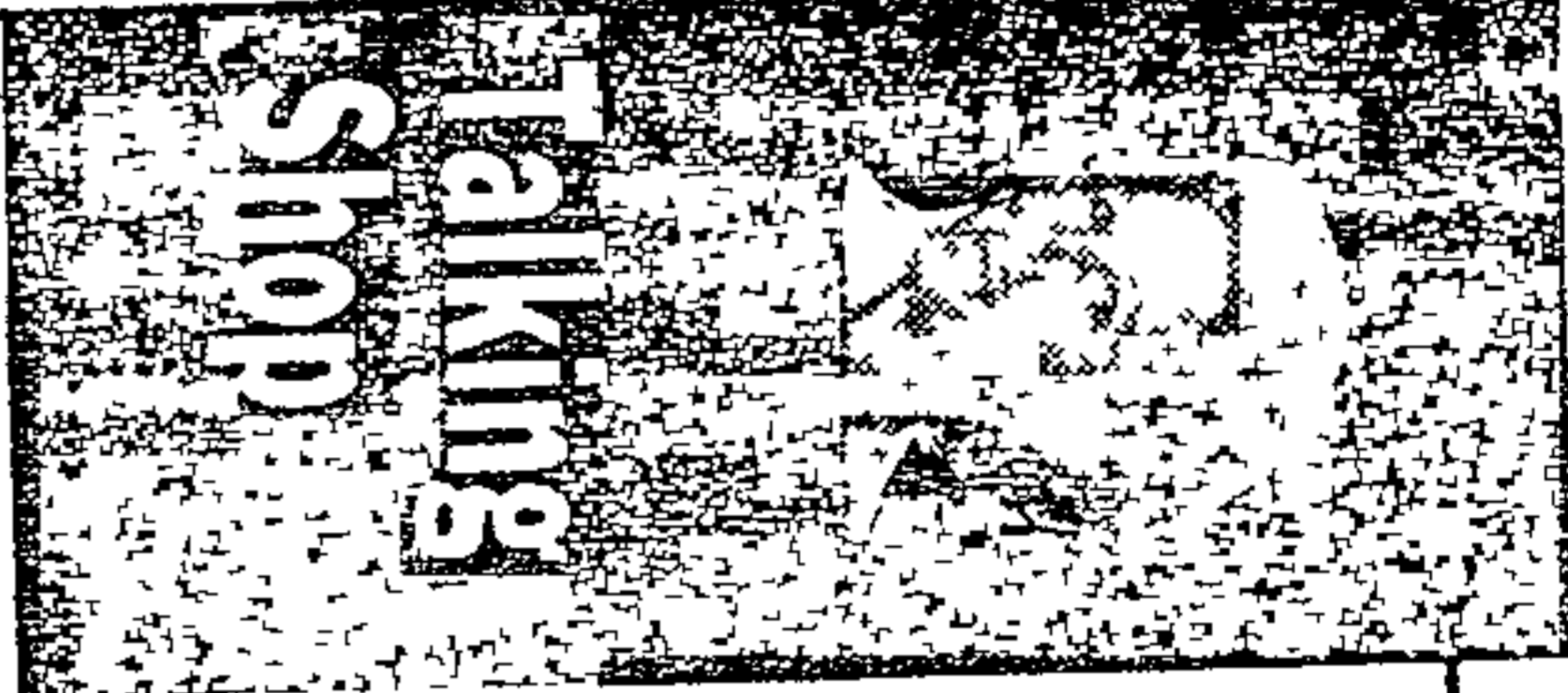
COLLEEN SHEARER FINDS THAT YOU GET LESS THAN YOUR SLICE WHEN IT COMES TO WHOLEWHEAT

Cut Tip Rows in Buy

245

WITH the latest heartless price increases, the subject of bread has become very explosive.

Bread is the base for breakfast, lunch and dinner. It is a staple food. It is a source of energy. It is a source of fiber. It is a source of vitamins. It is a source of minerals. It is a source of protein. It is a source of calcium. It is a source of iron. It is a source of zinc. It is a source of copper. It is a source of manganese. It is a source of selenium. It is a source of iodine. It is a source of phosphorus. It is a source of potassium. It is a source of sodium. It is a source of magnesium. It is a source of calcium. It is a source of iron. It is a source of zinc. It is a source of copper. It is a source of manganese. It is a source of selenium. It is a source of iodine. It is a source of phosphorus. It is a source of potassium. It is a source of sodium. It is a source of magnesium.



After mention in *Talking Shop* of September 20 about the disappearance of real wholewheat bread, several readers contacted me. Molly of Mount Bay reported that in the Cape they get a real roughage giving and nutritious loaf. She has promised to send me a sample. I hope she's right because a Durban caller has her product but when I went to buy a check

I discovered more than one outrage. Firstly it was not genuine wholewheat but brown, milled in what gets the full title of whole wheat grains in the loaf. Secondly it was not that fine either.

730 grams instead of 900 grams!

The bakery was 'Test of Hon' and it appears that their dough slicer was out of commission (The slicer automatically puts about one kilogram of dough into the pans allowing for a 100-gram loss during baking). So the job was being done by other more fallible means and you know who lost out again? The consumer!

I reported the incident to the Department of Trade Inspections who went at once to check. They found more underweight loaves and stopped sale.

The matter is under further investigation and the outcome will be reported in this column as soon as I am informed.

For consumers' information here is what you should be getting -

Ordinary pan-shaped loaves of white, brown and wholewheat (sic) must weigh 900 grams. An exception is special sliced superwhite which must weigh 750 grams.

Otherwise whole baked units of other shapes or quality - for instance High Protein - must conform to one of the following weights, 225 grams, 450 grams, 900 grams, 1.5kg or 1.8 kg (compound and stale bread are not governed by this requirement).

I next called on *Baker* and bought a loaf of what they call whole-

wheat but the panomime persisted. Again it was ordinary brown disguised on the outside.

While on a short up-country trip I also bought 'wholewheat' bread in Ladysmith and Bethlehem from *Soko Bakeries*.

Neither loaf passed. Both comprised at the most 10 percent wholewheat.

I spoke to the manager in Ladysmith and at first he argued that there was no demand for wholewheat. However it transpired that it takes longer to bake a wholewheat loaf. He also intimated that if there was a demand he would supply wholewheat. So one must presume the real issue is one of economics and not 'production difficulties'.

In any case, the 'no demand' excuse sounds pretty hollow because in Durban and at the *Soko* outlets one has to be an early bird to get the wholewheat (I am getting chary of using that misnomer).

Pick 'n Pay has certainly shown plenty of spirit over the bread price but they should be careful not to include wholewheat in their advert because this is simply expanding the baker's error.

In any event it surely is not a chain store's duty to soften the body blow and this can only be a very short term measure.

It is the Government's responsibility to see to the welfare of ALL consumers. The argument of bread being cheaper here than in many other countries is a weary excuse and a mockery of economics because the AN-NAAL average income for blacks - the hardest hit - is so low.

Which brings to mind the fact that so much of our production is more expensive than the free world.

Why?

One-channel control boards? Prices up during surpluses?

The latest example is steel because South Africa is having difficulty in selling steel overseas where most countries have large surpluses.

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THAT YOU GET LESS THAN YOUR SLICE WHEN IT COMES TO WHOLEWHEAT BREAD

Tip to you: buy the whole wheat bread

245

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Which brings to mind the fact that so much of our production is more expensive than the free world. Why? One-channel control boards? Prices up during surpluses? The latest example is steel because South Africa is having difficulty in selling steel overseas where most countries have large surpluses.

The Banana Board at least does give us the benefit of lower prices during bumper crops but there is a healthy two-channel marketing board where a producer is free to choose whether to sell privately or through the board or both. That is the ideal system.

★ ★ ★

IT is becoming increasingly uncertain whether consumers are getting what they pay for.

The latest incident concerns Super Aken Bleach manufactured by Old Products of Clairwood. Mrs AP Russell reported to me that she

bought 12 bottles of Super Aken Bleach from Carlton Supermarket at a Special Offer price of 99 cents for four. When she used some she found 'It didn't even say hello' meaning it was almost as weak as water.

She complained to Old Products, warning that she would take the matter to a higher authority, and was told there had been a big mistake. She was offered replacement delivered to her home.

Mrs Russell's concern was 'What about the pool people who are looking for bargains?' This was why she came to Talking Shop. I contacted the director of Old Products. Mr Sullivan who told me that one batch had turned out faulty and he had made arrangements with the store to remove all stocks of that batch.

As Super Aken does not declare the active ingredient, I suggested to Mr Surenman that he should advertise this but the idea didn't seem acceptable.

The active ingredient is Sodium Hypochlorite. Nevertheless I also notified the Department of Trade Inspections and they are investigating, having taken samples to be tested. These results, too will be reported in this column. Inspectors from that department are always most co-operative.

★ ★ ★

LET'S end with a bouquet.

A reader in King's Pool bought a packet of Spoon Lips Tea because it advertised a free teaspoon inside. Her packet had only the 100 teabags so she wrote to T. H. Kicket & Co. the packers to complain.

In a Sunday morning a representative from that company called at her home and presented her with a teaspoon plus a free box of teabags, and though she was embarrassed by the 'trivial treatment' she was delighted to know 'that there are still some people who care'.

Staff Reporter

Stability is the word most often used to justify the existence of control boards.

Consumers might have another word for the boards' activities — protectionism

An examination of the activities of the vast majority of boards dealing with a host of agricultural products in South Africa shows that almost without exception they operate in such a way that even in the worst circumstances the farmer is guaranteed prices which meet his production costs

Undoubtedly, South Africa must have mechanisms maintaining levels of production in key commodities to meet local requirements and create surpluses of some export crops to bring in valuable foreign exchange

FIXING

But there also appears to be just criticism that the artificial fixing of prices by boards, often in conjunction with the Government, leads to a situation in which farmers in marginal production areas or on uneconomic units are kept alive by price protectionism which bears on relationship to the normal supply and demand

Criticism in this regard has frequently been levelled by the Press and academics at various sectors of agriculture including two of the most important, the maize and dairy industries

The Egg Control Board is currently under fire because, in the face of a developing surplus, a spokesman for the industry made the astonishing statement that despite the glut prices to the consumer would not decrease.

AUTOMATIC

Clearly, if free market forces were allowed to operate, conditions of glut would bring an automatic downward price adjustment.

However, the statement does have some basis in fact

Surpluses which can

Boards: stabilisers in market—or havens for farmers?

Shaw
19/6/62

245

not be redistributed locally are exported at a loss — at present running at 33c a dozen — which is financed from a reserve fund created from levies imposed on eggs

If the fund became depleted, a heavier levy, which would almost certainly be passed on to the consumer would be required to finance the exports.

SUPPLY

The board maintains that it does not fix the price of eggs, but that these are determined by the laws of supply and demand.

Nevertheless, it has power to do so in conjunction with the Minister of Agriculture.

Its statement that it does not control prices does not bear scrutiny because the board DOES control at least one end of the free market system — supply.

To achieve this, a production control system is enforced whereby every producer with more than 1999 hens requires a permit to operate.

CONTROL

The board controls the levels of supply based on anticipated demand and producers are thus able to demand prices sufficient to bring them a profit.

If calculations go wrong, as they have now because of the downward trend in the economy, phase two, the board's egg buying scheme, comes into operation.

Under conditions of

glut the board buys up the surpluses and redistributes the eggs, or exports them where there is a countrywide surplus. These exports are financed at a substantial loss, but they do have the effect, by keeping down the quantities of eggs locally available, of maintaining price levels

The market forces of supply and demand are simply not allowed to operate, and the steady upward spiral of egg prices tends to support the contention that the board's balancing act has worked to keep the producer in business

EXISTENCE

The reason for the existence of some boards is not always clear to the observer

Take the Potato Board.

Like the Egg Board, it is a scheme to take up surpluses, a mechanism to protect the farmer to meet at least his basic production costs.

As soon as a glut starts to develop the board steps in. Taking one of three steps:

- It either buys up and hoards potatoes until market conditions are more favourable.

- It prohibits the sale of certain inferior grades (to increase the demand for other grades)

- It buys in and redistributes surpluses.

LAW

By law, the Potato Board is the only exporter of potatoes, but in reality producers often export direct under permit

It can be asked whether private enterprise could not as effectively fulfill the board's functions, perhaps to consumer advantage.

On the face of this, there is even less of a case for the existence of the Dried Bean Board, which is only called upon to step in during years of glut, where it recommends the fixing of a floor price to the Minister of Agriculture

PROLIFERATION

The proliferation of boards has also been a matter for public concern

There are no less than three boards dealing with the deciduous fruit industry — the Dried Fruit Board, the Deciduous Fruit Board and the Canned Fruit Board

It is interesting to note that the Dried Fruit Board supports the creation of a board to control all boards — a Co-ordinating Committee of Control Boards, which could solve certain problems

It could look at the country's needs as a whole and determine a policy to encourage production to meet these needs.

It could discourage the planting of certain crops in unsuitable areas which at the moment takes place because price fixing on crops like maize makes it profitable in good years

And in the bad years farmers could rely on a helping hand from Government.

Bread boycott planned

CAPL TIMES 26/10/82

Staff Reporter

OPPOSITION to the October 1 bread price increase was boosted on Sunday when a protest meeting in Guguletu voted to stage a one-week "symbolic" boycott of bread and flour

Despite alleged attempts on Sunday to broadcast false information about the meeting, more than 500 people attended.

The boycott, from November 22 to 29, will be coordinated by a committee

formed by community, student, labour and women's organizations

Sunday's meeting was called by the non-racial United Women's Organization (UWO), which has spearheaded the campaign in the Western Cape

The meeting called on other organizations not represented at the meeting to mobilize members to join the boycott

Attempts to advertise the meeting with a banner

and loudspeakers in Guguletu on Saturday morning were stopped by police

UWO members said yesterday that on Sunday morning they received reports that a white panelvan had been moving around Guguletu, broadcasting a false venue for the meeting

Despite this, 500 people attended the meeting, a UWO spokesman said — "an indication of the strength of feeling on this issue".

RUSH FOR

meat sends abattoir prices soaring

ARGUS
26/10/82

~~2400~~

~~2700~~

245

Consumer Reporter

INCREASED demand for meat has sent wholesale prices soaring to an extent that has cancelled out the Meat Control Board's subsidy of 20c a kg. Butchers are paying 40c a kg more for super beef today than they were on Friday.

It has led to a wildly confused situation because the big chains are continuing with their price war — at least one has slashed prices by 60c a kg below last Friday's level — and some of the more affluent family butchers are selling at a loss in order to retain their customers.

Other butchers have put their prices up because they are paying more, in spite of the subsidy.

Mr D C Joubert, chairman of the Cape Retail Butchers Federation, has appealed to the Meat Board to "saturate the market" with meat in order to keep prices down and to ensure an adequate supply of top quality animals.

Lower floor price

He has also suggested that instead of paying the 20c subsidy to retailers the Board should use it to lower the floor price at abattoir auctions, to ensure a reasonable wholesale price.

Mr Joubert said the wholesale price of the best quality super beef, which was R2,32 a kg on Friday, had risen to R2,77 a kg today.

Cape Town wholesale prices for meat were now on average 40c a kg above those in Johannesburg.

Mr Joubert said family butchers who were keeping their prices down because of the low prices still offered by the supermarket chains, were incurring huge losses.

A spokesman for Blue Riband, the butchery section of Pick'n Pay, said "The meat we are selling now was bought last week, when auction prices were lower. We are selling it at 60c a kg below last week's retail prices."

"Going crazy"

"But the meat we are buying today is costing us a lot more. This is to be expected because the auction prices are governed by supply and demand and people are going crazy buying meat."

"We estimate that our sales are up by 60 percent."

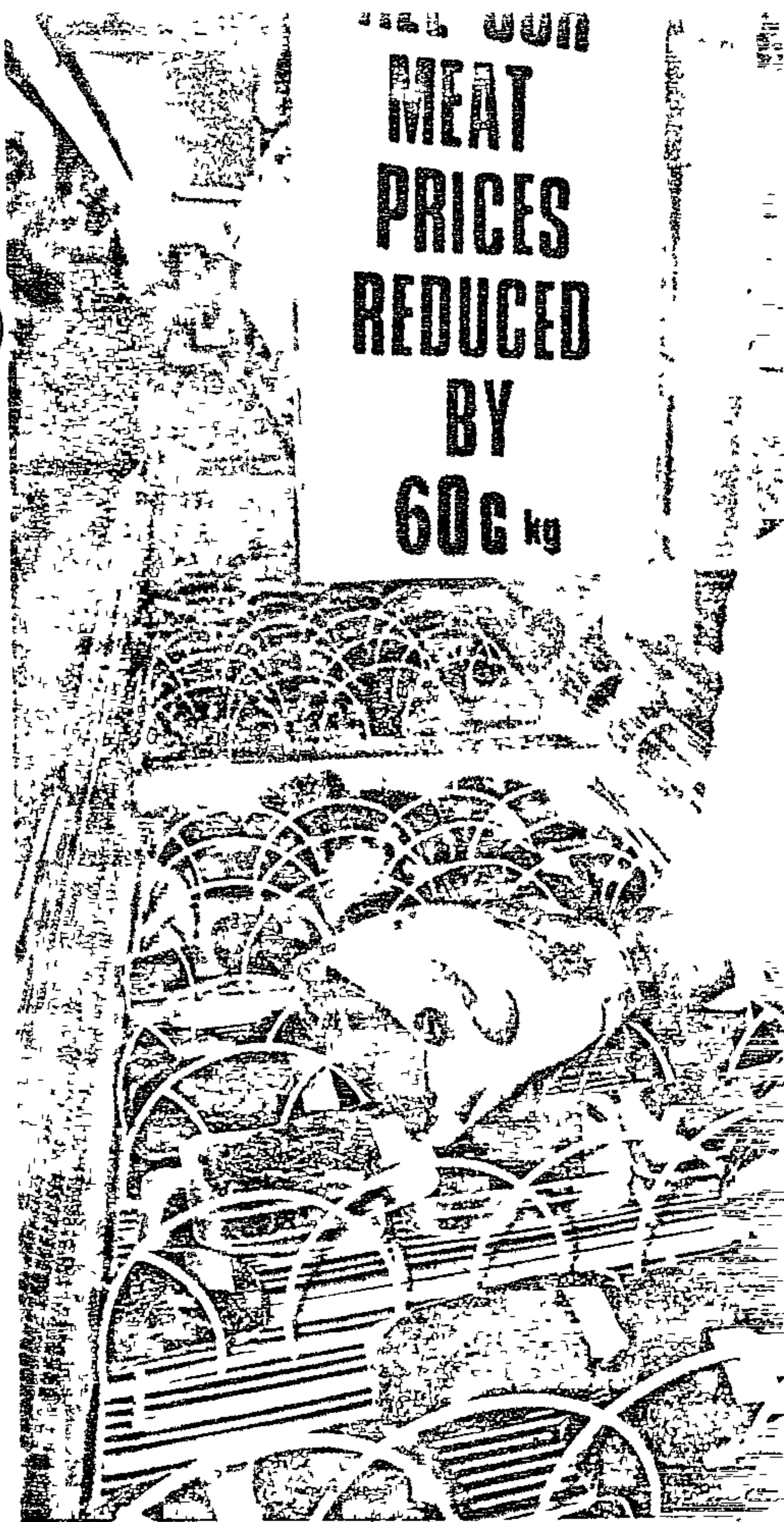
He said the chain was paying a 60c a kg subsidy on all the meat it was selling at Brackenfell hypermarket and other stores outside the controlled area where the Meat Board's subsidy did not apply.

An independent family butcher, Mr Aubrey Faber of Wynberg, said he had not yet received any official notification from the Meat Control Board how the subsidy was to be paid.

Meanwhile the prices he was paying cancelled out the effect of any subsidy he would receive, while cus-

(Turn to Page 5)

MEAT PRICES REDUCED BY 60c kg



February 5 Mr van "lasertheque"

(Contd from Page 1)
ARGUS 27/10/82

Lamb

director of operations for OK Bazaars in the Eastern and Western Cape, said his chain would continue to subsidise meat "by a minimum of 20c a kilogram in addition to the board's subsidy."

unlikely the group would increase the subsidy.

A spokesman for the board said Cape Town abattoir was slaughtering above its normal capacity to meet the increased demand.

Chain

Mr Don Smith, area director of merchandising for Checkers said his chain would continue to add a subsidy of 10c a kilogram to the subsidy, giving a total reduction of 50c a kilogram.

But if wholesale prices continued to stay above normal it was

Average prices at the abattoir auctions early today were R2,99 a kilogram for super lamb from R2,12 to R2,35 a kilogram for super pork and R2,68 a kilogram for super beef.

Later in the morning super beef rose to R2,77 a kilogram because of a shortage of good quality animals.

Meat price

ARGUS
26/10/82 (Cont from Page 1)

customers were insisting that he should cut them by 20c a kg

Mr E Kasker, general manager of Eskay Butcheries, one of the few small firms which buys directly at the abattoir auctions, criticised the Meat Board for introducing the subsidy scheme at the end of the month

"Prices are always lower in the middle of the month and go up at the end when demand rises," he pointed out

"It was obvious that to introduce the subsidy scheme at the month end, increasing demand by more than the usual amount, would result in much higher prices at the abattoir auctions

"This has lost the customer the benefit of the subsidy and has placed butchers in a very embarrassing position. We are paying more for meat but customers expect it to come down and suspect us of pocketing the Meat Board subsidy"

His chain, which normally works on a small profit margin, was selling meat today at 10c a kg less than last week in spite of the rise in auction prices

It has added a subsidy of its own to the Meat Board's 20c a kg

Extra cattle and sheep were slaughtered at Cape Town abattoir today to meet the increased demand

A Meat Board spokesman said that 5 300 sheep and lambs had been slaughtered — 300 more than usual — and 800 cattle instead of the usual 760

AUCTION PRICES OF LAMB SOARS

Consumer Reporter

THE auction price of lamb at Cape Town abattoir soared to nearly R3 a kilogram today — well above the R2.51 a kilogram it fetched last week

But some butchers are still selling meat more cheaply than last week in spite of the rise in wholesale prices, and shoppers are taking

the opportunity to stock up

At least one supermarket chain is selling meat at 60c a kilogram less than the prices charged last week and has pledged to continue doing so as long as the Meat Board's subsidy, announced last week, lasts

Busier

Butchers who have cut their prices say they are busier than

they have been for years and are selling the meat almost as soon as it is delivered

Meanwhile the general manager of the Meat Control Board, Dr P H Coetzee, has threatened to withdraw the R6-million subsidy, which will be paid to the butchers on the basis of the amount of meat they sell, unless auction prices come down

He has asked the

public to "buy normally" so that this will happen

The board has been criticised by butchers and wholesalers for the way the subsidy is paid, and for failing to ensure extra supplies to meet the increased demand

Floor price

Mr D C Joubert, chairman of the Cape Retail Butchers Federation said it would have

been better for the board to reduce the floor price at abattoir auctions by 20c for the period of the subsidy than to pay it to the retailer

This would have kept the auction prices down, provided supplies were adequate

Mr Joubert said most retail butchers had reduced their prices by more than the 20c sub-

sidy and he was sure that most of them would make no profit at all unless auction prices came down soon

Reduced

A spokesman for Blue Riband, the butchery department of Pick 'n Pay, said "We have not changed our counter prices since December last year, and we have reduced them by 60c a kilogram

for as long as the 20c a kilogram subsidy lasts

"So it is quite wrong for Dr Coetzee to suggest that higher wholesale prices mean the consumer is not getting any benefit from the subsidy"

He said that bulk sales, however, would be affected by the higher wholesale prices

Mr Aubrey Coppen,

(Turn to Page 3)

ARBUS 27/10/82

24c

Meat Board

CAPE TOWN 28/10/82

245

scraps subsidy

THE R6-million red meat subsidy has been withdrawn, the general manager of the Meat Board, Dr P H Coetzee, announced last night.

In a statement, Dr Coetzee said he had made the decision in the wake of a big demand that had "destroyed the whole object of the subsidy"

He said he had held discussions with representatives of the meat trade yesterday to try and find ways of stopping the rise in prices, but the talks had been unsuccessful

"The trade could not put forward any suggestions or solutions, claiming that the demand is

there and they will have to bid for the meat," Dr Coetzee said

He added that he would now "go back to the drawing board" to try to find a way of stabilizing meat prices

However, meat would continue to be sold at subsidized prices at Checkers and Pick 'n Pay outlets till Saturday

The general manager (administration) of Pick 'n Pay's Blue Ribbon meat corporation, Mr Dennis

Cope, said last night he was "sad" to hear of the subsidy's withdrawal

"We will, however, continue to reduce the price of red meat by 60c a kilogram until Saturday"

Checkers' public affairs manager, Miss Peta Lomborg, described the subsidy's withdrawal as "confusing" She said Checkers would also continue to discount red meat till the weekend

● Cape Town butchers yesterday predicted that red meat prices would rocket during the festive season, when they expected a shortage of quality meat

One butcher said that by the end of the year retailers and the consumer would be "paying through their necks" for meat

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

	Internal	External
(1)	(2)	(3)
1		
2	26	
Examiners' Initials	Fw	

Abattoir

Yesterday prices rose steeply at the Cape Town abattoir and this was attributed to the promotional effect of the Meat Board's subsidy on red meat.

Fears have been expressed that the present rise in price could encourage farmers to market their stock early this year, leading to shortages during the festive season

Auction prices at the Cape Town abattoir yesterday ranged from 290 to 299c/kg for super lamb and 268c/kg for super beef, in comparison with last Wednesday's figures of 234 to 244c/kg for super beef and 242 to 258c/kg for super lamb

● Chicken prices lower this year, page 3

- Block on this cover the number of the you are answering
- Blue or black ink must be used for written. The use of a ball point pen is acceptable. Green ink may be used only for underlining or for diagrams, for which pencil may be used.
 - 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 from the University

Butchers will honour subsidy

ARR 4528/10/82 (244)

Consumer Reporter

ALTHOUGH the Meat Control Board has withdrawn its subsidy scheme, supermarket chains and some family butchers are still subsidising prices and will do so until Saturday

This means that prices vary widely and it is well worth shopping around for the best value

Sea Point butcher Mr D C Joubert said he and many others in the trade felt "honour bound" to keep prices down because customers had been promised cheaper meat this week

He said the big increase in turnover helped to make up for profits lost as a result of this

But some of the small-

er butchers could not afford to subsidise prices because of the steep rise in prices at Cape Town abattoir auctions

Most butchery chains and some smaller butchers added subsidies of their own, varying from 10 c to 40 c, to the Meat Board's subsidy of 20 c a kg which came into effect on Monday

But auction prices soared all over the country as a result of this, because of the increase in demand

The Meat Board announced last night that the subsidy would be withdrawn because the increased auction prices cancelled out its beneficial effect

Retail and wholesale

butchers have criticised the board for not foreseeing a huge surge in demand when prices dropped, and making more good quality meat available to meet it

They have also suggested that the scheme would have worked better if the board had subsidised auction prices rather than at the retail level

Meanwhile, a leading wholesaler said he had received many telephone calls from people "beside themselves with rage" accusing the wholesalers of profiteering

"It is nothing to do with us," he said "It is the auction prices which have risen because of the increased demand"

Meat war to ~~245~~ ~~245~~ ~~245~~ go on next week

ARGUS 29/10/82

Consumer Reporter

THE meat price war, which most people expected to end tomorrow, will continue for at least another week

Pick n Pay announced today that it would continue to subsidise the price of meat sold across the counter by 40c a kg, and would sell bulk meat at cost price plus a mark-up of 10 percent

Other chains are almost certain to match this and some family butchers may also keep their prices down

Cape Town shops which reduced their meat prices have been crowded today with people who thought today and tomorrow their last chance to stock up. Prices at the abattoir auctions soared even higher because of the increased demand

The Meat Control Board withdrew its subsidy of 20c a kg, introduced on Monday to stimulate meat sales, on Wednesday because wholesale prices had risen too much as a result of the increased demand

But the supermarket chains continued to subsidi-

dise meat, by as much as 60c a kg, for the rest of the week and some family butchers also slashed their prices by between 10c and 50c a kg

Pick n Pay's announcement may not have taken other chains by surprise. An executive of OK Bazaars said this morning that he did not know whether it would end its subsidy for meat on Saturday or continue it next week

'Business has been very hectic' he said. 'I do not know where people are finding the money to buy all this meat'

Bread protesters found guilty

Cape Times
3/11/82 Staff Reporter

TWENTY-TWO Paarl East "bread price protesters" were found guilty in the Paarl Magistrate's Court yesterday of having attended a gathering prohibited under the Internal Security Act on September 29

Fifteen of the accused were fined R120 (or three months) At a previous hearing the magistrate, Mr G Roussouw, ordered that the trial be held in camera as seven of the accused were minors One minor received a sentence postponed for four years while sentence on the other six was postponed to November 29

On October 12, the 22 accused pleaded not guilty to a charge of attending an illegal gathering at "Gabby's Corner" near Lady Grey and Jan van Riebeeck streets in Paarl They had staged a protest march against the increase in the price of white and brown bread

Mr G J Badenhorst appeared for the State Miss Y S Meer represented 11 of the accused Mr E Mohammed appeared for the other 11 accused

Ceteris Paribus
Price
Function
Inferior Good
Substitutes
Complements
Perfect Competition
'Rise' in Demand (or Supply)
'Increase in Quantity Demanded' (or Supplied)
Equilibrium
Maximum Price
Minimum Price
Rent Control
Minimum Wages Legislation
International Trade
Transport Costs
Tariff
Economic Rent.

City meat prices sliding

Consumer Reporter

MEAT prices are continuing to fall at Cape Town abattoir auctions because demand has slackened off after last week's buying spree

But prices vary widely in city shops

Pick n Pay which is still selling meat at 40c a kg below its normal prices this week has cheaper lamb than the other chains

But at OK Bazaars, Grand Bazaars and Checkers beef is cheaper and it might be possible to find lower prices at some smaller butcheries

The following is a price comparison of super grade cuts at various shops, except the Maitland branch of Grand Bazaars where the prices apply to both super and prime

Price guide

It is intended only as a guide and not as a recommendation to buy. An exact comparison of quality is not possible because there are different grades of super

Prices and quality might vary at different branches of the same supermarket chain

Pick 'n Pay Topside, R4,48 a kg, rump steak, R6,98 a kg, leg of lamb, R3,78 a kg and braai chops R3,58 a kg

OK Bazaars, Adderley Street, Topside, R3,98 a kg, rump steak, R6,28 a kg, leg of lamb, R4,80 a kg and braai chops, R4,80 a kg

Grand Bazaars, Maitland Topside, R4,48 a kg, rump steak, R6,68 a kg, leg of lamb, R4,28 a kg and braai chops, R4,48 a kg

Checkers, Gardens
The butchery manager was not certain of his beef prices at the time of going to press but said topside would be between R3,96 and R4,20 a kg and rump steak between R6,80 and R7,00. Leg of lamb would be R3,88 a kg and braai chops, R4,34

Woolworth's, Adderley Street Topside, R6,09 a kg, rump steak, R8,35 a kg, leg of lamb, R4,75 a kg and braai chops, R5,69 a kg

In comparison, a small family butcher at Hout Bay is charging R4,98 a kg for topside, R7,68 for rump steak, R4,55 for leg of lamb and R5,20 for braai chops

Eskay Butcheries' counter prices for prime grade this weekend are topside, R3,95 a kg, rump steak, R5,75, leg of lamb, R3,89 and braai chops, R3,39

Cheaper meat but only in 1983

CAPE TIMES
6/11/82

245

Own Correspondent

JOHANNESBURG. — The Meat Board's R6-million red meat subsidy scheme is to be reintroduced, but only after Christmas and New Year, the general manager of the Meat Board, Dr Pieter Coetzee, said in Pretoria yesterday.

A consumer organization and a large chainstore group criticized the decision

'They claim if the money is available, and there is a surplus of meat, consumers should get the benefit now

Before the scheme collapsed ten days ago, the board had spent between R600 000 and R800 000 on the subsidy

Dr Coetzee said the balance of the R6-million would be available when the scheme was launched again.

The decision to launch the subsidy again was taken in Pretoria yesterday at a meeting of members of the board and representatives of the wholesale and retail meat trade

Dr Coetzee said that the meeting decided that the appropriate time to start the scheme again was after Christmas, when consumers would need cheaper meat

The board expects a plentiful supply of beef and other red meat for the Christmas and New Year season

Nevertheless, a board spokesman warned that prices could be expected to rise during the festive

season, as they normally did

Mrs Joy Hurwitz, president of the Housewives League, said consumers needed the subsidy now

"The subsidy would help neutralize the price increases which normally take place at this time of the year".

The general manager (food) of the OK Bazaars, Mr Ralph Horwitz, agreed He said the board's decision was a bad one

Surplus

"If there is money to be spent, which there is, and if there is a surplus of meat, which there is, then the consumer should benefit in this period — the run-up to Christmas," Mr Horwitz said

Dr Coetzee denied that during the brief period of the subsidy the board had tried to offload frozen beef on the market — a move which, the league claims, consumers resisted

He said "Last Friday, 4 000 lambs were slaughtered On Tuesday we slaughtered another 7 000 and this was still not enough to satisfy the demand from traders"

TELEGRAM FOR YOU 17



Jail the price fixers, says Ackerman

ARGUS
22/11/82
245

CAPE TOWN ANSWER BOOK

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

All answer

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Argus Correspondent
JOHANNESBURG. — Monopolies, collusion and price-fixing were rife in South African business, Mr Raymond Ackerman, chairman of Pick'n Pay, said here

"It is vital that we work towards a more competitive society," he added

He would support stringent legislation if it was aimed at organisations which fixed prices

"I would love to see certain manufacturers fined or even jailed for fixing prices," he said

"There are lots of cosy compartments in South African business where price-fixing is practised. They should be obliterated"

Inflation would be eased if the business world was more competitive

On the Meat Board's subsidy, Mr Ackerman said it would work only if the board asked retailers to contribute their ideas.

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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

THE CONSUMER

Business experts and consumer representatives were invited to speak at a recent seminar on:

Monopolies — An Abuse of Consumer Rights?

COLLEEN RYAN reports . . .

Consumers must force big business to behave

(245)

Stev 25/11/82

Monopolies can be destructive and there are situations where consumers have to pay more because of market domination, says Professor Andy Andrews, dean of the University of the Witwatersrand Graduate School of Business.

Professor Andrews said big business had to be forced to behave appropriately by a more demanding and critical consumer voice.

"I think we accept we have to pay more for a strategic product like Sasol but we should not have to pay more for meat," said Professor Andrews at the Checkers seminar

Professor Andrews said there was frequently a difference of opinion on the interpretation of the term monopoly.

He said businessmen used different criteria to determine their market share.

"Whatever the criterion it is important that South Africa has more competition, not less," he said.

"The government should ensure there is more competition."

Professor Andrews predicted South African companies would diversify their interests at a

TTN



PROFESSOR ANDREWS

swift pace in future.

This was in line with European and American trends.

"More and more businesses are diversifying, because once they have established a large share of the market it becomes too expensive to enter the next stage."

He cited the South African Breweries group as an example. Beer now accounted for less than half of SAB's interests.

"South Africa is where the United States was in 1950 in terms of business development and we are now moving at a very fast rate."

T T N

"We close 'em down mate. We take 'em to court and get 'em shut. But there across the street they are standing on the doorstep of their new business premises laughing at us."

That is the lament of a man who for years has been campaigning for the eradication of the so-called community "aid" organisations which make millions of rands by swindling blacks and then disappearing

The organisations have been known to collect premiums from unsuspecting blacks and to promise aid ranging

Beware that helping hand

Consumer Institute warns on 'aid organisations'

from housing and loans to business licences and funeral costs

When the coffers fill up, they disappear — and open up under a different name

Campaigner Mr G F Meiring, who is the managing director of the Institute for Consumer Protection pleads "Show me just one person who received any form of assistance from such organisations Show me one house

built, show me anything they did."

According to Mr Meiring, their method of operation is to place an advert in the newspaper, give a post office box address, and watch the postal orders inundate the box — money from readers who are interested in "details"

"In the event of an office address being used, the company suddenly disappears or changes management overnight

By
**CHARLES
MOGALE**

I blame it on several things including the fact that blacks are generally gullible They go to such places because they can't get help anywhere else, or think they can't," he said

Mr Meiring lashed out at newspapers publishing advertisements of such organisations in

its business pages while calling for their busting in its editorials

He said "It is a matter of speaking in two tongues Decent newspapers never run such adverts Although adverts are an important feature of the newspaper industry, standards must be maintained There must be somebody appointed to establish the bona fides of people placing such adverts"

Although he conceded there was little that could be done to curb the ongoing corruption, Mr Meiring has recommended several tips to guide the consumer and avoid the swindlers

On Hire Purchase:

"Some traders inflate their prices because the consumer has to buy on hire purchase One should rather shop around and compare the prices The first shop you get to is not necessarily the best

"Many prominent traders, especially in the furniture trade, co-operate very well They do their best to avoid rip-offs."

Road Worthy Certificates:

"Whenever a person buys a motor car, make sure it has a valid road worthy certificate. It is worthless buying a car that you may never put through the tests Unless a car is new, it is essential to check that the certificate is valid"

Loans:

"There are a number of join-us-at-R10-and-we-will-consider-your-loan organisations These thrive especially on people who want houses But people know very well where to go when they want houses

"There are also quite a few get-rich-quick organisations which promise to lend you money if you advance money There is no reason why people should go to these sharks when there are registered financial institutions Your bank manager is always willing to help you if your intentions are viable"

Legal Aid:

"For the poor man who can't afford legal fees, there are legitimate organisations like the Legal Aid which offer free services Other

organisations which rip people off, also promise legal aid to their members, but when the chips are down, they never make good their promises"

Business Problems:

"I know of some people who promise to revive struggling businesses for a mere R250 That is an impossibility Your own bank manager or accountant is your best adviser The so-called professional consultants are seldom genuine"

Insurance:

"No insurance company will train its agents to tell lies All the companies I know of go to extreme lengths to train their men If there are any problems with real insurance companies, it could be the agent responsible.

"However, many problems arise from misunderstanding. It is advisable to deal with reputable firms, or get your employer's advice before agreeing to pay premiums

"This is one field where the employer can help By agreeing to grant stop order facilities even if it could mean a little more work for the accounts department, the employee can have his advice on the company. This is unlikely to be wrong"

Estate Planning:

"I have heard of so-called estate planners who think estate planning is deciding where to plant your mealies in your yard. Your lawyer is the best person"

Free advice on the mentioned aspects is available from Mr Meiring's Institute for Consumer Protection at a monthly premium ranging from R2 to R6

Mr Meiring said it was being run at a loss "just to protect the gullible consumer"

The institute's offices are at the Lower Ground Floor, Tony Factor's Intown Centre at the corner of Pritchard, Rissik, Joubert and Kerk streets, Johannesburg. (Tel 23-8035)

12/12/82
275
186
S. Times

Beer row comes to a head in SWA

WALVIS BAY residents are drier than normal — and according to some that's pretty dry.

The South African Breweries (SAB) has refused to supply its beer to liquor outlets in the South African enclave

And some of the hoteliers and bottle-store owners in Walvis Bay are now sporing for a fight if the SAB persists in its refusal to ship South African beer up to their edge of the Namib Desert

Demand

The row has been brewing ever since Walvis Bay was proclaimed a part of South Africa a few years ago

Now, although the enclave is administered from the Cape and forms part of the Republic, its South African-licensed liquor dealers are still denied supplies of the South African beer

Though there is a plentiful

Sunday Times Reporter

supply of South West African beer in Walvis Bay, some local liquor dealers believe that their customers won't be entirely satisfied until they get South African beer too

"There is a terrific demand for South African beer in Walvis Bay, particularly among the troops," said Mr C S Courtney-Clarke, a Walvis Bay hotel owner

"Why shouldn't we be able to draw South African beer?" he asked, adding that a large quantity of beer was being transported almost daily from the Republic to the operational area on South West Africa's northern border

There are strong suspicions in Walvis Bay that the SAB has an agreement with

the SWA Breweries not to supply local liquor outlets in competition with them

However, Mr Gary May, public affairs manager of the SAB (Beer Division), denied that there was any "hard legal contract" preventing the SAB from entering the SWA market

Responsibility

Mr May said the SAB was serving a rapidly growing South African market and was not in a position to launch out into the vast territory of SWA.

"If we supplied that market officially we would take full responsibility for the quality of our product. But if we can't control some important aspects of distribution, we would not feel we could take that responsibility"

Profit =
C + S
C + S
26 per outlet - regu
P.T.I.

PRICES - CONTROLS AND CONTRAVENTIONS

1983 - 1984 - Oct.

Monopoly blamed for price rise in canned food

Mercury Reporter

~~12/18~~ 245
Mercury
5/1/83

CANNED jam, fruit and vegetable prices rocketed by as much as 27 percent yesterday amid claims by supermarket spokesmen and consumer watchdog bodies that a monopoly in the R120-million-a-year industry was to blame for the increases

Retailers gave assurances that stocks in hand would not be marked up — although a check showed some products had already jumped in price

Dr Johan Mouton, general manager of South Africa's biggest canning concern, Langeberg Co-operative, yesterday hit back strongly, and angrily, at criticism and denied charges of a monopoly

The company holds an estimated 75 percent of the country's tinned fruit, vegetable and jam markets, selling its wide range of products under the Koo, All Gold and Silver Leaf labels, among others

Dr Mouton said that Langeberg had no alternative but to put up prices because it had absorbed a series of rising costs throughout the year and the 'cut-off point' had to be drawn

He blamed rising transport and raw material costs, increased salaries

and 'bad weather

He confirmed it was the second increase since the merger two years ago with Picardi Cannery

'Adverse weather is one of our biggest problems. This year's sweetcorn harvest looks very doubtful because of the drought and other crops are likely to be affected, too,' he said

Others

Dr Mouton dismissed the allegations that Langeberg Co-operative controlled a monopoly because, he said, the company continued to 'face stiff competition' from producers of fresh and frozen fruit and vegetables

There were also other, though much smaller, canning companies in existence, he said

Replying to charges that no early notification or reasons for the increases had been given, he said a team of company representatives had visited outlets before Christmas to

explain why it had been necessary

Mr Bill Buxton, managing director of Buxton's Friendly Spar Foodliner, said he had had no such advice

'At one time there was always an explanation when prices went up, but it seems no efforts are made to justify increases any longer

'The apathy with which these rises have been received by consumers as well as by retailers has been incredible'

Mr Martin Rosen, general manager of Durban's Hypermarket said canned food increases had been higher than expected and higher than ever before

There were no alternative suppliers to whom retailers could go

A vice-president of the Housewives' League, Mrs Jean Tatham, said she was appalled at the increases but not surprised

Report monopoly claims, consumers told

245 Mercury
6/11/83

Mercury Reporter

DR DAVID Mouton, chairman of the Competition Board, says consumers should report Dr Johan Mouton's Langeberg Co-operative to him if they have cause to believe the company constitutes a monopoly within the canning industry in South Africa

dustry in South Africa

Reacting to criticism of Langeberg's estimated 75 percent share in the country's tinned fruit and vegetable market, Dr Mouton said the Competition Board would investigate if claims were substantiated

He knew the company had been involved in a series of mergers and takeovers, but could not express an opinion regarding the allegations

If it was the latest price increases — which ranged between 13 and 27 percent, depending on the product — that were the subject of complaints then this was a matter to be handled by the Price Controller, Dr Mouton said

His professional concern extended only to companies whose marketing structures were such that they were in a position to abuse their powers

Takeovers

Langeberg, which two years ago joined forces with Picardi Canners and has since been involved in a series of takeovers of other smaller canning factories, markets a wide range of tinned foodstuffs under the All Gold, Koo and Silver Leaf labels, as well as others

Checkers' national groceries manager, Mr Lionel Blakeman, said Langeberg's domination of the market was 'disturbing' and should be subjected to a Government inquiry without delay

He also believed the latest increases should have had to be approved before being implemented

'There are other suppliers — but the problem is that they can't cope with our volume of sales. We have no choice but to go to Langeberg,' Mr Blakeman said

Market

'Just the fact that they are a co-operative complicates matters'

Mr Hugh Herman acting managing director of Pick 'n Pay while Mr Raymond Ackerman is on leave, said Langeberg controlled 'a rather disproportionate share of the canned foodstuffs market'

He did not wish to refer to the co-operative's position as a monopoly

Mr Brian Beavon, managing director of Spar's operations in Natal, agreed with Mr Herman

Dr Johan Mouton, Langeberg's general manager denied that the company held a monopoly because there were several other canners in existence and there remained stiff competition from fresh and frozen fruit and vegetable suppliers

At the time of the merger of Langeberg with what was South Africa's other big canning company, Picardi, Langeberg's managing director, Mr J J A van Wyk said the take over would result in smaller future price increases

● See Editorial Opinion

245

**League to
back up
monopoly
claim**

Mercury Reporter

THE Housewives' League is to gather evidence to support its claim that Langeberg Co-operative controls a monopoly over the country's canned fruit and vegetable market, and will present its case to the Competition Board

A vice-president of the watchdog body, Mrs Jean Tatham, yesterday said the matter had been taken up after the company had raised the prices of its foodstuffs by between 13 and 27 percent this week.

It had been resolved to prove that Langeberg had a 'stranglehold' on the industry and that as a result was in a position to manipulate the market.

Mrs Tatham said it had also been decided to approach other bodies, including retail organisations, to support the league's contentions

At least one national supermarket chain has already indicated that it feels Government action is needed

She said it was the lower-income groups who again would be the hardest hit by the increases

The chairman of the Competition Board, Dr David Mouton, said all submissions to him, whether by individuals or representative bodies, were considered and that investigations would be initiated if claims were made that could be substantiated

ADMINISTERED PRICES

(245)

FM 21/1/83

Restraining the n

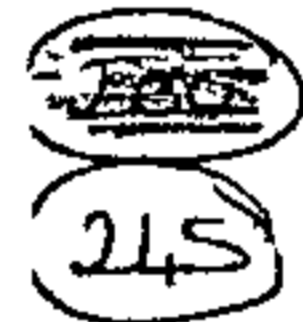
Last year both Escom and SA Transport Services (SATS) reduced tariff increases in response to political pressures. The principle is not a good one but in the absence of greater competition these near monopolists were at least forced to think again.

Perhaps now is the time to set up more permanent and systematic monitoring procedures which take into account the economy as a whole in setting prices of the State corporations.

These corporations are under an obligation to ensure that future capacity exists in relation to likely demand for their essential services. Inevitably, therefore, they will estimate future capacity on the generous side, not always paying close attention to the burden this places on consumers now.

Were they to operate in a competitive market, their prices would reflect a better balance between current and future demand. Nor would they be subjected to political interference which has sometimes in the past not been economically justified.

Usually in Western economies licensed monopolists have their prices subjected to the closest scrutiny by independent outsiders. It is nearly always a cumbersome procedure, but it does provide a semblance of the balance



Mail

nonopolists

provided in competitive markets.

Price controllers usually consider administered prices in the context of national needs. Therefore they should never be dominated by civil servants, politicians or consumers.

Government has recognised the need to review the administered price system. On the recommendations of the Economic Advisory Council, a study has been started under the leadership of Jan Drever, of the Department of Constitutional Development and Planning. One of its functions is to establish guidelines for price control.

But word is that it is being hampered by staff shortages and less than enthusiastic co-operation from some of the large organisations whose workings it must study.

Now is the time for a bold move from Pretoria. It should accept the fact that administered prices of electricity, transport, communications and steel, all supplied by monopolistic or near-monopolistic State corporations, are too important to be determined on an *ad hoc* basis by politicians or the producers themselves.

It should determine clearly formulated guidelines which enunciate the national priorities affected by these prices.

And it should set up a public sector price review committee, chaired by a businessman and widely representative, to deal with the problem within these guidelines.

PROTECTION

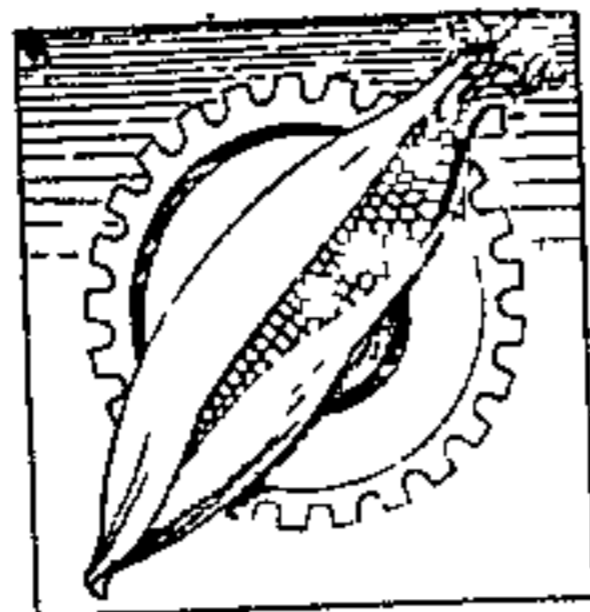
~~2~~ MAIZE

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The mealie factor

FM 4/2/83



There is growing unease among some large manufacturers. It contrasts with the confidence of the last two decades when, behind the barriers of government protection, local industry

blossomed and enjoyed prosperity equalled in few other parts of the world.

Behind the new mood is government's reassessment of some protectionist policies. Protected manufacturers fear that it could lead to greater exposure to competition from abroad.

There are many factors behind the reassessment. One is the perceived futility and high costs of attempting to make the country self-sufficient in too many manufactured goods. Another is the realisation of the need to stimulate rather than reduce the country's two-way foreign trade. (See FM November 12)

The catalyst in a new industrialisation policy could be the country's maize farmers. Members of this politically powerful lobby are in a corner largely because of government's industrial protection policies.

Through their representative body, the National Maize Producers' Organisation (Nampo), they argue that a major reason why SA maize cannot be sold at a profit on world markets is that farmers are obliged to pay inflated prices for items such as weed-killers, insecticides, fertilisers, bags, fuel and tractors produced by protected local manufacturers.

These higher prices, says Nampo, are in effect subsidies to local industry. It contends that if government sees fit to support artificially certain industries, it should do so directly through the Exchequer and not through inflationary import tariffs. It estimates that protection of the industries producing all farming inputs, excluding fuel, costs the maize farmers an additional R147m/year or 11% of their production costs.

Nampo wants a new deal. In return for the removal of all protective tariffs and import controls on its inputs, it is prepared to forgo existing protection measures against imported maize.

Of course, Nampo realises that the removal of all protection could mean severe hardship to, even closure of, some manufacturers, who together represent an enormous capital investment. Therefore, it suggests that government keep alive those industries worthy of protection through a system of production subsidies which would place locally-made goods on a price parity with imports. The subsidies would be raised through taxes and subject to parliamentary controls.

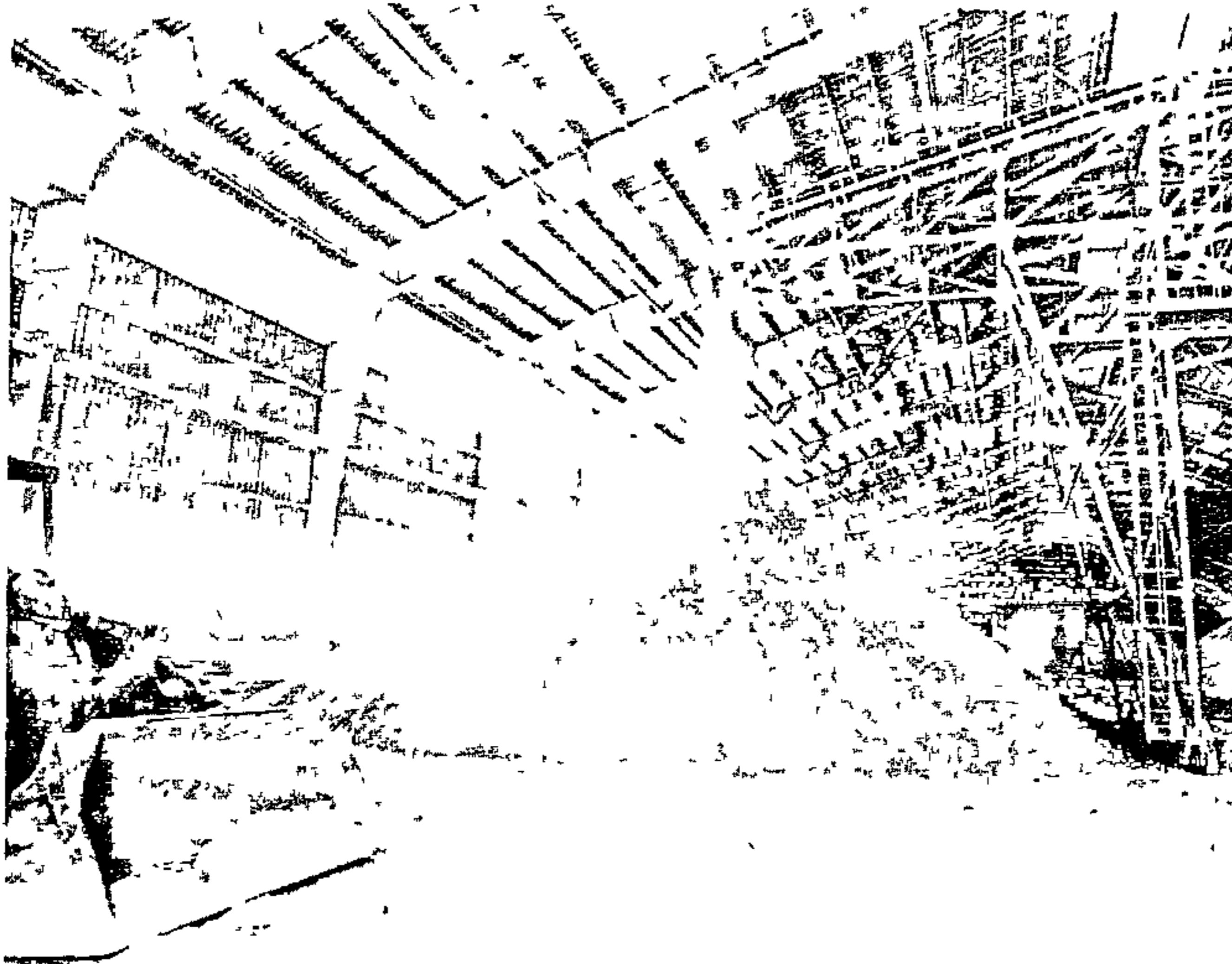
It could be argued that government has supported farmers in the past with high administered selling prices, subsidies and cheap Land Bank loans. But these remedies are either no longer available or not sufficient to solve the problem.

The authorities have already committed themselves to allowing Land Bank interest rates to approach market-related levels. And, the expected deficits on the latest maize crops are so big that there would be

risks of widespread economic dislocation and social implications if they were to be eliminated merely by raising prices or subsidies.

An alternative is quotas for maize farmers, forcing them to shrink their capital assets to producing no more than anticipated local demand. The strategic implications of that have already been spelled out. The other option is Nampo's proposal. Clearly, some of the large manufacturers

with considerable capital investments at stake will soon be beating a path to Pretoria. They will seek reassurance that much of what they produce — from light bulbs to plastics — should continue to enjoy the strategic status of the past. It will give government a good opportunity to reassess its policy on strategic requirements and self-sufficiency. For the protagonists have so much at stake that it will be difficult to avoid the issue.



As the surplus grows, profits are squeezed

✓ One advantage would be that the precise cost of protecting each industry would be known, allowing a more rational assessment. Under the present "hidden" method of subsidisation, nobody knows exactly how much the country spends to protect which local industries.

Nampo estimates that the total cost is in the region of R1 000m/year. However, more accurate figures should be available

soon. The Minister of Industries, Commerce and Tourism, Dawie de Villiers, has commissioned a special investigation by the Bureau of Economic and Political Research at Pretoria University to ascertain the impact of protection on the economy. This will give government a better idea of how to budget for subsidies.

Direct subsidies would allow customers to buy from foreign suppliers without in-



Minister De Villiers will have to shout the odds

Traders warned

245 Sowetan 18/2/83
By MONK NKOMO

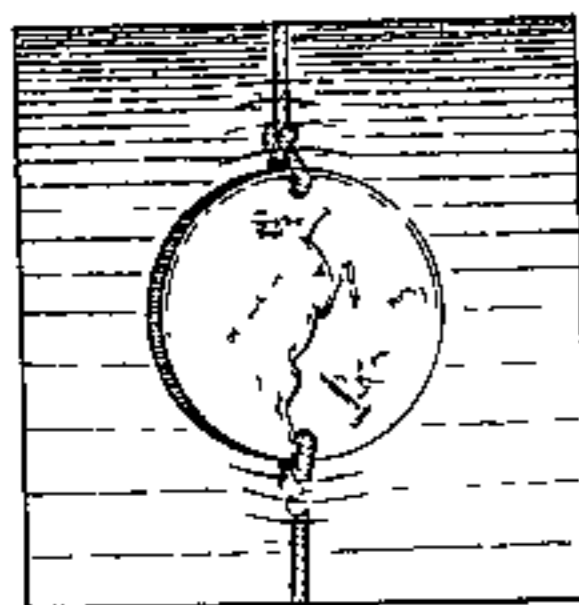
**ATTERIDGEVILLE-
/Saulsville township
shopowners who over-
charge consumers on
price-controlled articles
— especially cold drinks
— face possible prosecu-
tion and heavy fines.**

The warning issued yesterday by the local secretary of the Chamber of Commerce and Industries, Mr Lucas Moeng, came in the wake of complaints from residents that some shops were charging "exorbitant prices" on certain goods

Residents complained that certain shops charged them up to 55c for a litre cold drink (with bottle) instead of the controlled price of 52c. Other cafe owners, consumers said, charged 53c

Mrs L du Preez of the South African Consumer Council yesterday urged consumers to "act responsibly" by reporting the incidents to their local trade inspectors whose offices are situated at the corner of Bosman and Schoeman Streets, Pretoria, or phone 28-2371.

The anomaly of official fixing



Rising prices have not become endemic to our society. As the economy has moved into recession, a significant number of prices have fallen sharply.

However, despite this, there are those who believe price rises have become a way of life. They must surely be forgiven this impression. Because most important administered prices, especially those charged by public bodies, have indeed continued inexorably to rise, as the trend of the Consumer Price Index illustrates.

In a nutshell, while some prices determined in the competitive private sector are falling, many of those in the less competitive and monopolistic public or administered sector are rising.

These latter prices are doing so despite the fact that demand for their goods and services is falling; indeed, often it is because of this decline.

This is in contravention of all the accepted canons of economics. It amounts to the application by the bureaucracy of what amounts to control board or Hendrik Schoeman economics: the counteraction of surpluses (or over supply) by raising prices.

That is a device that works well provided the producer does not need to worry about market share, if, for instance, it has a monopoly. But whether that sort of price determination is in the consumer's or nation's interest is another matter. For, by massively misallocating resources, it is making the economy much less efficient.

At present, the fight for market share in competitive markets is fierce. Prices are falling sharply. Producers know that if demand falls — as it does in a recession — the only way to survive is by price cutting or discounting.

Margarine war

One of the more ferocious battles is being fought in the yellow margarine market. Price cutting was inspired by the entry into a price controlled market of Tongaat Foods with its differently packaged Olé and Rondo margarine.

There has been a 25% drop in the price of yellow margarine over the past six months, while the newcomer nudges up to take 12% of the market. Tongaat expected to reach this figure only after a year.

Frozen food processors I & J report that frozen vegetable prices have fallen by about 20% since January, and frozen fish prices by around 10%. They are today, says MD Jim Williams, where they were in 1981. Between 1981 and 1982 prices rose by only 7%. And what has been lost on margins has

been made up in volumes — sales have increased by a good 15%.

Processed meat prices are also taking a beating. Prices, at around R3,49/kg, have dropped to 1981 levels. The reason for this comes as no surprise. Operators work in a very competitive environment. There are lots of guys, some large and many small, carving up the market. Another major factor, says one operator, is that regional processors are moving into new markets.

Another food area in which prices have tumbled is edible oil. Premier chairman Tony Bloom says prices have dipped to 1978 levels.

Housewives' friend, Pick 'n Pay's Raymond Ackerman, believes that the fall in the cost of money and, consequently, the opportunity cost of holding stock, should filter through soon to buyers.

In line with the new situation, Pick 'n Pay, which reports margins down but sales up by 27%, has stocked up 1m chickens for Easter. "With the lower cost of money we are now able to buy in stocks of this magnitude, which enables us to embark upon various marketing strategies beneficial to both the group and consumers."

For some reason, claims Ackerman, the highly competitive chicken market, which is not controlled, acts as an important barometer for the retail food business. "Prices have as much as halved. The going price of R1,30/kg is well below cost in many instances. Chicken sales are up 20% and this is now reflected in total sales."

Ackerman contrasts chicken prices with those of price controlled flour and maize products. "There are continual price hikes. What is worse, when one is in an administered area, there is no chance of a deal — and that is the lifeblood of business."

Building materials prices, which were decontrolled in March last year, have fallen, despite a mini building boom.

Peter Goede, of the Goede Group, explains. "The new situation," he says, "has attracted entrants into the market. This, of course, has resulted in far fiercer competition. Price controls have the effect of encouraging cartels, which generally uphold a guideline price."

He illustrates the advantages of scrapping controls with the industry's Home Builders' Index. "In 1980 building costs rose by 24,8% and in 1981 by 19,8%. However, costs increased by only 13,9% in 1982, the year prices were decontrolled. We expect the index to be in the vicinity of 12% this year and it could well be lower if labour costs are contained."

Goede expects growth in capacity and, therefore, does not believe that prices will escalate dramatically when demand hardens.

The important thing, he argues, is that

prices are now subject to demand and supply and can respond swiftly to signals in the market. Politically determined prices — especially those that are politically popular to keep down — have a tendency to lag behind, then catch up in leaps.

Seven controlled commodities have recently come before the Competition Board. The recommendation that restrictions be lifted was accepted for five. The other two, coal and anthracite, are under investigation.

The Board has finished with another 14. Its recommendations are with the Minister. We guess that they will be in line with previous recommendations.

Another disadvantage of controlled prices is that while market-determined prices are flexible, without too much notice, hikes in administered prices always make press headlines.

Rise limited

Take the steel price, for instance. It is a highly political matter ratified at Cabinet level. Despite a world decline in demand for steel, a 10% price increase is expected for Iscor within three months. Last year the increase was 13%. Yet scrap metal prices have fallen in some categories by 30%.

Escom wanted a 16% price rise only a few months ago. It agreed to limit its rise to 14% after a request for moderation by the Prime Minister himself. Yet last year electricity sales grew by only 3%, against 10,7% in 1979 and 7,2% in 1981. Escom doesn't expect sales to be much higher than 3% again this year.

Moreover, the price of coal, Escom's main raw material, is also on the decline.

Postal tariffs will rise by 15% in April, the second significant rise in 12 months. Since last year the surface and airmail postage rate will have risen by 100%. The Post Office has notched up losses in the past year of R110m.

Fertiliser price rises have still to be announced. This is a heavily protected industry which will be hit indirectly by the drought. Rest assured that substantial price rises will soon be demanded of government.

Sugar, another controlled industry, is complaining about the 7,5% increase it has just received. Spokesmen say it doesn't even cover costs. Yet the industry is poised to make a killing when the international sugar prices recover in the years just ahead.

SA Transport Services has held tariffs this year. But businessmen believe that its losses are so great — because of falling demand — that they are bound to be raised soon.

Mostly, the public sector or price controlled bodies argue that higher prices are justified for three reasons:

- The rising cost of raw materials and other inputs,
- The need to finance future capacity, and
- Previous delays in rising prices.

These are the same problems faced in the private sector, to a greater or lesser degree. They manage to overcome them reasonably efficiently. Perhaps, therefore,

it is time that public sector managers and their price controlled counterparts subjected themselves to some rational economic self-examination.

Cabinet pledge put to the test

Pretoria Bureau

THE Cabinet's commitment to an all-out fight against inflation will be put to the acid test during the next few weeks

It will have to decide on the prices of dairy products and maize — foods which are basic to the diets of virtually the entire population, particularly the black population

The Dairy Board met last week to study the recommendations for higher butter, cheese and fresh milk prices from the South African Agricultural Union's dairy committee

And next week the Maize Board will meet to review yesterday's recommendation by the National Maize Producers' Organisation (Nampo) that the internal selling price of maize for the present season be increased by 25% to R195,16 a ton

Nampo's recommendation has taken into account this year's negligible crop of 4 600 000 tons — less than half what is needed to meet local demand — and that many farmers are crippled financially by debts accumulated after two consecutive seasons of drought

So far this year government-authorized price rises have been in excess of the inflation rate, currently 14,2%

Railway and post office tariffs were raised by 15%, Escom power charges by 14,6%, and only the sugar price increase was "reasonable" at 7½%

Yesterday a 4,5% increase in new tyre prices was announced

Mr Alex Hawes, chairman of the National Tyre Dealers and Retreaders Association, said the recession had exerted tremendous cost pressures on manufacturers — and the plants were to be commended for passing on only a fraction of the costs to the consumer

ge calls ard look report

might listen to it

The "Its chilling conclusion is that there are symptoms pointing to the fact that already the country no longer has the capacity to cope satisfactorily with the current growth"

The picture it painted was outlined so graphically that "it may move the electorate and Government to appreciate that this problem cannot be solved by unilateral white decisions"

'Failure to mobilise the entire population in the solution of the problem will mean failure to solve the problem

'If the stark facts presented in the report fail to cause the Government to set about the creation of a new constitution which includes all South Africans and which is negotiated with a large degree of consensus, it will be of no more use than a good torch to a falling man who failed to use it in time"

Mr Savage said

Scrapping of price controls welcomed by PE commerce

By SHARON LI GREEN

ORGANISED commerce and retailers have welcomed the Government's abolition of price controls on yellow margarine, television sets and accessories, arms and ammunition, furniture and sheet glass, saying that consumers would get the benefit of dropping prices

The secretary of the Port Elizabeth Chamber of Commerce, Mr Tony Gilson said today that the chamber's philosophy was opposed to price controls and it welcomed the return of market forces

"I do not anticipate the prices will rocket," he said

From past experience the opposite had been the case

"I only hope the timing is correct. At the moment inflation is running at a high level and this move might

have an untoward effect on the economy"

The abolition of price controls on certain items was announced by the Minister of Industries, Commerce and Tourism Dr Dawie de Vilhiers

The decision was taken on the recommendation of the Competitions Board

The Opposition spokesman on consumer affairs, Mr Harry Schwarz, has called on consumer bodies to watch the situation carefully and if necessary to call on the Government to reimpose control should abuses occur

A spokesman for Grand Bazaars in Newton Park said "I think the abolition is a tremendous move because it will usher in free enterprise"

The consumer would benefit most because he would be able to compare

quality and price

The spokesman said he did not foresee a rocketing of prices because competing forces would cut prices

The manager of the Big-D Hypermarket Mr Mike Tarpev, said the abolition was a 'good thing for us

The price of margarine could go up in cafes, which meant the housewife would no longer shop for convenience "She will become more money-conscious and shop at hypermarkets"

The general manager of the Pick 'n Pav Hypermarket, Mr Peter Rice welcomed the abolition of price control

"We've always believed the market-place should be free" he said

"I don't think there would be any price increases for the consumer because there is no monopolistic situation affecting retailers"

Coates named manager of race circuit

Post Reporter

LOCAL businessman and racing driver Joe Coates has been appointed manager of the Aldo Scribante motor racing circuit Port Elizabeth.

Making the announcement this week track owner Sarel van der Merwe, the reigning South African rally champion, said the appointment of M Coates was an important step forward in the future development of Aldo Scribante

"With my race rally and other business commitments I found it impossible to devote enough time to the day-to-day running of the track," Mr Van der Merwe said

"With his business and racing experience Joe is the ideal person to take over the running of the circuit and I know he will do a good job"

Mr Van der Merwe added that plans to develop Aldo Scribante into one of South Africa's major motor sport complexes would be speeded up

"It is intended that Scribante will eventually cater for not only car and motorcycle track racing but also for moto-X, kart and drag racing

"Taking over the responsibility for Scribante is a great challenge," M Coates said

Dolly laughs off threats

LONDON — Country singer Dolly Parton has played down reports that death threats caused her to cancel two concerts in the United States, saying they had been "blown up out of proportion"

Miss Parton, who arrived in London on Tuesday for three concerts beginning on Sunday, said she had received one card threatening her life. Two concerts had been cancelled "just in case", she said. She did not say where they were to have been held

"We were told the card might have been from a lady with a grudge because her husband kept coming to my concerts when she didn't want to go," she said

Miss Parton is apparently no fan of Mr

Ronald Reagan "I wouldn't have anything to do with the present Government," she said when she was asked if she would ever run for President

Asked whether she had undergone plastic surgery to increase the size of her most famous assets, she replied "No, I spent years trying to get them big. I don't need them any bigger and I don't intend to take them down"

About her husband she said "He doesn't come on many official engagements with me because he wants to remain anonymous"

She said she was pressing ahead with plans to stage a Broadway musical called *Wildflower* about the mountain people she grew up with. — Sapa/AP

Inspector to talk on pollution

Municipal Reporter

THE Port Elizabeth City Council's principal air pollution inspector, Mr J A Meyer, will be the guest speaker at the monthly meeting of the Central Executive of the Port Elizabeth Ratepayers' Association to be held on Monday at 7:30pm in the Conference Centre

Buy wife flowers, convicted man told

Post Reporter

A MAN convicted in the Port Elizabeth Magistrate's Court today of assaulting his wife was advised by the magistrate to regain her respect by buying her chocolates and flowers

Mayor foresees new deal for municipalities

By STEPHEN ROWLES

LARGER city councils would be freed of irksome controls and checks when the Government's new constitutional dispensation was implemented, the Mayor of Port Elizabeth, Mr H van Zyl Cillie, said last night

Mr Cillie was speaking at the official opening of the Port Elizabeth Show

then the vast majority of municipalities in South Africa are small and it does not just not make sense to control and monitor the activities of the five major municipalities in the same manner as those of the smaller municipalities

The logjam on the political development of the country had been broken

"Constitutional changes of great importance are



FORECAST for the coastal belt from Plettenberg Bay to Port Alfred for the period ending 6pm tomorrow

CONDITIONS Fine and warm today with fog patches overnight becoming partly cloudy and cooler from the west tomorrow with isolated thundershowers in the east

WIND Fresh north-easterly today moderating overnight and becoming moderate to fresh south westerly tomorrow

EXPECTED TEMPERATURES
Maximum 25C
Minimum 17C

TODAY'S CONDITIONS (1pm)
Sea Temperature 20C
Temperature 24.8C
Pressure 1 010.6mbar
Humidity 66%
Wind North-easterly 25 km/h

THE MOON
Last Quarter April 5
New Moon April 13
First Quarter April 20
Full Moon April 27

THE SUN
Sets today 6 13pm
Rises tomorrow 6 30am

THE TIDES
High Water
Today 5 34am 5 49pm
Tomorrow 6am 6 13pm
Low Water
Today 11 44am
Tomorrow 11 44pm 12 08am

THE WORLD
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Liquor trade monopoly maintained

By TOS WENTZEL
Political Correspondent

THE Government has rejected the most important recommendations of the Competitions Board on the supply and distribution of liquor

Instead, the restructuring of the liquor industry in 1979, which led to monopoly and near monopoly in the beer and wine and spirits markets, will be maintained

The Minister of Industries, Dr DJ de Villiers, announced this yesterday

The board's recommendations, announced in June of last year, were largely aimed at undoing the restructuring of 1979 which gave the SA Breweries a beer monopoly and created the liquor giant Cape Wine

PUBLIC INTEREST

The board's recommendation was that the creation of Cape Wine was not in the public interest. It wanted the 50 percent interest of KWV Beleggings in Cape Wine terminated

Dr de Villiers said the restructuring came about with the approval of the Cabinet

It had probably brought greater stability to the liquor trade to the benefit of the wine industry

A reorganisation of capital also took place which involved millions of rand which could hardly be undone without detrimental and disruptive consequences

Only a minority recommendation of some board members that Cape Wine should be left intact was therefore accepted

This implies that Union Wine's right to acquire 103 outlets is maintained and that Cape Wine can acquire 300 Rembrandt and SAB will continue to sell off their retail liquor licences as was agreed in 1979

Dr de Villiers said the Government was concerned about the large concentration and vertical integration which had developed in the liquor industry over the years

The Cabinet had therefore decided that

● No further extension of the retail liquor licences of producers/wholesalers will be allowed,

● No retailer may henceforth hold more than the maximum of 12 retail liquor licences.

● No licence holder may hold more than a maximum of 35 grocers' wine licences. The number of wine counters which can be leased to outside interests is not being restricted,

● Further proposed take-overs and mergers in the liquor trade must first be submitted to the Competition Board

Other decisions announced by Dr de Villiers were

● The Government has also rejected the board's recommendation that beer may be sold in grocery stores

● Another recommendation that interests of manufacturers of beer and those of wine and spirits should be separated is rejected in the case of SAB's shareholding in Cape Wine

● The Government accepted the board's recommendation that the role which the sale of liquor plays in black residential areas should be phased out

CAPE TIMES 25/3/83 (20) (18) (245)

'Dismay' at govt moves on liquor

Staff Reporter

THE government's decision to reject the dissolution of the liquor giant, Cape Wine and Distillers (CWD), and instead allow it to acquire 300 retail outlets, has been met with anger and dismay from rival wholesalers.

Announcing the government's response to a Competitions Board inquiry into "restrictive practices" in the liquor industry, the Minister of Industries, Dr Dawie de Villiers, also indicated that grocers' wine licences for the sale of wine in supermarkets would be restricted to 35 per licence-holder.

Both Mr Jan Pickard, chairman of the rival Union Wine, and Mr Ray-

mond Ackerman, chairman of the Pick 'n Pay supermarket chain, last night condemned the rejection by Dr De Villiers of the Competitions Board's key recommendations.

Mr Pickard described the government's response as "a step backward for South Africa's liquor trade" and said an even larger monopoly had been created by allowing CWD to acquire 300 liquor outlets. Union Wine's right to acquire 103 retail liquor outlets has been upheld.

"The government is creating a big monopoly and the survival of smaller companies is now at stake. This is going to cause a complete uproar throughout South Africa."

Union Wine had recommended to the Competitions Board that each wholesaler be allowed 103 outlets.

"Why does the government discriminate be-

tween wholesalers? Does the government not believe in free trade?" Mr Pickard asked.

An "absolutely devastated" Mr Ackerman described the pegging of the number of grocers' wine licences at 35 as "absolutely ridiculous".

He accused the government of "giving in to the liquor giants in the industry" and said Pick 'n Pay would strongly contest the decision.

"It is a victory for the hotels and bottle stores at the expense of the consumer. It is going to play havoc with the industry and wine prices are simply going to continue going up."

Mr Ackerman said supermarkets with grocers' wine licences had increased wine sales in the country to the benefit of wine farmers. They were also helping to clear the present "lake" of wine in the country.

LIQUOR

Government bends the

Government's decision not to curb the power of the giant liquor company CWD is little more than an enormous doublecross. It flies in the face of its own anti-inflationary policy of encouraging competition, it undermines the authority of the Competition Board (CB) which recommended it, and it penalises SA Breweries (SAB) by changing the terms of the 1979 agreement which brought CWD into existence.

"Had we known that CWD would be permitted to acquire 300 bottle stores while SAB could have none, we would never have gone along with this agreement," says SAB beverage division chairman Ken Williams.

The CB recommended that CWD be broken into two separate, competing companies and that retail interests in the liquor business be kept separate from producer interests.

Government's response was to ignore the call for the dismemberment of CWD and to allow it to acquire 300 retail liquor stores.

It also upheld an earlier decision to allow Union Wine to buy up to 103 stores, while Gilbeys (49%-owned by Remgro, a CWD shareholder) retains its entitlement of 70.

By contrast it directed that beer monopoly SA Breweries (SAB) sell all its retail outlets.

This puts beer at a distinct disadvantage to wines in the retail market as SAB will eventually own no liquor stores, while the wines and spirits producers have the right to own more than 470.

"It means that beer will be put to the back of the shop in far more liquor outlets and the beer consumer will be forced to run the gauntlet of wine," says an SAB man.

Irksome ruling

The ruling is doubly irksome to SAB in view of government's decision to allow each supermarket chain to sell wine in up to 35 of its outlets and to allow liquor outlets to run "grocers' wine counters" in supermarkets.

There are no similar provisions for beer, despite the fact that government still subscribes to the policy that it "prefers the use of beverages with a low alcoholic content to beverages with high alcoholic content."

All this will no doubt please entrenched liquor interests in the western Cape, as well as several thousand wine farmers who burden the country with ever-increasing wine surpluses. But it exposes as a hypocrisy government's policies of promoting free enterprise — for this industry anyway.

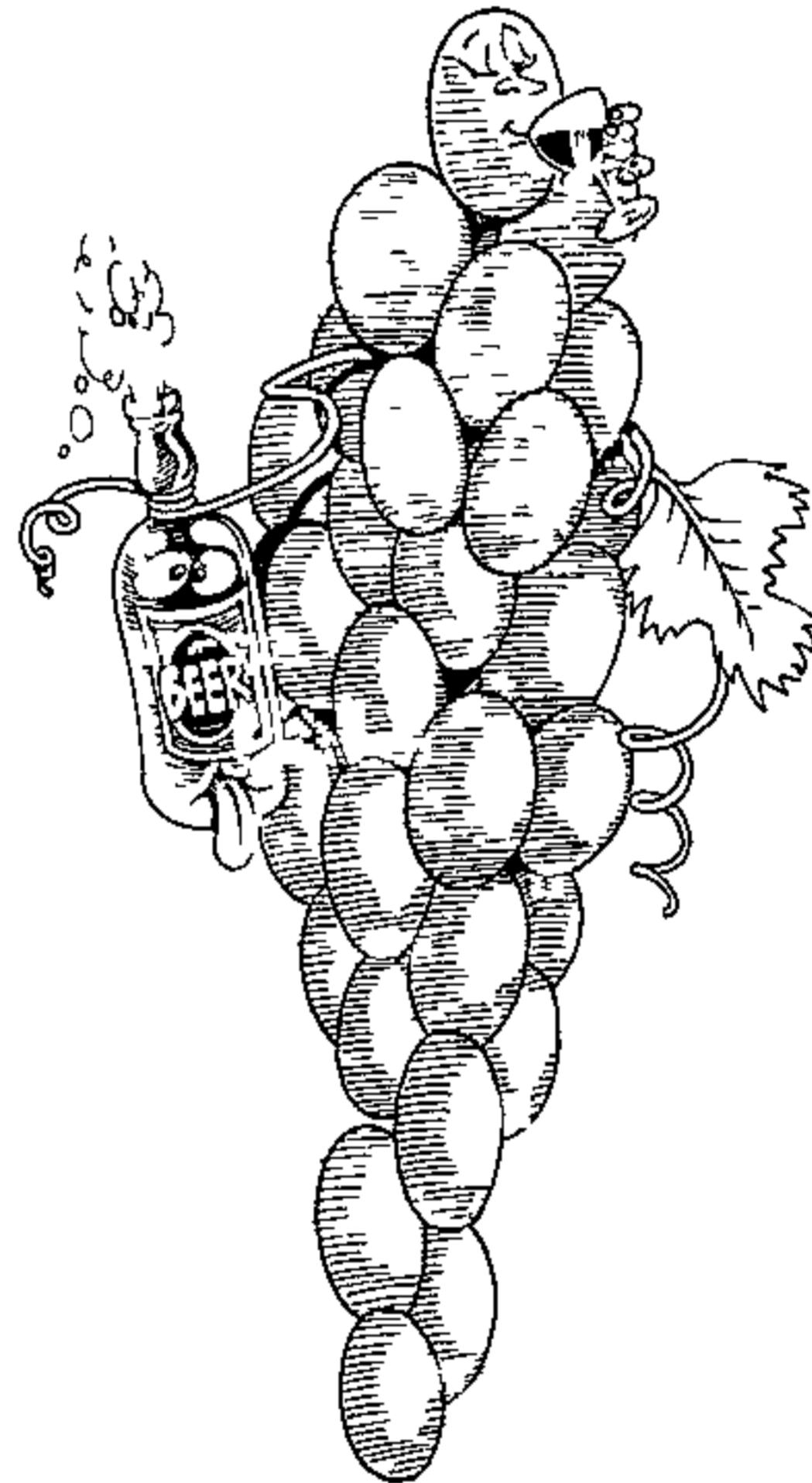
CWD has thus emerged as a textbook example of vertical integration. One of its major shareholders, KWV, has total control over primary production of wine and wine

spirits. Its two operating subsidiaries, Oude Meester and SFW, command 92% of the wine and spirits market with the best-known brands in the business, as well as most of the big Scotch whisky brands.

Its 300 liquor stores will make it a formidable competitor with its most important customers, the 1 000-odd independent liquor store owners in the Fedhasa lobby.

The Minister responsible for the decision, Industries, Commerce and Tourism's Dawie de Villiers, concedes there is "great merit" in the CB recommendations.

But he makes little attempt to justify his



contrary decision other than to say that "order and stability come first" in the liquor industry and that it is not the first time "this government or any government has turned down the recommendations of a specialist inquiry."

The implications of that statement are enormous, particularly if the specialist inquiry produced an opinion in keeping with government's avowed policy. What has happened is a disgraceful capitulation to special pleading, one that is deeply against the public interest.

FM 8/4/83
COMPETITION BOARD (245)
Winning the price war

The list of commodities freed of price control is lengthening. Following further investigations, the Competition Board has added another seven to the list.

Televisions, video tape recorders, yellow

margarine, household furniture, glazing glass, arms and ammunition are all now open to free market competition.

Aside from glazing material, price controls for these commodities have been redundant for some time. Recession and keen competition meant that in many cases the retail price was below the regulation price.

Price control for televisions, introduced in 1976, was intended to prevent profiteering, though its effect according to the Board, has been questionable. There is now very keen competition for sales, and market forces have pushed the price below the regulated maximum. Household furniture prices were first controlled in the 1960's when dealers made a quick profit by reselling repossessed items at new prices. Again, the Competition Board questions the efficacy of the remedy.

Removal of price controls for arms and ammunition reflects the increasing availability as fears of boycotts recede. The aim of price control for margarine was to prevent its price rising faster than butter. Studies show that such a case is very unlikely to happen even in a free market system. There is tremendous competition for market share.

Glazing material, however, is a different story, with prices close to the control price. Pilkington is the sole manufacturer, so the Competition Board will be monitoring the situation carefully. If it is perceived that

profiteering is taking place the Board will press for retaliatory measures. And it gives as an example further relaxation of tariffs on glass imports.

The Board, in pointing once again to the inefficacy of controls, notes that prices for those building materials covered by price controls rose at a faster rate than for those materials open to free market forces.

Cement, tyres and tubes, river sand and bricks were among the items successfully decontrolled last year. The Board is currently investigating coal, the ferro-scrap industry, and economic concentration in the forestry industry.

Iscor attacks steel price control

NDM 27/5/83

245

By SIMON WILLSON
Industrial Editor

CAPE TOWN. — Iscor is facing a financial crisis mainly because of the imposition of administered prices, according to the managing director, Mr F P Kotzee.

He told the annual congress of the Afrikaanse Handelsinstituut in Cape Town yesterday said it was important that the price Iscor received was determined responsibly.

"Despite the existence of a price formula for establishing administered prices for steel, and despite Iscor's continued performance as far as increases in productivity are concerned, Iscor is once again in the undesirable position where its business is worsening and is once again building up into a crisis situation.

"The reason for this is mainly found in the continued reduction in returns through the scaling down of administered prices by the authorities for economic and even for political reasons," Mr Kotzee said.

As a result of the 1975 Pistorius Committee report which recommended that the steel price be kept as low as possible, Iscor's financial structure had become totally unhealthy with a debt ratio of as much as 70%. It had an unbearable financial burden.

Another reason for Iscor's financial position was that between 25% and 35% of its production was exported at "murderously low" prices which were not provided for in the overall pricing formula for iron and steel.

The present system of administered prices caused serious problems for the primary steel industry and ultimately for the whole manufacturing sector.

The administered price system was cumbersome. Often its application led to uncertainty, market distortion and malpractice.

"The question arises whether the system of adminis-

tered prices is really functioning properly. Has the time not come for price control on steel products to be abolished, thus allowing producers to fix their own prices without reference to the Government in a totally free, market-related system?" Mr Kotzee asked.

Iscor was not a monopoly as there were seven other domestic steel producers which combined to contribute up to 25% of national iron and steel production.

Government intervention was irreconcilable with the free-market principles which formed the core of Government policy.

However, the Government should not refrain from its role as overseer of strategic industries and should persist with effective protection measures against unfair and possibly damaging competition from abroad.

Mr Jan Smith, chairman of Escom, also condemned the system of administered prices, saying they were not "a wonder aid" that would rectify the problems of the public sector.

"We believe that administered prices distort the price mechanism of electricity. In other words, the cost of electricity becomes unrelated to the price of electricity.

"In the long run this will mean higher real electricity prices."

When the real price of electricity became distorted, the financial stability of the supplier was undermined. This could delay capital expansion and would lead to an increase in the real price of electricity.

Mr Henne Bester, the Postmaster-General, referred to similar problems in his branch of the public sector.

Costs were mainly derived from inputs from the private

sector, and he was bound for this reason to maintain price comparability.

If the public sector did not keep pace with the private sector's prices, prices would, in the end, be even higher in the public sector.

COMPETITION BOARD ⁽²⁴⁵⁾ More bite FM 10/6/83

The Competition Board has acquired some teeth. Amendments to its constitutive act, which were passed in the last parliamentary session, have sharpened the powers of a body critics refer to as "a toothless watchdog".

Amendments were made to five sections of the Maintenance and Promotion of Competition Act. Between them, they eradicate some of the procedural difficulties experienced by the Board in its three years of operation. But they do not answer all the criticisms. To do this would require a substantial shift of emphasis in the legislation.

The most important amendment is to Section 8. The Board can now compel companies to give it notification of intended mergers or acquisitions before the event, as it were. This is not a general stipulation covering all registered companies — the Board could not cope with the avalanche of paperwork, much of it irrelevant, that this would imply. But it means that should the Board decide that a particular firm is bent on acquisition, it can demand from it notice of all further takeovers it intends to make.

Up to now, the Board's investigations into mergers and acquisitions have been retrospective. Presented with *fait accomplis*, it has been in a position where were it to find a deal not in the public inter-

est, it would have to present a strong case to justify unscrambling it. Its new powers enable it to prevent, rather than be forced to cure.

This does not go as far as those in favour of anti-trust legislation would like. The onus is still on the Board to prove that acquisitions are not in the public interest, rather than on the parties to deals to prove that they are. But the amendment is an important improvement.

Changes of wording in other clauses have clarified grey legal areas. Laymen interpreting the Act tended to read the phrase "calculated to restrict competition" as "intended to . . ." This now reads "likely to . . ." which is a truer reflection of the legal meaning.

Another useful practical change in wording in Section 12 eradicates a popular line of defence. This was that if a deal or transaction could be found to have one consequence that served the public interest, it outweighed all negative consequences, and could justify the deal. It was often claimed, for instance, that the "stability" brought to a market by blatant cartelisation outweighed all the consequences of restricting competition. This can no longer be argued. In future all consequences, negative and positive, will be balanced against each other.

The amendments also provide for another two members to be added to the five who currently constitute the Board. For most of these, protecting competition is a part-time job, and extra manpower is needed. The Board, however, is in no hurry to make the new appointments, and will wait for the right man to appear before it does.

Goss hits at move on breweries

ARGU: 23/6/83 (30) (215)

JOHANNESBURG — The government stipulation that brewers continue to divest from retailing is blatant discrimination against the the brewer and beer drinker, says Mr R J Goss, group managing director of South African Breweries

He says in the group's annual report the most significant event in the liquor industry in the past year was the Government's ruling in March on the recommendations of the Competition Board which endorsed separation of producer and retail interests

This ruling should be viewed against the background of an agreement approved by the Government in 1979

IN EXCHANGE

In terms of the agreement between SA Brews, KWV and Rembrandt Group, SA Brews relinquished its controlling shareholding in Stellenbosch Wine Trust, in ex-

change for a minority shareholding in Cape Wine and Distillers — formed to hold the Rembrandt Group and SA Brews' wine and spirits interests

SA Brews was permitted to acquire Intercontinental Breweries

SA Brews and the Rembrandt Group also agreed to sell their retail liquor interests so that producer activities and those of retailing would be separated

Granting these approvals the Government said low alcoholic beverages should be preferred to those with a high alcohol content

UNDISTURBED

"The Competition Board's recommendations endorsed separation of producer and retail interests, and called for a dissolution of Cape Wine, but expressed the view that SA Brews' position in the beer industry should remain undisturbed"

It also recommended that beer and wine should enjoy equal distri-

bution facilities through supermarkets

"The dissolution of Cape Wine would have been contrary to the 1979 agreement and SA Brews supports the stance taken by the Government that Cape Wine should be left intact

"On the other hand, by permitting the wine producers the right not only to retain, but also to increase their retailing interests, a major opportunity to establish a strong and independent retail sector has been lost"

LOW ALCOHOL

Mr Goss says the Government is paying lip-service to its stated policy of preference for low alcohol products. While beer has a lower alcohol content than wines and spirits, it already carries an excise burden almost equal to that of spirits, in contrast to natural wine on which excise duty was abolished during 1981

"Discrimination is being increased and entrenched because the Government will not permit the sale of beer in supermarkets as is allowed for wine

"The Government has not recognised the broader economic implications of beer production, which involves barley, maize, sugar and hop industries through to packaging suppliers and the consumer via the retailer" — Sapa

Hi-fi set repossessed, then returned after complaint

By RAYMOND HILL, 245

THE manager of a furniture store, in Korsten, Port Elizabeth, last week agreed to return a hi-fi set to a customer who complained that it was repossessed without a court order during the week.

Mrs Amy Theys, of Falcaas Street, Salt Lake, told the Evening Post that two employees of the company, Montkays Furnishers and Outfitters, of Cottrell Street, Korsten, repossessed the set on Wednesday morning.

Mrs Theys was at work when the men arrived at the house. Her daughter-in-law,

Mrs Ingrid Theys, was at home at the time.

Mrs Ingrid Theys said the men did not have a court order and told her they were repossessing the set.

The men carried the set into a waiting vehicle after using her phone to contact the store, she said.

When the men left she telephoned her mother-in-law, who complained to the Evening Post.

The set was bought on hire purchase in the name of Miss Josephine Theys, a daughter of Mrs Amy Theys, in 1975.

Mrs Theys said the set was fully paid for

But the company pestered her for interest charges which she refused to pay "as a matter of principle."

"The men had no right to come into my house and take anything away without a court order or my permission. I want them to return it immediately," she said.

Mrs Theys said she was determined not to pay the interest charges because they were "unfair". She said the set could be returned to the store, but only after a court order had been obtained.

The manager of the store, Mr R Lipman, first denied that the set had been removed

and said it was probably a matter for the police.

He later said one of his "inspectors" had taken it away and kept it overnight before returning it to the store.

He said the inspector had gone to the house for the outstanding interest, but Mrs Ingrid Theys had told him to take the set instead.

Mr Lipman said he would return the set to the house as soon as possible and would apply for a court order to have it repossessed if the outstanding balance was not paid.

SA INDUSTRIAL WEEK



The tyre question - do buyers suffer from the trade's practices?

Tyre price lists stop competition

245 industrial week

New tyre quality was not monitored by the SABS, whereas an outside authority did this in the US and Europe

would be 2.4 million units for 1983 and he believed 1984 would be a more stable market

Benefit

He admitted that Michelin steel radial tyres were in some cases 60% to 70% more expensive and others 20% - 30% more than local products, and said that if local tyre manufacturers went more into the steel radial market "it can only be to our benefit"

Stable

"What I mean by a stable market is that we won't have the vicious marketing practices that the downturn has brought out, aggravated by low priced imports"

By Priscilla Whyte

PRICING has always been a controversial issue in the R500-million SA tyre market and with the downturn the saga continues of efforts to gain market share by discounts, wrestling for further tariff protection and claims of dumping

Registrar

Denzil Vermooten, economic affairs executive of the Automobile Association said "The operation of the tyre register should be investigated by the competition board because of its restrictive

practices which are not in the interest of the motorists"

The practice of issuing recommended retail price lists eliminated open and healthy competition, he said

A minimum quality specification should be introduced with which both locally manufactured as well as imported tyres should comply

Jack James, general sales manager of Michelin tyres, said that with the downturn in original equipment and new car sales huge discounts

were being offered by local manufacturers to reduce inventories

It is said that discounts are being offered of up to 30%

James claimed that the situation in no way affected Michelin's price structure because "we always have been penalised for having a higher priced product"

Discounts

Michelin totally agreed with local manufacturers on the issue of "cheaper products being dumped on the SA market"

He claimed that dumped tyres were coming in from the Far East and their quality varied from very good to poor

He said radials gave up to two or three times longer life than cross plies

Despite SA trying to achieve self sufficiency in synthetic rubber from Karbochem to the local tyre producers, it is a sobering thought that radial tyres require relatively more natural rubber (40%) than other tyres (20%) according to Vermooten

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AA warns of repair rip-offs

Pretoria Correspondent

Some garages are taking advantage of motorists by pretending engine parts have alcohol-fuel problems and should be replaced, the Automobile Association (AA) has warned

The AA had proof that some garages were replacing parts that showed no signs of such prob-

lems, an AA spokesman said in Pretoria

A garage told one motorist his carburettor was "chewed up" and would cost R120 to replace. The AA found nothing wrong with it

The AA has urged motorists to report any alcohol-fuel related problem to its Johannesburg technical department or ask for the old parts back and

send them to the AA

In the past three weeks 42 motorists have reported problems to the AA

Eleven of the cases were not related to alcohol-fuel problems

In 24 cases, the fuel enrichment valve tended to stick due to the alcohol-fuel mix. All of them were equipped with Stromberg carburettors

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Tuesday, July 5, 1983

Mercury

Milk retailers warned of possible price control

Pietermaritzburg
Bureau

THE Dairy Board may ask the Government to re-impose retail price control on fresh milk if distributors and retailers do not 'play ball' following last week's lifting of restrictions.

This was revealed yesterday by the board's spokesman, Mr Jaap de Bruyn

Mr de Bruyn told the Mercury that there had not yet been much adverse comment from consumers and consumer-organisations, but ascribed this to the fact the new prices only became effective on Friday

And while he conceded that farmers had contacted the board to vent their feelings at its decision to give them only 1c a litre more for their product, 'we can't really judge from the odd call from incensed farmers'.

'I think we will get an indication pretty soon on whether retailers and distributors are going to play ball or not,' Mr de Bruyn said

Defended

'The way we see it we will have to take stock at some time or other and have a look at these prices and any complaints we receive, and decide whether we go back to the minister and perhaps talk about the re-imposition of retail price control'

Mr de Bruyn defended the board against criticism from dairy farmers for their decision to retain producer-price control while relinquishing control over middle men and shopkeepers.

'Milk is a perishable product and we can't go back to the days when producers hawk their wares around and at the end of the day throw it down the drain'

He also denied claims that Natal farmers had never wanted to join the Dairy Board, saying they had asked to be included and they could not now have their cake and eat it.

Potato Board, co-op deny price-fix cartels

Mercury 19/7/8

(3) ~~Cartels~~ Board

(245) (3) ~~Vegetable~~
Mercury Reporter

THE Potato Board and a Transvaal potato co-op have denied the existence of mini-cartels between farmers and market agents to keep prices high.

The manager of the Potato Board, Mr Danie van Rensburg, said he believed a number of farmers had merely formed a committee to stabilise supplies.

The board had not intervened because it did not want to the price to drop so low that farmers would be discouraged from planting for the next season.

But a spokesman for a popular nationwide chain of supermarkets said they had stopped buying potatoes from city markets because of the prohibitively high cost over the past few months.

The price had soared from R3,56 for a 15 kg pocket of first-grade medium potatoes in January to an all-time high of R8,04 in May. In June the price dropped slightly to R6 18 a pocket.

It appeared as though the farmers were holding out for at least R6 a pocket. The average price last year was less than R3 a pocket.

About 80 000 first-grade pockets were being stored at the Johannesburg market and 30 000 bags in Durban.

Many had begun to rot because the price was forcing people to buy second- and third-grade potatoes, he said.

Unrealistic

Some smaller dealers said they had been threatened with having their supply suspended if they did not toe the line.

Strongest in the Northern Transvaal and in one or two Free State areas, the cartels would soon be left sitting on a huge surplus if they persisted with these unrealistic prices.

The growing season in those areas closed in four to six weeks, after which the Eastern Transvaal crop would enter the market at a much lower price.

By that time the older crop would be inferior and could not compete.

He said the chain was buying potatoes from individual farmers, and had collected a small reserve supply.

A senior official of the Transvaal Potato Co-op said that although he agreed that the price was dangerously high, it was because of the drought. The harvest was about a third of normal.

It was a curious and inexplicable characteristic of the market, especially with potatoes, that there was no direct relation between supply and price fluctuation.

If the supply dropped by 10 percent the price could increase by 50 percent, or vice-versa.

PIPING PLOT ALLEGED

By Priscilla Whyte

LOCAL large bore piping manufacturers have allegedly formed a "cartel" with the bigger merchants - now smaller merchants apparently are being forced out of business.

"I challenge them to an open discussion with the Board of Trade, the Competition Board and the newspapers," said John Howard, director of Supplicon.

Industrial Week discovered that Hall Longmore has applied for tariff protection for large bore piping (Government Gazette, no 8495 of 31 December 1982)

Howard has taken exception to Hall Longmore's application to the Board of Trade and Industries to increase duty on tube and pipes of iron or steel and blanks with an outside cross sectional dimension exceeding 219mm from 10% plus 0,22 per kg to 15% or R700 a ton, less 85% ad

valorem

"The R700 a ton, less 85% ad valorem tariff protection application, will give them an effective 45% advantage," claimed Howard, although, he conceded "I accept that the local industry should be protected against undue competition from abroad"

What concerns him is his belief that the protection given by way of quantitative import control measures appears to be administered in a way which encourages larger companies to create an apparent monopoly situation in the market

This in turn has the effect of these larger companies dictating to Government when and how to allow import facilities

Howard said matters

came to a head recently when a contract from Potchefstroom Municipality was awarded to Supplicon

"The tenders lodged by two local manufacturers of a substitute type of piping were about R140 000 more than the amount quoted by us (Supplicon)," he said

After consultation with import control an invitation was sent to both Hall Longmore and Steel Pipe Industries to quote again to avoid the unnecessary importation of piping. They quoted prices reduced by more than R100 000, which was still not sufficient to secure the tender for local piping"

Howard said Supplicon was then visited by an import control officer 'to investigate whether my firm had sufficient storage facilities"

He said the officer was told the relevant facts and Customs and Excise issued an import permit to Supplicon

"It is not my objective to import to the detriment of local industry, but merely to maintain my

share in the market place," said Howard

"If local mills can manufacture AP15LX42 or AP1LX52 to the required standard and specification, with TUV quality control, I am more than willing to support them, provided their prices are not unreasonable"

Howard said pipe manufacturers asked merchants such as Supplicon to stock their products and then "did the dirty" on them by tendering against merchants for contracts

"When large tenders are invited manufacturers



John Howard, director of Supplicon, has thrown down the gauntlet...

decline to disclose who the contractors and merchants are, making out that they (manufacturers) are the only potential tenderers

No local manufacturers could produce specification 15M03, IOCRM0910, X20CRMV121 and 13CRM044 in seamless "So why must end users, like Escom and power station contractors, pay excess duty on piping not manufactured in SA?," said Howard

He estimated the large bore piping market to be worth R160-million (250mm upwards) and the SA consumption to be 150 000t a year

"Consumption is growing at 15% a year," he said

Ronnie Hobbs, MD of Hall Longmore declined to comment because the matter is still with the Board of Trade

Supplicon feels so strongly about the matter that it has placed an advertisement on Page 10

Views on soft drink prices

Mercury Reporter

THE scrapping of retail price control on soft drinks should not lead to any price increases according to Mr Henrie Viljoen, president of the South African Federation of Soft Drink Manufacturers

And a spokesman for the Consumer Council said they were confident that retailers who tried to abuse the system in 1971 had been taught a lesson

Since it was accepted that price control was counter-productive in a free-market system, the announcement should be to the advantage of consumers in general

Biggest

Producers distributors, bottlestore and cafe owners in Durban yesterday said the move would have little effect in the short term, but said the implications for the long term were anybody's guess

A senior spokesman for the Coca Cola Bottling Company, the biggest producer of soft drinks in South Africa, said although the recommended price of their products would not be affected, they had little or no control over cafe owners

A list of recommended prices was attached to the freezers in the stores, so customers could always gauge the situation

He said natural competition should keep prices down, but it would be surprising if they went below the recommended price

It was up to the individual customer to use his discretion and favour those outlets which were the cheapest.

Cheapest

Mr Eric Hornby, divisional manager of Clover Natal, said there were a lot of fruit juices on the market, and competition had always been keen

Clover's products would not be increased in price over and above any normal increase that might be in the pipeline

The general manager of Game, Mr Alec Huiter, said their policy was to always be cheapest, so it would not affect them to any extent

For a 340 ml can of Coke, the recommended price of which is 40 c Game charged 32 c, he said A 1 1/2 bottle sold for 69 c, 16 c cheaper than the recommended price, and a 2 1/2 plastic container for R1 08, 27 c less

The manager of Barbara's Coffee Shop on the Victoria Embankment said he charged the recommended price and would continue to do so

SA 'riddled' with cartels, monopolies

245

NRGUS 11/8/83

Financial Editor

A CALL for the Competition Board to insist on the large corporations selling off some of their investments was made at the Manpower and Management Foundation investment conference in Cape Town

Mr Robin McGregor, publisher of Who Owns Whom, said the two main reasons why the inflation rate was not coming down significantly were the existence of monopolies and cartels in the private sector and the lack of adequate training

"With only three groups — Anglo American, Sanlam and Barlow Rand — controlling almost 73 percent of the Johannesburg Stock Exchange, the country must be, and is, riddled with monopolies and cartels

RECENT TAKEOVERS

"The claim has not got to be proved, it is self-evident"

Referring to the recent takeovers on the Johannesburg Stock Exchange,

Mr McGregor said that in 1979 the Prime Minister had to hire the Carlton Centre to talk to the leaders of industry

Three months ago he could have conducted the conference comfortably around his diningroom table. He could now do it around a card table

Mr McGregor attacked the idea that monopolies and cartels increased efficiencies through economies of scale

"All that happens is that huge conglomerates get bigger and one sees the rapid development of bureaucratic inefficiency in the private sector"

INEFFICIENCIES

In spite of these inefficiencies the companies still showed adequate and even inflated returns because public and private sector controls allowed management to raise their prices

"Thus the victim is the consumer and worse, a spiralling inflation is the inevitable result"

Only 4.1 percent of the shares on the Johannesburg Stock Exchange were controlled by direc-

tors who were also major shareholders, compared with 44 percent in the United States and 54 percent in Britain

Therefore in South Africa "hired help" controlled much of the R80-billion of investments on the Johannesburg Stock Exchange

BUREAUCRACY

"That's fine if we have a high calibre of employee and if they are in competition to ensure optimum performance

"But when they are protected by controls either public or private — but invariably both — I don't believe the efficiency of the majority of them and therefore of their employees can be much higher than public sector bureaucracy"

SA Breweries had stated it did not mind competition and that it would welcome it

He pointed out that it was now in a situation where a competitor would have to spend a fortune to establish a market share of any kind

DISINVESTMENT

"They should have been stopped years ago before it was too late and I would suggest that the Competition Board should now get into that industry and insist on disinvestment for a change"

On the subject of training Mr McGregor suggested that the State should help Anglo American, which had enormous resources of cash and entrepreneurial and other skills, to train blacks in basic skills on a large scale

Competition Board chief:

'We must not overreact'

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Weekend Argus Correspondent

PRETORIA — Takeovers and mergers must be scrutinised closely because of their inherent dangers, says the chairman of the Competition Board, Dr D J Mouton

He said "Power corrupts and unless there is close control, consolidation of industrial and commercial interest could get out of hand

"But huge companies inevitably get untidy around the edges and begin to fall victim to new, more aggressive competitors. So while we must be watchful about monopolies we must not overreact

"I don't believe we have reached the stage where we have anything to fear,

"Imagine what would have happened during the recession if some of the big groups had not existed with their massive reserves

"There would have been more unemployment. Many small businesses do not survive difficult times but these big companies have helped the economy weather the bad times

"Just look at their profitability. In some cases it has not grown as it should have. There is good and bad about monopoly

"The main concern is abuse of power. There certainly is abuse, with interlocking directorships. Directors do favour their affiliates even though they deny it and claim they hold those affiliates at arm's length

He said he was not unduly pessimistic about the biggest groups being whittled down to two or three and wielding enormous control and power

"I've seen many big ones disappear and new ones come up. Take the motor industry. A few years ago, who would have thought General Motors and Ford would not have continued to dominate the industry?"

Price and wage restraints urged

By HAROLD FRIDJHON

MONETARY policy alone is insufficient to bring down the inflation rate. The authorities must also use price and wage controls, argues Dr Johann Cloete in the current Barclays Business Brief.

Inflation, he says, can be brought down by a monetary policy that is sufficiently strict and that is applied long enough. Monetary policy operates through recession to push down inflation by depressing demand. This forces employers to cut back wage and price increases.

But this means sacrificing growth and employment. And while the South African authorities persist in reducing the rate of increase in the money supply, business and employment conditions will continue to deteriorate.

A moderate tightening of the money supply will be insufficient to bring down the inflation rate within a relatively short space of time without affecting economic growth.

To be effective the squeeze on money supply with important lending rates well above the inflation rate will have to be strong and as the economy is already in a deep recession this will have adverse consequences for business and employment.

The prime overdraft rate will have to be kept at least 3% above the inflation rate and should only come down when the inflation rate is pushed down ahead of interest rates.

Reducing the inflation rate will take time and the prime overdraft rates will have to be kept above the inflation rate for at least six to nine months which means that hopes for an early and strong recovery in 1984 will have to be abandoned.

"Monetary policy is a blunt and indiscriminate measure of control and, to be effective against inflation, it requires

that the growth and employment objectives be abandoned in the short run in the hope that a restoration of price stability will raise the levels of these magnitudes in the longer run.

"It does not allow the monetary policy-maker to moderate the impact of his monetary squeeze on growth and employment, that is, if the monetary squeeze is to do its job effectively against inflation."

It remains to be seen whether the South African monetary authorities will persist in their policy and will accept the consequences.

Many businessmen question whether an effective anti-inflationary policy will be able to be applied because the country cannot afford the large-scale unemployment and the resultant socio-political consequences, particularly as the country is not only suffering from a serious recession but also from the drought.

Dr Cloete says that the authorities need not rely only on monetary policy to bring down the inflation rate and have to endure the losses on the economy which such a policy requires.

"It seems there is another way in which the inflation rate can be relatively quickly reduced to single figures without at the same time imposing an uncontrolled and probably unacceptable severe recession on the economy."

"It seems it should be possible for the Government to use the control it has over the prices and wages administered by large undertakings and firms both in the public and private sectors of the economy to help push the inflation rate down to the desired level."

South Africa has experienced double digit inflation since 1973 but that rate has remained in a narrow band of about 11% to 15%. The relative stability of the inflation rate has been largely the result of the important contribution which control by the Government of administered prices and wages has made towards keeping down the rate of increase in the general price level.

"The Government directly controls a number of important 'input' prices in both the public and private sectors of the economy, while it can readily use moral suasion to influence price and wage formation in those markets where competition is lacking and where price and wage formation is mainly in the hands of a few large employers."

If the Government were prepared to control increases in administered prices and wages in 1984, monetary and fiscal policy could be more accommodating. It could be applied in a contra-cyclical fashion and an uncontrolled recession could be avoided and growth and employment could be protected to some extent.

There is some reluctance in South Africa to recognise the part which proper control over price and wage increases can play and, has played in the past, to control inflation "although there does not seem to be any objection to forcing cutbacks in wages and prices through monetary restrictions. Even Mrs Thatcher has recently called for wage and price increases voluntarily limited to 4% in Britain for the year ahead."

Dr Cloete calls for an integrated policy mix which would involve setting employment and inflation targets adjusted to balance of payments.

Money supply could then be targeted to the inflation rate. Monetary and fiscal policy could be conducted within these parameters and this would produce relatively stable interest and exchange rates.

He claims three important advantages to his suggestion:

- Monetary and fiscal policy could then be applied contra-cyclically to smooth out the business cycle.
- Price, interest rate and exchange rate stability;
- Growth and employment objectives would be the priority with money supply and inflation targets as secondary objectives.

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Call to end car part price control

Mercury Reporter

A CALL for the abolition of price control on vehicle parts and accessories at the earliest opportunity has been made by the Automobile Association and the National Association of Automobile Manufacturers of South Africa

The call was made to the Board of Trade and Industries who informally impose price control on parts and accessories

Owning a car is 11 percent more expensive than a year ago

Mercury Reporter

OWNING a car today is 11 percent more expensive than it was a year ago, according to the Automobile Association

The AA quarterly magazine, the Motorist, attributes the hike to increased insurance, licence fees and parking tariffs.

Figures quoted in the magazine list the cost of owning a typical 1600 cm³ engine car in the R8 000 to R9 000 price range, and travelling 18 000 km annually, as R4 846 a year, compared with R4 350 in August 1982.

The economic affairs executive of the AA, Mr Denzyl Vermooten,

said: 'Insurance premiums in respect of cars within this price range increased on average by 28 percent, while parking fees — an element of fixed cost — increased in nearly all major metropolitan areas, in some cases by almost 100 percent'

The estimated average ownership figures compiled by the AA are based on a six-year ownership period, and take into account the fixed cost, as well as the running cost

'The owner of a new 1600 car purchased for cash in the price range R8 000 to R9 000 can therefore expect to incur a total cost of almost R30 000 over the six-year period,' said Mr Vermooten

The executive director of Naamsa, Mr Nico Vermeulen, said Naamsa advocated the abolition on the basis that it would be consistent with the operation of a free-enterprise economy

'By allowing open competition, market forces will regulate the interaction between buyer and seller,' he said

Obligation

He drew attention to the fact that intense competition existed in the motor vehicle parts and accessories industry 'Importers can concentrate on fast-moving parts, while the original equipment supplier has to keep a complete range'

The reason was that the original equipment supplier had an obligation to his customer so he had to carry the entire range 'Many of these parts remain on the shelves for years'

However, the importers of parts did not have that obligation, so they could concentrate on what were fast sellers, and therefore more profitable

'Price control is an unnecessary interference in the industry,' he said

'Naamsa concluded that in the competitive light, which ensures pricing and availability of motor vehicle parts to end users remains, there can be no justification for any form of price control'

Regarding reports about massive profit-taking by parts and accessories suppliers, Mr Vermeulen said 'You can find just about any example if you're looking for one, and it is no good taking one and saying it is a norm'

The economic affairs executive of the AA, Mr Denzyl Vermooten, said the original equipment supplier had to be put in a position where he could increase the price of his slow-moving parts

Competitive

Mr Vermooten believed that because of the competitive vehicle market in South Africa — believed to be the most competitive in the world — profits were often cut to the bone

The AA would be reporting on comparable parts prices to show there were differences

It may be tough at the top

— but it's not half so crowded

By PHILLIP VAN NIEKERK

FOUR years ago the Prime Minister had to hire the Carlton Centre to meet the leaders of industry. Today he could do it around a card table, Cape Town businessmen were told recently.

Since that speech, says Mr Robin McGregor, compiler of the publication *Who Owns Whom*, "I could not have hoped for more publicity if I had shot the Pope."

Mr McGregor's speech has aroused a storm of public concern over monopolies and the concentration of wealth and economic power in the hands of a small and ever-diminishing group of tycoons.

And in recent months the seven gigantic business empires who dominate the South African economy have been involved in a complex game of take-overs and mergers involving billions of rands, all of which has left the man in the street bewildered.

Control 80pc

According to Mr McGregor, the seven top companies — Anglo American, Sanlam, Barlow Rand, Rembrandt, Anglo Vaal, Liberty Holdings and SA Mutual — together control 80 percent of the shares on the Johannesburg Stock Exchange.

The biggest, Anglo American, controls 56 percent, and the top three — Anglo, Sanlam

and Barlow Rand — control a massive 73 percent of shares on the JSE. The warning last year by a top insurance executive, Mr Donald Gordon, that six corporations would dominate the country by 1990 could soon be fulfilled.

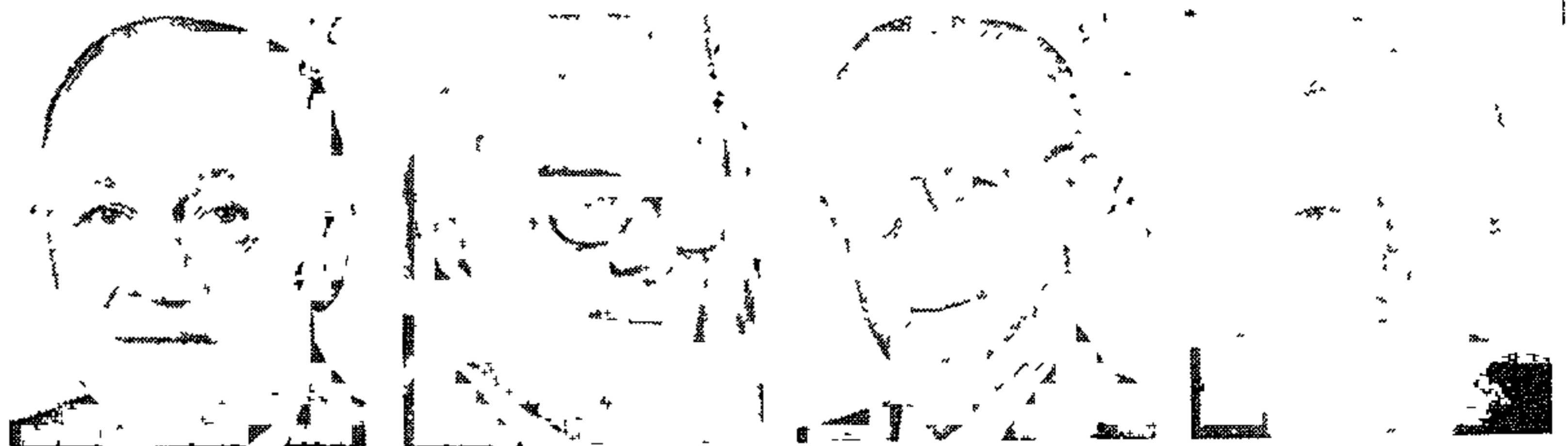
Little more than a dozen powerful individuals are at the helm. According to the *Investment Analysts Journal*, these men link the top corporations to one another by serving as directors on more than one of their boards. Every one of the top 20 industrial companies is connected by interlocking directorships.

'Unique society'

To add to this, there are the monopolistic state and semi-state corporations such as the SA Transport Services, Escom, Iscor, Sasol and the various Industrial Development Corporation projects.

As Mr McGregor says, "We in South Africa must have a unique society with so much control in so few hands. Our own economic backyard has become a playground for conglomerates against all the principles of free enterprise."

Dr David Mouton, chairman of the Competition Board, says the government is concerned at the tendency of too much economic power being concentrated in too few hands. He points to the appointment of the Monopolies



From left: Dr Frans Cronje, chairman of Nedbank, on board of Barlow Rand, Mr Julian Ogilvie Thomson, on boards of Anglo American and Barclays, Mr George McMillan, chief executive of the British company Rio Tinto Zinc, Dr Fred du Plessis, chairman of Fedvolks (Sanlam) and Trust Bank.



Mr Harry Oppenheimer, chairman of De Beers.

Mr Mike Rosholt, chairman of Barlow Rand.

Commission in 1975 and the setting up of the Competition Board in 1979 as signs of this concern.

But, he adds, many complex causes lie behind the development of this concentration. South Africa has a relatively small market and large-scale production is needed to produce at an "optimal level."

Exchange control — the restriction on money leaving the country — has meant the mining houses and financial institutions have had to

reinvest their profits inside the relatively small South African economy. As a result, the big fish have gobbled up the small fish and are now gobbling up themselves.

For instance, Anglo American largely stuck to mining till the early Sixties. Exchange control meant they could not invest most of their capital in mining outside the country so they moved into other industries inside South Africa.

Today Anglo, apart from its extensive min-



Dr J G van der Horst, chairman of Old Mutual. On boards of Nedbank, Sasol, Safmarine.

ing interests, controls a wide range of companies stretching into food, newspapers, breweries, motor cars, insurance, chemicals, construction and so on.

While the government has made some recent attempts to stem the inevitable tide of monopoly capitalism, a University of Cape Town economist, Dr David Kaplan, believes that since coming to power it has done much to aid and little to combat the development of the big corporations.

Legislation lack

"There has been no effective anti-monopoly legislation in South Africa, there has been protection for single firms dominating the market and most of the Industrial Development Corporation money has gone to the big corporations. The Nationalist government has on the whole been good for big business."

Since its inception in 1979, the Competition Board has claimed to have acted in the interests of the public to prevent mergers and monopolies. But, as Mr McGregor points out, the concentration of control by the few has accelerated during this period.

"If take-overs continue at the present rate, the Prime Minister won't need a card table to meet the leaders of industry — he will be able to do it in a love-seat."

● Tomorrow: How the big corporations affect the consumer

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Hansard 24/8/83

Price-controlled commodities

Q. Col. 1958

*3 Mr J J B VAN ZYL asked the Minister of Industries, Commerce and Tourism †

Whether he intends announcing a decrease in the prices of price-controlled commodities, if not, why not, if so, (a) why and (b) what percentage decrease is to be announced?

†The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

The Government is determined to reduce the rate of inflation to a more acceptable level. The prices of only four commodities are still subject to formal control by the Department of Industries, Commerce and Tourism. When the present controlled prices of these commodities were fixed it was expected that a large percentage of the cost increases must be absorbed by manufacturers and distributors themselves. When further price determinations are made, due regard will be paid to the reduced fuel prices in order that the benefit thereof may be passed on to the consumer. It is trusted that the private sector will do the same.

†Mr C UYS Mr Speaker, arising out of the hon the Minister's reply, I want to ask him whether they are also awaiting an announcement by President Lennox Sebe in this regard.

building societies from applicants for house loans,

- (2) whether he will make a statement on the matter?

THE MINISTER OF COMMUNITY DEVELOPMENT

- (1) No

- (2) Falls away

Casino activities

*5 Mr S P BARNARD asked the Minister of Industries, Commerce and Tourism †

- (1) Whether he intends taking any steps in respect of the involvement in casino activities of a business group in which the Industrial Development Corporation has interests, if so, (a) why, (b) when did the transaction take place and (c)(i) which companies are involved and (ii) in what way are they involved,

- (2) whether he will make a statement on the matter?

THE MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

- (1) It was already announced on Monday, 22 August 1983, that the Government had decided in consultation with the Board of the Industrial Development Corporation that the interests of the IDC in Safmarine, will be sold

- (a) On account of the business transaction whereby Safmarine acquired a share in Newco with its extensive Casino interests. In cases where the Board of the IDC considers that the Corporation no longer has to play a development role or that the in-

volvement cannot be justified on strategic grounds, it is also the policy to dispose of such shareholding (interests), in particular where it can already be coupled to a continuous history of profits

- (b) Details of the transaction were announced by the interested groups on 19 August 1983

- (c) (i) and (ii) An interest of 50% was acquired in Sun Renne by Safmarine and Mr Kerzner through a joint company in which they hold 49.9% and 50.1%, respectively, of the shares. Sun Renne holds 75% of the shares in Newco

Mr H H SCHWARZ Mr Speaker, arising out of the reply given by the hon the Minister, does the principle which he has announced here also apply to the two investment companies which are indirectly controlled by the Government through the Industrial Development Corporation, and which are also quoted on the Johannesburg Stock Exchange?

†The MINISTER Mr Speaker, in so far as they are wholly owned subsidiaries of the IDC, the same rule applies

†Dr H M J VAN RENSBURG (Mossel Bay) Mr Speaker, further arising out of the reply of the hon the Minister, can he tell the House who the Directors of Safmarine are?

†The MINISTER Mr Speaker, I should like to request the hon member for Mossel Bay to lay that question upon the Table [Interjections]

Road traffic accidents

*6 Mr R A F SWART asked the Minister of Transport Affairs

- (1) Whether his Department keeps status

tics of road traffic accidents, if not, why not, if so.

- (2) whether the sex of traffic offenders is recorded, if not, why not, if so, how many (a) males and (b) females were involved in road traffic accidents in the latest specified year for which figures are available,

- (3) whether he will make a statement on the matter?

†The MINISTER OF MANPOWER (for the Minister of Transport Affairs)

- (1) No Statistics are kept by the Central Statistical Services of the Department of Constitutional Development and Planning and these are, *inter alia*, made available to the Department of Transport

- (2) Falls away

- (3) No

Fuel prices

*7 Mr J J B VAN ZYL asked the Minister of Mineral and Energy Affairs †

- (1) Whether, with reference to his reply to Question No 5 on 19 August 1983, the cumulative losses which the oil companies agreed to bear themselves, were recovered from 19 August 1983 to 20 August 1983, if so, what amount in cumulative losses was recovered in this period, if not, what amount in cumulative losses had not yet been recovered as at 20 August 1983,

- (2) whether the (a) daily sales of fuel and (b) rate of exchange between the rand and the American dollar from 19 August 1983 to 20 August 1983 were of such a nature that the reduction announced in fuel prices could come in operation as early as 22 August 1983, if not, on account of which

245
 Agricultural products' profits 26/8/83
 Mr J J B VAN ZYL asked the Minister of Agriculture †

Whether he is considering taking any steps in regard to the profit margin of the middleman as far as agricultural products are concerned, if not; why not, if so, what steps?

THE MINISTER OF AGRICULTURE

No Only in the case of bread, flour and certain packings of butter and Cheddar and Gouda cheese the consumer's price and thus also the profit margin of the trade are controlled. Extension of such control to other agricultural products is not considered as, among others, the marketing systems are not suitable for such control. In addition, free competition as a general principle of the free enterprise system has already been accepted in the Republic and excessively high profit margins will normally be eliminated in the trade by free competition

House loans: medical certificates

*4 Mr S P BARNARD asked the Minister of Community Development †

- (1) Whether his Department has received any representations regarding medical certificates in respect of sterility which are required by certain



thousand chickens were recently brought in a y from their quarantine station at Irene, Pre- to a breeding farm at Tongaat. The journey, h started in Holland, began 12 weeks ago, the birds — known as Hisex Browns — being ght to the country as day-old chicks. They are y rated for the prolific way in which they lay n eggs and produce top-quality young and used for breeding future stock. They were ied aboard a Hultrans truck for the 600-km drive from Pretoria

Fertiliser products

245 price control likely to go
Mercury
 5/9/83

Mercury Correspondent
JOHANNESBURG—Price control on fertiliser products is likely to be dropped before the end of this year, according to Mr Johan van der Walt, an executive director of Sentrachem

Discussing Sentrachem's involvement in the agricultural chemical sector Mr Van der Walt said that while the market was likely to remain static over the next year or so the entry of Sasol onto the scene would herald a significant rearrangement in the market place

The fertiliser industry was extremely depressed over the past year and was likely to remain so and with Sasol's capacity added to the supply position there would be about 5 200 000 tons of manufacturing capacity competing for demand of 2 500 000 tons

Mr Van der Walt stressed that there was no truth in rumours that Sentrachem intended selling Fedmis

'There has been a lot of

talk in the market about us selling Fedmis but there is no truth in this whatsoever

We have taken a view that we intend being in the business of providing food on a long-term basis

Fedmis is particularly resilient — it doesn't only produce fertiliser there is cement animal feed phosphates and other by products

Mr Dave Marlow, Sentrachem's managing director said the South African fertiliser industry faced major challenges in the months and years ahead as a result of substantial over-capacity additional competition in the market and the probable removal of price and import control

These are circumstances which demand the greatest degree of flexibility. In this context Fedmis has just commissioned its new R23m ammonia storage terminal at Richards Bay

The terminal will enable Fedmis to import

ammonia to the extent that it is not available. The capacity and location of the terminal will enable Fedmis to employ large ships and achieve economies of scale

The existence of the terminal will also make SA completely independent of facilities in neighbouring countries

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Sage earnings per share up 36pc

JOHANNESBURG—Sage earnings has announced a 36 percent increase in earnings per share to 32,9 cents for the months ended June 30 and has raised the interim dividend by 50 percent to 15 cents per share. The interim report, directors forecast an increase of not less than 15 percent in earnings per share for the current year.

They point out that profits are accruing more rapidly than in previous years, and that the high rate of growth achieved during the half-year may be maintained for the 11 year.

In 1982, Sage's earnings per share increased by 1,9 percent, to 67,13 cents per share, (R9 262)

Dividends

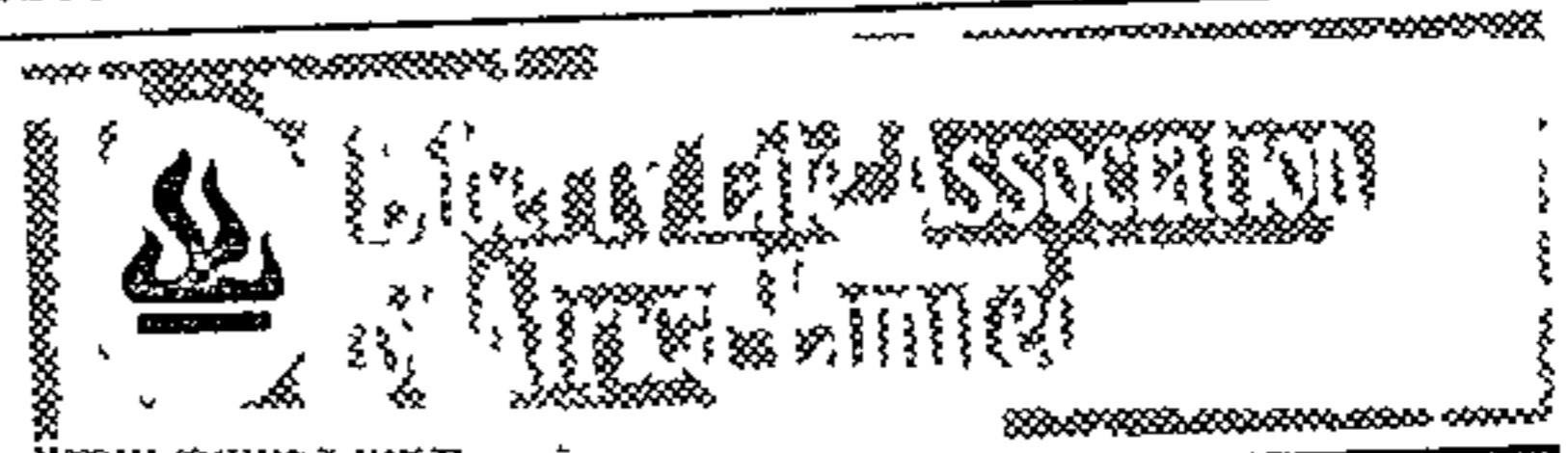
Total dividends were

preference dividends, net earnings attributable to ordinary shareholders rose by 36,8 percent to R4 559 540 (32,9 cents per share), compared with R3 332 943, (24,21 cents per share), in the corresponding period last year — (Sapa)

JOHN'S AUCTIONEERS TO THE TRADE AND GENERAL PUBLIC

Proudly announce the biggest consignment of antiques ever offered in the southern hemisphere. Consisting of the following

Georgian, Victorian, the finest inlaid Davenport, Canterbury Loo Tables, Selected Satinwood Pieces, Set of 12 Seater Dining Table with Matching Chairs; Set of Rosewood Tables with Matching Chairs, Grandfather and Grandmother Chairs, Chaise Longues,



(Incorporated in the Republic of South Africa)
DECLARATION OF DIVIDENDS ON CONVERTIBLE REDEEMABLE CUMULATIVE PREFERENCE SHARES

Notice is hereby given that the undermentioned dividends in respect of the period 1 April 1983 to 30 September 1983 have been declared payable to shareholders registered in the books of the company at the close of business on Friday 16 September 1983. The relevant share registers of the company will be closed from Saturday, 17 September to Saturday, 24 September 1983, both days inclusive.

	Dividend number	Cents per share
7½% fixed rate convertible redeemable cumulative preference shares — Series A	6	75.00
Variable rate convertible redeemable cumulative preference shares — Series B	6	91.67

The dividends have been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer secretaries on or about 30 September 1983. Cheques in respect of dividends issued from the United Kingdom office will be drawn in United Kingdom currency equivalent on 23 September 1983.

Non resident shareholders' tax at the rate of 15% will be deducted from dividends where applicable.

Jan Smuts brings its prices back to ground level

PRICES at store and food outlets at Jan Smuts airport have been cut — after years of criticism of the monopolised services

This month the report of the select committee on Public Accounts disclosed that the Department of Transport had considered ending its contract with Air Terminal Services (ATS), which controls all bookshops and concessions at the airport

However, the department decided to continue the contract after an investigating committee noted that services had improved

A Sunday Express survey this week of prices and quality at the controversial ATS franchises at Jan Smuts airport showed a marked improvement

Camera film at the airport is sold at the same price — cheaper in some cases — than at shops in Johannesburg. Last year camera film was double the price at the airport compared to shops in the city

But paperback books still cost about R1 more than in the city

However, other books that were found to be more expensive at Jan Smuts last year are now the same price

Food at the snack shops and cafes in the domestic and international concourses is also now more fairly priced. It compares favourably to the quality at fast food outlets and snack shops in Johannesburg and Hillbrow

And 'service with a smile'

seems to be the attitude at the airport — possibly as a result of ATS's new training school

ATS director of operations, Mr Bill Sheppard, confirmed that staff were being taught the basic rules of dealing with customers and food preparation

"We still get some complaints from people but generally the public response

has been positive," Mr Sheppard said

The Sunday buffet at the airport's international restaurant costs R6,95, as it did in October last year, when the price was dropped from R9,75 after public complaints.

Mr Donald Cahoon, managing director of ATS, said this week that after "doing a study" on camera film he had decided to drop his price and charge the suggested retail price

"Paperback books are

Books			
Title	Airport	Jo'burg	
Shogun	R9 95	R7 95	
Fall of the Russian Empire	R5 95	R4 95	
The Covenant	R8,95	R7,95	
Prodigal Daughter	R7,95	R5 95	
The Angels Weep	R5 95	R4 95	
Books that were priced last year at the airport and in Johannesburg are now			
Title	Airport	Jo'burg	
The Ninja	R5 95 (last year R7 50)	R5 95	
Sunbird	R5,95 (last year R6 95)	R5 95	
Cry Wolf	R5 50 (last year R5,95)	R5 95	
35mm film			
Kodacolor II (24 exp)	R4 74 (last year R7 95)	R4 76	
Kodacolor II (36 exp)	R6 10 (last year R9 95)	R6 10	
Kodachrome 64 (20 exp)	R7 29 (last year R10 95)	R7 63	
Kodachrome 64 (36 exp)	R9 32 (last year R14 95)	R9 95	
Food			
Hamburger	R1 65	R2 20	
Hot dog	R1	R1,50	
Toasted cheese sandwich	R1	R1 70	
Salad plate	R1 502	R1,85	
Steak egg chips	R4 50	R4 20	

● A comparison of the prices at the airport and in Johannesburg.

By DEBBIE REYNOLDS

● Wynand and Shirley Deyzel check through books at a Jan Smuts airport shop

priced according to the recommended selling price," he said

"Some large bookshops, like CNA, can afford to sell their books cheaper because they buy in larger quantities and have a higher turnover"

But the criticism levelled at the duty-free liquor shop stands. Last year liquor was

only marginally cheaper than in Johannesburg stores. The difference is still slight

This situation will probably last until October 24 when the concession goes out to tender. The present owner, Mr Petros Kontoyannis, has not re-tendered

The prices of liquor at the duty free shop and in Johannesburg are

	Airport	Jo'burg
GIN 1l	R6,90	R8,36
Brandy 1l	R7 60 (tax R2,60)	R8,79
KWV 10-y-o	R8 60 (tax R2,54)	R10 49
Whisky 1l	R9 10 (tax R3 68)	R12 85

In-flight food should also be showing a marked improvement — with the help of the new contractors, Marriotts International

Last year the Sunday Express reported that conditions at the airport kitchen, which was then run by South African Transport Services (SATS), were unhygienic

British Airways health inspectors condemned the kitchen because of high bacteria counts on food samples and BA cancelled its contract with SAA for the supply of in-flight meals

At the time SAA denied that BA cancelled the contract because of the kitchen. BA had no comment

Now SAA has signed a R100-million in-flight catering agreement with Marriotts, an American company

A tour this week of the new R2,7-million kitchens revealed that hygiene and efficiency were the key words for the R10-million a year operation

Gone were the greasy, cumbersome, diesel-fuelled furnaces of SATS days and in their place were spotlessly clean steam ovens and cooking facilities

Air conditioners which last year were reported to be absorbing greasy vapour straight from extractor fans

Airport car hire revenue rockets

CAR rental revenues at South Africa's airports will exceed R25-million next year

This prediction is made by Noel de Villiers, Hertz's managing director, who stressed the significance of the figure because airport concessions to car hire companies were granted only 13 years ago

Now a decision by the airport authorities to add a fourth concession to the existing trio of Hertz, Avis and Budget, is pending

Tenders were recently submitted for renewals of the concessions

Tenderers were required to submit a minimum guarantee of R300 000 each, thereby giving South African Airways a minimum income source of R1,2-million a year

Mr de Villiers believed, however, that the amounts tendered could top the R2,5-million mark

"This," he said, "makes car hire a substantial contributor to airport revenues, which, until relatively recently, comprised mainly landing and parking fees"

He welcomed the proposed addition of a fourth car rental group at South Africa's airports because additional competition would have beneficial consequences for the industry and for the consumer

above the cookers and dripping it all over the kitchen had also disappeared

New chemical extractor fans, with not a spot of grease visible, have been installed above the cookers.

The refrigeration units which kept breaking down have been replaced with advanced refrigeration units ensuring hygienic conditions

The staff of 350 were trained by Marriotts, and this week they were immaculately garbed in stiff white uniforms and gauze gloves

Signs dotted around the entrance to the kitchens that anyone entering the area has to wear a white overcoat and wash his hands



245 ROM 10/10/83

Critical shortage of trade inspectors

By PAT SIDLEY
Consumer Mail

CONSUMER MAIL

THERE is a critical staff shortage in a major Government department

It is the department of trade inspections which is part of the Department of Industries and Commerce

And the people suffering as a result of this shortage are the consumers of South Africa, who are protected by this watchdog arm of the department which falls under Commerce and Consumer Affairs

The department of trade inspections ensures that commerce puts into effect all the laws, rules and regulations which make them conform to minimum standards and protect consumers against possible exploitation

The staff shortage is countrywide. Some offices are believed to have less than one-fifth of their staff complement

The trade inspectors and trade metrologists (assize officers), who man the offices, check that.

● Credit laws are not infringed

● Contents of packages conform to what is stated on the package

● Advertisig is correct

● Petrol pumps are correct

● Scales, for instance in butchers and grocers, are correct

● Individual complaints of consumer exploitation, referred to them by the Consumer Council, are dealt with effectively

● Price controlled commodities are not overcharged

They are, effectively, consumer watchdogs who ensure that the law is effected

The deputy director of the Department of Commerce and Tourism, Mr C F Scheepers, confirmed yesterday that staff shortage was a problem

The training of metrologists (who need a matric with a good mathematics symbol) is one of the greater problems. It takes four years to fully train a metrologist

After training had been completed, the department then had to compete in the labour market from the private sector

Mr Scheepers said his department could not effectively compete with salaries offered by the private sector

However, he said even if offices were fully manned, they would be unable to cover the full commercial spectrum. One could not go on the premise that "all commerce and industry are rogues"

Another senior spokesman in the department said the shortage on the trade inspections side was less acute. There were slightly less stringent requirements but the matriculant had to have bookkeeping

Although there were many more trainees as a result of the recent increase in salaries, it was still difficult to compete in the open labour market. The new recruits, however, would be a "long term" gain, he said

There were also too few black applicants despite no racial differentiation in trade inspectors jobs

245 (33) 8/25 19/10/82

FTA will 'right wrongs' against furniture buyers

By Joe Openshaw, Star Line

Consumers shopping at dealers who are members of the Furniture Traders' Association are guaranteed protection against raw deals and shady trading practices

This was the pledge given Star Line and the public by Mr S F Redelinghuys, director of the FTA, who promised disciplinary action and even the imposition of fines on members failing to right wrong the association, on investigation, felt were justified

"We would like to assure the public a thing like consumer protection is alive and well and kicking, but it must be based on thorough investigation and not be at the expense of the trader," he said

He urges the public to deal with stores displaying FTA emblems and which subscribe to the association's code of ethics

This code and constructive suggestions to would-be purchasers drawn up by the as-

sociation on how to approach buying furniture are published below

Mr Redelinghuys stressed many problems and complaints arising out of consumer/trader relationships were often due to a breakdown in communication between them

GUARANTEE

Inviting any who felt they had been given a raw deal by traders to bring their complaints to the FTA, Mr Redelinghuys assured buyers the likelihood of any problems they may encounter not being solved was "remote indeed" if they shopped at stores displaying the association's emblem

"We guarantee to the public who shop at FTA if they pick up problems they will be thoroughly investigated and solved," Mr Redelinghuys said

In the past two weeks Star Line referred a number of thorny complaints the FTA and they were unravelled and tied promptly and satisfactorily

"There is no room for fly-by-night or honest furniture dealers in the FTA

"We don't mind exposing any member as long as we are sure the investigation been fair to all concerned, the consumer and trader. Our ideal is the moment a customer enters the shop he is met by trained to explain the financial implications of cash, lay-by and hire-purchase agreement transactions

"As the customer leaves the store should be stopped by an assistant who is to discover how much the customer understands of the type of transaction entered into," said Mr Redelinghuys

Direct complaints to the association be sent to Furniture Trader's Association PO Box 5492, Johannesburg 2000

Code of ethics designed for overall cover

By Joe Openshaw, Star Line

The Furniture Traders' Association of South Africa was established in 1931 and represents 90 percent of furniture retailers

The FTA was one of the first trade associations which agreed to subscribe to a code of business ethics

The FTA is recognised by consumer bodies as well as the Government and while protecting the interests of its members is aware of the needs of the public and invites consumers to come to it with problems.

Its code of conduct was adopted with the blessing of the Department of Commerce and Industries in 1975, and stipulates the following clauses considered important to maintain high stan-

dards in the industry and guard against bad business practice:

● The phrase "No Deposit" shall not be used in public advertisements

● The cash price of all goods must be stated on the items, in advertisements, catalogues or publications.

● Once the order for an article has been received there cannot be an increase in price.

● A buyer purchasing on credit has the right to cancel an order within 48 hours of signing it or before delivery and all monies must be refunded to him except where the order was for goods cut or made to the customer's specifications.

● There must be a record of goods sold on lay-by and the price of these goods cannot be altered before delivery.



● Credit standing of customers must be properly established to find out whether they can afford to pay for goods they want to buy.

● Voluntary repossession will be carried out only as a last resort and such a request must be confirmed in writing, allowing the buyer 21 days from date of repossession to meet his obligations

● If a complaint is lodged with the offices of the association against a member, the dealer undertakes to honour his obligation under the code and consents to corrective action by the association's disciplinary committee.

The public is advised to look to the FTA emblem or the code of conduct on display as solid guarantees of protection

Cash shoppers buyers must be

By Jennifer Tennant, Star Line

Become a knowledgeable shopper be aware of intricacies of buying goods and know your rights

This is the exhortation made by the Furniture Traders' Association which welcomes complaints the public may have in regard to with members or the furniture trade generally

Star Line has a list of suggestions drawn the FTA and designed to help the consumer

Buying goods can be done in three ways

- by cash payments,
- by lay-byes, and
- on hire purchase or credit

Paying cash for goods is obviously the best way shop. Funds are available and the goods are yours as soon as payment is made.

Often people making cash purchases are able to take advantage of discount offers that are not available to other shoppers

Buying goods by lay-by is when an agreement is signed between the shopper and the shopkeeper. a deposit is put down for goods immediately and a certain amount of money every month until the full amount has been paid

Only then can the goods be collected from the store and become legally the shopper's

The agreement may not, by law, extend for more than six months

If the full payment has not been made by this time then 10 percent of the money paid is forfeited to the store concerned

Hire purchase (HP) agreements, which can last for any period between six months and two years

245 (133) Star 19/10/83

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Mr Sieg Redelinguys . . . consumer protection is
alive and well in the furniture trade



Cash shoppers score . . . credit buyers must be wary of pitfalls

By Jennifer Tennant, Star Line

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Often people making cash purchases are able to get
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Buying goods by lay-by is when an agreement is
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a deposit is put down for goods immediately and an
undertaking is made to pay a certain amount of
money every month until the full amount has been
paid

Only then can the goods be collected from the store
and become legally the shopper's

The agreement may not, by law, extend for more
than six months

If the full payment has not been made by this time
then 10 percent of the money paid is forfeited to the
store concerned

Hire purchase (HP) agreements, which can extend
for any period between six months and two years,

have certain rules which have to be adhered to in
terms of the Credit Agreements Act

A written agreement must be signed by both par-
ties if goods are bought on credit for a period that
extends over more than six months, and no credit
agreement is allowed to extend for longer than 24
months

When buying goods on HP a minimum deposit of 10
percent has to be made, although some stores charge
more than 10 percent on the initial deposit. Goods can
be bought on credit, on an open account, without pay-
ing a deposit or signing an agreement

A minimum sum is set down for the repaying for
goods bought on HP

Goods bought on HP belong to the shop until the
entire debt has been paid. Therefore the store has to
be told in writing of any change of address and has to
give permission for the removal of the goods.

If payments are not met goods can be repossessed,
or reclaimed by the store. These cannot, however,
simply be removed from the purchaser's custody.

The goods can be taken back by the shop if

- a voluntary repossession order is signed, cancelling
the agreement and allowing the store to collect the
goods, or
- a court order is received. The store sends a written
warning notice by registered mail that action will be
taken. A second notice is sent 30 days later if the
initial letter is ignored. Two weeks after this move a
court order can be issued for the repossession of the
goods, which are then collected

Advice to shoppers

- Shop around for the lowest prices
- Work out a budget before shopping
- Insist on an agreement form being completed be-
fore signing it. Never sign a blank document

End of control could mean a drop in real terms

Fertiliser price hopes

245
27/10/83

By SIMON WILSON
Industrial Editor

FERTILISER prices may fall in real terms with the removal of price controls — a move announced yesterday by Dr Dawie de Villiers, the Minister of Industries.

Dr De Villiers said the Government had decided to abolish price control on fertiliser from January 1 and to phase out import controls. The Board of Trade had almost completed its investigations into the restructuring of tariffs. Import controls would be phased out as soon as these tariffs were introduced.

The Government recognised that the industry had substantial surplus stocks and unused production capacity as a result of the drought.

Industry sources said last night prices would not necessarily move up as a result of decontrol and were more likely to ease in real terms, that is, excluding inflation.

In welcoming the abolition of price control and the decision to phase out import control, fertiliser representatives said prices were unlikely to rise in the short term because of the buyer's market that had existed for the past nine months.

Downward pressure on real prices could come from access to cheaper foreign nitrogen after import controls were phased out.

Mr Kobie Adriaanse, chairman of the Fertiliser Society, said the removal of controls was unlikely to have any direct impact on price until after the economic upswing had gathered pace and the summer rains had fallen.

"There has been a complete buyer's market in the last nine months or so, and the discounts available to farmers have been unprecedented in my experience.

"Removal of price control will have no dramatic effect on customers who are already benefiting from the intense competition in the industry."

The measures had been reasonable and fair and were not a source of concern to the industry.

The society's figures showed that national fertiliser use in January-September was 32% down on the figure for the same period last year.

Mr Louis Luyt, chairman of Triomf Fertilizer, said the removal of price control would give his company the opportunity to halt the trend of increasing production costs.

"Price control brought about a few superficial advantages, but also several deep-rooted disadvantages as, together with import control, it encouraged higher production costs due to more expensive raw materials."

The price of nitrogen under the existing system was alarmingly high, he said.

Nitrogen accounts for about 43% of the fertiliser price, and has become the largest single cost in its

manufacture.

SA-made nitrogen, produced mainly from coal, is not price-competitive with foreign nitrogen produced mainly from oil. But foreign nitrogen has been barred from competing on the domestic market by import controls.

Mr Luyt said "The abolition of price control presents the opportunity to Triomf to negotiate free-world market prices for its nitrogen requirements."

"The spiral of increasing fertiliser production costs is thereby checked to the ultimate advantage of the farmer."

Mr Adriaanse said "The price of fertiliser could even come down because of this new access to overseas nitrogen."

The exact savings to be made could only be calculated when the Government announced the tariffs it was granting the fertiliser industry, which applied for protection last year.

Four-year drought is broken in Vryheid

A four-year drought in the Vryheid district in Natal was broken over the weekend and good soaking rains fell over many parts of the country.

More rain and scattered thundershowers are expected over the Transvaal today, where it will be cloudy and cool.

About 60 mm fell in the town of Vryheid during the 24 hours ending on Sunday morning. Up to 150 mm of rain was recorded on some farms in the district.

Ploughed lands were damaged and farm dams overflowed and flooded fields.

So far this month, the town has had 102 mm of rain. On the farm Driekwart, in the south-western region, Mr Hendrik van Rensburg recorded 150 mm of rain.

In the Black Umfolozi area, good rains fell and set the river flowing again. The White Umfolozi River is also filling, as is the Blood River, which last flowed a year ago.

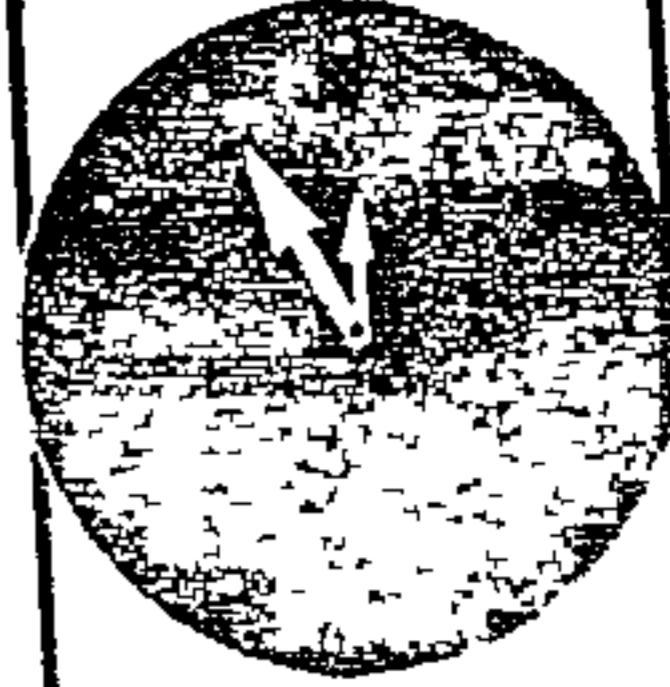
The two municipal dams, Grootgewacht and Bloemveld — which were almost empty — started filling, as did the Klipfontein state dam south of the town, from which Vryheid receives its water supply.

Light rain fell on the Reef with only 7 mm being recorded in Pretoria and 11,5 at Jan Smuts Airport. There is a possibility of thundershowers this evening.

Spate of building rip-offs causes outcry

Feb 2/11/83

24 HOURS



The team that wraps up the news

Unscrupulous fly-by-night "builders" are ripping off hundreds of people in a wave of deception that has angered industry leaders.

People are losing thousands of rands to conmen posing as contractors, prompting a flood of complaints to bona fide building organisations.

And watchdog bodies such as the Building Industries Federation of South Africa (BIFSA) and the Master Builders' Association (MBA) are unable to help because of the cons involve people who are not members of their associations.

The "builders" include electricians, plumbers, joiners and other tradesmen who claim to be "jacks of all trades".

But not all live up to their claims and complaints are pouring into Bifsa offices and the Consumer Council.

Mr Lou van der Merwe, chief professional officer of the council, said he did not have statistics on complaints but the numbers were "quite substantial".

"We have quite a lot of fly-by-night builders — plumbers or electricians doing the whole building operation. They will even try their hand at tiling," he said.

Mr van der Merwe said people should always employ builders who were members of professional organisations, though they tended to be more

Report by STEVE McQUILLAN

expensive

He advised the public to get quotes from at least three builders — all with at least three references — before starting a job.

Walk off

He said it was common for these "builders" to walk off site before a job was completed.

"This is particularly true with swimming pools, home extensions or renovations."

If the contractors were not members of professional building organisations, the only recourse was through the courts.

A Bryanston family told the 24 Hours team that it was ripped off on a job involving extensions to its house. The family was quoted R4 400 by one "builder" and told to

leave R1 000 deposit.

The "builder" worked for a week and then asked for another R1 000. He sent a couple of his workers for three subsequent days and then the job was left. That was a month ago.

"They have not done half the work and less than a quarter of the material was provided," said the housewife. "We eventually had to get another builder to finish the job."

Mr Lou Davis, executive director of Bifsa, said his organisation was "terribly upset" at the rip-offs.

"But the public have themselves to blame. If they are silly enough to trust people who just walk in off the street then they must be prepared to take the consequences," he said.

Seasoned campaigner wins Treasure Hunt

One of last week's winners of gold Krugerrands in The Star's Great Treasure Hunt was a young-at-heart granny to whom competitions are old hat. Mrs Rachel Whitehorn



5 killed, 10 hurt in Jo'burg crashes

At least five people died and 10 were injured in car accidents in a around Johannesburg the weekend.

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245 7/14/83

Heavy charge claim for 10-minute job

By Jennifer Tennant,
Star Line

When the key broke off in her bootlock Miss Gillian Evans, of Bramley, Johannesburg, thought it was a big job which would take a great deal of time to repair.

"But considering the time spent on repairs — not longer than 10 minutes — I think the amount I was charged was excessive," she complained to Star Line.

"At about 9 am on a Monday morning I went to Emergency Locksmith Service in Louis Botha Avenue, Bramley, to have a new key cut and the broken key removed from my boot. For this I was forced to pay R63,60," she said.

"Because I had to fetch my boyfriend from hospital and was worried, I did not question the quote the person gave me for the job.

"I thought it was a serious job but it took only about three minutes for the young locksmith to cut my car key, as he did it by code," she said.

Before paying Miss Evans tested the key in the car's lock and then drove to the shop. She said "A young man from the shop walked the two blocks to my car with me."

She asked whether she could leave the broken key in the boot and return later to have it removed and pay for it separately.

"But the manager said to me 'You asked to have it done, now you pay whether it's done or not'."

"He took away the key of my car and said I could not take my car or have the key until I paid R63,60," she said. Eventually she cashed a cheque at the bank, paid the fee and went to the hospital.

The following day she took the car back to the locksmith to have the broken key removed from the carboot. "The job took about five minutes to complete," she said.

The manager of Emergency Locksmith Service, Mr A R Pearson, told

Star Line that although he had not dealt with Miss Evans he remembered the incident.

"A woman came here one morning and said she had to get to the hospital urgently.

"The price was quoted beforehand to send a man to the car to make a key on site and remove a broken key from the lock," Mr Pearson said, "and she confirmed it. She should have said so if she could not pay."

He outlined the costs for the job "The service call, to go to the site of her car, cost R20.

"To cut a key, remove the broken key from the boot and repair the lock cost R40. However, the repair to the lock was not necessary," he said.

Mr Pearson said that after a key was cut and the car mobile Miss Evans said she had no money.

"If she wanted a key made she had to pay for it," he said.

"She eventually produced the money and we produced the key," said Mr Pearson.

Cement control scrapped 1/12/83

By GAIL PURVIS

IMPORT controls on cement will be abolished on January 1

Producers have been advised, however, that they may apply for tariff protection against disruptive imports

The South African Cement Producers' Association welcomed the announcement yesterday by Dr Dawie de Villiers, Minister of Industry, Commerce and Tourism, who made the ruling after receiving several applications for import permits for cement.

"We feel that this move will kill

the near black market developing in import permits," said Mr Ronnie Searle, association chairman "It will also allow manufacturers to import.

The real battleground will be Durban. In the past it sourced cement from the Western Transvaal. This not only affected price but also meant some severe bottlenecks in winter with rail congestion on maize and coal shipments

"If imported cement prices are lower than we can economically bring outs to the market, we will apply for protection. We will also

match, or better, any imported cement prices"

Cement Enterprises, a consortium supported by the Building Industries' Federation of SA, intends importing 500 000 tons of cement through Durban from February

This represents less than 6% of consumption running at 7.9-million tons a year.

CE's chief executive, Mr Bernard Moyle, has said that the consortium could offer imported cement at about 5%-10% below cartel rates

Surplus cement stocks exist in Western Europe, Taiwan, Japan and Eastern bloc countries

Wassenaar opposes restrictive laws to fight monopolies

Abc Times 9/12/83
245

By PAUL DOLD, Financial Editor

SOUTH AFRICA should rather rely on the disclosure of information than restrictive legislation to prevent monopolies, financier Dr A D Wassenaar told the Institute of Directors in Cape Town last night.

Giving his personal view on the concentration of power in large groups of companies and on the moral duties of directors he

● Slammed the media for losing their balance in comments on the agglomeration of power following the recent corporate takeovers leading to premature comments by a Cabinet minister,

● Accused the media of finding a new big business bogeyman in Sanlam's chairman, Dr Fred Du Plessis, to replace Mr Oppenheimer who was retiring

● Suggested that as long as the government was the largest and most powerful industrial group in the country and the most effective monopoly, it was ill-considered to attack large

private groups on all sorts of imaginary grounds without testing the State enterprises and monopolies by the same standards

Exploitation

Rejecting the legislative approach to preventing monopolies, he said the books of a company could be examined, price fixing methods and procedures checked and profit margins examined. If the monopoly was found to be exploiting the public, methods should be evolved to stop the exploitation.

"I do not profess that this will necessarily be easy but it is preferable to rely on disclosure of all facts, which may be important in the context, rather than to interfere with normal business activities purely on the hunch of a minister that a particular merger or takeover would be against the public interest and must therefore be prevented.

"There is even an effort at the moment to outlaw the Life Offices Association as an instrument of monopoly in the life assurance industry. About 50 life assurance companies are in an industry where competition is just about as strong and unrelenting as it is possible to be."

Dr Wassenaar questioned whether the size of a company or group of companies per se led to the creation of monopolies. Even a large group could not act as a monopoly if its subsid-



Dr A D Wassenaar

aries operated in an area where it had strong competition through a number of competitors.

While a subsidiary could create a monopoly by the takeover of its competitors, the takeover could be blocked, but if it went through it did not mean an everlasting monopoly. If the monopolistic subsidiary abused its power by charging exorbitant prices for its products, new competition could arise.

"In other words, a company in a monopolistic situation has got to be a little wary in the use of its theoretical power and it is mostly not in a position to exercise its power as freely as is supposed."

Referring to the recent takeovers he said that the media seemed to have lost their balance in commenting on the concentration of power.

He had reached the conclusion over the years that the media and the proverbial "man-in-the-street" liked to go to town if they could have a dig at the big fellow. This was

the penalty which any company had to accept for being one of the largest groups.

"In this dilemma, Sanlam and Anglos find themselves grouped together in that Anglos committed the sin of becoming the largest group in South Africa and Sanlam not only possibly the second largest group — but what is even a bigger sin — of an Afrikaans orientated group becoming one of the largest in the land.

"Mr Oppenheimer was the bogey-man in Anglos but the media must now and soon find a replacement as Mr Oppenheimer is withdrawing from the top positions. In Sanlam they have, with the able assistance of another group already found a new bogeyman in Dr Du Plessis."

Misconception

It was a misconception that the concentration of power continued to grow with the size of a group for ever more. As a company grew the power or importance of the top men increased but only to a point, after which it became merely influence. In the giant groups, decision-making power became more and more dispersed.

"It is I believe in the fairly large but not excessively large groups where usable power rests more firmly in the hands of the individuals at the top and where it is easier for the men at the top to use that power."

"Naturally, the bigger the group, the greater its financial power. A group normally becomes large because it is successful and consequently it develops a

To page 23

Wassenaar's opposition to restrictive laws ²⁴⁵

From page 22

growing cash flow. Such financial power is usually displayed at its best when the group is involved (with opposition) in a takeover bid. To regard this as an evil, would be to state that we are looking for a world in which the strong and the weak have equal powers."

The South African economy was ranked about 14 in the world, thanks to the contribution of the Anglos and other large groups

South Africa had to compete in imports and exports and in financial power with the free world. For this reason the large strong companies had to be welcomed even if "we admit that the large groups are not angels and will use their influence to their own advantage where they are able to do so".

Financial muscle

But there was more to say about power than mere financial muscle. The media competed with no holds barred for the advertisement budgets of all companies. The main South African advertisers last year were Rembrandt R20,6m, OK R12,4m, Lever Brothers R10,3m, Pick 'n Pay R9,3m, Checkers R7,7m, Oude Meester R7,3m, Toyota R6,9m, United Tobacco R6,8m, SFW R6,8m, SAB R6,6m, Datsun R6,4m, Reckitt & Coleman R6,3m and Dions R6m.

Oudemeester was a subsidiary of Rembrandt and the total Rembrandt group advertising budget was R27,6m as against OK's R12,4m

"Now if anybody wishes to tackle Rembrandt in a public quarrel on any issue, he should make sure that he has a very solid case and he must realize that even then he is not likely to find the media on his side

"On the other hand, Dr Anton Rupert need not be as careful before deciding to tackle one of the parties at the bottom or even a way below the bottom of this list of companies ranked according to advertising expenditure. He is almost certain to find most of the media on his side

Influence

"Or stated otherwise, any advertiser spending very large amounts in

"We are bound to do more damage by the latter approach and must perforce rely on our ingenuity to smell out those who abuse their power when they do"

Defending Sanlam, Dr Wassenaar said the life assurer's interests in companies, served as channels through which investment opportunities could be created

Cash flow

"We need ever increasing investment opportunities because we have an increasing cash flow as all life assurance companies have in order not to default on their responsibility towards their policy-holders

He did not see the great embarrassment to directors who served on the board of companies as nominees that most commentators on this subject seemed to observe in their strict application of the Company's Act

"Let me, however, clear up one possible misunderstanding. I think the question of disclosure of interests is very vital and of paramount importance.

"Each director must know what outside interests every other director has or may have in the matter under consideration at a board meeting. After that directors must act on their own judgment in sorting out the priority of the clashing obligations, for in large groups of companies there are always clashing obligations

"If a person occupies a seat around a boardroom table as a nominee, he has no right to occupy that seat except as a stand in for his principal. If he has to make a decision and if he knows what his principal would have done then he must do just that or he must resign as his principal's nominee. His principal can then appoint another nominee director

Company law

"It may well be that the other nominee would be quite happy within his judgment to do what his principal requires of him. It is an honourable obligation of a nominee director to his principal to protect his principal's interests. If he is as honourable a man as he wishes directors to be, he must do that or he must resign"

South African company law concentrated

cent shareholder would not be prepared to even look at the offer"

The emphasis with which the duty of directors was defined under company law, raised the haunting suspicion that in many cases the directors were thereby given an opportunity to place their own personal interests above all and to cling onto a directorship come hell or high water rather than to resign

Personal interests

They thus put their own personal interests first while pretending they were merely performing according to the law in the total neglect of the interest and even specific instructions of the principal who appointed them to the board

Referring to Sanlam's clash with Dr Rupert over the amendment of the Gencor articles, Dr Wassenaar said Dr Rupert had accused Dr Du Plessis of wanting to sack directors "op staande voet", while Sanlam had said they were merely writing into the articles provisions analogous to the Company's Act

The provisions gave Sanlam the power to ensure directors appointed by Sanlam or acting as directors with tacit approval could be readily removed if they refused to comply with Sanlam's strategy and instructions.

"The executive chairman of the company in question, requested the appointment to the board of six more company officials bringing the total executive directors, excluding himself, up to eight, all responsible in the first place to himself as the executive chairman

Abdicated

"Sanlam would, if it acceded to the request, in fact virtually abdicated board control to management"

Sanlam replied that it was only prepared to consider the recommendation if the articles of association were amended so as to give Sanlam the power to remove directors as speedily as they are appointed

"The board of a controlling company cannot in my opinion act more irresponsibly than to abdicate its authority over a subsidiary to the management of that subsidiary

CONT →

he media has naturally an influence on the media which a very small advertiser will not have."

If South Africans relished living in a world with a relatively free economy, they would have to accept the smooth with the rough, relying on their ability to identify those who abused their power over the rest of the economy or their influence on the media as a result of their large financial power or their large advertising budget.

Takovers as such should not be attacked nor large advertising budgets prohibited for fear of companies abusing their positions

strongly on one aspect while neglecting other aspects and was completely out of step with the reality of developments in the area of company administration

"It appears to me that reduced to its bare bones, our company law would dictate that if the board of a company appointed by a 95 percent shareholder received an offer for slightly less than 50 percent of the assets of the company which they consider unusually attractive, they must accept the offer in the interests of five percent of the shareholders (which are held as a minority shareholding) even if the 95 per-

"A nominee director should resign at a mere hint from his principal but a principal should protect himself against the possibility that a nominee may refuse to resign. I do not think a principal requiring his nominee to resign is under any obligation whatsoever to give any reasons for asking him to resign. We are here in the field of director's obligations which are dictated by business ethics and not by law."

He added that such provisions in the articles of association of groups were more than justified and other companies would be well advised to consider Sanlam's approach

Business Day

Farm Machines Waitings

245 204 15/22/83

Financial Reporter

AGRICULTURE has welcomed the scrapping of price control on farm machinery, implements, equipment and spare parts.

Dr Dawie de Villiers, Minister of Industry, Commerce and Tourism, warned in a statement at the same time that a careful watch would be kept on prices.

The abolition was announced in Pretoria yesterday on the recommendation of the Competition Board.

Dr De Villiers said the position would be closely watched to ensure that manufacturers, suppliers and distributors adjusted prices responsibly.

Prices would be determined mainly by market forces but he would "introduce suitable measures" if there were abuses.

Dr De Villiers also said restrictive practices and abuse of economic power could bring action under the Maintenance and Promotion of

Competition Act

The deputy director of the SA Agricultural Union, Mr J F van der Merwe, said his organisation broadly welcomed the abolition of price control. There had to be, however, enough competition to ensure prices were kept down to reasonable levels.

A National Association of Maize Producers' Organisation (Nampo) spokesman, Dr J P F du Toit, also welcomed the announcement.

Scrapping price control was in line with the Nampo's view that prices of all agricultural requisites should be market-related. He welcomed, too, the Minister's undertaking that a close watch would be kept on possible abuses.

SIMON WILLSON reports that Mr Bill Pascoe, chairman of the SA Tractor Manufacturers' Association, said the lifting of price control would have no effect on retail prices of agricultural machinery until 1985.

"From a convenience point of view the Government's move is

welcome, because it removes the need for bureaucratic processing of pricing applications, but the effect on prices will be effectively zero.

"The agricultural machinery market has been so depressed for the past three years that manufacturers have not been in a position to mark up anything like their permitted margins.

"There has been price war, over-trading and price-cutting for so long that nobody thinks any more of increasing prices to see what the market will bear."

Mr Pascoe said the market was unlikely to improve before the third quarter of next year with its performance depending largely on the next maize crop.

"With the harvest starting in April the farming community should start receiving cash from July or August. If the present climatic conditions persist everything should be wonderful. Farmers are so deeply in debt that there will be little difference in spending power until 1985."



DR DE VILLIERS

Hamper queen sips champagne while hundreds await delivery

By Peter Delmar and Portia Maurice

ELUSIVE Carida Christmas Hamper Club boss Mrs I Schwartz is alive and well — and living in a City residential hotel.

Locked in her little room, she spends her days reading newspapers, sipping champagne and cursing "the Indians who have besmirched my name"

This week, as dozens of agents and hundreds of disgruntled customers clamoured for their money back after the non-delivery of thousands of rands worth of groceries, Mrs Schwartz, who claims to be 105-years-old, insisted "I'm not a crook. I am a friend of the people"

Then, in a broadside, obviously aimed at the owners of the supermarket, who had undertaken to deliver the goods, she jumped off her unmade bed and shouted "These Indians, must get out of the country."

Suddenly her mood changed "You must have some champagne," she insisted. Mrs Schwartz appears to have a liking for champagne. The floor of her bedroom was littered with empty bottles.

We politely accepted a few sips

CHEQUES

She returned to the subject of the supermarket owners Pulling out a wad of cheques and what she claimed to be a receipt for R10 000 signed by the supermarket

"He did not show me a statement of what he delivered Now you tell me, is that the way to conduct a business?" she said

As she moved to another part of the room, we noticed that her dress



● **CARIDA** Christmas Hamper Club boss Mrs I Schwartz ... "I am the people's friend."

was crumpled up at the back and inside one of her stockings we noticed a small bundle of R20 notes

"Many hundreds of my customers have been badly wronged by this supermarket," she claimed

SUE

And she insisted. "I am the people's friend I am going to stop at nothing. If it costs me my life, I am going to sue them for big damages.

"How many hampers were the supermarket supposed to deliver?" we asked Mrs Schwartz

"I can't tell you how many hampers they are supposed to have delivered," she said. (The su-

permarket says they delivered 700 hampers)

But she claimed that R40 000 worth of groceries still had to go out to customers

She said she had "many satisfied customers"

"Why, last year alone, we delivered R250 000 worth of groceries to clients"

NONSENSE

A spokesman for the Grassy Park Supermarket said "Mrs Schwartz is talking nonsense. I would like to pay people back out of my own pocket. But I have already lost R8 000 because of this woman"

Meanwhile police investigations into the affair are continuing.

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Star 20/1/84

By Zenaide Vendeiro

Lack of finance has hamstrung the first black consumer organisation in South Africa — the Black Consumer Movement (Blacom) — which was launched last June.

Blacom, which was founded by Mr Simon Sehlagwe and Mr Eldridge Mathebula, had hoped to declare 1984 "The Year of the Black Consumer". It also had plans to publish pamphlets and a consumer magazine.

But the movement is being hampered by a lack

Blacom hit by lack of funds

of funds.

"During the past six months we have approached several of the bigger companies for donations — but without success," Mr Mathebula said.

"They feel black consumerism is not a priority. We disagree. Consumerism plays a major role

in the free enterprise system.

"Our main aim is to educate blacks on their economic rights and to alert them to exploitation in the marketplace," he said.

The movement is affiliated to the International Consumer Union in the Netherlands and has about 1 500 members, in-

cluding the Black Housewives' League and the Thusanang Women's Club.

"The establishment of Blacom last year aroused new hope among blacks," said Mr Mathebula.

"We raised their expectations but I fear that without financing we will not be able to fulfil them."

He said the new consumer body had already held several seminars on hire-purchase agreements, the Credit Act and impulse buying, and were featured on TV2 and TV3.

Wolf Power

placed under

tight security

By LIZ VAN DEN NIEUWENHOF

WOLF Power, the punters' darling, is being closely guarded to prevent any 'mistakes' and possible injury.

Mr Rucky Mangard, trainer of South Africa's champion racehorse, said that since Wolf Power became a star, people were flocking to see the four-legged wonder after races. "Anyone could come to the stables and stick a knife into one of Wolf Power's legs and wreck his good record. So we have placed him under guard day and night," said Mr Mangard.

Yesterday's J & B Metropolitan Stakes was a test for Wolf Power's stamina before the horse sets off for the American Arlington Million race to be held in Chicago in August. The grey cantered home to win easily.

Wolf Power has won close on R600 000 in more than 15 career victories, making him South Africa's first horse to earn more than R500 000 in stake money. Mr Mangard said the super-horse was in superb condition.

IGI lays charges to stop 'massive repairs racket'

By WILMAR UTTING

CHARGES that a Johannesburg panelbeating company used a bogus company and bribed insurance officials to defraud a major insurance company are being investigated by police.

The alleged frauds, said to have been perpetrated against Incorporated General Insurance, are said to total about R200 000.

The investigation was confirmed this week by Colonel Nollie Hume, head of the commercial branch at John Vorster Square.

Three IGI officials — two repairs assessors and a motor claims official who were involved in negotiations with the panelbeaters — have already been dismissed from their jobs and face charges of fraud.

The insurance company's claims director, Mr Ronnie Andrews, confirmed that charges were being pressed against the panelbeaters and their alleged accomplices.

He said insurance companies rarely made allegations of criminal activity

against panelbeaters. "But corruption must be stopped. The only way to keep premiums down is to keep down the cost of repairs. If costs run riot, the clients pay in the end."

Mr Andrews said he was alerted to possible fraud in the middle of last year when the panelbeaters charged, and were paid, R1 800 for vehicle repairs which had been done by another company.

"When we challenged them, they sent the money back, saying they had made a terrible mistake. But we told them we had lost confidence and wanted nothing more to do with them," Mr Andrews said.

IGI then checked the records of clients who had car repairs done by the panelbeaters, and in a lengthy investigation, found:

- The repairers were using a quotation book bearing the name of a non-existent company to conceal their true identity.
- They had over-charged by thousands of rands for work done, and in several cases had charged for repairs to vehicles they had not touched.

• They had charged the insurance company for new spare parts, but had used second-hand parts.

• They had bribed insurance officials to become accomplices in their strategies. A claims official involved had been given a free car and petrol.

In October IGI froze claims totalling R100 000 which had been lodged in the name of the fictitious company.

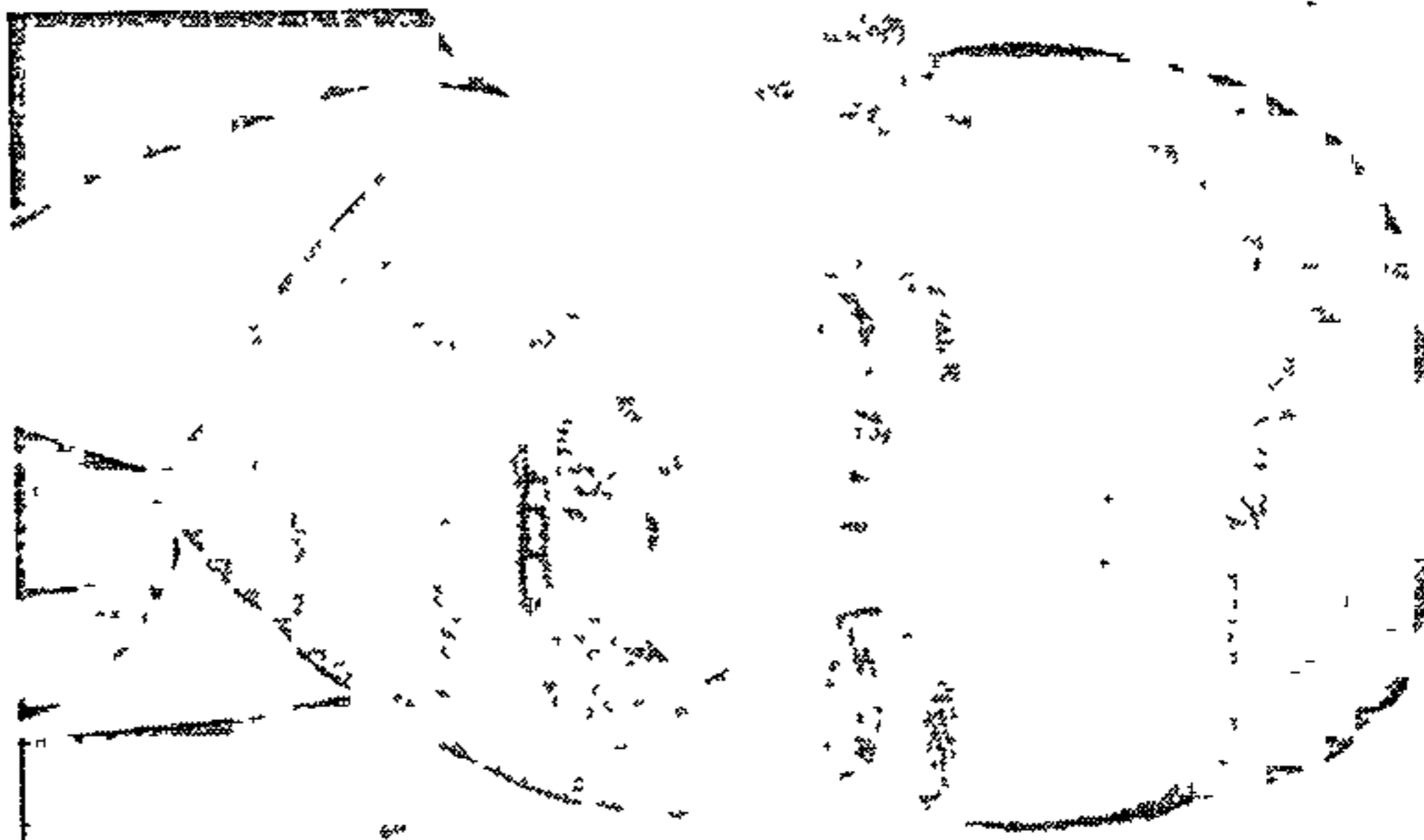
When this company proceeded to issue summons against IGI for outstanding payments, the insurers laid charges of fraud with the police.

This week the panelbeaters' attorney advised IGI that his clients had agreed to withdraw their civil action for the R100 000 allegedly owing to them. In addition they had agreed to pay a further R100 000 to IGI and to return a vehicle belonging to an IGI client.

"The total settlement in the civil action came to about R216 000, approximately the amount they had over-charged us in one way or another," Mr Andrews said.

"But we have no intention of withdrawing our fraud charges."

Mr Ronnie Andrews, claims director



Councillor sued for R12 000 in house wrangle

By STEPHANIE VENTER

A JOHANNESBURG city councillor is being sued for damages of R12 706,28 for alleged faulty workmanship on the construction of a house in Kibler Park which was sold for R34 500.

According to papers filed in the Rand Supreme Court, Mr John Arthur Fosselt, a member of the city council's housing and utilities com-

he sold to Mr Thomas James O'Connor.

However, Mr O'Connor claims that Mr Fosselt, a member of the Independent Ratepayers' Association (IRA), did not complete the building operations in "a proper and workmanlike manner."

Mr O'Connor is claiming R10 650 to remedy defective work on the house and



~~Polony~~ 245
kills boy
aged two,
3/2/24,
poisons 14

Own Correspondent

CAPE TOWN — A complete consignment of "penny polony" has been confiscated from a local factory and a number of shops after a two-year-old boy died from food poisoning

Gordon Japhta, of Clarke's Estate, Elsie's River died from food poisoning

Tygerberg Hospital reported 14 cases of food poisoning to the medical officer of health for the divisional council of the Cape, Dr D L Tibbit

All the poisoned people had recently eaten "penny polony" and it is suspected that the polony might have contained the poison, possibly in the preservatives used

Dr Tibbit said "The consignment of polony has been confiscated and sent for toxicological analysis at our laboratories"

He said he was satisfied all the suspect food had been taken off the market "I think we have knocked it on the head"

"Penny polony" consists of leftovers from other polonies and is often sold cheaply through cafes

'THIS year 'unavoidable'

Brown jumps by 16 pc, white by 11 pc — and further increase

Bread prices shock

News 18/2/84

~~24~~
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By TOS WENTZEL, Political Correspondent

THE price of bread will go up by 6 c a loaf from Monday, the Minister of Finance, Mr Owen Horwood, announced in Parliament this afternoon.

He also warned that a further increase in bread prices later this year was "absolutely unavoidable".

Introducing the second reading debate on the Part Appropriation Bill, Mr Horwood said the extent of such a further increase would depend on the volume of consumption and the adjustment of the wheat price in comparison to the subsidy the Treasury could afford

From Monday, the retail price of white bread will rise from 54 c to 60 c a loaf, including GST

Brown bread will go up to 42 c a loaf, including GST

Mr Horwood said huge subsidies were paid on basic foodstuffs, such as bread and meals

Exempting them from GST would create serious administrative problems and lead to increased taxation of other items

Subsidy figures

In the current financial year the bread subsidy would amount to nearly R275-million and the mealie subsidy to R140-million

In the case of brown bread — which made up more than three-quarters of bread consumption — the current subsidy amounted to nearly half the retail price, including GST

As a result, the price of brown bread was so unrealistically low that it was probably being misused in some cases — for example, as animal fodder

This could not be tolerated, and the Cabinet was giving urgent attention to the matter

No reason

For white bread the subsidy was far lower, but there was no good reason why it should be subsidised at all

To eliminate the subsidy, the price would be increased by 6 c

Since brown bread was a basic foodstuff, it was necessary that an important element of the subsidy be retained

Even the new price increase would still leave an extraordinarily big subsidy on brown bread in the next financial year

The Government had therefore ordered an in-depth inquiry into a "justified price policy" to ensure that any adjustments in future could take place more regularly and in smaller jumps

CAP Times 17/2/84
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Shock, anger at increase in price of bread

Staff Reporters

TRADE unionists, supermarket chiefs and consumer spokesmen yesterday expressed shock and dismay at the bread price increases announced in Parliament

The Minister of Finance, Mr Owen Horwood, announced that the price of bread, both white and brown, was to be increased by six cents a loaf from Monday, February 20

Introducing the Part Appropriation Bill, Mr Horwood said further increases in the bread price during the year appeared to be inevitable

Next week's increase would still leave a large subsidy on bread. In the current financial year the subsidy on bread was R275-million, and on maize R140-million

In the case of brown bread, which accounted for more than 75 percent of bread consumption, the subsidy was nearly 50 percent of the retail price (GST included). The subsidy on white bread was much lower. No good reason existed for the price to be subsidized, he said

Mr Piroshaw Camay, general secretary of the Council of Unions of South Africa, which represents 11 black unions, said the increase was a "very harsh move" which would hit workers hard

Mr Joe Foster, general secretary of the Federation of South African Trade Unions, representing more than 100 000 workers, labelled the increase as "shocking". Bread was a staple food

Supermarket chiefs also lashed out at the government over the increase

Pick 'n Pay chief executive Mr Raymond Ackerman said it was "foolhardy to raise the price of bread with so much unemployment in the country"

Checkers' managing director, Mr Gordon Utian said "I am horrified by this irresponsible action. Throughout this country people are starving. First GST is increased, including the basics, now this"

Grand Bazaars managing director Mr Jackie Schar reacted with disbelief to the rise "You and I have a salary to live on. But when government overspend they just ask for more. Tax the luxuries rather than the basics. Bread is a necessity"

Survey reveals abuses among burial societies

By Sheryl Raine
Pretoria Bureau

Burial aid societies are exploiting elderly people and this will continue unless legal steps are taken, says the Human Sciences Research Council (HSRC)

A survey conducted by the HSRC among 840 elderly people in the Western Cape revealed that 80 percent of them were contributing to burial-aid societies

Ninety people were interviewed in rural areas by HSRC researcher Mrs Monica Ferreira to establish whether there were malpractices and, if so, how widespread they were

Among the prevalent abuses, she found

- The cost of a burial was seldom referred to in burial-aid policies and there were few attempts to relate the cost of a burial to the value of a policy held by the client. Contributions to burial-aid societies varied and some burial-aid firms did not set a limit as to when the policy matured. Monthly contributions continued indefinitely.

- If clients missed three consecutive monthly payments the policy was cancelled and all contributions forfeited to the burial-aid firm. Some firms collect-

ed the monthly payments themselves but, if they failed to do so for three months, the policy still lapsed

- The name of the burial-aid firm and its address seldom appeared in the policy books or "doodsboekies" held by the client. Conditions of the burial contract or what it guaranteed were not specified in the book

- Some firms paid R50 for the funerals of policyholders who had made regular contributions for 12 years. According to those interviewed a respectable funeral cost about R600 and a R50 funeral was a gross undercalculation in terms of the paid-up policy

SAVINGS FORFEITED

- Burial-aid firms supplied only low-quality pine coffins and the same type of coffin was supplied to every member of the society irrespective of the amount he had paid in. If his family wanted a better quality coffin they had to pay the difference to the same firm or forfeit the member's entire savings with that firm

- Firms had closed without explanation and agents had vanished with clients' savings.

The HSRC, which investigated the need for burial-aid societies in the

coloured community, found that there were powerful social pressures among elderly people to be "properly" buried. Not to be "properly" buried was associated with shame or loss of face within the community.

According to Mrs Ferreira, a combination of ignorance and poverty and a strong motivation to be "properly" buried created fertile ground for abuse

Unless legal avenues for redress were created and legal restraints enforced, the exploitation of the community would continue, she said

Minister of Constitutional Development and Planning

- (1) Whether the Cabinet has given consideration to the Report of the Constitutional Committee of the President's Council in regard to the Needs and Demands of the Griqua People, if not, when is it anticipated that the report will be considered, if so,
- (2) whether the Cabinet has taken any decisions on the recommendations contained in the report; if so, what decisions,
- (3) whether he will make a statement on the matter?

THE MINISTER OF COMMUNITY DEVELOPMENT (for the Minister of Constitutional Development and Planning).

- (1), (2) and (3) The Report is being studied and decisions thereon will be made known as soon as possible

Human foot: Investigation

*4 Mr D J N MALCOMMESS asked the Minister of Health and Welfare

- (1) Whether, with reference to his reply to Question No 11 on 24 February 1984, the medical-legal investigations in regard to the human foot discovered on a Port Elizabeth beach have been completed, if not, (a) why not and (b) when is it anticipated that they will be completed, if so, what were the findings,
- (2) whether the origin of the foot has been traced; if not, why not; if so, (a) what was the origin and (b) what steps have been taken as a result?

THE MINISTER OF HEALTH AND WELFARE.

- (1) No,

- (a) and (b) It was established in collaboration with the orthopaedic surgeon at the Port Elizabeth Hospital that the foot did not originate from an amputation in Port Elizabeth Hospital. An anatomical study of the foot is now being made and final results is being expected shortly,

- (2) (a) and (b) The foot was sent to Cape Town by the Murder and Robbery unit of the S A Police for possible establishing of the race and sex. Should these results reveal any substantial information, a further announcement will be made

Household gas
23/3/84
245

*5 Mr P C CRONJE asked the Minister of Mineral and Energy Affairs +

- (1) Whether household gas is subject to price control, if so,
- (2) whether the price thereof was increased recently, if so, (a) by what percentage and (b) when?

THE DEPUTY MINISTER OF INTERNAL AFFAIRS (for the Minister of Mineral and Energy Affairs)

- (1) No

- (2) (a) and (b) Although the price of household gas is not subject to control, the Department of Mineral and Energy Affairs has been advised by the oil industry that the price increased by 5,0 c/ℓ or by 9,8 per cent in Johannesburg on 12 March 1984

Distance between East London and Black Townships in area Q.61, 728
23/3/84
*6 Mr R A F SWART asked the Minister of Co-operation and Development

Whether his Department keeps record

of the distances by road from the city centre of East London to Black townships in the area, if so, what is the distance in respect of (a) Duncan Village Proper, (b) Zipunzana and (c) the area of Mdantsane to which the residents of Duncan Village Proper are to be moved, as referred to in his reply to Question No 16 on 24 February 1984?

THE DEPUTY MINISTER OF DEVELOPMENT AND OF LAND AFFAIRS (for the Minister of Co-operation and Development)

No, the Department of Co-operation and Development does not keep record of these distances
I can however inform the hon member that approximate distances are as follows

- (a) 3 kilometres
(b) 5 kilometres
(c) 20 kilometres

*7 Mr R A F SWART asked the Minister of Co-operation and Development

- (1) (a) How many houses are there in the township of Zipunzana, (b) how many houses is it planned there will be once the upgrading of this township has been completed and (c) by what date is it estimated that this project will be completed,
- (2) what is the estimated number of persons per square kilometre who will reside in Zipunzana once the upgrading has been completed,
- (3) whether any land is to be added to Zipunzana to accommodate natural population growth, if so, what specified area of land will be added, if not, why not,

- (4) whether any steps are to be taken to prevent overcrowding in Zipunzana in the future, if so, what steps?

THE DEPUTY MINISTER OF CO-OPERATION AND OF LAND AFFAIRS

- (1) (a) 2 199
(b) 4 629

- (c) Depending on the availability of funds, approximately at the end of 2 years

- (2) Between 10 000 and 12 000

- (3) No, Zipunzana will not be extended
It is envisaged that the population growth will be accommodated in Mdantsane

- (4) Yes, as stated in (3) above

Non-South African citizens in Public Service:
pay

*8 Mr W V RAW asked the Minister of Internal Affairs

Whether non-South African citizens in (a) permanent and (b) temporary employment in the Public Service are paid on the same basis as South African citizens whilst performing service in the South African Defence Force, if not, why not?

THE DEPUTY MINISTER OF INTERNAL AFFAIRS

Yes

Fraser's Camp: passport control post

*11. Mr E K MOORCROFT asked the Minister of Internal Affairs

- (1) Whether the passport control post at Fraser's Camp on the Grahamstown/King William's Town road is in operation; if not,

MEAT PRICE

Control Board beefs it up

gms
~~gms~~

Everybody in the meat trade knows that the price of high grade beef increases at the Cato Ridge abattoir during holiday weeks. It is unlikely that the General Manager of the Meat Board does not know about it. Mystery is why he allows it to happen.

The reason is equally well known. Whenever there is a public holiday the abattoir takes a day off just as Durban and the Natal coastal resorts are filling up with tourists. During an ordinary week, five

There is more than meets the eye behind the sharp increases in the price of meat at the Cato Ridge abattoir during holiday weekends.

days' slaughtering has to match seven days' demand. In a holiday week, four days' slaughtering is supposed to cater for the

equivalent of eight or nine days' normal consumption.

In a free market economy, this sort of seasonal bump would be ironed out by an increased slaughter rate by the abattoirs working overtime, or staff taking their long weekends at different times, or by the wholesale shipment of chilled meat from other abattoirs sited in areas such as the Orange Free State, which habitually disgorge tourists instead of receiving them.

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meat

There would also be a tendency for the individual farmers to adjust to the shifting buyers' needs by selling more super grade cattle into the holiday market (which relishes juicy steaks) and by holding back the scraps for the conservative hangover period (when mince and shepherd's pie are the order of the day)

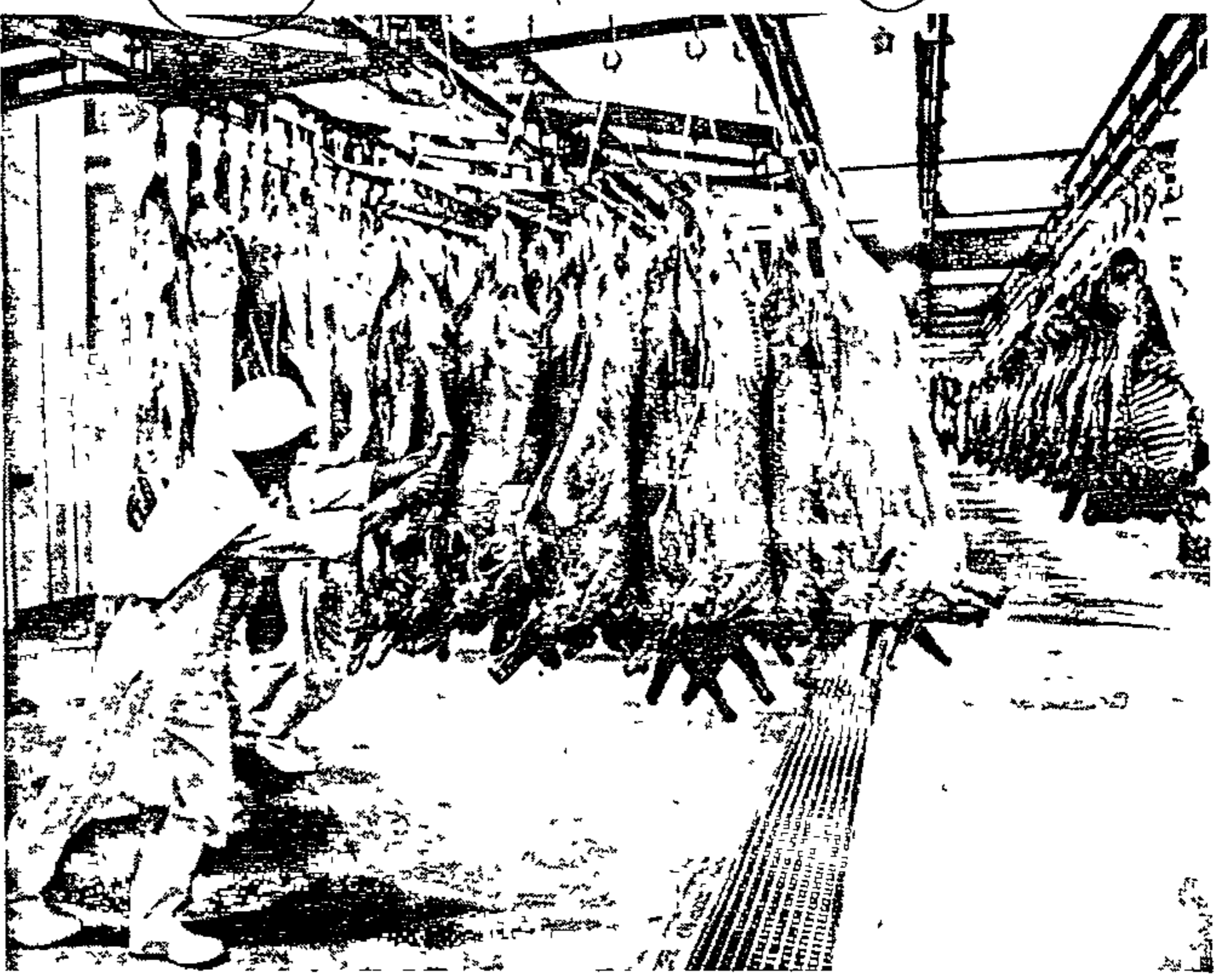
This is what happens in the US and Europe where every prudent grazier sets his clock by the school calendar. Lower grades sell best in term time. Quality beef fares better during the holidays. We make none of these adjustments in SA. Not because we do not want to, or are not clever enough, have not thought of them or because they are particularly difficult to make, but simply because we are not allowed to.

Unholy alliance

Between them, the Meat Board, the Abattoir Corporation and the veterinary division of the Department of Agriculture and Fisheries have outlawed both common-sense and efficient marketing. Most of our small (and therefore flexible) abattoirs have been closed down by public health inspectors who seek to impose health standards that not all would agree are appropriate.

The Abattoir Corporation has effectively nationalised most of the bigger ones, not because the private sector was not prepared to compete, but because it was not allowed to compete sensibly. Our abattoirs are restricted to certain maximum slaughter rates per day. Not because they cannot manage any more with existing facilities, but because the Meat Board and the veterinary department have imposed artificial and arbitrary ceilings. In doing so, they have, in fact, outlawed improvements in productivity as well as market responsiveness.

Our abattoir corporation synchronises its holidays with those of the public services



Too much meat ... and too-high prices

instead of those of the catering trade. Not because it is not part of the catering trade, which it is, and always must be, but because it thinks it is a public service, which it is not and never has been. Our meat trade does not ferry meat from one area of the country to another partly because the Meat Board has made it a criminal offence to do so, and partly because it would be almost impossible to obtain the necessary road transport permits from the Ministry of Transport at short enough notice.

Our graziers and feedlotter do not plan their marketing to coincide with the vagaries of consumer demand. Not because they do not want to, but because they are not allowed to. The Meat Board allocates permits and quotas to them to ensure instead

that they market on what it calls "a regular basis". These pre-dated permits take no cognisance of the type of animal in demand or the type the producer wants to sell. The number of permits allocated is governed largely by the individual producer's "track record" of marketing in previous years. It is a system which conveniently ignores the vagaries of weather and disease (which both affect the fattening rates of cattle). It overlooks the fact that Easter is sometimes in April and sometimes in March. And the penalty for not using a permit when it is allocated is to forfeit the right to market at all at a later date.

Instead of regarding the shrewd marketer as a hero who has helped the Board to stabilise prices, he is castigated as a recalcitrant non-performer unworthy of direct access to the market. If he wants to carry on producing at all, his cattle will henceforth have to approach the controlled area abattoir through an intermediary who has earned himself additional permits by explicitly obeying the Meat Board's instructions to ignore the market's real needs. Hence the price hiccoughs.

Since everything in the system, bar the price, is rigidly fixed, the only flexible element is left to absorb all the shocks. This is what the GM of the Meat Board calls "price stabilisation". This year the problem is going to be worse than normal, despite the fact that the Meat Board is better placed than usual to solve it. The coincidence of drought with high interest rates has put abnormal selling pressure on the market. There is a queue of farmers waiting for permits which the Meat Board will not grant because it has a preconceived notion of what the minimum prices of beef ought to be.



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To sustain its artificial floor prices, the Board has been accumulating beef in cold stores for more than a year. Although the exact numbers are seldom disclosed, it is believed that the present stockholding exceeds 100 000 carcasses, most of which were originally high grade "supers" even if they have subsequently deteriorated. The cost of stockpiling is incidentally borne by the farmers who collectively forfeit any benefits they may theoretically derive from higher auction prices by paying levies to the Board.

The Meat Board could very easily have prevented last week's surge in prices at Cato Ridge by offloading some of its embarrassing and costly stock. Instead, the price of supers was allowed to rocket by 20% to 319c/kg in the run up to the Founders' Day weekend. Why? We can only assume that the GM of the Meat Board's plan is to sit tight on his stocks until the price of supers rises far enough to deflect demand towards the lower grades which he is still buying in.

If that is the case, why does he not reduce the floor price of the lower grades instead? That would simultaneously lift the

farmers off the selling hook, and himself off the buying hook, while giving the holiday-maker and the consumer price index (CPI) a fair break. Far from adopting such a sensible policy, the Board has actually chosen to aggravate the distortion by temporarily transferring market quota from the Natal farmers (who would have sold mainly the higher grades which are now in demand) to farmers in the drought stricken areas (who are trying to offload scarecrows).

Easter next

Under thinly veiled pressure from the Meat Board (and against the better judgment of many Natal farmers who were not even consulted), the Natal beef producers agreed last month that Natal should "voluntarily" give up 1 500 quota rights a week for three months. That is another reason the price jump for supers was so dramatic last week. Unless the Meat Board comes to its senses within the next day or two, the pre-Easter price hiatus promises to be even more spectacular. Sensible holidaymakers will thereupon react by ordering chicken instead of beef and the Meat Board will be obliged to buy in even more

carcasses after the holiday is over.

Five questions need to be answered before the Easter mistake.

- Why do our public abattoirs habitually work a short week when they know there is going to be an increase in demand?
- Why is the Meat Board not prepared to sell from its "stabilisation" stocks when prices suddenly rise?
- Who benefits from Meat Board policies which prevent the free flow of meat from areas of surplus to areas of shortage?
- Why has the Meat Board not lowered its floor price for low grade meat to discourage unnecessary selling and increase demand during the drought?, and
- Who gets the Meat Board permits to sell on the last day before the abattoirs shut down for a long weekend?

Thursday's quota rights at Cato Ridge and Meat Board permits at City Deep could be worth as much as R100 a beast to the few privileged ticket holders. A published list of the lucky winners would make for fascinating holiday reading — especially for the estimated 20 000 drought-stricken farmers who, one can be certain, will not be on it.

BOUMAT

Building for profit

Building equipment company Boumat looks set to entrench a strong recovery in the year to end-March. At last September's interim, taxed profit was up 55% to R6,9m on the previous interim, while earnings a share rose 47% to 45,4c. If forecasts are met, as expected and indeed as is usual with Boumat, the company will provide a bright exception to the generally gloomy outlook for industrial company earnings. At the halfway mark, the directors forecast a 30% rise in turnover to nearly R400m for the year as a whole. Earnings a share, they said, would advance 50% to 87c.

Indeed, after a setback in the year to end-March 1983, when earnings slipped some 35%, the company could have returned fully to the earnings spiral which lifted turnover at an annual compound rate of 47% between 1979 and 1983, and operating profit by 52%. These figures largely reflect executive chairman Irvine Brittan's strategy of expanding the group through the organic growth of existing operating companies, coupled with strategic acquisitions.

Last month's purchase of a 10% stake in B & S Furniture for R2,8m is the most recent example of such an acquisition. The purchase followed Boumat's sale, for R1,8m, of its Kitchen Pride subsidiary to B & S's controlling shareholder, Gundle Industries, now renamed Chfcor. B & S is the largest maker of steel-frame fitted kitchens in the country and its acquisition of Kit-

Boumat, the building materials supply group, looks set to report excellent results this year. A firm market in private residential construction and a rationalisation of its activities explains this success.

chen Pride will establish it as SA's dominant kitchenware manufacturer.

Boumat's biggest competitor is Barlow's Federated Blaikie, created by the merger of Federated Timbers and Blaikie Johnson. An alliance with Chfcor, which could be part of a general reorganisation of the building supplies industry, would give Boumat a stronger base from which to compete. Brittan says he is unworried by the Federated Blaikie merger, which he does not think will intensify competition. He does, however, hope to buy more shares in B & S, ultimately taking a stake of perhaps 30%.

The present battle for market share, and dominance of SA's bathroom and kitchen equipment supply industry, has brought Boumat a long way from its founding days in late-1968. At that time, it took over the JSE listing of the SA Lead Works and ran four building merchant operations. One of these was the well-known firm Brittan-Boustred, whose MD was Brittan.

Brittan studied civil engineering at Wits

and spent time in the UK before he joined the firm, in which his family had an interest. After structuring Boumat, Brittan became executive chairman. He has managed the group since.

In pursuit of growth, Boumat diversified into the manufacture of a wide range of building accessory products. These include making stainless steel equipment, electric and solar water-heaters and electric light fittings. Boumat's distributive and merchant activities have also been greatly expanded, notably in sanitaryware, tiles, ironmongery and plumbing fittings.

Says Brittan: "We supply the whole cross-section of the building industry, all kinds of customer and a large variety of jobs from Mrs Jones's door handle to bathrooms for Sun City." Merchandising contributed 75% of Boumat's profits to end-March 1983 and Brittan expects the 75/25 split between merchandising and manufacturing to be maintained in the foreseeable future.

Today, Boumat dominates the markets in which it operates. Even after its merger, Federated Blaikie's turnover is still considerably smaller than Boumat's in Boumat's traditional markets. The key to Boumat's success, according to Brittan, has been the group's very decentralised nature. He feels that this combines scope for entrepreneurial initiative with the advantages of belonging to a larger group with financial muscle. Head office, with only six personnel, is run

THE store says 'judgment' demand was a mistake

By CLIFF FOSTER

ELLERINES Furnishers in North End, Port Elizabeth, appeared to take the law into their own hands this week when they sent a letter to a Kwazakale customer telling him judgment had been granted against him in the Ellernes Magistrate's Court.

The store blamed a clerk for the error and said the letter should have read Port Elizabeth Magistrate's Court.

But the error was more than a simple slip.

No judgment of any kind had been obtained against the customer and so the other details in the letter were false, including a R100 demand for costs awarded.

The court case number quoted turned out to be the store's telephone number.

The amount for which judgment was claimed (which would be the full amount of the debt in a judgment case) turned out to be the arrears on the account.

NOTICE OF JUDGMENT - YOUR ACCOUNT NO. M2374. *Handwritten: Ho* CASE NO. *Handwritten: Sufesca*

We refer to the above and advise that this letter is being sent to you in terms of Section 65(a) (2) of the Magistrate's Court Act 32 of 1944, as amended. We advise that judgment was granted against you by the *Handwritten: Ellernes* Magistrate's Court on the 12th day of *Handwritten: April* 1984 for R110.18 plus R100.00 costs and interest at 11% p.a. temporae morae. 1

Extract of a letter sent to a Port Elizabeth furniture store customer suggesting judgment had been granted against him for debt.

When Weekend Post asked for an explanation, both the store manager, Mr Herrman Botha, and the credit manager, Mr Tony Alcock, said they had not seen the letter before it went out.

The recipient was Mr Mxolisi Mewena of Kwazakale, who was upset when the letter arrived and asked his employer how he could borrow money to pay for a lawyer.

Mr Mewena had been paying R21,20 a month on a hire purchase debt of R531,82 bill since last March and had reduced the

account to R345,60 in the 12 months. But overdue payments attract interest at a rate of 2% a month and this had left him with arrears of R110,18 according to Ellernes.

Mr Alcock explained that the store had various types of demand notices and the clerk who sent Mr Mewena's letter — Mr Reginald Sindile, who had been with the store three months — had sent the wrong one. He had sent the "ultimate" letter, which follows a judgment order.

Mr Sindile said his choice of letter was a mistake. It

had also been a mistake to insert Ellernes's name as the magistrate's court and the phone number as the case number.

The figure he used for the judgment award he had taken from the file (the arrears figure). But he was at a loss to explain how he arrived at the figure of R100 for costs. His boss agreed that all the other mistakes could have been aberrations but to find the figure of R100 for costs required a conscious effort or a search.

He said there could be no document recording this

figure and no one had given Mr Sindile instructions to use it.

Asked about procedures followed by credit control staff, Mr Alcock said that as each letter of demand went out the account was dialed for follow-up. In this case Mr Mewena's account had been scheduled for follow-up on April 12, but not with a CA 9 letter (the judgment notice).

He said "Our procedure is to give 30 days' notice of intention to prosecute. We then issue summons by messenger of court — el-

ther hand to hand or to the employer.

"This gives him three days to pay. Then I go to court to get judgment. We then serve a garnishing order on his employer."

"There was no judgment in this instance and you can't send this letter without judgment."

Mr Alcock said the store had more than 7 000 accounts and 400 letters of demand went out each day.

Mr Botha said "The whole thing is a mistake." And another member of the managerial staff said "This letter is not a legal document so there is nothing legal about it. You can throw it away. It doesn't matter."

Mr Alcock asked Mr Sindile "Reggie, how did you make a mistake and send a CA9 with a case number that is our telephone number?"

Mr Sindile said "It's a mistake."

Mr Alcock said it was normal practice for Mr Sindile to sign letters he des-

Check over all shopping slips — or pay the price

By BESSIE BOUWER

LIKE all other housewives, Mrs Johanci Keet was getting pretty inured to the price the checkout girl rang up for the weekly shopping

But she demanded a recount last week when the bill came to R235 — a good R100 more than she had bargained for

It was just as well she did

The girl at the Port Elizabeth store had inadvertently rung up 312 tins of dog food for Dehlah, the family pet, instead of the 12 Mrs Keet had just bought

This simple slip through a hyperactive finger had swelled the grocery bill by R102, or about 75%

The store management was most apologetic and Mrs Keet accepted it was a genuine error, but how often do slips — of a less noticeable kind — occur?

How many shoppers bother to check the slip listing their purchases?

Woefully few, if a survey conducted this week by the Weekend Post is anything to go by. Most people screw the slips up with the shopping bags

And the few who did check their chits against the actual goods bought said that they seldom bothered to complain about small errors

A small percentage of housewives said that when they had complained, the management at most of the stores had always been very helpful

The managers of Port Elizabeth's hypermarkets and supermarkets said that even the most competent cashiers could sometimes make mistakes and consumers should always check their cash slips against the items bought

This would ensure that mistakes could be rectified, they said

All the managers said that if customers thought mistakes had been made, the staff would try their best to remedy the situation



Mr FRANK LUTMAN of Central keeps a watchful eye on the cash register and checks his slip afterwards to make sure he hasn't been overcharged.

The district manager of OK for Port Elizabeth and Uitenhage, Mr Maurice Hardwich, said there were control staff who checked the tills on a daily basis and provided feedback to management, and it had been found that the percentage of errors was almost negligible

But the only way that customers could make sure that they were not overcharged was to check their cash slips

Because this was such a tedious task, many shoppers assumed that they had not been overcharged, so few complained to management, he said

While cashiers were given a thorough training, total accuracy was obtained over a lengthy period and it was in the customers' interests to check their slips

Mr Frikkie Roussouw, the general manager of Pick and Pay Hypermarket, appealed to all shoppers to check the window of the till while items were

being cashed up or to check their cash slips against the items they had bought when they got home

This would mean a few minutes' extra work but it would prevent them from being overcharged, he said

Mr M le Roux, the executive general manager for Checkers in the Eastern Cape, said if mistakes occurred at the till the customer should not hesitate to call the superintendent

He said that the percentage of errors was quite small and sometimes customers could also be undercharged for an item

He added that managers at most hypermarkets and supermarkets were sympathetic towards customers' problems and would do their best to assist if mistakes occurred

The chairman of the Port Elizabeth Housewives League, Mrs Linda O'Connor, said she insisted on having the window of the cash register facing her when goods were being



Two Port Elizabeth shoppers who regularly check their cash slips but have never found any errors are Mrs LINDY BRITZ with daughter KRISTEN (left) and Mrs CHERYL HORTON with daughter CATHERINE.

rung up and she always made sure the prices of the items were facing upwards

She warned shoppers to also check the prices of the different items on the shelves. It sometimes happened that "specials" or old stock got mixed up with the new stock resulting in two different prices being charged for the same article

"Housewives must also check the prices of competitive products before automatically reaching for those without brand names because these are not always bargains"

Mrs O'Connor said shoppers should ensure that their cash slips were completely legible. If they were not, the person should demand a legible slip from the cashier. In this way shoppers would be able to keep check of their purchases

Some of the consumers interviewed said they found calculators helpful in eliminating possible errors



Mrs MAY GIBSON (left) says she never looks at her purchase slip so she never knows if she has been overcharged. Her daughter, Mrs RAY DUNCAN, however says she carefully checks through every slip and goes straight back to the store if there are any mistakes.

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Big-money selling gimmick exposed

By June Bearzi,
Star Line

Two "ace" British "auctioneers" are playing poker with the South African public in a high-pressure hustle routine at Petticoat Lane-style auctions. And the stakes are high.

But the public has called their bluff — with a flood of complaints to Star Line.

The "auctions" — intertwined with sophisticated "gamesmanship", say insiders — have been held throughout the country.

The public, known as "the edge" in the jargon of the sharp "auctioneers", has repeatedly been dealt a card from the bottom of the pack, say those who have lost a trick.

People have paid high prices for goods they believed they were buying, only to receive some other inexpensive item from the Durban-based Rayburn Auctioneers.

But that's just the luck of the hand, according to



"Nobody takes pictures of us. Get out of here," cried Mr Raymond Fisher's "floorman" (foreground), threatened the reporter before grabbing the camera.

one of the "auction aces", Mr Raymond Fisher, of La Lucia, Durban.

Star Line asked Mr Fisher, a partner in Rayburn Auctioneers, about the manner in which the sales were run.

"My sales are not illegal," he said "All I do is high pressure people into paying for what they don't want."

"You have to be very skilful to do that. I should have a showman's licence, not an auctioneer's. People are greedy and stupid and if they

Mr Fisher is in the background conducting a "sale" in a hired hall on the East Rand. "No pictures of me unless you pay," he said.

want to hand their money over I'm happy to take it I must say I'm making a handsome profit living off them. They allow me to buy blocks of flats.

"I'm going to get you for associating me with a bunch of criminals." He declined to comment on his being in business with Mr Jimmy Borg Olivier who was living and working in South Africa illegally, or the fact that he employed Britishers without work permits while conducting sales.

But the partners agree their cleverly conducted auction sales have raked in large amounts of cash. Acquaintances say they both lead the good life and are never short of money.

Mr Fisher recently spent a month-long holiday in Mauritius but the whereabouts of Mr Borg Olivier are difficult to keep track of.

He is said to move around South Africa and the Transkei. The men have been highlighted in Star Line

for running "surplus and salvaged goods sales" where new goods bought at large wholesale firms are off-loaded on to the unsuspecting public, prepared by glib "auctioneers" to expect outstanding bargains.

The public is lured to sales by pamphlets promising video recorders for R299 and other bargains.

The goods may not be viewed before "sales", salesleggers may not move behind a table, from which the "auctioneer"

conducts the "sale" and receipts are never issued. A businesswoman who paid R400 for what she believed was a video recorder said she got crockery and a cheap radio instead. When she complained and demanded a receipt she said she was told by one of the operators that receipts were never issued.

A member of the Edenvale Chamber of Commerce who investigated the sales also confirmed that receipts were not issued — even when they were demanded.

A spokesman for the Department of Industries, Commerce and Tourism said that Rayburn Auctioneers was acting illegally if it failed to issue receipts to people who demanded them.

Mr Alfred McCaughran — another business partner of Mr Fisher, who was found guilty in Port Elizabeth at the same time as Mr Fisher of conducting sales without licences and for employing aliens without work permits — is wanted by the South African Police for fraud and there is a warrant out for his arrest.

Mr Jimmy Bartrum, another Britisher, has told The Star he has taken over Rayburn Auctioneers.

The Cape Town investigating officer who charged Mr Borg Olivier under the Gambling Act for auctions held in the city said after the arrest he established that the British police had issued a warrant for his arrest. At a subsequent sale

where Mr Fisher was fined R50 for using uncensored premises he was forced to provide identification for the police. At this stage it was established that he was Mr Raymond Fisher. But when Mr Fisher was approached at a sale in the Johannesburg area earlier he refused to give his name. He told the reporter "Just call me Horace."

Double-talk of auctioneers

By June Bearzi,
Star Line

Patter, patter, patter is the name of the game for the "ace" British auctioneers following London's Petticoat Lane-style banter.

Men who used to work with Mr Ray Fisher — one of the Durban-based "aces" — say the "auctioneers" used a language of double-talk common to Petticoat Lane operators.

A guide to the jargon of the Petticoat Lane-style "auctions":

- The "auctioneer" is called the "topman".
- Items like pens and cheap pocket calculators — thrown to the crowd during sales to distract or condition them to expect great bargains — are termed "plunder".
- Expensive goods like TVs and video recorders, used to attract crowds but never sold, are called "hindance". (The same items are taken from sale to sale, Star Line was told).
- Those who walk among the crowd to collect money are called "floorman".
- The buying public is referred to as "the edge".
- The distribution of pamphlets before each sale, advertising TVs and video recorders for R299, is known as "blling".

"TOPMEN" MANIPULATE CROWDS

"Those who act as 'topmen' must be skilled at using a well-versed pitch and gimmicks," said a former acquaintance. They were abusive to the floorman so the crowd thought everything was being conducted for their benefit.

Only certain people could act as "topmen" as they alone could use the patter skilfully enough to manipulate the crowd. Among them were Mr Fisher, Mr Jimmy Borg Olivier, Mr Jimmy Bartrum and Mr Kenny Presswood, Star Line was told.

Others in the group were used as "floorman" or to arrange the bookings of the balls and hotels where sales were conducted and to distribute pamphlets.

They scorn the authorities and the buying public and joke about the use of a cheque account called "Stolen Property", one of their colleagues said.

Spokesmen for two large firms which had dealings with Mr Olivier and Mr Fisher confirmed the men operated a cheque account named "Stolen Property".

PIETER COETZEE

The meat of it



Pieter Coetzee is GM of the Meat Board. In this article he replies to criticism of the board in the *FM* recently.

I refer to your article "Meat Price — control board beefs it up" (*FM* April 13). Before answering the questions at the end of the article, I would like to put the matter in perspective.

Extra slaughterings at Cato Ridge abattoir during the week preceding the Easter weekend were arranged, since maximum throughput is always aimed at taking the requirements of the trade into consideration. Agents controlling quota allocations at this abattoir are also given an indication of the proportion of higher grades of stock required on the market and requested to comply with this requirement as far as possible.

The abattoir slaughter quota is determined by the number of carcasses which the trade can take up, plus the number which the board can buy in at floor prices for freezing and storage. If it is apparent that the trade can increase its intake, supplies can be supplemented at short notice. Weekly quotas are at all times determined in close collaboration with the trade. So far, the cattle quota has been increased from 3 500 to 3 800 and subsequently to 4 000 head for the week.

The board does not hamper the free movement of meat between the various controlled centres and has had no difficulty in obtaining permits from the Road Transportation Board at short notice for the use of private transport for moving its supplies.

Also, the Meat Board does not in any way restrict the movement of meat by the trade from one controlled area to another.

Your inference that the Board's permit system places restraints on the grade mix required by the market is also not correct, because permits are issued to feedlots for a certain percentage of the market, representing its approximate requirements in the top grades. In normal circumstances, any shortfall would be supplied under permits issued to graziers, but in conditions of severe drought it is understandable that the grade mix supplied from the veld may

render a predominance of lower grades.

In any case, you seem to be unaware of the fact that the board has a system of planned marketing whereby producers can plan their marketing and be issued with permits for a year in advance.

As far as the basis of issue is concerned, you apparently hold the view that marketing performance should not carry any weight at all and that producers should be allowed to use or ignore their permits at will. In that case, we may as well scrap the system. In times of shortage, permits are, of course, freely available. But it is in times of heavy marketing pressure, when only a small percentage of applications can be granted, that the non-usage of permits causes problems, because other producers who would have been prepared to use their permits are then being denied market entry while the non-users at the same time cause the market to run short.

Do you suggest that, in such circumstances, preference should be given to those who prefer to ignore their permits when it suits them, at the expense of the regular supporters of the controlled markets?

Floor prices

As regards guaranteed floor prices, they are based on surveys of production costs in feedlots and in extensive grazing areas, as well as anticipated availability of supplies and demand factors. There is general consensus among all factors in the industry that such prices should be guaranteed to producers to prevent them from abandoning this long-term, high-risk farming practice.

The main theme of your article boils down to the Meat Board being blamed for guaranteeing such minimum prices to producers. Would you be prepared to defend this stance at agricultural congresses?

The incident referred to, when prices of super beef at Cato Ridge rocketed to 319c/kg during the week preceding the Founders Day weekend, can be attributed to a temporary imbalance between higher and lower grades on the market. The board immediately stepped in by substituting allocations to drought-stricken farmers with cattle from feedlots for which permits had been issued to the northern markets.

Meat Board stocks are at all times available to the trade, and they are fully aware of the fact. Sales take place whenever frozen meat is required by the trade, but it would appear that they pre-

fer freshly slaughtered, chilled meat.

A reduction in the floor prices of the lower grades will not solve the problem, as this is not the reason for the high prices obtained for top grades, but the temporary shortage of the latter on the Cato Ridge market. Even though the board had to buy in 346 carcasses during the particular week, grade 3 beef prices averaged 195c/kg compared with the floor price of 165c/kg for the lower mass group.

As regards the position of the Cato Ridge quota, which was ceded to farmers in the drought-stricken areas of the Transvaal and Free State, the Meat Board did not act on its own, but negotiated the quota with the Natal Beef Producers. All beef producers in Natal being represented on the NBP Council by way of regional representation and in taking a unanimous decision, it must be accepted that the NBP acted in a responsible way and that proper consultation did take place.

My answers to your specific questions are:

The trade is given ample opportunity to buy as much meat as possible before the short weeks. As indicated above, slaughtering quotas are determined in close collaboration with the trade, and overtime slaughtering is undertaken whenever necessary.

Board stocks are at all times available for purchasing by the trade, but there is seldom material interest, especially when sufficient fresh stocks are available.

As explained earlier, it is the board's policy to allow the free movement of meat between centres.

The reduction of floor prices for the lower grades in times of drought would be counter-productive and would not necessarily affect the prices of the high grades, and

The allocation and issue of board permits are computerised. All permits are issued two months in advance for periods of three months. An applicant cannot apply for a particular week or for a particular phase within a week. Permits are issued in three phases, that is, the weekend and two midweek phases. These permits are issued by computer, and not a single board official has the faintest notion of the delivery dates thrown out by the computer in respect of each individual permit. Your inference that deliberate preference is given to certain permit-holders is, therefore, totally unfounded.

MEAT BOARD

Butchers in revolt

Meat retailers in the western Cape are up in arms about a recent decision of the Meat Board (MB) to extend its control over the Kraaifontein, Kuils River, Brackenfell and Durbanville areas

An action committee has been formed by seven retail butchers (owning nine outlets in the new controlled area), while the support of municipalities and consumers in the area is being mustered to confront government with a demand to rescind the MB's decision. The protest action has been launched with the full approval of the Federation of Country Retail Butchers, a national body representing smaller butchers.

Spokesman for the action committee, Frans Roelofse, says the MB's move is in crass conflict with government's avowed commitment to free market principles. "This move of the Board is based on its policy of arbitrarily extending and centralising control, through the issue of regulations," he adds.

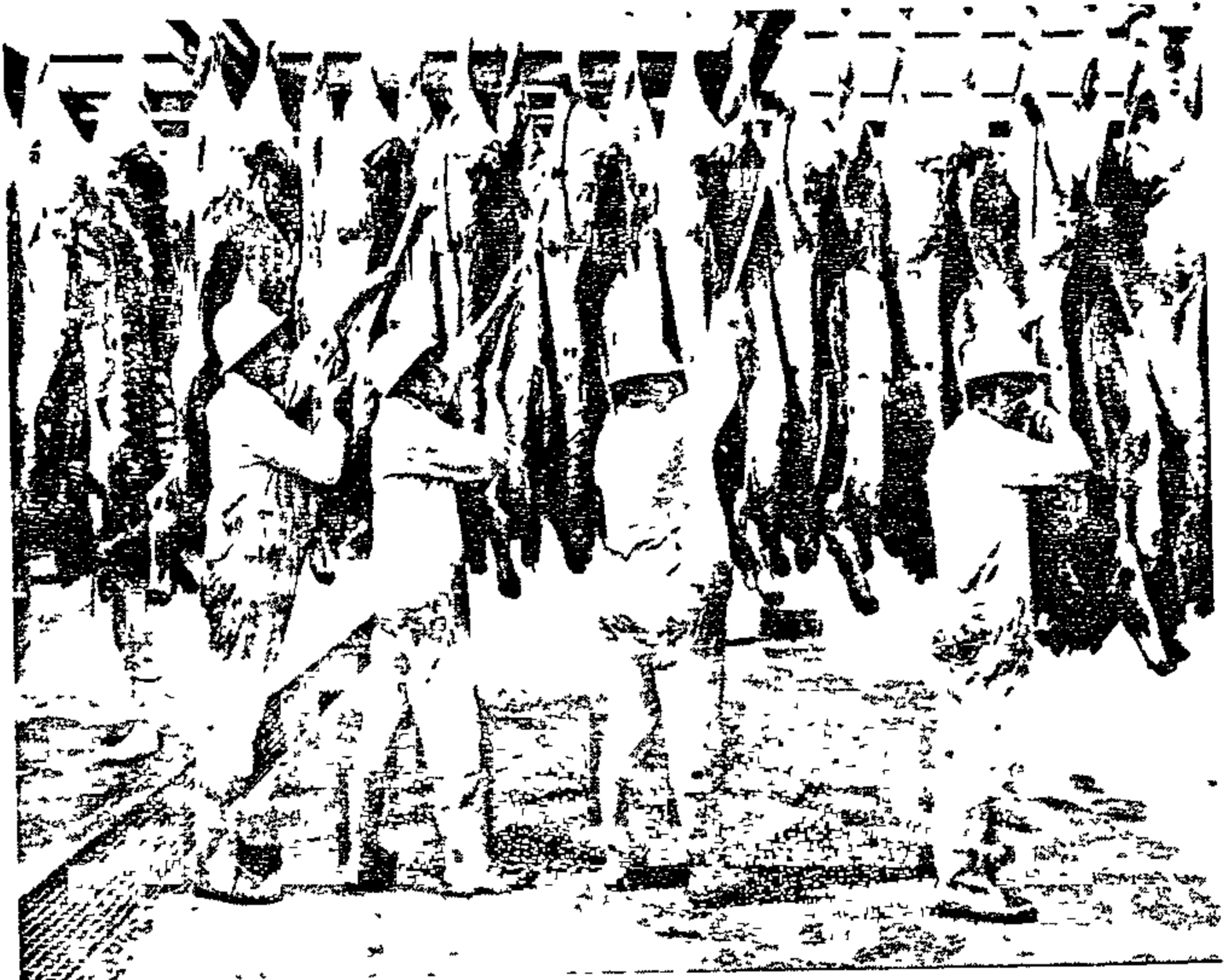
"Furthermore, customers will have to pay about R1/kg more for their beef and mutton, should the Minister decide to approve the MB's extension of control over the area," says Roelofse.

The municipalities of Strand, Kraaifontein, Kuils River and Brackenfell have already allied themselves with Roelofse's committee, while Malmesbury will be asked to join the protest movement this week. Malmesbury is a declared decentralisation growth point and the MB's move would not only jeopardise the existence of its abattoir, but also the livelihood of farmers now supplying the butchers in the disputed area.

Roelofse, MD of Mikro Country Foods, a local meat retailer, says the seven retail companies constituting his committee represent 64 butcheries in the western Cape, as far afield as Worcester and Ceres.

The committee, says Roelofse, plans to call a public meeting in Johannesburg on May 21 in an attempt to give their grievance the widest possible currency. The committee also intends to make a "test case" of the MB's attempts to extend its control in the western Cape. Butchers and retailers from as far as Mmabatho and other "uncontrolled" areas in the north, who are also feeling the pinch of the MB's quest for "total control," have been invited to attend, as well as representatives of the Free Market Foundation and other interested bodies.

He says the Maitland abattoir is already greatly overextended and would be hard pressed to meet the demands of additional "controlled" areas. At present, the seven



Meat ... higher prices with control?

member companies of his committee (including two meat wholesalers) obtain their meat from the "uncontrolled" abattoirs at Malmesbury and the Strand.

By forcing retailers to obtain meat from Maitland, retail selling prices will rise sharply as higher abattoir costs and wholesale prices in the controlled area would push up total costs.

Roelofse also feels strongly that the small businessman will lose out against the "large monopolies." This goes against an-

other touchstone of government policy — the promotion of small business development.

With the Maitland abattoir only able to grant about 500 000 slaughter permits against applications for "about 1,8 m/year," Roelofse and his action committee seem set to stir up a storm of controversy around the heads of the "big boys" in SA's over-controlled and over-managed meat industry.

Roelofse says his committee gave sub-

NOW IT'S LEGAL

Cosmopolitan, the joint Jane Raphaely/Nasionale Pers combatant in this year's Great Magazine War in SA, this week acquired legality in the form of its title registration under the Newspaper and Imprint Registration Act.

Technically, the Hearst International franchise operation for *Cosmopolitan* in SA has been illegal since the first issue in March.

Hearst registered the *Cosmopolitan* name as a trademark in SA in 1977, but not as a publication title. Perskor subsidiary Republican Press publishes the titles *Melody* incorporating SA *Cosmopolitan* as well as *Cosmo*, and a fierce identity war has raged since the

Nasionale/Raphaely product appeared.

"Now that we are legally registered, irrespective of the status of the Republican magazine's registration status," says Raphaely, "all doubts concerning our permanence in the SA media market should be removed."

Cosmopolitan sold out its March print order of 80 000 copies and repeated this with a 95 000-copy run in April. This week's 202-page May issue, which had a print run of 120 000 copies, contains 69 pages of advertising with an advertising revenue of R173 520.

Raphaely says she launched the venture with hopes of 30 pages of advertising per issue.

(3) meat
(245) FM
4/5/84

stantiated evidence against the extension of Board control to the MB's investigating committee in February, but the MB decided, on April 25, to extend control over the area, with the exception of Kuls River. It was a split decision, with the Malmesbury representative voting against extension of control

As the Minister of Agriculture still has to give his final approval to the move, the committee is pulling out all stops to create a public atmosphere in which government will find it difficult to endorse the Board's proposal

CEMENT IMPORTS

Ready, set . . .

An SA-based international consortium says it has committed \$US1m to initial shore equipment to import as much as

800 000 t/year of cement through Durban. First shipments will arrive in early July — 5%-10% cheaper than current Durban-area prices

Cement Enterprises (CE), now reconstituted with Norwegian ship-owners, Gearbulk, holding 80%, say they will charge, ex factory, for non-slag cement, "between 5% and 10% less" than Natal Portland Cement's Durban-area delivered price for PC 15 of R4 65/pocket (50 kg) or R93/t.

CE has ordered a hopper and bagging facility planned for installation in June at Durban harbour's Berth A

The move already seems to have had a restraining effect on cartel prices

SA Cement Producers Association (Sacpa) chairman Ronne Searle tells the FM that the Natal Portland Cement absorbed this year's SATS' 7,5% Budget tariff increase

Searle does not say outright Natal Port-

land's price restraint is directly connected with anticipated imports and adds rail tariff increases were absorbed similarly in SWA/Namibia, Northern Transvaal and East London

Edge

CE says that in addition to its price edge, its southern European and Asian-sourced cement will be of higher strength to either Natal Portland's PC 15 or the common Ordinary Portland grade

Natal Portland can supply 600 000 t/year of Natal's 1,2m t/year demand. This means around 50% of the Natal market is not supplied from Natal itself — Transvaal plants traditionally take up the difference, mostly with Ordinary Portland cement

It is this immediate area at which CE's imports are targeted

The producers, says Searle, are not considering imports. The cartel has 400 000 t of spare capacity, mostly in the Cape, he says, while the new Simuma clinker plant at Port Shepstone has added about 5% to total capacity since the beginning of the year

As to fighting the imports with duties, Searle says Natal Portland will go either for a price reduction or a "dumping tariff"

Definition of a dumped price, says Searle, would be a fob price "substantially" less than the prevailing domestic price in the exporting country

PROPERTY TALKS

Talks aimed at restoring freehold rights to SA nationals who suffered expropriation of their Mozambique property look a long way from being resolved

At this stage the initiative is with Mozambique with General Jacinto Veloso, Minister for Economic Affairs, who is "looking into the problem"

However, no spokesmen from either side of the border seems to know how many properties are affected and how many South Africans could be entitled to reclaim homes

One observer commented "Post-Nkomati both SA and Mozambique want to get the positive sides of the accord tackled first — security, Cahora Bassa, tourism, business. The housing issue at this stage is more of a problem than it is worth"

Most people involved in the discus-

sions suggest that the legal problem is the biggest obstacle to a solution. Strictly speaking, only Mozambiquan residents are allowed to own property, yet a number of South Africans reside there, including the SA consul, Rennies personnel, South African Co-operative Citrus Exchange (Sacce) personnel and the Wenela representative

The real reason for the relative inaction could be that Mozambique is embarrassed at the dilapidated state of the houses and the rumpus which might be caused by evicting the present tenants, many of whom have lived there for the last nine years

If a deal is struck — it would probably take years to conclude — it is likely that it will be on a leasehold basis. The only other possibility is for South Africans to submit private petitions

SHIPPING

Bulkers arrested

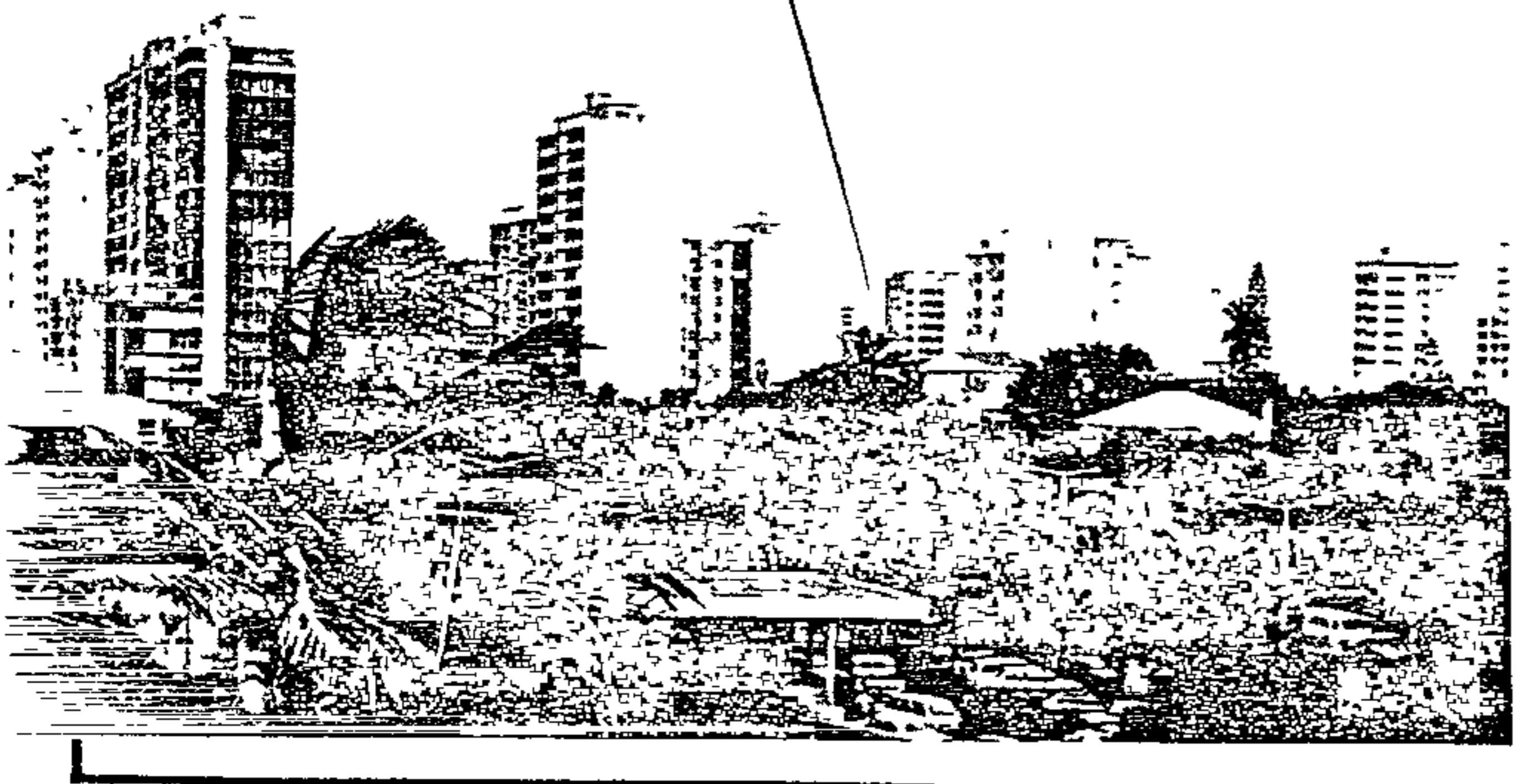
Three of the world's largest oil companies have had two bulk carriers arrested in SA waters in pursuit of claims believed to total nearly \$10m. The vessels are under arrest in Richards Bay, one in the harbour and the other in the roadstead

According to Durban attorney John Herholdt, the vessel *Steel Transporter* was arrested in January and *Emerald Transporter* in April. A third vessel is also under arrest in Richards Bay under separate circumstances

Steel Transporter is a 143 000 dwt bulk carrier presently carrying ore. It is owned by the Eddie Steamship Company based in Taiwan. *Emerald Transporter* is owned by Outerocean Navigation Corporation, operating from the same address as the Eddie Steamship Co

Steel Transporter was arrested on an application by a Houston-based company, Plaza Trading, which, in conjunction with Esso, Shell and Mobil, are suing for \$4,7m in outstanding payments for marine fuel and lubricants. Esso is claiming \$1,3m, Shell \$805 000 and Mobil \$2,6m

The amount being claimed against the vessels is for fuel and lubricants used by vessels all over the world operated by the Eddie Steamship Co and its associates. The claims against *Emerald Transporter* were filed by the same plaintiffs on a simi-



'Companies not to blame for human error'

E. Post *245*
23/5784

THE chairman of the Furniture Dealers' Association, Mr John Harwood, said yesterday that companies could not be blamed for human errors or for the action of a company employee who "overstepped the mark" and contravened company policy

He was reacting to a recent case in which a Port Elizabeth furniture store and two of its officials paid nearly R4 000 in admission of guilt fines relating to illegal repossession of goods

Mr Harwood said a code of conduct regarding repossession of goods did exist for the 93% of all stores that were members of the Furniture Traders' Association.

"The code is to protect consumers and also to make it incumbent on members to adhere to Government legislation"

The code of conduct laid down that

● If a person failed to pay an instalment, a letter of demand was sent to the

customer giving them 30 days notice in which to pay

● If there were no response, a summons was issued by the court and was served on them by the Messenger of the Court.

● The customer was then given three days in which to respond after the company applied to the court to set a date for a hearing

● A copy of the hearing application was then sent to the customer and he was given a further 14 days in which to respond

● If he did not respond, then the court issued an order to repossess the goods

● The repossession was then carried out by the Messenger of the Court.

● The goods were then held for 10 days by the Messenger to give the customer the opportunity to pay his arrears

● If these were not paid, an appraiser was called in to value the goods and once they had been valued, a submission was made to the court for a final order of

judgment.

● If the value of the goods was higher than the amount paid out by the customer, the company was obliged to refund the difference. If the value was less, the customer was obliged to pay the difference

Mr Harwood said it was only then that the goods could revert to the seller

"This whole process can take anything up to three months and it is hoped that during this time the customer might be able to settle his accounts," he said "Some customers who find they can't afford to pay their instalments, often ask for the goods to be voluntarily repossessed.

"Furniture stores prefer not to repossess furniture — most do not have an outlet for second-hand furniture, anyway"

He said it was normal for members of the furniture association to discuss financial problems with customers rather than repossess furniture

(245)

~~Meat~~

THE MEAT WAR

The free market says it all



The slanging match between country retail butchers and the Meat Board (MB) is of far more importance than may at first appear to be the case. Part of the point is that the MB is busily

extending its control over the western Cape — and that is only the first round in what is shaping up to be a fullscale battle for control of SA's R4,3 billion/year red-meat industry

By and large, farmers, consumer bodies, butchers, supermarketers and academics want greater freedom in the meat trade. Opposing them is the MB, which is powerful and which favours greater control through a system of regulations, quotas and permits

In past years, there would have been little doubt over the outcome. But, in the current climate, even government favours less control in agriculture. As Pretoria put it in a recent White Paper on the sector: "Since government advocates the principles of the free-market system, the control-board system needs to be applied with great circumspection to ensure that State involvement does not distort production, marketing and price structures"

The latest move by western Cape retail butchers — who have reduced red-meat prices in uncontrolled areas by a full 10%, partly thanks to the imminent abolition of gst on red meat — is calculated to show consumers they are better off without control. The butchers claim that, with no minimum floor-price mechanism at work, no controlled abattoir costs, and no necessity to obtain retail permits from the MB, the consumer can only win

One example bears this out. According to a leading western Cape meat wholesaler, Roelcor, its average prices for nine different cuts of meat in the uncontrolled area — over the Christmas period last year — were between 24% and 30% cheaper than those of the controlled Matland abattoir area

Small impact

To these claims, the MB has responded with ridicule. It says that an extension of its control would have only a small impact on the affected area. But not all agree. For one thing, the issue reaches upwards into the political sphere

"Under the new Constitution, the free-market principle is accepted as a cornerstone for the new SA," says a spokesman for the retail butchers' action committee, Frans Roelofse. "Should government decide to back the MB's quest for extended control, we will ask the Supreme Court for a declaratory order on our basic constitu-

"Power, *per se*, and the manipulative capabilities of certain interest groups have become more important than the real interests of both producers and consumers. The Meat Board's proposed extension of control in the western Cape can be seen as a calculated move in its overall strategy to consolidate and extend control and dictate terms and conditions to producers and consumers" — Frans Roelofse, spokesman for the action committee of the Federation of SA Country Retail Butchers.

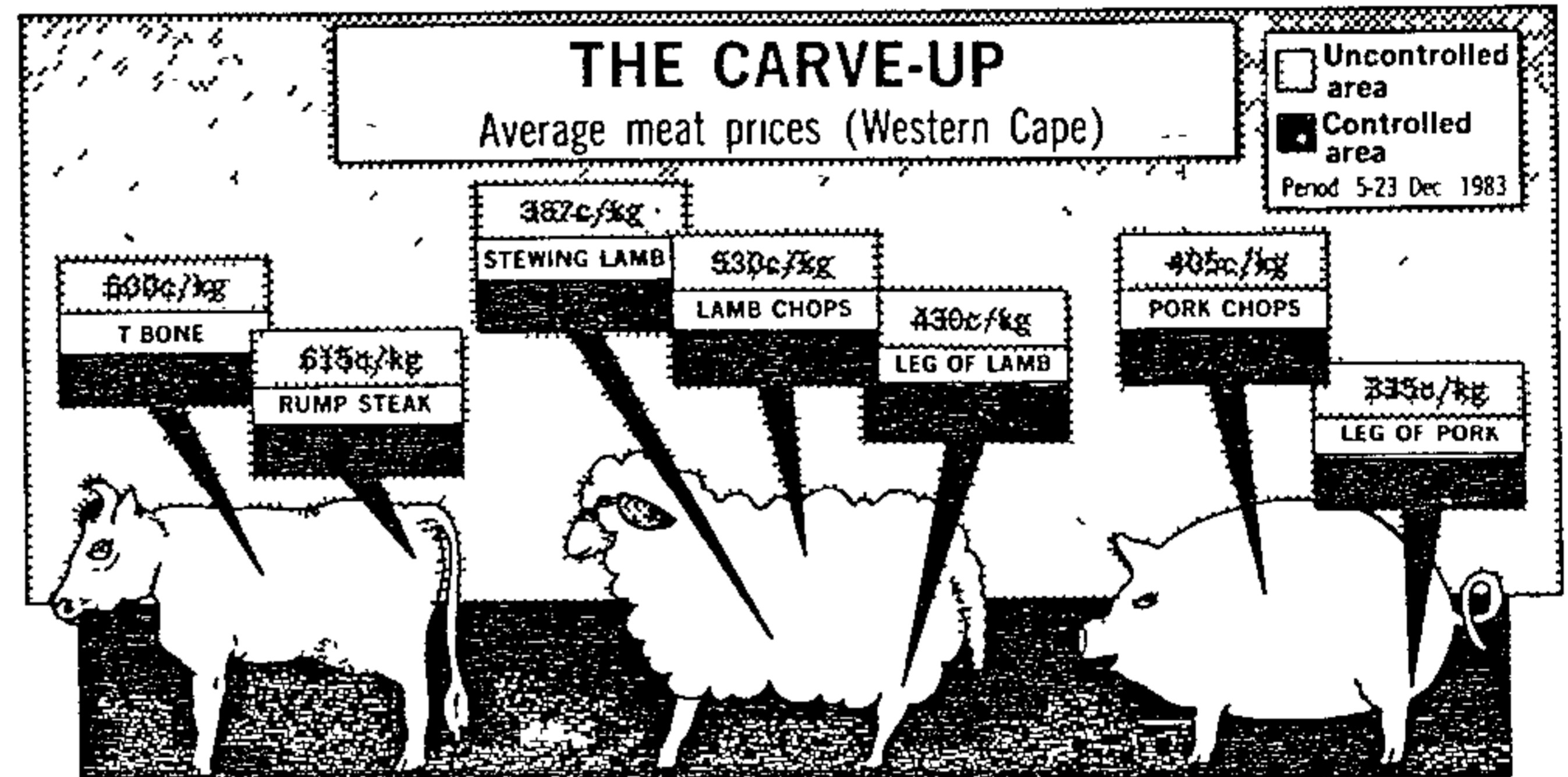
tional rights"

The MB is not only trying to extend its area of physical control, its recent conditional acceptance of a proposed one-channel price-pooling system suggests that it

favours control on prices as well. At present, producers are supported by a floor-price system. The MB buys in all unsold stocks below certain price levels, while above this level there is qualified market freedom for buyers and sellers to operate without controls

If the pooling system were introduced, the board would pool all prices received by farmers for the same grades of meat during a given trading period, thus removing the effect of daily or weekly price fluctuations

According to Roy van der Westhuizen, executive director of the Organisation of Livestock Producers, a growing free-market-orientated producer organisation: "The pool system has the potential to lead to price fixing. If one control does not work, it leads to another, and so the position worsens for both consumers and, eventually, producers"



In the abattoir ... much more than physical control

MEAT BOARD COMMENT

Comments by Meat Board GM, Pieter Coetzee "It may well be argued that those who speak so vehemently against the extension of the Board's control in the Cape are out to protect their personal interest alone and are not looking at the greater interests of all sectors in the industry including the producer sector

"The Board does not interfere with the price-forming mechanism apart from fixing minimum producer prices I would be interested to know who is advocating the abolition of these minimum prices

"Organised agriculture, which represents the producer sector, is strongly in favour of them since they are an essential instrument to ensure continued production of a product with a long-term production cycle like red meat.

"Poultry is not comparable to red meat and your reference to absence of control on that product is therefore inapposite

"The increase in the consumption of chicken and decrease in that of red meat is a world-wide phenomenon and has no bearing on SA's marketing system of red meat.

"The Board's butcher's registration policy is very strongly endorsed by representatives of the trade interests who are now attacking the Board

"On the matter of the pool system, the Board has not taken a final decision but has referred the proposals to all interested parties for their comment

"It will act in the light of comments received

"The Board is not manipulating the market in any way at all It has to buy in stock at floor prices if it wants to maintain a floor price system and for the rest it leaves prices to be determined by the trade

"The whole issue therefore hinges on the security provided to the producer in the floor price, the abolition of which

will never be accepted by producers This system is also strongly supported by trade and consumer representatives on the Board

"The accusation that the Board ignores the welfare of consumers is also inapposite since the Board has to take full cognisance of consumers' interests if it wants to further producers' interests

"As a matter of interest -- prices taken at random towards the end of last week at two butcheries in the controlled area of Cape Town and two butcher shops in the outside area (one in Stellenbosch and the other in Paarl) revealed that retail prices in the controlled area were lower than prices in the uncontrolled areas"

He says some farmers requested the pooling system to protect them against daily price fluctuations But this remedy could be to their eventual disadvantage, since it gives cartels the opportunity to fix their prices at lower levels than market forces dictate

"Consumers would not benefit from this," he adds, "because competition at retail level is restricted through the MB's policy of limiting the issue of butchers' permits" With the board collecting all sales revenue and only paying farmers part of the average price three to six months later as an *agterskot*, farmers could eventually find that their sales volumes and revenues would be controlled by other -- not necessarily benign -- parties

Private-sector representatives in the meat distribution trade also fear that their interests would be further jeopardised by the pooling system *Vleissentraal*, the largest central meat co-op, already has a huge stake in the producing and marketing of meat. It is also the largest single bloc represented on the MB (having at least seven, possibly nine, out of the board's two dozen-odd members). This has led to allegations that the interests of *Vleissentraal* and the MB are in some respects inseparable

This suspicion has been strengthened by *Vleissentraal's* public support of the proposed pooling system.

There are other advanced production methods that could also contribute towards meat-price stabilisation The use of feedlots, the special feeding of cattle under



Meat Board's Coetzee ... 'the board does not interfere'

artificial conditions, is one

Checkers GM Ernie Smit says feedlots can play a strong role in stabilising meat prices without unnecessary controls or regulations In the US, feedlots already provide for about 75% of all meat consumed, without floor prices But in SA, the board limits this to only about 35% in the controlled areas

Meanwhile, red meat is losing out against strong growth in consumption of white meat. Chicken sales have shot up by 1400% over the last 23 years -- from about 29 Mt in 1960 to about 445 Mt in 1983 The most logical explanation is the fact that production costs for chickens are far lower than for red meat.

Industry sources point out that there is no "Chicken Board" to bureaucratise the industry and so distort the market. Red-meat producers have to contribute to the board's stabilisation fund, which is used to buy unsold meat stocks on controlled markets

below floor-price levels According to the MB's 1982-1983 annual report, its stabilisation funds for cattle, sheep and pigs at June 30 1983 stood at R30,1m, R16,7m and R14,7m respectively, while it had unsold beef stocks to the value of R42,5m on hand

Bernard Hellberg of the Consumer Council says the MB is manipulating the market by withholding large amounts of stock, creating artificial shortages and forcing up prices "A free market would provide greater competition and prevent the middleman from taking too large a bite," he states

According to Van der Westhuizen, red-meat consumption declined from 37,1 kg *per capita* in 1968 to "about 27 kg" in 1983 Concurrently, chicken consumption grew from 3,7 kg *per capita* to about 14 kg in 1983 -- the equivalent of about 2,15m cattle, 26m sheep or 8,5m pigs annually

Sales of cheaper pork have also shown

"strong cyclical growth," with the price increasing by 19% between January and October last year. But this consumer move towards pork was nipped in the bud by the MB last year when it instituted a permit system to limit pork's access to the market.

About a year after this heavy-handed move, the board is being forced to negotiate the import of additional pork supplies, since demand for pork has outstripped available supplies.

For his part, Fame van Rensburg, chairman of the national meat committee of the SA Agricultural Union (SA's "Mr Meat"), says those who see a free-market situation as the solution to the industry's problems are "skating on thin ice." He adds that "a system of pooling can be justified under all conditions."

Van Rensburg, vice-chairman of the Co-operative Council of the SAAU, is arguably the most powerful man in the union. Until last year, he was also senior GM of Vleisentraal, and he is also chairman of Abakor, the central co-op controlling all abattoirs in "controlled" areas — as well as chairman of the producers' hides and skins committees.

Market forces are definitely seeking to send a most important message to the MB. Up to now, it has largely been ignored, says Checkers' Smit. According to him, the board completely ignores retailers in setting its marketing and pricing policies (Retailers are now forming their own committee to put their views to the board).



Retail butcher . . . price should be his prerogative

"There are specialists in every field and supermarketers are well-qualified to effectively market meat on the retail level. We have our finger on the pulse," Smit says.

Terence Conroy, MD of Kynoch Feeds, says analyses show that buyers want quality meat products and value for money. Greater competition, through more meat outlets (especially in black areas), product innovation and brand names for beef, as for bacon and pork products, could help improve matters. "Marketers should, in order to push up sales, first look at the consumer end of the chain, identify the position and size of the present and potential market for livestock or livestock products and only then look at the production end to fulfil what the market wants."

Conroy adds "True, effective marketing is simple — it is to satisfy needs. Nothing

more, nothing less"

This is clearly not the view of the board which controls the meat supply to all the urban areas. It does this mainly by setting minimum prices, determining the quantity of cattle to be slaughtered at controlled abattoirs, issuing retail licences and enforcing what are supposed to be health standards.

Clearly, from its general attitude, the MB has, at the front of its mind, more the interests of the producers and middlemen than the consumer. And the multiplicity of red tape that is endemic in its operations could be more of a permanent distortion to market-clearing prices than the very short-term fluctuations that it seeks to reduce.

This is at the crux of the battle in the western Cape, which is why it is of national importance. If the local interests succeed in keeping out the MB, there is bound to be reaction in other areas, especially if price sensitivity is shown to be a consequence. In addition, it will be bringing a vested interest, which has traditionally been sympathetic to government policy, into direct conflict with government's new mood.

It need hardly be said, after the widespread public dislike of the increase in GST, that any increase in the price of as important a food as red meat will find little favour in Pretoria. Moreover, many drought-stricken farmers are anxious to see meat consumption rise. So the bureaucracy at the MB could well feel the onslaught from more than one front.

245 (3) meat . FM 25/5/84

THIRD WORLD DEBT

Damping down deficits

Whenever bankers gather together in twos and threes these days, they generally all but offer prayers for deliverance from Third World debt, with all its horrifying potential for international financial disaster.

No two bankers have grappled with the problem more intimately than International Monetary Fund MD Jacques de Larosiere and Bank of International Settlements president Fritz Leutwiler. So when they shared a platform in St Gallen, Switzerland, on Monday, they had a great deal to say about the matter.

So, too, for that matter did William Brock, the US trade representative. After all, it is the interest rate pattern of his own country that many blame, not without some reason, for intensifying the burden.

Essentially all three argued that the plight of the debt-ridden Third World won't be overcome by rescheduling or lower interest rates alone. Bankers would to some extent have to accept write-offs. But just as important was increased trade, reduced protectionism, more investment and the avoidance of spending deficits.

They were addressing the 14th interna-

It's going to take more than rescheduling to overcome the problem of Third World debt. Reporting from Switzerland, an FM writer spells out what top bankers believe is necessary.

tional management symposium organised by the students at the St Gall Graduate School of Economics, Business and Public Administration to bridge the gap between business and society at large. And they left an audience of some of Europe's top businessmen in no doubt that rescheduling was no more than a respite. A more permanent solution remains a long way off. Progress was no more than "so far so good."

Their message has much relevance for SA. Partly this is because international trade accounts for a very large proportion of the value of our annual output. But also because their sound financial advice applies equally to economic policy trends in this country.

De Larosiere said significant progress

had been made in the reduction of Third World debt. Non-oil developing countries had cut their combined external current account deficit by half within two years from a peak of \$110 billion in 1981 to \$56 billion in 1983.

But in future this adjustment would have to include a lower share of commercial financing and a greater share of direct investment. Industrialised countries, too, had a responsibility to foster stable economic conditions and the smooth functioning of the global trade and payments system. "The reduction of fiscal deficits is a crucial challenge in the pursuit of non-inflationary growth as well as for international monetary stability," he said.

Leutwiler warned banks to resign themselves to the fact that some Third World debts would have to be written off and to prepare themselves accordingly. He criticised governments for financing their deficits through foreign debt. If these deficits arose not from capital investment but through subsidised consumption expenditure, then funding them through foreign debt amounted to living at the expense of

How Trust Bank was

'saved'

CAPE TIMES
29/5/84

245
Staff Reporter

BIG-BUSINESS support prevented the Trust Bank from going under a few years ago, the chairman of Sanlam, Mr Marinus Daling, said yesterday

He was speaking at a lunch-time seminar at the University of Cape Town on the concentration of economic power in South Africa. The other speaker was Professor Brian Kantor of the university's School of Economics.

"The Trust Bank would not have been here today if Sanlam had not stepped in," Mr Daling said.

He said the intervention of Sanlam had been necessary, too, because the economy was at a critical point and would have been badly affected by the collapse of the Trust Bank.

Question

The difficult question to answer was "When does size become bad?"

There was greater competition in a market where there were three or four strong groups than in a fragmented market.

A University of Pretoria study had also

shown that inflation could not be attributed to concentration of economic power.

Mr Daling said the process of concentration of economic power would continue in future and would be in the interests of South Africa.

As a member of the Competitions Board, Professor Kantor said, he was concerned with the efficiency and the individual's freedom of choice.

Constitution

The preamble to the new constitution, he said, proclaimed the idea of effective competition which best guaranteed efficiency and choice.

Professor Kantor quoted the South African Transport Services as an example of an unit which did not make for effective competition.

Conglomerates were not yielding the same dividends for investors as they would have received had they invested through a diversified institution.

"They are becoming less valuable than the sum of their parts"

Von Schirnding (180)
Yach (181)
Moola (183)
Steyn (184)

Health B

GROUP NO 20

Roberts and Ripp (254)

Raynal (280)

Mann (191)

Disler (186)

Jacobs (179)

Health A

GROUP NO 19

Turner (283)

Maree (122)

* Nupen (117)

Webster (111)

Hayson and Thompson (8)

Protecting Jobs

GROUP NO 18

Mfanyana (78)

Hayson and Armstrong ()

*Mclennan (76)

Donald/Kerchoff (75)

Classens (74)

*Platzky (73)

Relocation

GROUP NO 17

Niehaus (297)

Spiegel and Sharp (52)

Sharp and Martiny (286)

Bank (282)

Beukes (230)

QwaQwa

GROUP NO 16

Parnell and Mabin (62)

Graff (60)

Bopape (65)

Moodie and Gollino (252)

Moodie and Gollino (251)

Transvaal 2

GROUP NO 15

Competition Board ready to bite hard

By David Carte

STAND by for action from the Competition Board under its new chairman, Stef Naude.

Many people called the board "a public relations exercise" in the wake of a spate of enormous takeovers by dominant insurance companies and mining houses.

The board was also called toothless after its recommendations on the liquor industry were overruled by the Minister of Commerce and Industries.

Explosives

But Professor Naude and his board are eager to show their teeth and will soon be taking on some of SA's strongest vested interests to promote freer competition.

Hard on the heels of strong anti-monopoly action in explosives and coal, the board is examining monopolistic or restrictive practices in State corporations, the agricultural control boards, trade associations and the professions.

It also has the Johannesburg Stock Exchange and the financial services industry under its microscope and is investigating the agglomeration process in commerce and industry.

Priority

Competition in free markets has been written into SA's new constitution. This means it is a State priority. It also implies the board has protected status and anything related to competition is grist for its mill. It will examine State monopolies as well as private ones.

Although the board accepts that certain private and public-sector monopolies or oligopolies are necessary for practical reasons, where it finds unjustified suppression of competition, it will advise the Government confidentially. If it is ignored it will not be silent.

Author

Prof Naude says "We shall examine everything extremely carefully. If necessary, we will speak out fearlessly, without regard to anyone in government or the private sector."

A former attorney, advocate and professor of law at the universities of the Free State and South Africa, Prof Naude has specialised in company and competition law worldwide for much of his career.

He was the author of much



Stef Naude ... no stone unturned

of the present competition legislation in South Africa and the designer of closed corporations.

Prof Naude visited the London Stock Exchange with Mr Justice Margo and Professor Michael Katz to examine the City Code. They came up with a controversial Standing Advisory Committee on Company Law report on the JSE. This attempted to marry the best of the US and UK securities regulatory systems. It recommended a takeover panel over and above the JSE with statutory teeth.

Objections

The JSE and financial institutions have objected to the recommendations, which could nevertheless become law next session.

Prof Naude insists his board has power and will use it.

"The liquor industry report was the only one that was not followed. Our recommendations on the explosives industry are in effect. In takeovers

and mergers we have had many victories.

"Remember our successes are never publicised. If we disapprove of a merger or takeover we tell the parties and that's that. Our disapproval is never publicised."

Coal supply

The board recently ruled out AECI's exclusive supply agreement with the Chamber of Mines. It approved AECI's manufacturing Tovex — on condition that National Explosives also makes it, virtually requiring AECI to keep National Explosives in the game.

The board is trying to deregulate coal-supply controls, but this is a tough nut to crack because it entails less work for bureaucrats in the Department of Mineral and Energy Affairs.

Businessmen who have had schemes vetted by the Competition Board speak highly of it.

"Those guys leave no stone unturned in vetting mergers and takeovers", one told me,

"and they come to irrevocable decisions quickly."

Prof Naude says there are two ways of promoting competition — to encourage appropriate market structures and to vet behaviour.

Flexibility

To get the right market structures, much legislation needs to be amended. To this end, the board is agitating for changes to many statutes, including the one governing itself.

"In reviewing legislation I am frequently amazed how competition was ruled out in the past by our law-makers. But I am not discouraged. In South Africa we have far more flexibility in redressing past mistakes."

Once the laws are changed it will be possible to order companies to make changes deemed necessary for greater competition.

"In the past people judged the board by the volume of reports it put out. In future, the less fat reports we produce, the more success we'll be achieving. Our successes will be behind the scenes."

Architects

The board does watch behaviour in the market place. Its inspectors, for instance, recently walked into the offices of various trade associations and demanded to see their constitutions, and excluded provisions regulating the commercial side of their activities.

The professions, starting with architects, and ending — after the Brown Commission reports — with medicine, are being looked at.

The board will want the professions to prove that minimum fees and restricted entry are in the public interest.

While it is examining legislation here and abroad and planning changes to a number of Acts, the board also investigates specific complaints, such as the one in steel and wire supply against Haggie, Iscor and Cape Gate.

All this it is trying to do with two full-time directors and five highly trained technical staff members.

Although its activities generate emotion, the board deliberately removes any emotion from its deliberations.

"We all want more competition," says Prof Naude, "until we ourselves have to engage in competition. We tend to believe competition is good for the other guys, but not for us. This is one of the basic problems we have to contend with."

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Old Mutual lifts income to R2,5-bn

OLD Mutual lifted total income from premiums and investments by 29,5 percent to R2 514-million (R1 941-million) in the year to June, showing a growth rate of 16 percent in real terms allowing for inflation

The market value of investments topped R10-billion for the first time and income from them rose by R140-million or 21,3 percent to R798-million

Mr Frans Davin, managing director, told a Press conference in Cape Town the largest investment was in equities, with a market value of R4 889-million

The market value of investments in Government and semi-Government stocks was R3 029-million and the market value of investments in fixed property rose by 28,7 percent to R1 471-million

Although a higher return might be obtained from overseas investments, the society had to balance its liabilities and assets in the same country

R341-M IN CASH

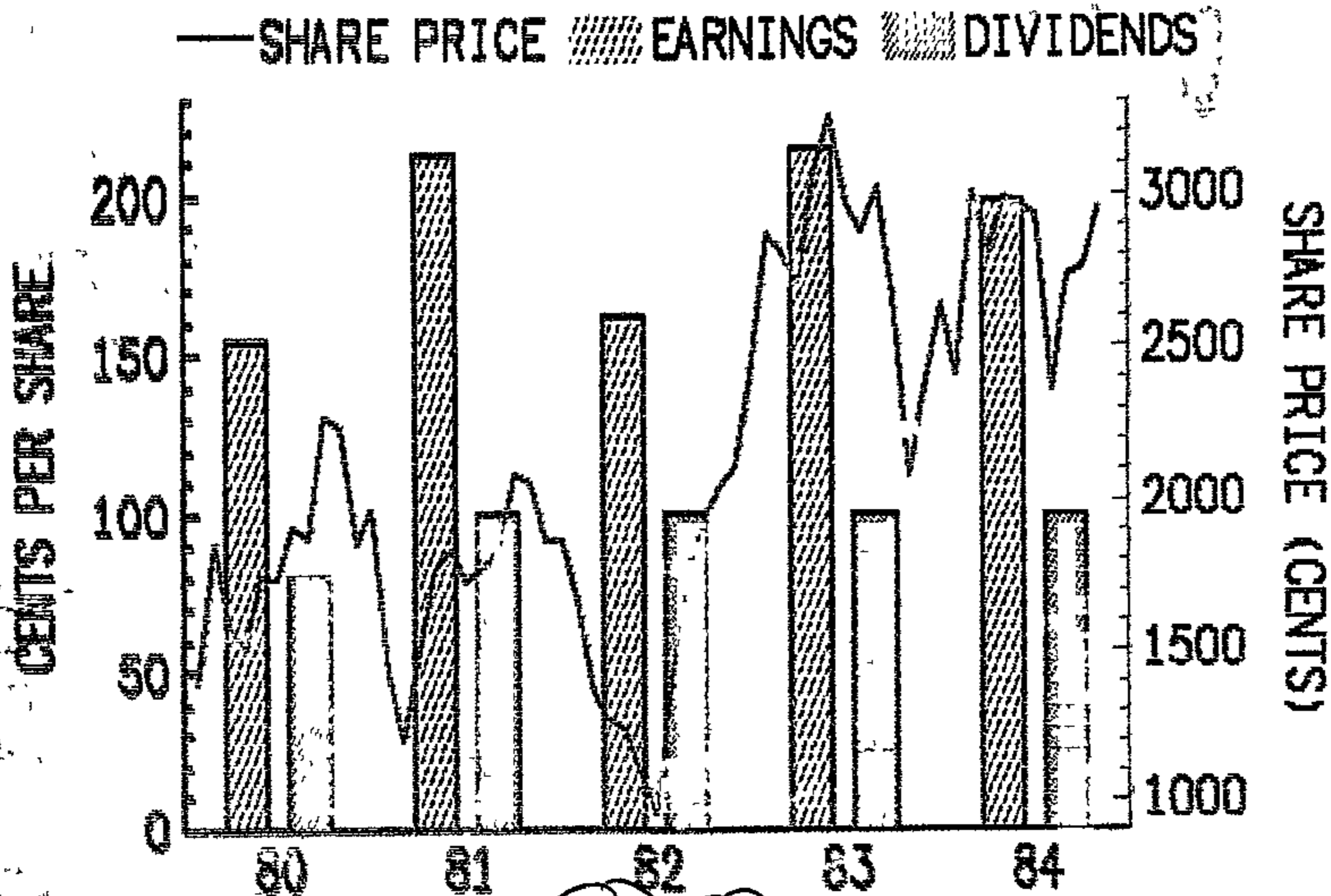
The bulk of its liabilities were in South Africa, leaving only the super-surplus available to be invested elsewhere Old Mutual had a duty to invest in this country to provide more jobs

"This is a developing country and we cannot afford to export capital"

On June 30 the society held R341-million in cash New individual business in South Africa alone rose by 81 percent to R240-million, the largest increase since Old Mutual was founded 139 years ago, and a record number of 253 000 policies were issued

"Two new policies were signed for every minute of each eight-hour working day"

GFSA'S PERFORMANCE



RDM 9/10/84 (245) (274)
High tax rate felt as capex declines

GFSA profits take a tumble

By ADAM PAYNE

TOTAL after-tax profits of the GFSA group gold mines declined by 5% in the September quarter, compared with June, after higher pre-tax profit.

The group is now feeling the full effect of higher taxation — particularly high in the past quarter because capital spending was lower.

The combined after-tax profit was down to R181,269m (R191,648m) although working profit at R362,351m (R321,6m) was 12,6% higher, mainly because of the higher gold price at R17 338/kg (R15 579).

All mines except Doornfontein achieved higher earnings a share because of lower capital spending.

Mr Colin Fenton, head of GFSA's gold operations, said: "The traditional pattern in the September quarter of lower capex — the first quarter of the financial year — coupled with the effects of the annual wage and salary review, invariably causes a dip. The irony is that it coincided with the highest rand price levels in the industry's history."

In the September quarter the depreciation of the rand against the dollar resulted in an average receipt of R17 338/kg of gold com-

pared R16 479 at the height of the 1980 gold boom.

At R604m the mines' combined revenue exceeded the June quarter's figure by nearly 10% — in spite of a drop of 423kg in the amount of metal produced. This shortfall related directly to an aggregate drop in yield, from 9,6g/t to 9,4g/t, because milling tonnages were constant at all mines except Deelkraal where tonnage milled was up by 3 000 tons.

Costs rose by 6,2%, to R242m, mainly because of increased pay for black mine workers from July.

This pay rise accounted for about 5% so that the remaining increase due to inflation was well controlled.

The average yield in the group dropped marginally to 9,4g/t (9,6g/t).

Working costs rose to R242,095m (R228,267m).

Capital spending was R56,84m (R86,629m) — a drop of 34% and tax rose to R221,003m (R171,366m) — a rise of 29%.

DRIEFONTEIN CONS: Yield was lower at both East and West Driefontein but profit after lower capex was higher giving higher eps at 72c (64c).

Pre-tax profit rose to R243m (R224m) but after heavier tax net profit dropped to R94m (R105m).

No 4 sub vertical shaft at East Driefontein is being commissioned and No 5 shaft at the East mine was

sunk to its final depth of 1 970m

VLAKFONTEIN: More tonnage was bought from outside sources and profit rose 45% with a higher yield.

DOORNFONTEIN: Results were virtually unchanged. Mr Fenton reported that the No 3 sub vertical shaft would be commissioned in three to four years. It will be 3 460m deep.

DEELKRAAL: Tonnage was marginally up, costs were only 3,2% higher and, with lower capex, eps were more than doubled at 8c (3,6c).

VENTERSPOST: Costs were up 5%. A fire broke out on the lowest level and a large part of the mine was sealed off. A loss of production, which has not yet been evaluated, is inevitable.

KLOOF: The mine had a good quarter with eps rising after lower capex and higher tax. Unit costs were higher, partly because of stockpiling of ore.

The mine is attempting to average 180 000 tons a month to total 540 000 tons a quarter compared with the 525 000 tons in the September quarter.

LIBANON: Grade has at last bottomed out and rose to 5,3g/t (5,1g/t) in the September quarter.

Costs were up by 5,7%. Earnings a share rose strongly to 68,7c (38,3c) because capex was halved to R4,083m.

● See page 3

Inflation hits fruit profits

By ROBERT GREIG

CAPE TOWN. — Earnings from "impressive" fruit export performance were badly eroded by inflation and increased domestic costs in 1983, says the chairman of the Deciduous Fruit Board, Mr L M Fine, in his annual report.

He urges more action and fewer "undertakings" about inflation from the Government and State organisations.

The outlook for 1985 is mixed. Volumes for apricots, peaches and plums are expected to drop by between 10% and 20% on 1984 figures, while a normal apple crop, a record table grape crop and increased pear crop are predicted.

Mr Fine says record quality crops and longer cultivation and handling periods boosted exports to a record 25,1-million packages in 1984 (1983 — 21,8-million).

Gross income was R355m (1983

— R257m) and payments to producers, at R175m, only 6% less than 1982's R186,2m.

Net farm income is R36,7m (R16,5m).

"It is important to note that while our 1984 net returns are not all that satisfactory, due to cost factors, our overall market performance has been impressive," says Mr Fine.

"Cape fruits obtained higher premiums above our competitors than ever before and our market-share in most major export markets reached new levels."

This, Mr Fine believes, is the result of better quality.

Though he sees the market as strong, the organisation sound, and the products and prospects good, he says problems are serious and continuing.

They are chiefly inflation and volatile exchange rates.

Also, "vast increases in local production and packaging costs" halved net farm income — from R81m in 1982 to R37m in 1984 (These figures do not include in-

terest on capital employed.)

"This is a matter of great concern," Mr Fine says, urging support for anti-inflationary moves.

"It is hoped that Government and public corporations such as SA Transport Services will lead the way with more action and fewer 'undertakings'."

Though the lower value of the rand could increase overseas income in rand terms, the board's dollar earnings are low — only 10% of overall export proceeds, he says.

"Our major single cost item, shipping, which is a dollar contract of \$65m, will erode much of these increases."

"It remains a source of great frustration that the volatile exchange rate situation, completely beyond our control, can have such a profound effect on our bottom-line results

"To counter these effects a new drive of increased productivity has been launched by the industry."

Highflyer's final dividend cut as earnings decrease

Recession catches up with Nedbank profit

By DAVID ROSS
Investment Editor

FOR the first time in over a decade Nedbank has reported decreased earnings and a dividend cut.

Earnings a share decreased by 14% from 137,1c to 116,9c. After an increase in the interim dividend of 20%, from 17,5c to 21c, the final has been cut from 50,5c to 47c, making a maintained 68c for the year to September.

Although Nedbank suggested at the half-way stage the increased dividend was intended to reduce the disparity between the interim and final, few believed that a dividend cut would follow.

The results reflect the sharp deterioration in the financial climate since Nedbank's interim figures to March. At that stage, earnings had improved by 13% over the same period of the previous year.

At the same time, Nedbank put in an especially strong performance in the second half of 1983. The latest results may be judged in that light.

Nedbank's chief executive, Mr Rob Abrahamsen, said last night. "The profits, although they mirror the effects of a year of unpleasant surprises, do not meet the standards normally achieved.

"They are mediocre when compared with the group's track record and reflect the pressure felt by the banks when monetary policy was made to bear too much of the burden of adjustment.

"The adverse impact on banks occurred because attempts by the authorities to correct South Africa's external economic imbalance and to reduce its inflation rate are channelled via the banking system," he said.

Mr Abrahamsen adduced two major factors in Nedbank's poor performance, apart from the downturn in the economy. First, the high and rising levels of interest rates had impacted adversely upon the financing costs of the portfolios of

fixed-interest bearing assets, including gilts

Second, profits were affected by increasing bad debt experience Mr Abrahamsen said that this experience was right across the bank's book, there was no special feature in it, either geographically or by sector

Nedbank traditionally did well in periods of falling interest rates, because of the structure of its liabilities and its funding mix. In particular, the absence of such a broad base of relatively cheap cheque-account funding hurt Nedbank in these circumstances

Mr Abrahamsen said that he was expecting a very minor drop in prime rate by December, from 25% to perhaps 23% or 24%. However,

he was hoping for a drop to about 20% by Budget-time next April when he believed the environment would be right for it

"If by the end of 1985 we don't have a prime rate of 15%, as a country we will be in worse trouble than we think"

While interest rates would still be pretty high at 20%, Mr Abrahamsen said. "We should not underestimate the determination of the authorities, the Budget deficit is too high"

Nedbank's taxed income after transfers to hidden reserves was R105,1m (R121,6m) Dividends cost R61,2m (R60,3m) on marginally increased share capital

Group transfers to disclosed reserves were R41,1m (R61m) At year-end published reserves were

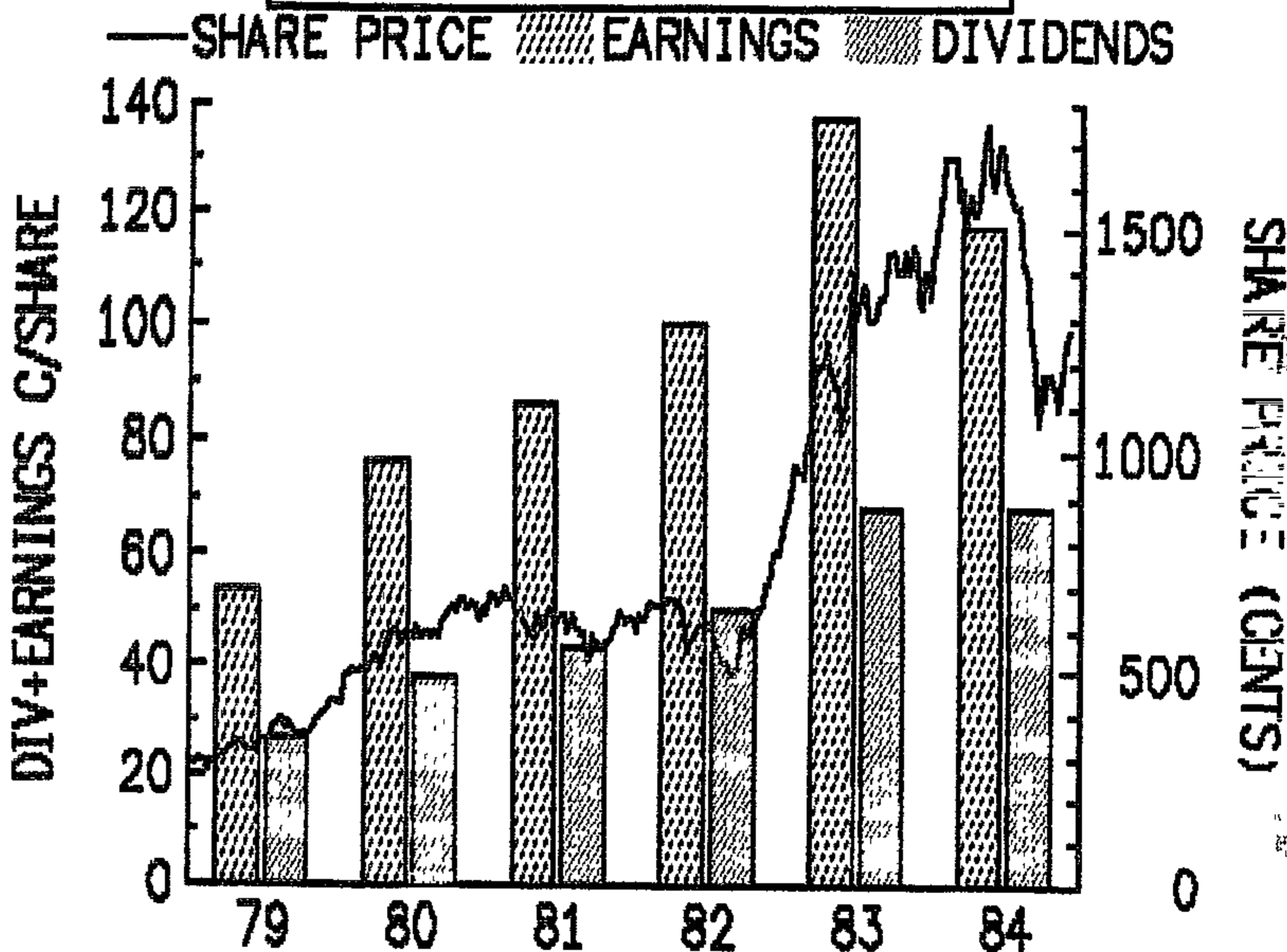
R411m (R359m) and R197m (R131m) surplus capital was available for banking purposes

Total assets stood at R12,8bn, an increase of 21% compared, with the 1983 figure of R10,6bn

COMMENT: Mr Abrahamsen said board confidence that the check in earnings growth was temporary had allowed the maintenance of the annual dividends. However, the outlook for the months ahead is not cheerful.

Considering the unpleasant circumstances in which the group has been operating in the past few months, the results are not too discouraging. But the outlook for the current six months, at least, must be poor.

NEDBANK'S PERFORMANCE



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