PRICES - GENERAL

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JAN — OCT. → DEC.

Newspaper warned on report used by others

Daily Dispatch Correspondent 243 00 2/10/87

JOHANNESBURG — One of the seven reports cited in the government's warning to the Sowetan newspaper was a wire service story that appeared in almost exactly the same form in at least three other newspapers — including the government supporting Cape daily, Die Burger

The Sowetan was given a written warning by Home Affairs and Communications Minister Stoffel Botha — the first step towards closing a publication under government's new media regulations.

Botha cited seven reports which he said tended to promote the image or esteem of the ANC or PAC and contained subversive propaganda

Most major daily newspapers covered five of the seven issues contained in these reports None of them has reported receiving similar warnings

One of the reports Mr Botha cited — headed "Tambo Talks with Runcie" in the Sowetan — was a story datelined London.

It was carried by Die Burger (September 16), The Star (September 15) and Business Day (September 15)

All the articles, including the one in the Sowetan, refer to Oliver Tambo, leader of the ANC, and to the statement released after the meeting which said both Tambo and Archbishop of Canterbury Robert Runcie agreed "there is an urgent need to end the apartheid system"

A second report cited by Mr Botha dealt with the sanctions statement issued at the close of the Commonwealth Conference in Vancouver

The Sowetan report quoted Canadian Prime Minister Brian Mulroney, British Prime Minister Margaret Thatcher and, very briefly, PAC vice-chairman, Mr Gora Ebrahim.

A report in Die Burger (October 17) on the Commonwealth sanctions issue carried extensive comments by ANC international director Mr Johnstone Makatini

The Argus (October 19) report almost exactly duplicates that in the Sowetan Beeld, The Citizen, Business Day and The Cape Times all carried reports on the issue

The Sowetan commented on the controversy about a film on Nelson Mandela being made in London apparently without his wife Winnie's consent At least 12 other dailies reported the controversy

Two other reports — on the international conference on Plight of Children under Apartheid held in Harare (which quoted Tambo) and on the memorial service held for former Mozambican leader, Mr Samora Machel — were cited in the warning

The two events were also widely reported by other newspapers

Bishops slam press warning

JOHANNESBURG — The Southern African Catholic Bishops' Conference, publishers of New Nation, has slammed the government for threatening to act against the newspaper

The conference said in a statement that the warning to act on the New Nation — gazetted at the weekend — was deplorable especially as it came at a time when all South Africans were searching for ways and means to improve communication

The statement said the action would certainly not promote harmonious relations between the government and the majority of the people, many of whom appreciated the New Nation as an important vehicle for the struggle for democracy, justice, peace and reconciliation

"To guillotine a free flow of information is to do a great disservice to all our people, especially whites In a way, this action comes as no surprise," the statement said. — Sapa

27/11-3/12/87 243 W/Mail

Miriam Makeba and the baby

The censors explain what they found offensive in banned New Nation editions

THE *New Nation,* one of the newspapers hardest hit by the Emergency and its press curbs, this week appeared before the old-style censors — the Publications Appeal Board — to argue for the lifting of bans on three of its editions.

The Committee of Publications banned the editions on the grounds that they were likely to threaten state security and stir up hostility between the races. The offending articles include a photograph of exiled singer Miriam Makeba; a cartoon depicting a white man holding a black baby by the ankle; reports on the Palestine Liberation Organisation and Cuba and a number of historical articles.

Gilbert Marcus, counsel for *New Nation,* argued that the publications committee had been unable to find concrete evidence for its "basic proposition that "*New Nation* leads directly to revolution, unrest and sabotage". Instead it alleged a conspiracy between *New Nation* and Lenin — "who, apparently through his writings, created grievances and encouraged strikes". He objected to the committee's reliance on Lenin without reference to specific works.

Marcus argued for the Appeal Board to follow its list of liberal precedents which allowed for the publication of views he said were far stronger than those in the *New Nation.*

Pretoria advocate SW Burger, who appeared for the state attorney, argued that the items at issue in the newspaper were "not as innocent" as they appeared at first glance. He said the committee was not relying on any specific work of Lenin but on the "general tenets" of his work.

The hearing before Appeal Board chairman Professor JCW van Rooyen took place in the board's headquarters in central Pretoria.

The publications committee — which ordered the banning of the *New Nation's* Vol 2 numbers 7,6 and 34, published in February and

By JO-ANN BEKKER

August — operates under a cloak of secrecy. The Publications Act 42 of 1974 precludes interested parties from a right of audience before the committees and the names of members are never revealed.

Affected parties' sole course of redress it appeal to the Publications Appeal Board. Van Rooyen and his 12-member board have the final word.

However, evidence heard in the *New Nation* appeal on Monday gave some insight into the mind of the committee members. Perhaps the clearest indication was the selection of items they found offensive:

- A photograph of Miriam Makebe at Paul Simon's concert in Harare. Marcus said while the committee said she was an active supporter of the ANC there was no mention of her affiliations in the caption.
- An advert calling for the release of detained unionist Moses Mayekiso. It was described by the committee as being more serious than the "Barclays-Ball advert" — a reference to the "Unban the ANC" advert which prompted the Munnik enquiry.

Marcus said campaigning against detention without trial was legitimate and added that the Attorney General hadn't prosecuted newspapers which carried the "Unban the ANC" advert.

- A cartoon of a white man holding a black child by the ankle. The caption read: "Please, I am terrified of what I may be forced to become." The comment beneath stated: "Exit the human being, enter the zombie who will ask no questions."

Marcus argued the illustration tried to portray the potential dehumanising force of conflict.

But Burger said the cartoon was a serious example of the newspaper's attempts to stir up hatred and hostility. What the cartoon and caption meant, Burger said, was that whites would murder blacks.

- A regular historical section. Offending articles included a tribute to Gert Sibanda, a prominent unionist 30 years ago, an article headed "How the ghettoes began", and a history of mission schools.

Burger said the articles were not simply historical but were selected to have a message for the present.

Marcus asked: "Are black people not entitled to their own history, their own heroes. Or must they regard Piet Retief and the Voortrekkers as their heroes."

- A report accusing the government of raising the spectre of black and *rooi gevaar* to unite the divided white community before the May elections. The committee said the concern of red menace was a real one but to accuse the government of propagating a *swart gevaar* was "a filthy lie which led to racial animosity".

In the banned August edition of *New Nation,* only one item was cited as offensive — a centre page advert entitled "Save these 32 patriots".

The committee said as the deathrow prisoners, convicted of unrest-related crimes, were regarded as patriots, the advert was justifying violence.

But Marcus said the committee had misunderstood the nature and import of the advert. It was essentially a campaign for clemency.

Marcus argued for the overturning of the bans because in the "market place of ideas" *New Nation* "is one weekly newspaper among a range of various ideas . The case for the government is pumped over on a daily basis through the official media and a number of newspapers who are sympathetic to the state. It is against that arsenal of information that a weekly newspaper like the *New Nation* tries to put across its view."

The ruling of the board is expected next week.

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One chance more

By VUSI GUNENE, EDYTH BÜLBRING and JO-ANN BEKKER

THE *New Nation* weekly has become the first newspaper to receive a gazetted warning under the new emergency regulations which aim to prevent "subversive propaganda"

This means that if the government finds one more issue of the newspaper objectionable, it can suspend the *New Nation* for up to three months or appoint a government censor to vet its contents

The warning, placed in the Government Gazette by Home Affairs Minister Stoffel Botha last Friday, followed Botha's official warning to the newspaper on October 2, alerting it to the fact that he was considering gazetting a warning The *New Nation* sent representations to the minister, when he asked for further representations, these too were submitted

The reply to the latest representations was the warning in the gazette last Friday

Botha, with the assistance of an advisory council, will now decide what further action to take against the newspaper But it is Botha's subjective opinion which determines the action taken Thus the only basis for a legal challenge would be on technical grounds

The new regulations, promulgated on August 28, effectively give Botha the power to act against media that have broken no law — if in his opinion they are "fanning revolution", "promoting the esteem of an unlawful organisation" or stirring up hostility against local authorities or the security forces

While last week's gazetted warning to *New Nation* is perhaps the toughest action yet against the paper, it is by no means the first

The Johannesburg based weekly, backed by the Southern African Catholic Bishops' Conference, was formed in August 1985 and sold its first issues in January 1986

Its editor, Zwelakhe Sisulu, has been held under Emergency regulations for 11 months

His detention has been widely condemned by international and national organisations Legal experts challenging the regulations have so far failed in their attempts to secure his release

Prior to his detention, the newspapers offices had been raided by security police

Gabu Tugwana, acting editor of the paper, said the government had singled out *New Nation* because "of our democratic structures and effectiveness of our organ which is proved by the huge support the newspaper commands".

Speaking on behalf of the editorial collective of eight, which takes major decisions, Tugwana said the paper was established to "create a democratic forum where people could have a direct say in matters affecting them reflecting the views and aspirations of the majority of our people who happen not to be represented in the political system of this country"

He said although these aims had been met "to a certain degree" they would take some time to achieve fully "This whole idea is something unheard of in this country Big newspapers are owned by a monopoly which tends to promote the interests of the minority ruling class"

Tugwana said Sisulu's detention had affected the paper but that it was "not a one-man organisation It is produced by a team which is still here and keeping it going

He said *New Nation's* survival "partly depends on the support of the democratic-loving majority of this country and the response of the country's allies who have a duty to ensure a free flow of information by exerting pressure on the government to withdraw its party political action against us"

Tugwana said the unaudited circulation over the past two years rose from 30 000 fortnightly to between 40 000 and 50 000 weekly

Tugwana dismissed as 'nonsense" allegations that the paper supported violence and promoted communism and Marxism 'We carry reports on people who are anti apartheid and those who openly stand up against the system of apartheid We do not care if they believe in capitalism, socialism or Marxism or whatever doctrine We are only interested in what they say about our system — the system known to us"

The warnings have not only been aimed at publications on the left Robert van Tonder, editor of *Die Stem*, has been given a fortnight to respond to a letter from Botha or face a gazetted warning

Die Stem, organ of the right wing Boerestaat Beweging — which aims at the reinstatement of the original boer republics — was informed last week that two of its issues had been examined in terms of the regulations

They were found to be stirring up hatred or hostility between various population groups or sections of the public'

The newspaper has two weeks in which to respond to the accusations, or it may face a Gazetted warning and a possible three month suspension

But this doesn't worry 64 year old Robert van Tonder leader of the Boerestaat Beweging and *Die Stem's* editor

'I'm not wasting my time with the government the retired businessman told the *Weekly Mail* in an interview on his stock farm in Randburg 'If they come with such silly objections it shows they have ulterior motives

Representations to Home Affairs Minister Stoffel Botha were pointless, he said because the government "appoints their own judges and they tell them beforehand what to decide

And if the newspaper is banned, Van Tonder says he will simply bring it out under another name

'If the second one gets banned I'll start another And if they ban the third, the whole of South Africa will be laughing "

In fact, said van Tonder, the press regulations of August 28 were aimed specifically at *Die Stem* He said an article published four months ago, in which the state president was held responsible for attacks on old couples, had so offended PW Botha that his lawyers had telephoned Van Tonder to complain

Launched in 1979, *Die Stem* is a monthly publication with a claimed print run of 22 500 and 'a much higher readership

The government warning cites five letters and one article from the editions of October and November as having contravened Emergency regulations

Included in letters railing against the Dakar initiative during which some white Afrikaners met the African National Congress was a call for the names and addresses of the Dakar delegates to be made public

Die Stem's correspondent asked whether the Dakarites would prefer a Dunlop or General tyre

By objecting to the letters, says Van Tonder, "the minister has become pro-communist, because he is standing up for the ANC "

Another letter — on the Jewish question' — is deemed undesirable because it will cause offence to the Jewish community But, says Van Tonder, it quotes from the New Testament, 'and if you can't quote from the bible, where can you quote from?"

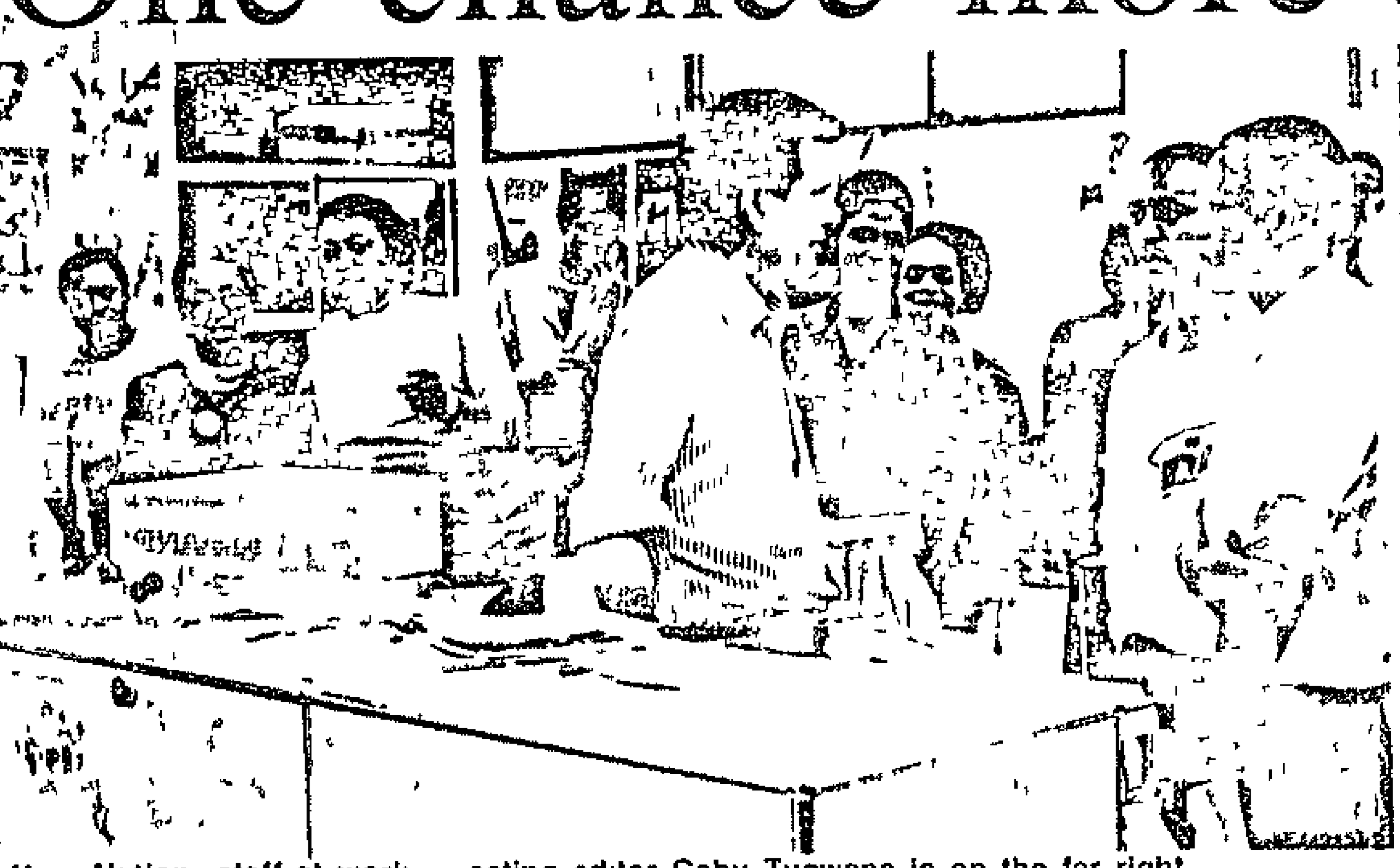
Meanwhile, the political journal *Work in Progress* was informed on Monday that its editions of September and October/November had been scrutinised under the latest press regulations

Fifteen items were objected to Three major themes emerged from the warning letter, signed by Botha *WIP* was accused of

- Promoting and legitimising the SA Communist Party, the African National Congress, and 'alternative structures' like street and area committees
- Legitimising violence and revolution, and causing public hostility against the security forces
- Promoting school, rent and consumer boycotts, and encouraging civil disobedience

WIP, which celebrated its tenth anniversary last month, has had editions banned under the Publications Act — and unbanned on appeal — on more than 20 occasions It was banned for all future editions in 1982 but this decision was also overturned

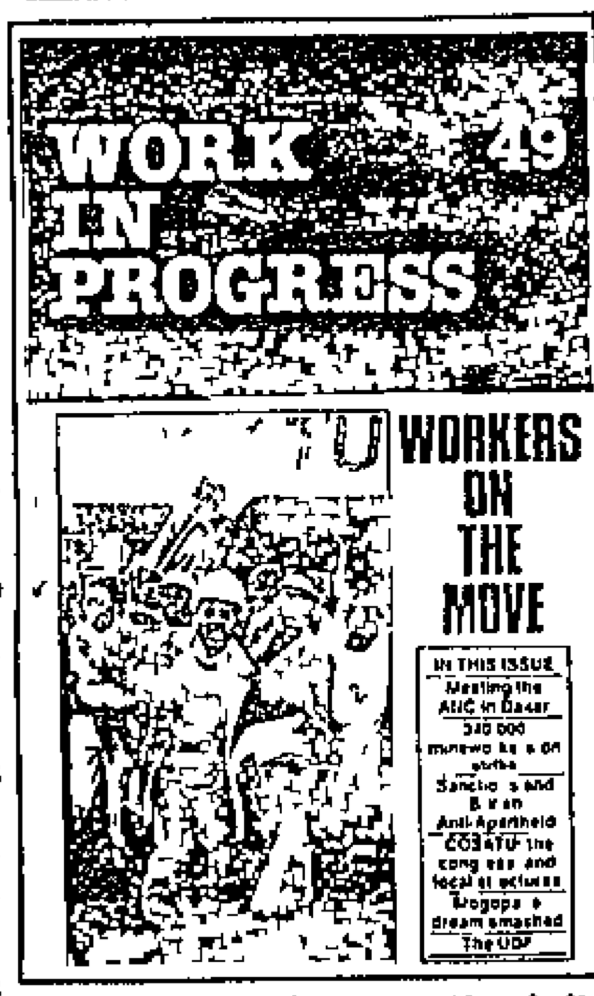
Glenn Moss one of *WIP's* founders, said the publication would be making representations to the minister in the near future



New Nation staff at work — acting editor Gabu Tugwana is on the far right

Picture SANTU MOFOKENG, Afrapix

New Nation becomes the first paper to receive final 'warning' in the Government Gazette. The meaning: If the Minister objects to one more issue, he can suspend the paper or appoint a censor Meanwhile, two other publications receive warning letters



Under attack . on the left, *Wip*, on the right, *Die Stem*

Railways strikers in court today on murder charge

4/12/87 W/Mail

By SEFAKO NYAKA

SEVENTEEN members of the South African Railways and Harbours Workers' Union are scheduled to appear in the Johannesburg Magistrate's Court today on 15 counts including abduction and murder

Their court appearance is a sequel to the three-month-old strike that paralysed the South African Transport Services and led to the death of eight union members

Scores of workers involved in major strikes this year have been detained or arrested on charges ranging from intimidation to murder

The workers are mainly from four Cosatu-affiliated unions which were involved in protracted and costly strikes: Sarhwu, the Commercial, Catering and Allied Workers' Union, the National Union of Mineworkers and the Post and Telecommunications Workers' Association

Last month William Ntombela, a Ccawusa shop steward who led the Nels Dairy strike early this year to protest against the State of Emergency and detentions that followed, was senteced to death for the murder of a Nelsrust Dairy delivery van driver in Parkhurst

Ntombela, a migrant worker from Natal, also received 12 years for the murder of a security guard at Bliss Dairy and two eight year sentences for the attempted murder of a worker at Nelsrust Dairy and a worker at Checkers in Halfway House

The sentencing to death of Ntombela is the first such case since 1964 when three leading members of the SA Congress of Trade Unions were hanged after their conviction on charges of sabotage and the murder of a police informer

Another 27 Ccawusa members who participated in the OK Bazaars strike in January this year were convicted on public violence charges

The workers, all at the Conti Montana warehouse in Alrode near Germiston, were granted bail of R1 000 each pending an appeal.

Altogether 14 Sarhwu members were convicted on offences relating to the Sats strike

Nine of the workers were convicted on charges of public violence arising from the confrontation between police and workers at the Johannesburg's Doornfontein Station in April when five workers were shot dead

Fifteen workers were initially brought to trial but charges against four were later withdrawn

The nine workers were granted bail of R5 000 each pending an appeal against eight year sentences

Four workers have been convicted for intimidation while the remaining worker was found guilty on subversive statement charges They have also appealed against their conviction and sentences

Another 13 Sarhwu members are presently facing charges of assault, conspiracy, incitement and intimidation at the Germiston magistrate's court They have been refused bail

Four others are facing charges of malicious damage to property, and two workers are facing charges of attempted murder and intimidation respectively

Another 19 members, including Sarhwu president Justice Langa and treasurer Thami Mbanxa, are still being held under Section 29 of the Internal Security Act

There are currently more than 34 postal workers facing various charges, including murder, sabotage, sedition, intimidation and public violence arising from the two national strikes that hit the sector this year

Scores of mineworkers who participated in the biggest mine strike are presently in detention

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MD reaffirms stand

CP Reporter

NASIONALE Pers has reaffirmed its commitment to black partnerships and publishing in a speech made by managing director Ton Vosloo

At a recent luncheon for homeland leaders and senior publishing staff of Via Afrika – held in Cape Town – Vosloo said that his company highly valued relationships and joint venture black participation

"Some of these partnerships go back 12 years," he said

"The majority shareholding rests with our partners The companies have real boards, not dummies, and real benefits in terms of dividends decided by the boards.

"For instance," he added, "Via Afrika Transkei has now started publishing under its own imprint

"New branches have been opened and in the four joint homeland ventures – and in Via Afrika SA – we now have 17 branches"

Vosloo said that from day one his company had not entered black publishing for profit alone It saw itself as a company serving the people to the best of its ability Book prices had been kept low "At all times we have put the interests of the scholars and the educationists first," he said.

"We have a goal, which is to serve all of our inhabitants with the best educational matter to increase the quality of life of everyone"

SOUTH wins appeals

10 16/12/87

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South

SOUTH's appeal against the banning of two editions has been upheld by the Publications Appeal Board.

The Appeal Board also upheld the decision of a local committee of the Publications Control Board that a third edition of SOUTH was not undesirable. The banning of three editions of New Nation was also lifted.

SOUTH applied for the banning of two editions, July 30 - August 5 and August 6 - 12, to be set aside. In the third case SOUTH responded to an appeal by the Directorate of Publications against a decision by the Publications Committee not to ban the July 23 - 29 issue.

The Appeal Board found that none of the issues in question was undesirable. Details of the judgment have not been made available.

When the two SOUTH issues were originally banned the Publications Committee claimed the issues were contributing to the creation of a revolutionary climate and were attempting to cultivate a positive image of the ANC and ANC guerillas among readers. They therefore constituted a threat to peace, order and State security.

Extraordinary powers

SOUTH editor, Mr Rashid Seria, said that through its decision the Publications Appeal Board had shown these claims to be spurious.

"While we welcome the Appeal Board's decision, it does not lessen the government's threat to the independence of this and other newspapers.

"SOUTH has already received a letter from the Minister saying he is considering issuing us with a warning notice.

"If the Appeal Board can be used as a yardstick of SOUTH's tone and content, then Botha is advised to lay off."

Seria felt the government was directing a well-orchestrated campaign aimed at censoring and ultimately silencing newspapers like SOUTH. The banning of the two editions were clearly intended to pave the way for more drastic action to follow.

Despite curbs, 'press has a lot of freedom'

(243) SMA 14/12/87

The Minister of Home Affairs, Mr Stoffel Botha, does not like the additional media restrictions providing for the closing down of publications but finds them "highly necessary" to deal with those who overstep the mark by promoting revolution

In an interview in *Leadership* magazine he said be believed that South Africa still had a free press, although not a totally free one

Although the vast majority of the people were still of the Third World it was remarkable that there was a very lively partial democracy and that the press enjoyed a considerable degree of freedom

The problem was that South Africa's developing people did not share a tradition of representative democracy which was so vital to the growth of democracy

As proven elsewhere in the Third World, such people were also exceedingly vulnerable to simplistic ideology, agitation, inflammatory speech and pamphleteering

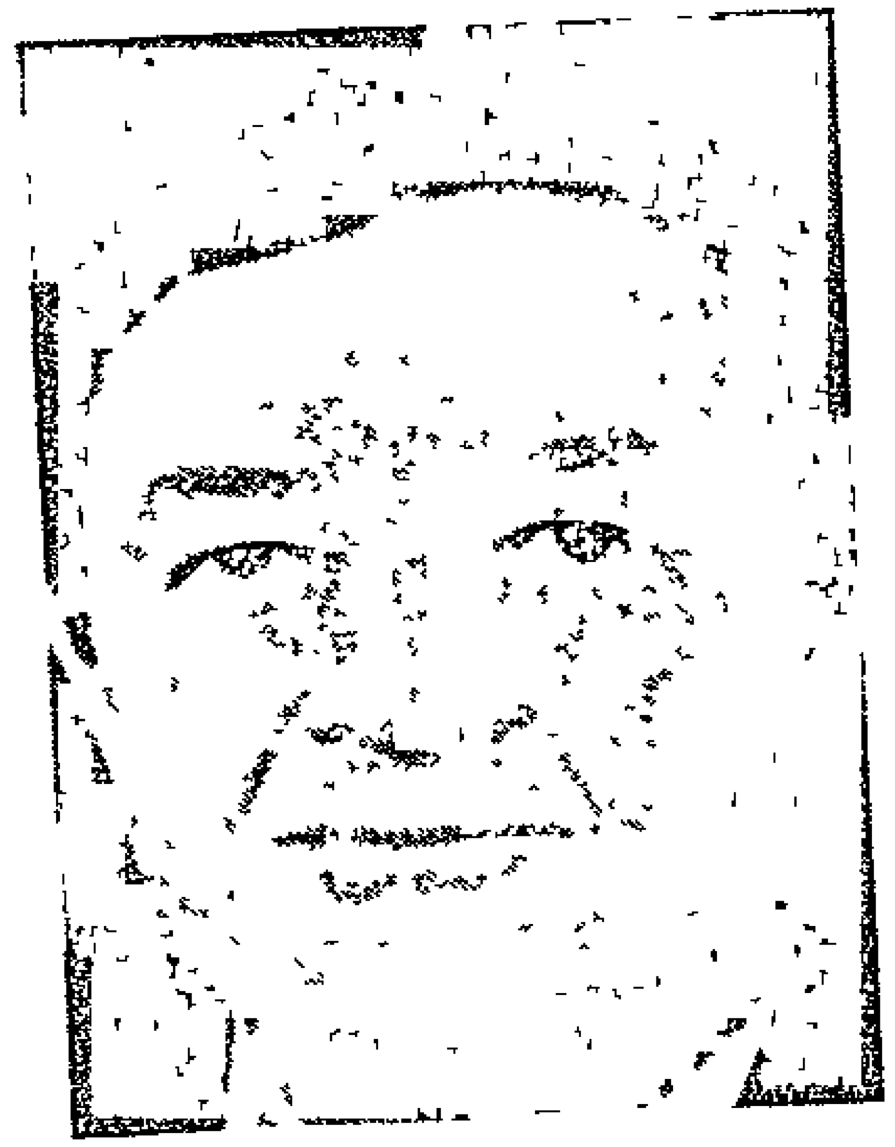
Constant attack

While finding it necessary to act against publications which promoted revolution, the Government in fact believed in press freedom, Mr Botha said Those who doubted that commitment need only read the opposition newspapers to see how the Government was constantly under attack

Asked about the restrictions on journalists in the townships, Mr Botha said it had been found that media reporting, and particularly television reporting, did not simply involve reporting on events but in fact stimulated the unrest situation

Publishers could make representation to him and, even though his decisions were not subject to appeal, a court could still review any decision if he failed to apply his mind to the matter or acted without bona fides or

"There are forces intent on destroying the whole system here and we have to use measures which are not necessarily the ones we would prefer.'



Mr Stoffel Botha

if he did not follow correct procedures. He could not act against a publication because of what was contained in a single issue.

Subversive statements were clearly defined in the regulations

Mainly the so-called alternative press had been publishing propaganda of a revolutionary nature

Mr Botha said he was not referring to even severe criticism of the Government but to propaganda promoting the violent overthrow of the existing order

It was unfair to say that the majority of South Africans did not have the rights to change government by constitutional means

Various forums had been created in which black people could vote and the Government was fully committed to giving blacks a say in government. This was a matter for negotiation.

Asked about Mr Zwelakhe Sisulu, editor of *New Nation*, who has been in detention for more than a year, Mr Botha said he did not know his particulars but he was sure that very careful consideration had been given to his case There were many countries with similar rules and regulations

"There are forces intent on destroying the whole system here and we have to use measures which are not necessarily the ones we would prefer I would rather use the courts in order to obtain action against the press, but we will flood our courts."

It could take six months to prosecute a newspaper while it continued doing the things thought not to be proper.

This was why the Government was appealing to fellow black South Africans to come forward and talk. They would not do so if intimidation was allowed to continue.

The media had become more than observers of the scene They had become participants

Asked about the possibility of interviewing ANC leader Mr Oliver Tambo and publishing this in a balanced report along with the comment of President Botha, Mr Botha said this would not be acceptable as it would elevate Mr Tambo to a status he did not deserve.

The Government was legitimate in terms of the constitution and did not want to prescribe unnecessarily what people might read, see or say

Within the constitution the Government was, however, entitled to enforce measures deemed vital for the general welfare and security of the public, including laws and regulations relating to freedom of expression.

Some journalists and editors claimed the sole right to prescribe what people might read and what they might not, even if it favoured self-acknowledged revolutionaries

If the alleged right to know rested with the readers they should have a say in what was not printed. This would mean a representative readers' body in every editorial office

Mr Botha said democracy could not thrive without a responsible press, but freedom had to be earned by an honest press. Those who did not earn it must be curbed.

"We want to return to normality as soon as possible and Government would like to leave it to the press to discipline themselves as soon as they have the organisational ability and means to do it."

DEFEND OUR RIGHT TO KNOW

Media Workers

Sumitra Khoosal
Deon Delport
Shirley Woodgate
S Blackburn
Z Vendelro
A Benjamin
C Moerdyk
D Withers
R Minervini
D Rink
HW Tyson
RA Gibson
DL John
Jo-Anne Collinge
Colleen Ryan
Adele Baleta
Carina le Grange
Jo-Anne Richards
Paula Fray
Inga Molzen
P Devereaux
M Sboros
Sally Sealey
Mark Gleeson
Duncan Guy
Stan James
M Kgwete
G van Staden
M Loewe
J Tennant
C Stephen
T Cohen
L Cowling
RM Challenor
S Lunsche
L Mobara
R Loonat
G O'Hara
H Mabuza
Sandy Smit
Phangisile Mtshali
Rashid Seria
Manu Padayachee
David Smith
Mark Manley
Alison Campbell
David O'Sullivan
Walter Dhladhla
Michael Muller
Amina Frense
Anton Harber
Irwin Manoim
Charlotte Bauer
Laura Yeatman
Adrian Hadland
Thami Mkhwanazi
Vusi Gunene
Sefako Nyaka
John Perlman
Gaye Davis
Phaldi Solomon
Barbara Ludman
Hilary Joffe
Jo-Anne Bekker
Mono Badela
David Niddrie
Chris Vick
Libby Lloyd
Lizeka Mda
Franz Kruger
Marius Kotze
Marcel Golding
Irene Barendilla
Frank Meintjies
Carmel Rickard
Doc Bikitsha
Louis Mazibuko
Joe Sefale
Sidney Moses
Sonti Maseko
Samkelo Khumalo
Gabu Tugwana
Andrew Forrest
Raymond Mashao
Santu Mofokeng
Michael Khakhane
Vusi Pantshwa
Paul Weinberg
Steve Hilton-Barber
Dumisani Daniel
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Phillip Morobi
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Omar Badsha
Thabo Hlatshwayo
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Sponsored by:

The Southern African Catholic Bishops Conference
The South African Council of Churches
The United Democratic Front
The Congress of SA Trade Unions
The Release Mandela Campaign
The South African Council on Sport
The Association of Democratic Journalists

The South African state has declared war on the South African press and on press freedom

In the next few days Home Affairs Minister Stoffel Botha is set to close the independent New Nation newspaper or force its journalists to submit themselves to pre-publication censorship

The government has already acted against the New Nation – detaining editor Zwelakhe Sisulu without trial last December 12 A year later, and still not charged, Sisulu remains behind bars

But Botha has also threatened other South African publications – the Sowetan, South and Work in Progress have all received formal warnings

Their suspension could be only weeks away.

And once he has silenced these voices, we believe he will turn his attention to every critical media voice in our country

Those already threatened have committed no crime The only crime involved is the threat to close or censor them

We, the signatories of this advert, commit ourselves to defending those publications already threatened, and call on all South Africans and on democrats throughout the world to fight South African media censorship

And we dedicate ourselves to the achievement of the only form of society in which a free press is possible in South Africa – a free, democratic and non-racial society

Media Organisations

Agenda Press Service
Albany News Service
Channel 702
Concorde News Agency
Congress of SA Writers (Transvaal branch)
Eastern Cape News Agency
Learn and Teach Publications
PE News Agency
Saspu National
Southern African Society of Journalists
SASJ W Cape region
SASJ Natal Midlands region
SASJ S Transvaal region
SASJ E Cape region
SASJ Northern region
SASJ Border region
SASJ Natal Coastal region
SASJ Freelance and Allied Journalists' Chapel
South Press Service
Speak Women's Service
The Other Press Service
Upbeat
The Weekly Mail
Work in Progress
SA Research Service
Elnews
Afrapix

Individuals

Sheena Duncan
Dr Van Zyl Slabbert
Dr Alex Boraine
Wayne Mitchell
Dr Alan Boesak
Essop Jassat
Mary Burton
Lloyd Vogelman
Cyril Ramaphosa
James Motlatsi
Elijah Barayi

Organisations

Detainees Parents Support Committee
Transvaal Rural Action Committee
National Medical and Dental Association (Namda)
Organisation for Appropriate Social Sciences in SA
Youth Congress
Southern Transvaal Youth Congress
Institute for a Democratic Alternative in SA
Transvaal Indian Congress
Black Sash

Sports Organisations

South African Council on Sport
South African Soccer Federation
Transvaal Soccer Board
Southern Transvaal Darts Association
SASF Professional League
Transvaal Council on Sport
Western Transvaal Darts Association
Transvaal Women's Hockey Board
Transvaal Cricket Board
Chelsea Football Club
Transvaal Soccer Board

Do you want to add your name to the list of freedom-loving South Africans who are concerned about the erosion of the last vestiges of press freedom in this country?

Give your name to Bongi Shibambo at the New Nation (Tel 23-2721) or Sefako Nyaka (Page no 453-1030 code 1332 or Tel 337-5350)

New Nation one step away from state crackdown

By JO-ANN BEKKER

THE *New Nation* is a hair's breath from being suspended for three months or subjected to pre-publication censorship.

The move comes as the newspaper's editor, Zwelakhe Sisulu, prepares to mark his first anniversary behind bars on Saturday

Minister of Home Affairs and Communications Stoffel Botha — who last weekend gazetted a warning to the newspaper under the latest Emergency regulations — has notified the weekly paper that last week's edition contained subversive propaganda

The *New Nation* has a fortnight to make representations If Botha does not accept these — and the newspaper points out that previous representations were rejected by the minister — he can suspend the newspaper or appoint an official to censor it.

The action has been condemned by news and anti-apartheid organisations here and abroad

The articles Botha found objectionable include

- A report dealing with what released African National Congress veteran Govan Mbeki might have told an open-air rally in Port Elizabeth had it not been banned
- An article on a church appeal for clemency for the Sharpeville Six deathrow prisoners who recently lost their appeal against the death sentence
- A religion page report on the Anglican church's stand on the World Council of Churches' "Lusaka Document" — which recognises that liberation movements are "compelled" to use force as a means of achieving political change in South Africa.

In its editorial this week, the Catholic Bishops Conference-published newspaper points out it has never been "charged with, let alone convicted of, any infringement of the media laws. The government's new powers (issued under the State of Emergency) are clearly designed to get around this inconvenient fact".

Just last week the Publications Appeal Board overturned bannings on three issues of the newspaper declared undesirable by the Publications Committee earlier this year

2-43

W.Mail 11/12/87

garment union needles

Newspaper's banning will arouse anger

13/12/87

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By KERRY CULLINAN

THE silencing of *New Nation* would cause anger and bitterness among Cosatu members

This was the word from Cosatu's head office in the wake of the latest government action against the SA Catholic Bishop's Conference-owned newspaper.

This week, Minister of Home Affairs Stoffel Botha warned that the latest edition of the weekly paper had published "subversive propaganda".

The warning came two weeks after an official warning was published in the Government Gazette

The paper has 10 days in which to reply to the latest warning. If the government was not satisfied with the reply it could ban the newspaper for up to three months or place a censor in its offices.

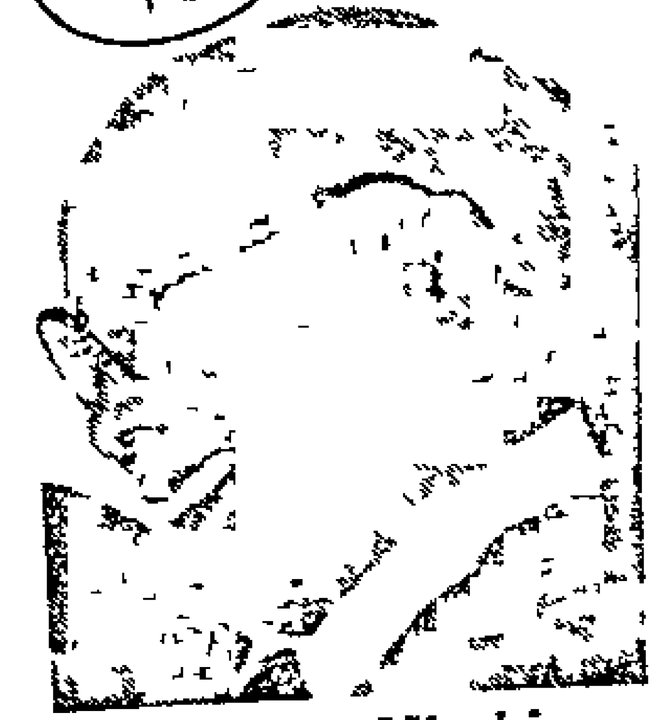
"The message to our members and the mass of our people is that the government refuses to hear or listen to what we are saying," said Cosatu.

"Every clampdown leads to a greater build-up of pressure, deepening the crisis in our country.

"The democratic demands being made by Cosatu and other people's organisations offer a real solution, but at present there is little hope that this solution will be given a chance.

"At present, the emphasis of those in authority is to attack the democratic initiatives of the majority wherever they appear," said the statement

According to *New Nation*, the articles in the latest edition that offended the Minister included two on Govan Mbeki – one that had been adapted from a *Weekly Mail* article – and a story about rent raids conducted by the SAP and SADF. These had been confirmed by the authorities and extensively reported on in "more established papers".



Govan Mbeki

south FOCUS

Press under fire

Regulation 'not valid'

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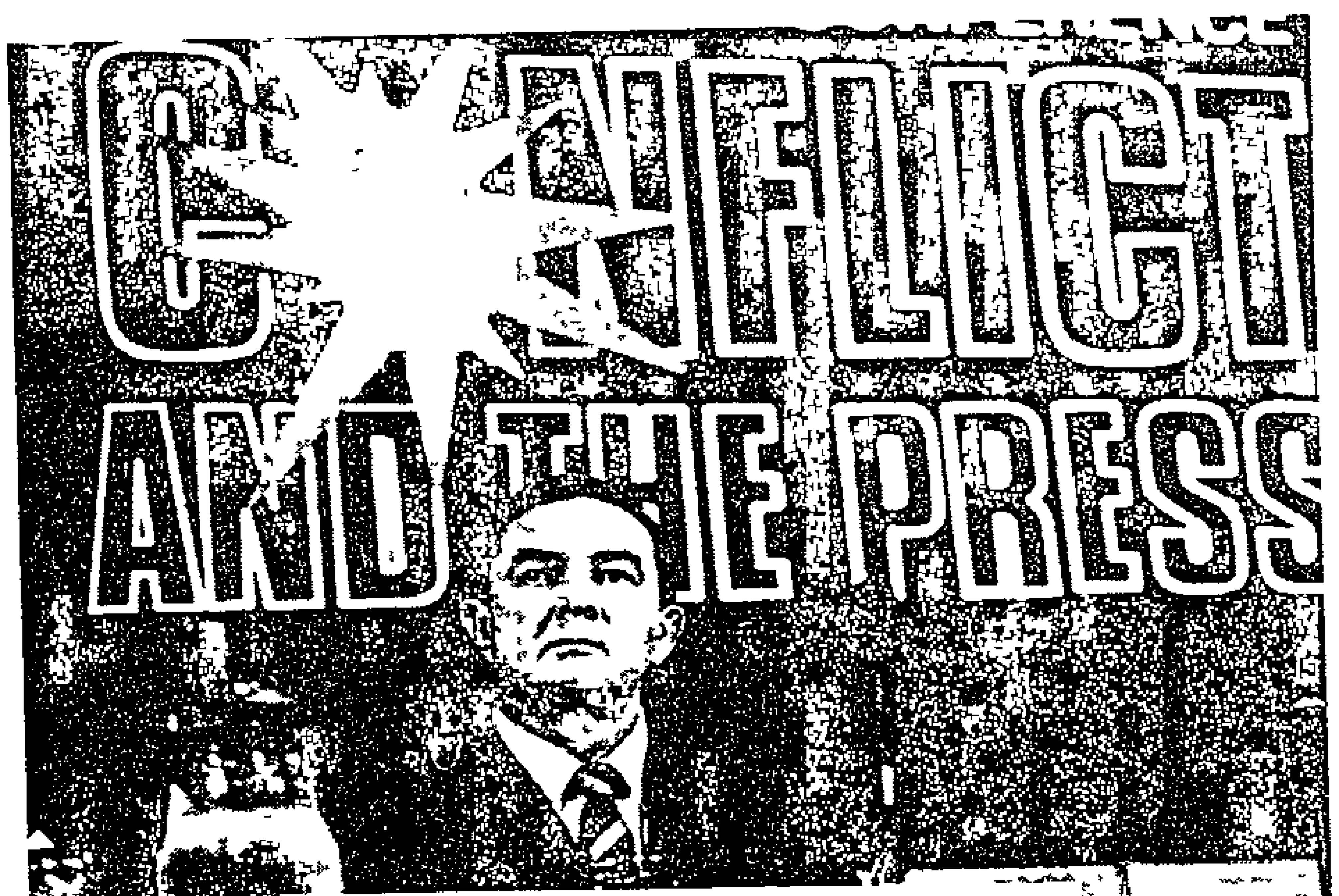
EMERGENCY Regulation 7A (1), Home Affairs Minister Stoffel Botha's press "guillotine", is believed to be invalid and of no force or effect in law

This is the view of SOUTH's legal counsel and contained in a submission to Botha after he informed the paper last month of his intention to promulgate a warning in terms of the Regulation He has issued similar notices to Work in Progress, Cosatu News and Die Stem, a right-wing newspaper.



Stoffel Botha at a recent media conference

Censor

The Regulation allows him to suspend a publication for three months or appoint an internal censor.

Botha said in a letter he had examined three issues of SOUTH and had, in a "prima facie evaluation", found the paper published "subversive propaganda".

He claimed the particular articles tended to promote the public image or esteem of the ANC and PAC.

Some of the articles cited were headlined "Let Tambo be Heard", PAC guerilla finally laid to rest", Maggie a blood sister" and "Gays hit at ANC".

SOUTH's counsel said, in the submission, that the Regulation was also invalid because of its inherent vagueness and uncertainty.

It said the Minister was unable to give an objective definition of what would constitute promoting revolutionary aims.

Minister

"We submit, with respect, that if the Minister is himself unable to provide specificity as to the ambit to the Regulations, it is patently impossible for those bound by the Regulations to know what conduct is enjoined or prohibited".

SOUTH's counsel said "considerable difficulty" was encountered in interpreting the Minister's letter together with the Regulations.

"Three of the articles are objected to on the basis to on the basis they give that they give 'publicity' to various matters while a further three are objected 'positive publicity' to certain matters.

"We submit there is nothing in the Regulations which covers this concept. Indeed, this could scarcely have been the intention behind the Regulations. Government spokesmen continuously give publicity to the activities of unlawful organisations "

Botha's obejection seemed to "boil down" to little more "publicity" given to the ANC and its leaders, and in one case, the PAC, SOUTH's counsel said.

Unlawful

"We respectfully submit this is not the intention of the Regulations."

Taken to its logical conclusion, it would seem that almost any reference to an unlawful organisation would contravene the Regulations.

"In the South African context this would have the effect of stifling large areas of public debate. We submit this was not the intention of the Regulations."

Nation's fate in Stoffel's hands

STAFF of the Catholic newspaper New Nation say its fate seems to have been pre-ordained by Home Affairs Minister Stoffel Botha.

The Johannesburg-based paper, with a national circulation of about 50~000, is now only a heartbeat from being taken off the streets for three months or having pre-publication censorship imposed after being warned for the second time last week in terms of the Emergency Regulations.

Its in Botha's hands to execute or reprieve New Nation as the Regulations allow him to act against any publication if in "his opinion" it falls foul of the Emergency Regulations. If the paper, in Botha's view, published "subversive propaganda", he can take action not subject to review in court. The only legal challenge would be on technical grounds.

The paper's staff believe, however, that the execution order is already in Botha's office drawer — he is merely exhausting the procedures contained in the Regulations.

This view was reinforced when a request by the New Nation to meet with Botha was bluntly rejected. He proceeded the following day to gazette the warning.

After the promulgation of the first warning, staff said in a statement that "we were not surprised by the latest action in view of the Minister's recent statements to National Party supporters that the Government would deal with the Alternative Press".

A spokesperson for New Nation's editorial collective, Amrit Manga, said the paper has been under attack since its establishment in January 1986.

Last week a fourth issue of New Nation was declared undesirable by a committee of the Publications Control Board.

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Standing together

SAAMSTAAN, an Oudtshoorn community newspaper, is bearing the full brunt of State repression.

Its workers have been harassed, detained and charged for subversion, but this campaign has not succeeded in closing down the newspaper.

In 1985 two of its organisers were arrested and charged with subversion. They were acquitted.

During the State of Emergency three of its full-time organisers were detained.

Derek Jackson was held for almost three months, Mbulelo Grootboom for a year, while another organiser was held for about a month. Grootboom was re-detained in August this year and is still in detention.

According to Jackson, the newspaper was not really affected by the 1985 State of Emergency, but it was very hard hit in 1986.

"Due to detentions in 1986, an edition was not produced until October that year.

Harassment

"During our detentions people kept on calling the office to find out when the paper would come out and what the problem was," said Jackson.

The offices were damaged by fire before and after the organisers were detained.

Because of the harassment of people who sold the newspaper, it is now distributed free of charge.

Saamstaan was initiated by the Grassroots community newspaper, which saw the need for a rural community newspaper to highlight the people's struggle there.

According to Jackson community leaders were sent into the rural areas to collect news in 1983. A workshop was held, the stories were reworked and the first edition of the newspaper appeared under the name "Suid-Kaap Nuus".

Circulation up

At a workshop in 1984 the name "Saamstaan" was chosen.

Saamstaan is printed mainly in Afrikaans, although there are some articles in Xhosa and English.

The paper is distributed by various organisations.

"But local shopkeepers are very supportive and distribute the newspaper from their shops. Others would like to help, but are afraid of harassment," he said.

In the past year the demand for the newspaper has increased and its circulation is now 12 000.

Saamstaan is now distributed as far as Namaqualand and the Transkei.

The newspaper is published every six weeks and is funded by churches in the Netherlands.

Govt interference in the media angers journalists

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The Star Bureau

BONN — Two cases of political interference in West German television news programmes over the East-West missiles accord have sparked controversy in Bonn and underlined the subtle influence over the media exerted by the West German government

A government declaration by Chancellor Helmut Kohl on the arms deal during peak-time television news last week was branded by the opposition Social Democratic Party (SPD) as an East German-style example of political harnessing of the media

The affair followed the last-minute substitution on Monday night of a top television journalist due to interview Mr Franz Josef Strauss, leader of the conservative Bavarian Christian Social Union, on ZDF, the second German national television channel

The interviewer was to have been Mr Klaus Bresser, who is due to take over next April as editor-in-chief of ZDF He was replaced after Mr Strauss took issue with comments made by Mr Bresser over journalistic passivity towards politicians and the CSU in particular

The two examples highlight how news editors on both the national channels, the ARD and ZDF, have become progressively less ready to stand up to political pressure

There is general agreement that interference has increased since Mr Kohl came to power in 1982

Journalists interviewing leading politicians on television are often embarrassingly obsequious and reporting of political events often consists of little more than camera shots of Mercedes limousines carrying coalition chiefs to the Chancellor's office

Mr Bresser took aim at these deficiencies in a long magazine article this month His criticism of two right-wing journalists at the Bavarian Broadcasting Service, whom he accused of helping to "destroy television", has drawn particular fire from the CSU.

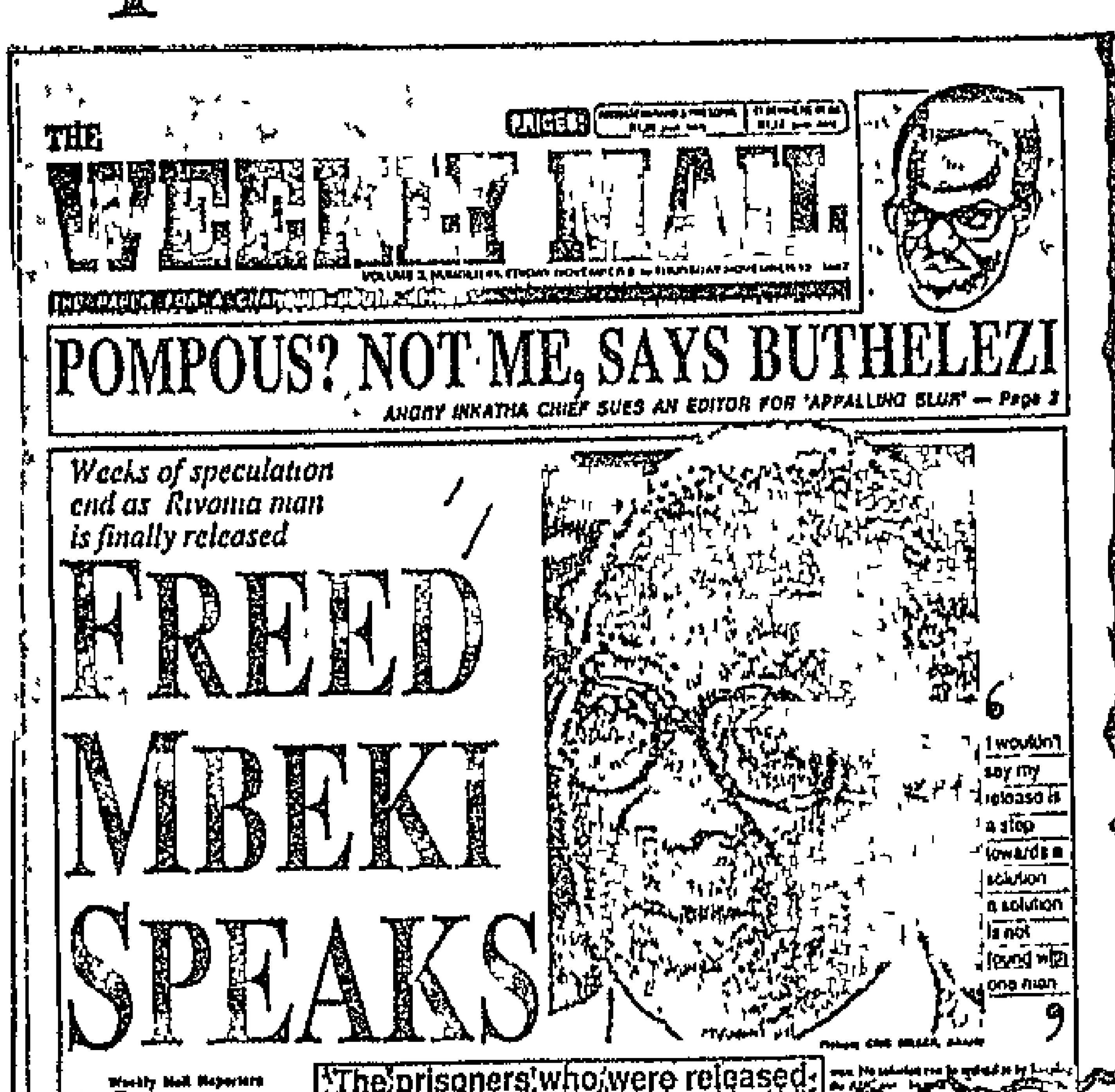
Mr Bresser hit out above all at the frequent practice of filling broadcasting time with empty statements from politicians Of journalists' uncritical interviews with people like Mr Strauss he said. "The deeper one bends, the better one can be kicked "

This sparked an angry reaction from Mr Friedrich Zimmermann, the CSU Interior Minister, preventing Mr Bresser taking part in Monday's programme

ACCEPTABLE: A government-supporting Afrikaans daily runs an exclusive about an ANC college in Tanzania

10-22/12/87

Spot the 'unacceptable' page



UNACCEPTABLE: Govan Mbeki at a government-sponsored press conference.

BY JO-ANN BEKKER

THE Weekly Mail yesterday received a formal warning that Minister of Home Affairs Stoffel Botha is considering action against it in terms of the newest Emergency regulations.

The newspaper has 14 days to make written representations to the minister. If he does not find these acceptable, he can publish a warning in the Government Gazette — as he did after issuing a similar warning to the *New Nation*.

If the minister finds that — in his opinion — a newspaper continues to breach the regulations, it can be banned for three months, or ordered to submit copy for pre-publication censorship.

Other newspapers known to have received similar warnings are the *New Nation, South, The Sowetan, Work in Progress* and *Die Stem*.

Botha's letter of warning to the

A BOTHA LETTER OF WARNING ARRIVES FOR WEEKLY MAIL

Mail, delivered by two Home Affairs officials from Pretoria yesterday morning, said he had considered six consecutive issues of *The Weekly Mail*, ranging from the issue of October 23-29 to the issue of November 27-December 3. Botha gives the *Mail* two weeks to make representations.

A four-page annexure accompanying the letter set out reasons for the warning.

In the first place there are the items which Botha claims promote the public image or esteem of unlawful organisations and "promote or fan revolution or uprisings in the Republic by having the effect of mustering

●To PAGE 2

P.T.O.

Spot the 'unacceptable' page

18-2-87

W/Mail

support for revolutionary organisations."

They include an article entitled "Tambo at 70" about the African National Congress president's birthday; Release Mandela Campaign advertisements concerning the release of ANC life prisoner Govan Mbeki; a photograph of a party in Khotso House, Johannesburg, to celebrate Tambo's birthday; an article about a shuffling in the hierarchy of the ANC's armed wing, Umkhonto we Sizwe.

All the above were considered to give "positive publicity" to revolutionary leaders and the ANC.

Botha also found objectionable an article by *Weekly Mail* journalist Thami Mkhwanazi, a former Robben Island prisoner, which dealt with his recollections of Mbeki and Pan Africanist Congress leader John Nkosi, who was freed at the same time as Mbeki.

Most of *WM's* other articles on Mbeki's release were found to have given positive publicity to the ANC as well. One article on Nkosi is alleged to do the same for the PAC.

But Botha apparently changed his mind about Nkosi's affiliations. An article headed "Nkosi: Out of jail but back at his books", the minister said, gave "positive publicity ... to a leader

From PAGE 1

(symbol) of the ANC".

Photographs reproduced from a recently published book, *The Fifties People of South Africa*, was found objectionable

In the second place, Botha complains that *The Weekly Mail* has published articles which "stir up or foment feelings of hatred towards security forces".

The items he finds objectionable are:

- An article headed "A message from the Angolans: Stop the war now".
- An article on the rent boycott entitled "The billion rand boycott", Botha says, alleges that the SADF "harasses" the residents of Soweto.

In a statement last night, *Weekly Mail* co-editors Anton Harber and Irwin Manoim said they were "dismayed and mystified by the warning given to this newspaper by the Minister of Home Affairs.

"It is difficult to understand the reasons for Mr Botha's warning from the letter we have received. The articles he cites relate in the main to the African National Congress, Govan Mbeki and Oliver Tambo and security force conduct — all matters which have been extensively and routinely reported by the entire media.

"We suggest it is the government itself that has put these matters under the spotlight in recent months and *The Weekly Mail* has simply done its duty as a newspaper in reporting these developments.

"Mr Botha has accused us of "promoting the public image or esteem of (unlawful) organisation."

"*The Weekly Mail* is an independent newspaper committed to informing South Africans about every aspect of their political life in a critical and fair way. Our contributors have reported developments, such as the movements of Mr Mbeki, ANC activities and statements of its leadership, within the law, and critically evaluated the ANC in the same way as it would any other leading player on the South African stage.

"To date we have never been prosecuted for a breach of any security legislation. In fact, in his letter Mr Botha concedes that the material he is objecting to is legal.

"Though Mr Botha's warning is couched in legalisms, in fact a close examination shows he has made an arbitrary decision without giving good reason We fear his action may well foreshadow a more insidious motive: silencing independent and critical voices."

Doonesbury

WEEKLY MAIL, December 11 to December 17, 1987

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FINALE UITGAWE

Beeld

50c

JOHANNESBURG, DONDERDAG 10 DESEMBER 1987

metro TUISSENTRUM

Titanic en Helderberg – 28

Jaloesie bladsy 7

Kalender

bladsy 21

Ekstra Wenke bladsy 37

• Beeld-man gaan kyk diep in Afrika

"Die gemeenskap bestaan uit sowat sesduisend swartmense wat Suid-Afrika ná 1976 verlaat het en kinders van ouers wat iewers binne of buite die land by die 'stryd' betrokke is."

Só lyk 'n kamp van ANC

Deur TIM DU PLESSIS, wat verlede week 'n ANC-konferensie

DIEP in Afrika, sowat 200 km suidwes van Dar-es-Salaam af, het die African National Congress 'n kamp vir sesduisend uitgewekene Suid-Afrikaners van alle ...

Challenger se man lei soektog in

ACCEPTABLE: A government-supporting Afrikaans daily runs an exclusive about an ANC college in Tanzania

18-23/12/87

Spot the 'unacceptable' page


THE WEEKLY MAIL

POMPOUS? NOT ME, SAYS BUTHELEZI

Weeks of speculation end as Govan Mbeki is finally released

FREED MBEKI SPEAKS

The prisoners who were released

UNACCEPTABLE: Govan Mbeki at a government-sponsored press conference.

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●To PAGE 2

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Spot the 'unacceptable' page

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W/Mail 18-2-88

Doonesbury

Judgement today in Buthelezi case

Weekly Mail Reporter

JUDGEMENT is expected today in the damages action brought by KwaZulu's Chief Minister Mangosuthu Buthelezi against *Frontline* magazine.

The case was argued before Mr Justice Alan Howard in the Durban Supreme Court early in November.

Buthelezi is suing *Frontline* and its editor, Denis Beckett, for R20 000 for alleged defamation.

He objected to an article, originally printed in the London magazine, *The Spectator,* in which the writer said Buthelezi was "nauseatingly pompous and self important", that he claimed to be the "sole non-violent alternative to Marxist revolution" and that "his well-drilled *impi* regiments" were among the "most thuggish operators in South Africa"

Buthelezi himself took the witness box, spending almost seven hours giving his own evidence and answering questions about his speeches, his attitude to violence and the control he wields over the members and leaders of Inkatha

The outcome of the case is of significance to media beyond *Frontline* because of the frequency with which legal actions are launched by Buthelezi

Most of these claims are settled out of court; this is one of the few to reach a trial and it is certainly the first such case in which Buthelezi himself has given evidence.

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REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA

Staatskoerant
Government Gazette

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(AVB uitgesluit/GST excluded)
Plaaslik **50c** Local
Buitelands **70c** Other countries
Posvry • Post free

Regulasiekoerant
Regulation Gazette
No. 4160

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Registered at the Post Office as a Newspaper

Vol. 270 PRETORIA, 21 DESEMBER / DECEMBER 1987 No. 11074

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN BINNELANDSE SAKE

No. R. 2790 **21 Desember 1987**

KENNISGEWING KRAGTENS REGULASIE 7A (1) VAN DIE REGULASIES AFGEKONDIG BY PROKLAMASIE R. 97 VAN 1987 SOOS GEWYSIG BY PROKLAMASIE R. 123 VAN 1987

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J. C. G. BOTHA,
Minister van Binnelandse Sake

No. R. 2827 **21 Desember 1987**

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GOVERNMENT NOTICES

DEPARTMENT OF HOME AFFAIRS

No. R. 2790 **21 December 1987**

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I, Jan Christoffel Greyling Botha, Minister of Home Affairs, hereby issue a warning to persons concerned in the production, compilation or publication of issues of the periodical ***South*** that the matter published in this periodical or the way in which matter is published in this periodical, in my opinion, is causing a threat to the safety of the public or to the maintenance of public order or is causing a delay in the termination of the state of emergency.

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J. C. G BOTHA,
Minister of Home Affairs

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Sowetan 22/12/87

PRESS GAG THREAT

THREE more publications — one of them the mouthpiece of a rightwing Afrikaner organisation — came a step closer to government censorship or suspension yesterday with the publication of official warnings in the Government Gazette by the Minister of Home Affairs, Mr Stoffel Botha.

SOWETAN Correspondent

The publications, *South Die Stem* and *Work In Progress*, were recently warned by the minister of his intended action, in private letters sent to them

As was the case with the first victim, the *New Nation*, the three have 14 days in which to make representations to Mr Botha in connection with the warnings and the grounds stated for the intended action

Notices

The notices yesterday warn that the three publications' contents, in the Minister's opinion, are "causing a threat to the safety of the public or to the maintenance of public order, or is causing a delay in the termination of the state of emergency"

In terms of the Public Safety Act regulations, the Minister may, after the warning and consideration of representations from the publication concerned, suspend the publication for periods of up to three months or appoint a pre-publishing censor

Meanwhile in London the *New Nation's* Acting Editor Mr Gabu Tugwana, said the foreign media and South Africa's 'establishment' press were not doing enough to ensure that the country's 'real news' was conveyed to the world

At a Press conference yesterday, Mr Tugwana said the 'alternative' media were now under siege because they were looking for — and finding — ways around the emergency restrictions

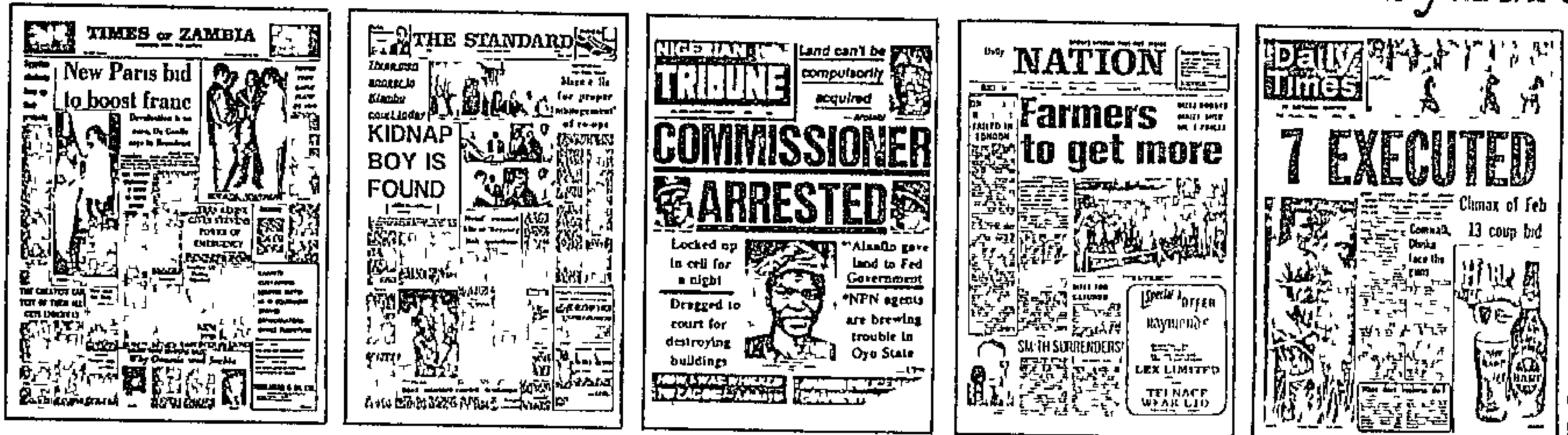
He said the *New Nation*, which is owned by the South African Catholic Bishop's Conference, expected Mr Botha to issue it an ultimatum over Christmas Accept an in-house censor or face suspension

This was "just the beginning of the blacking out of all the news about South Africa," he said

No fun for the workers

CHILDREN have fun at Shareworld, the major entertainment centre recently opened. It is owned by a consortium of black businessmen and has proved very popular with children But not so with its workers, who claim they are paid low wages. See story Page 2

An African journalist on Africa's 'sunshine syndrome'



The many faces of the African press — are some forsaking autonomy in order to placate the 'sunshine' demands of government?

A conference on the press in Africa is summed up in the speech of an ex-editor, sacked for ideological transgressions, who argues that African journalism, in striving to counter the sensationalism of the Western media, has instead drifted into dull toadying to officialdom which does neither government nor citizens any service JO-ANN BEKKER reports from Harare

JOURNALISTS in Africa were failing in their role as communicators between governments and the masses and were guilty of promoting only good news or "sunshine journalism", the former editor of Zimbabwe's *Sunday Mail*, Willie Musarurwa, said this week

Musarurwa was addressing a workshop of Africa correspondents of the Third World news agency Inter Press Service His criticism summed up many of the points raised in discussions during the meeting of journalists from 10 African countries, ranging from Tunisia to South Africa

Musarurwa — a former publicity secretary of the Zimbabwe African People's Union (Zapu) who was detained for 11 years in the war for Zimbabwe's independence — was fired from the *Mail* in 1985 He said the reasons for his dismissal included writing an editorial which allegedly praised the African National Congress at the expense of the Pan Africanist Congress — although he argues it never mentioned the ANC Other reasons advanced for his dismissal included charges that his newspaper gave publicity to white parties and Zapu and did not carry sufficient news on the Palestine Liberation Organisation

In his address on Monday, Musarurwa attacked the way newspapers in Africa practised "speech journalism" and what cynics had dubbed sunshine journalism.

He stressed he made the criticism within the context of nation building and the national interest of post-colonial countries He also took note of the problems journalists on the continent faced regarding technological under-development — basic equipment like telexes and telephones were in limited supply and expensive — inadequate education and a high degree of illiteracy

Musarurwa said in many African countries, including Zimbabwe, speeches dominated newspapers

"There are times when I think that if you ask a journalist in Zimbabwe to define news he will say 'News is that which is said by a minister or political leader'"

He said while policy statements by political leaders obviously made big news, "What I am talking about is the palpable obsession with political speeches by our journalists to the total exclusion of real news, constituting events taking place in the country"

He said "another disturbing aspect of our reporting in Zimbabwe" was the trend that events became news only if they were associated with the president, the prime minister, or important government officials

He gave as an example the recent death of educationist GD Mhlanga, who had been president of the African Teachers Association for over 17 years His death was only reported when Deputy Prime Minister Simon Muzenda visited the place of mourning The headline to the article, Musarurwa said, was "Muzenda's teacher dies"

"This is warped journalism," said the former editor, who now describes himself as a political scientist "It means reporters are ignorant of important people in their country until they are told by the president or prime minister It also shows a ridiculous obsession with government publicity"

He said this definition and practice of news was a caricature which made the profession of journalism a laughing stock both within and without Zimbabwe

He said because journalism was still new in much of Africa, the traditions of objectivity and impartiality were still underdeveloped. There was also the desire to curry favour with those in power, particularly in government

'It is not true to think that each time there is an absurd adulatory story in the paper, the reporter has been forced to write and publish it by a minister In many cases the journalist writes the story of his own volition because he thinks it will please a certain minister and bring about closer relationships between the two It is a form of status-seeking journalism"

Dealing with sunshine journalism, Musarurwa said it began as a natural reaction to Western journalists' sensational reporting of events in Africa. Foreign reporters had dwelt on coups, violence, riots famine, tribalism and catastrophes he said "They were obsessed with reporting bad news, giving the impression that there was no development in Africa as the people were preoccupied with famine and killing one another"

As a result, African journalists espoused and practised "development journalism' But, he complained, African newspapers had gone to the other extreme and reflected only the good things governments were doing

"The false impression is created that the country is perfect and there are no bad things happening Development journalism gets to a point when it becomes lazy journalism and a great disservice to the people and the government of the country

'Because the newspapers are dull the people do not read them, and when they do not read the papers, they are not informed of what the government is doing and saying"

He said sunshine journalism by itself was deceptive and destructive "There must be a realistic balance between good and bad news"

Musarurwa said in almost all African countries the government controlled what was reported and published by the newspapers "Journalists must of necessity know what the government wants published and what the government does not want published In other words, there is hardly any freedom of the press in African countries

I am not talking about absolute press freedom," he went on, "because there is nothing of the kind discoverable in any country this side of heaven I am talking of objective and constructive press freedom which is inspired by ideals of patriotism and national interest An insufficiently informed populace can hardly understand and imbibe government programmes and policies and vice versa The absence of press freedom makes it difficult, if not impossible, for government to know and understand what the masses are thinking and saying and to mobilise them for national development."

In Africa, he added, the practice was for governments, including those of Kenya, Malawi, Tanzania and Zambia, to own and control newspapers either directly or indirectly

In Zimbabwe, the papers were owned by the government but controlled by the Mass Media Trust "This was the original honourable intention designed to protect editors and their reporters from direct influence and control by government."

However, he said the objective was breached around the time of his sacking by the government. "The passage of time has seen government ministers giving instructions directly to editors The inevitable result has been more conformist journalism and the proliferation and intensification of sunshine journalism

Musarurwa said, however, that he had no doubt the government, and not private individuals, should own the press, because the government was elected by the people — and thus "the concept of the democraticisation of the press was realised'

But he stressed that while the government may own newspapers on behalf of the people' it should never run or control the press

"They should be run and controlled by an independent body which is not answerable to any minister, but to parliament"

The independence of editors -- who could be appointed by the independent body or by the president and must be guaranteed security of tenure — and the press should be enshrined and guaranteed in the constitution, just as the independence of the judiciary was guaranteed

"This is the only way to ensure a free, responsible and non sycophantic press that will serve the best interests of the people, the nation and the government and avoid national newspapers eventually becoming organs of party politics"

Harare centre to beat SA blackout

By FRANZ KRÜGER

A CENTRE dedicated to overcome the news blackout from South Africa has been established in Harare

The South African Council of Churches and its counterparts in 11 other Southern African states have established the Ecumenical Documentation and Information Centre for Eastern and Southern Africa, which last week held a symposium for journalists and church people

A declaration said Edicesa should disseminate information ... munity, and also inform people inside the South Africa of developments in Southern African

The "progressive" media should be strengthened and defended, and the mainstream press pressurised to "improve its coverage," the declaration said

"In particular, the international media needs to get rid of its persistent image of southern Africans as victims of uncontrollable and inexplicable forces Rather, Sowetan 28/12/87

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White strategy '88

IT is going to be a tough year for anti-apartheid activists as Afrikaner Nationalists prepare to celebrate milestones in white South African history, writes JOHN MATISONN of the *London Observer*.

STOFFEL Botha, South Africa's Home Affairs Minister spent Christmas deciding whether to close down four local newspapers and expel an American television journalist A heavy burden His actions against the Press — he is unlikely to decide to do nothing — will set the stage for a 1988 filled with the pageantry of numerous celebrations commemorating milestones in white South African history and it will be tough going for those who would point to the stepped up repression taking place in the wings

1988 is a year of anniversaries which are important to the Afrikaner nationalist, and President Botha, (72) on January 12, has let it be known that he plans to preside over them all as an active head of state despite his age

FOCUS

Next year marks Botha's tenth as head of government 40 years of National Party rule and 500 years since the first Portugese explorer, Batholomew Dias, landed at the Cape

In October, there will be the first ever national municipal elections in which whites, blacks Indians and coloureds will vote, separately, for town councillors at the same time. In the white elections, the right would make important new inroads into National Party strongholds

In the other elections there could be enhanced tensions between those who wish to boycott and those who particpate in bodies which have limited power

The commemorations during the year, starting in February, present themselves to Botha as both danger and opportunity Danger, because each date commemorates triumph over resistance to white domination commemorations which the far right is ready to use to claim Botha has strayed from the one true path of Afrikaner domination

The Great Trek festivities potentially the most emotive of all already have been all but hijacked by a rightwing coalition called the Afrikaner Volswag Its executive director Anna Boshoff daughter of the late Prime Minister and architect of apartheid Hendrik Verwoerd is one of the organisers

The festivities culminate with a simulation of the Great Trek of 1838 into the unknown African hinterland to avoid British rule and abolition of slavery Boshoff says that Afrikaners in traditional dress will drive ox wagons over the now well-paved Transvaal roads to Pretoria, for a rally commemorating the sacrifices of her forebears

If these events are well attended they will prepare the ground for rightwing advances at the municipal polls in October. They could be popular

In 1938 the same thing was done and is generally considered to have been the uniting foundation on which the National Party built the organisation that defeated the less segregationist Jan Smuts on May 26 1948 Botha is betting that he can control Afrikaner nationalist symbols better than his opponents Part of Botha's defence against assault from the white right will be built on his attack on the black left Therein as head of the Government lies his political opportunity

PW BOTHA . . fending off the right by fighting the left.

Regulations curtailing the universities are already in force Several small removals of blacks from areas designated white are planned for January They are unlikely to be the last And the United Democratic Front the largest above-ground anti-apartheid movement weakened by 18 months of state of emergency harrassment is bracing itself for more'

After a year of festivities and repression the October municipal elections promise to be traumatic In black politics UDF affiliates will be forced to take some action to either participate or boycott

Even in a state of emergency if it persists, some political space is likely to be available during an election.

But Botha plans to do his best early in the year to demonstrate the fruitlessness of opposition to his writ First in line for the Botha lesson is *New Nation*, the Catholic newspaper whose editor, Zwelakhe Sisulu has spent his second successive Christmas in prison near Johannesburg

New Nation is the first of four anti-apartheid one pro-apartheid — publications that Home Affairs Minister Stoffel Botha (no relation) has targetted A member of the Johannesburg bureau of CBS the US TV network also endured a nail-biting vide The Home Affairs Minister has said he plans to act in retaliation for its documentary 'Children of Apartheid which included back-to-back interviews with the 27-year-old daughters of Nelson Mandela and PW Botha

While CBS faces a possible expulsion *New Nation* is at greater risk As the first of five publications targetted by Botha because of what he sees as a pattern of articles which create a revolutionary climate' he has taken them through the stages he laid out earlier this year in which he warns that he may take action

He is not at the final stage where he has complete discretion as the Minister to suspend the publication for three months or to instal a censor in its office

Most people in the industry believe he will choose the latter

It probably will have the same effect as closure but for the Government it is thought it will be a propaganda benefit A censor is likely to blue pencil many articles leaving the editors to decide whether they can publish anything with integrity If they close because they feel they cannot the Government will be able to say that their closing down was in their own hands just as Botha said after offering Mandela freedom if he accepted certain conditions that Mandela holds the key to his own prison door

Pressure from Britain and the United States continues for the release of Mandela from Pollsmoor Prison near Cape Town Hopes were high after the release of his colleague Govan Mbeki Then came the restrictions on Mbeki's movements leaving little hope that Mandela would soon follow This week's US Congressional ~~decision to tax US~~ companies in South Africa twice on their South African earnings in South Africa and the US will increase Botha's determination not to be seen to give in now

But Botha still has the political problem of where to go with black South Africa because black activism just won't die

After the October elections and the crackdown of 1988 Botha will still face the need for a political initiative He will think again about releasing Mandela But if his track record is anything to go by he will not negotiate with those who want an end to apartheid commemorations and Great Trek pageantry

Lest we forget

THE *Sowetan* today remembers journalists around the country who are in detention

o Zwelakhe Sisulu

Press curbs threaten only hope of peaceful future

(243) STAR 29/12/87

By its actions the Government has cut itself off from information too — an even more dangerous development, writes Joyce Harris of the Black Sash.

What gives this Government the right to constitute itself the sole arbiter of what is best for this country we all share? What makes it so sure that it and only it has the correct solutions for the enormous problems we have, for which it is itself largely responsible?

What entitles it to the arrogance of deciding what we may or may not read, what may or may not be published, which views are acceptable and which are not? How dare it decree which opinions people are entitled to know about and which they are not?

The almost deafening public silence in the face of threats of closure of the so-called alternative press is a measure of the success to date of the Government's brainwashing methods What constitutes the "alternative press" eludes me.

South, *Work in Progress* and *Die Stem*, now threatened with three months' closure, are legitimate publications expressing legitimate points of view, albeit contrary to those of the Government.

They may not be expressing the views of the vast majority of the people either — their circulations would be an indication of that — but the people of this country are entitled to access to the views expressed should they so desire it, and they are surely entitled to be as fully informed as possible about all existing social, economic and political trends in this complicated land.

By its actions the Government is denying itself information too, and it is even more dangerous to cut itself off than to cut off everyone else

New Nation and *Weekly Mail* are also among those threatened They are also part of the "alternative press", but when control is subject to the arbitrary decisions of one person, what security is there for the press as a whole? It is not free now. The *Sowetan* has been threatened

For many years the press has been negotiating a minefield of restrictive legislation, especially that controlling what may or may not be written about the army or the police or prisons, all of which, by their very nature and by the use which has been made of them, are integral parts of the society in which we live Now there is nothing to prevent the "mainstream" press being subject to the same disabilities as those being visited on the "alternative press".

One wonders what special and particular attributes are possessed by Minister Stoffel Botha which enable him to be the subjective and absolute arbiter of what is good for the country and all its people

He is a National Party minister. He supports the ideology of the National Party — an ideology which has brought our country to the brink of disaster and beyond, which has divided and ruled and which has created rifts that have become seemingly unbridgeable chasms across which the only communications are increasingly violent ones.

And now he decides whether or not a publication may continue to exist, dependent on whether or not he considers it to be in the interests of the country, based on subjective attitudes he has acquired from a lifetime of exposure to the apartheid ideology, an ideology now rejected by his own government, in word if not in deed

Secret decisions

Government in secret is the rule of the day. In Parliament the wheeling and dealing takes place in standing committees and all the public knows is what is eventually permitted to see the light of day in the three Houses. There is a network of Joint Management Centres, with tentacles stretching into all sections of society and the community, which operates in secret.

Now, after successive clampdowns on the press over a period of many years, and having fragmented the country so successfully that contact between different segments has almost entirely broken down, the Government is stamping out the last possible access people may have to the thinking of others through its threatened destruction of the "alternative press".

If ignorance is indeed bliss, then we must join the chorus thanking the Minister and the National Party. If not, and it cannot be in a country where the only hope for a peaceful, joint future is the free and open exchange of views, then the Government is setting possibly the final seal on implicit disaster for us all by what it is now doing to the press.

Business Day
(45c + 5c tax) For other prices, see Back Page
Natal, Western Province, Eastern Province 80c (71c + 9c tax)

"THE VITAL VIE

16/1/87 BUS DAY 248

Bills seek to free professionals' fees

LINDA ENSOR

SIX Bills abolishing statutory minimum fees and the reservation of work in a number of professions are to be tabled in Parliament in the next session.

Architects and quantity surveyors are debating the proposed replacement of fixed fees by negotiable fees. The engineering and valuing professions will also be affected.

If enacted, the Bills will bring architects and quantity surveyors into line with other professions which have reorganised on the advice of the Competition Board.

The possibility of being fined, suspended, or struck off the roll for charging fees below the mandatory minimum will become a thing of the past.

A survey by *Business Day* of Johannesburg architects and quantity surveyors showed some welcomed the step because it would make for flexibility of tariffs, would open up negotiation and make discounts for established clients possible.

Others, however, opposed the change, believing standards of service would decline as hectic undercutting developed.

The Architects Amendment Bill was published last week.

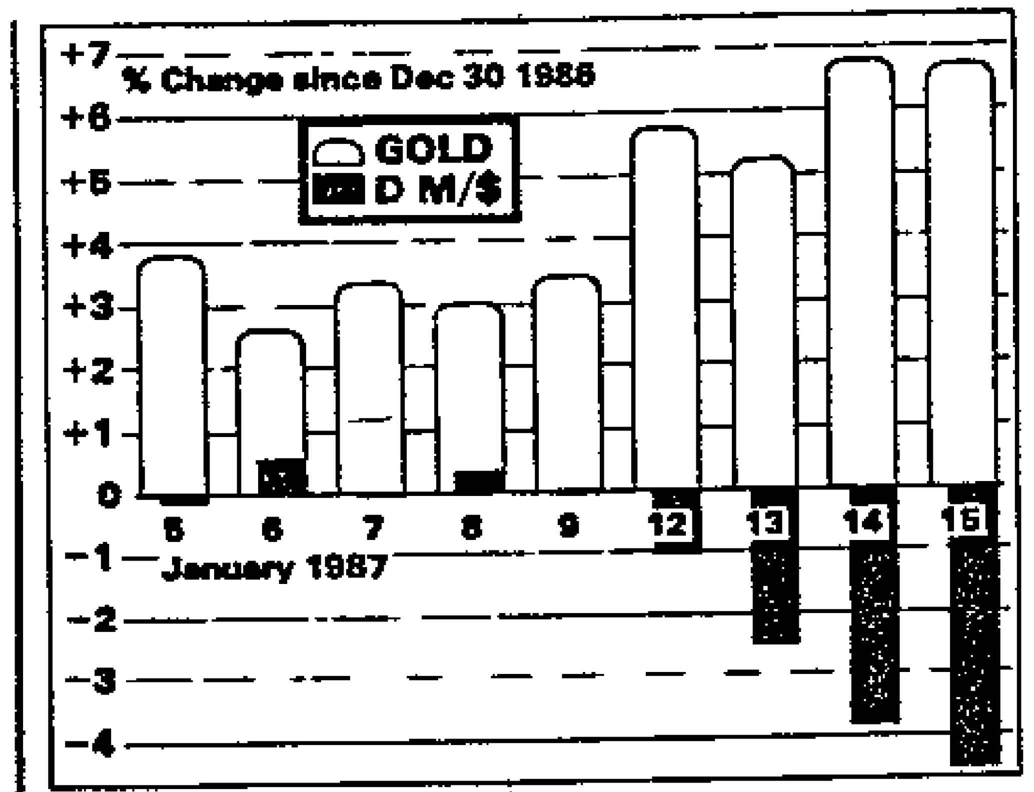
The Council of Architects is to recommend a tariff scale to Public Works Minister Pietie du Plessis in terms of which buildings will be divided into simple, normal and complex. Fees will be calculated by means of a sliding scale of percentages based on the cost of the building. The higher the cost, the lower the percentage.

This scale — the recommended statutory fee — has been in use for some time. It replaced the now largely defunct statutory scale.

Architect Michael Challis said "The statutory scale is a rigid, single scale for all types of work and all sizes of building.

"A fixed fee is charged irrespective of the size and complexity of the job. This is not fair to either party."

Challis said architects might be pressured by recessionary conditions into cutting their fees drastically, but did not believe that trend would last. Market forces would eventually level out the situation.



The graph shows gold moving up faster since December 30, 1986 than the DM/$ has fallen. Current turbulence in currency markets has led to increased interest in assets, pushing gold up. Speculation in both gold and the DM, has exaggerated the direction of movement in each case. Since the beginning of the year, gold has risen 6,78%, while the dollar has fallen 3,83% against the DM.

Market feve

LIZ ROU

THE JSE mining board day when major opera and buying fever ease

The failure of gold t after nearing $420 ove and New York and a rand at $0,23 induced ing. Brokers said gold market were taking a

Commodity brokers, gin, make big profits or of the magnitude seen profit-takers are out of buying pushes up the p

The all-gold index s 2 121, but the industri points to a new high of cal index rose 15 points 745.

BITTER PILL FOR NEW YEAR

Hospital fees to rise by up to 150%

30/12/87

MASSIVE increases at all provincial hospitals in the Transvaal come into effect from January 1 with pensioners facing an increase of 150 percent in hospital fees.

The increases were yesterday confirmed by the Department of Hospital Services in the Transvaal Provincial Administration while the Health Workers Association issued a blistering attack on them

The increase is the second in six months The last was on July 1

For pensioners and disabled people, classified as H2 patients, weekday tariffs have risen from R2 to R5, meaning a 150 percent increase Weekend rates have risen from R5 to R7,50, a 50 percent increase

For H3 patients (people earning between R200 and R250 per month) weekday rates have gone up from R5 to R8 while weekend rates have risen from R7,50 to R12 In both cases this is a 60 percent increase

Patients

The H4 patients (people earning between R250 and R400 per month) face a weekday tariff increase of R10 and R13 and a weekend increase from R15 to R19 30

In both cases this is a 30 percent increase There have been no increases for people earning over R400 who are classified as private patients

The Chief Director of Hospital Services, Dr J A Fourie, yesterday said people who could not afford the new charges could apply to hospital superintendents for reclassification

By THABISO LESHOAI

The increases, he said, were to cover the "escalating" cost of medicines

"Everybody must contribute within their means to the medicine bill" he said

"Everybody can't get everything for free We need extra money for improving facilities"

He indicated that the extra money could come from a surplus left over from the new tariffs after the costs of medicines had been covered

A spokesman for the Health Workers Association retorted by saying even though health tariffs have been raised ever year "we have not seen any improvement in health services Health services have actually deteriorated" he said

Percy Qoboza 'seriously ill'

THE editor of *City Press* newspaper, Mr Percy Qoboza, is in a coma at Baragwanath Hospital in Soweto

Mr Qoboza, former editor of the banned *World*, and *Weekend World* and the defunct *Post* and *Sunday Post* newspapers, was admitted to the hospital's Intensive Care Unit last week Thursday, suffering from an ulcer of the stomach

Coma

17-23/12/87

South

(244)

Xmas rip-off

FOOD prices soared this week as the Christmas shopping rush got into full swing.

A random SOUTH survey has found most major chain stores in Cape Town pushed up their prices in the past month, apparently to cash in on the Christmas rush.

The biggest increases appeared to be in the prices of meat, chicken and luxury items, which are normally in demand at the festive season.

Ox tongue was sold by wholesalers for R7 a kg, while its normal price was between R3 and R4. The price of silverside has also increased dramatically.

Chicken, normally sold for R2,99 a kg at Pick and Pay, was now selling for R3,79. Corn flakes, normally sold for R1,79 a box, was sold for R1,95.

Mr Mohammed Ahmed, secretary of the Chamber of Muslim Meat Traders (Commtra), said consumers seemed unaware they were paying more for meat.

Meat prices in chain stores were higher than those of local butcheries in the townships and on the Cape Flats, he said.

Turn to page 3

Prices soar for Xmas

South

From page 1

The Meat Board and the big chain stores were running a monopoly. "These high prices are all due to their monopolies," Ahmed said.

Third grade beef was selling at R4,60 a kg as opposed to R3,50 last Christmas.

Prices of silverside and ox tongue were deliberately inflated at Christmas because of the huge demand, he said.

"Ox tongue has become like gold now. We are paying R7 a kg from the wholesalers, but after January it will be between R3 and R4. The Meat Board stacks up this meat during the year so they can make big profits during the festive season.

Offal

"Leg of mutton costs 20 percent more than during the year. The only meat which is cheap now, is offal such as tripe and trotters."

"Everybody runs to the big chain stores where they are attracted by other low prices and they do not realise that they are being overcharged for meat."

He said local butchers were selling silverside - sold for R6 during the year - for R9,99 a kg while chain stores charged R12,50 a kg.

Local butchers now charged R7,99 for mutton chops and big stores between R10 and R12.

"In January the prices will all be normal but then people will have no money," he said.

As usual

The advertisment head of the Meat Board, Mr Henry Van Vuuren, said "as usual" there was a five percent price increase in meat.

"This slight increase is also due to the three days, December 16 and 25, and New Year, when no slaughtering will take place which result in a smaller supply. If there is a big shortage of meat during that specific week, it can cause a small price increase."

Van Vuuren said consumers need not fear as there would be enough meat over the Christmas period and that prices would not be increased.

He said the prices could be expected to come down after the festive season.

Cough up

In spite of the increases, most customers however seemed prepared to "cough up".

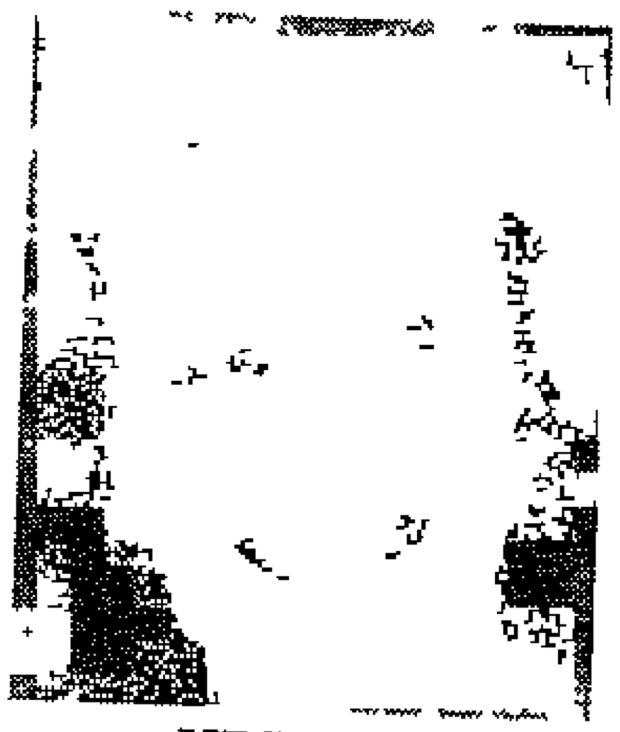
Most people interviewed in city shops said they found the prices of essential goods had been increased dramatically.

"It is clear that this is no price war, but a rip-off," one woman said.

A merchandiser of a wholesale fish supplier said big businesses were putting up prices.

"Despite the fact that our selling prices to shops are still the same, they put up their prices," he said.

At some shops the price of frozen mixed vegetables has been increased from R2,99 to R3,49.



MRS KEMP

Clarendon land price condemned

244 DD 23/12/87

by PAM AGNEW

EAST LONDON — The sale price for the site of the Clarendon Gardens shopping centre has been condemned by a number of city councillors, who called it "shocking" and a "give-away"

Some of the councillors said they had seen the bottom-line costs for the first time at an ad hoc committee meeting earlier this week

The original proposed price of the land was R50 a square metre which was reduced to R35 by the vote of eight councillors Further to this reduction in price are certain other obligatory municipal reimbursements to the developers in terms of the proposed declaration of intent of sale

The acting town clerk, Dr L J Botha, said yesterday that, following the administrator's consent to the project, the municipality was in the process of drawing up an offer of sale to the developers, Elcorp, which would have to be accepted within seven days

This offer states the actual sale price of the land at R4 337 940, of which 25 per cent must be furnished as a guarantee within the seven-day period, failing which the agreement could be cancelled by the council

Dr Botha said councillors had been informed what the worst possible bottom-line sale figures would be Based on the maximum figures, the council was looking at a net gain of R16,60 a square metre, but this could increase up to about R22 a square metre

A councillor and chairman of the Central Business District Association, Mr Gwyn Bassingthwaighte, said "East London will lose almost R4,4 million because eight councillors decided to reduce the price and pay back a vast amount to the developers

"It is hard to believe that these councillors and the administrator made these decisions in the interests of the city — decisions that will shock people for many years," he said

"It is time these councillors explained their actions to the city's residents They not only agreed to pay back to the developers an enormous amount of money, but actually reduced the price of the land which in effect gave the developers almost another R1,86 million "

Another councillor, Mr Donald Card, said the sale price was "absolutely shocking" On the same night that the council had decided to sell the land to Elcorp at R35 a square metre, it had decided to buy land from the Post Office at R220 a square metre on the corner of Fleet Street and Oxford Street

Mrs Elsabe Kemp said she was shocked at the "give-away" price Ratepayers would not make much out of the deal

Mr Eric Whitaker said he was "furious" If the land had been put out to public auction, it could have realised up to R120 a square metre "

Several other councillors could not be contacted for comment

Dr Botha said a number of issues pertaining to the Clarendon Gardens land deal had been discussed

On the matter of replacing playing fields, he said the developers had arranged for the construction, at their cost, of temporary turf cricket [illegible] at both Hamiltons and at Old Selbornians clubs

Four permanent fields would be built at James Pearce Park and another four on land west of Chester Road on the West Bank at a total cost of about R800 000

He said the land which was to be transferred to the schools was valued at R360 000, the 10,94 hectares zoned for special business at about R3 671 500 and the depreciation of buildings at about R306 440, giving a total of R4 337 940 — the sale price to the developers

498
297
201

Air fares up by 5 per cent

(244) 16/12/87

JOHANNESBURG — South African Airways confirmed yesterday that fares to foreign destinations are to be increased by five per cent from January 1

SAA said airlines operating to and from South Africa had agreed to increase the currency adjustment factors for travel from South Africa and SWA/Namibia to the rest of the world

Parity between fares to South Africa and fares from South Africa had not been achieved but the situation had been relieved considerably

Certain fares to African destinations, Israel and the Indian Ocean islands would not be affected

The increase follows an earlier 5 per cent increase in SAA fares to the United States and a 10 per cent increase in fares to Australia

All tickets bought from yesterday on airlines operating from South Africa for travel on or after 1 January will be at the increased fare level

Economy class return fares to London will be increased from R4 284 to R4 481 and excursion fares from R2 460 to R2 582 The corresponding increases for New York are R5 069 to R5 323 and R4 233 to R4 435 — Sapa

FOR SUBSCRIPTION INQUIRIES — TELEPHON

BUSINESS

244 12/12/87

Inflationary pressure up

JOHANNESBURG — Producer prices increased by over one per cent for the third successive month in October, indicating that inflationary pressures are again building up after a brief respite.

Central Statistical Services figures show the producer price index (PPI) rose by 1,2 per cent between October and September, after increases of 1 per cent and 1,3 per cent the previous two months. Thus the average for the past three months amounts to 1,2 per cent, compared with an average of 0,6 per cent for the previous three-month period.

October's figures show that domestic prices surged by 1,6 per cent in October, compared with September.

By contrast, imported inflation remained unchanged for the month, reflecting the stronger rand-dollar exchange rate. But economists say the weakness of the rand against major currencies other than the US dollar will start filtering through soon, which does not bode well for the imported inflation.

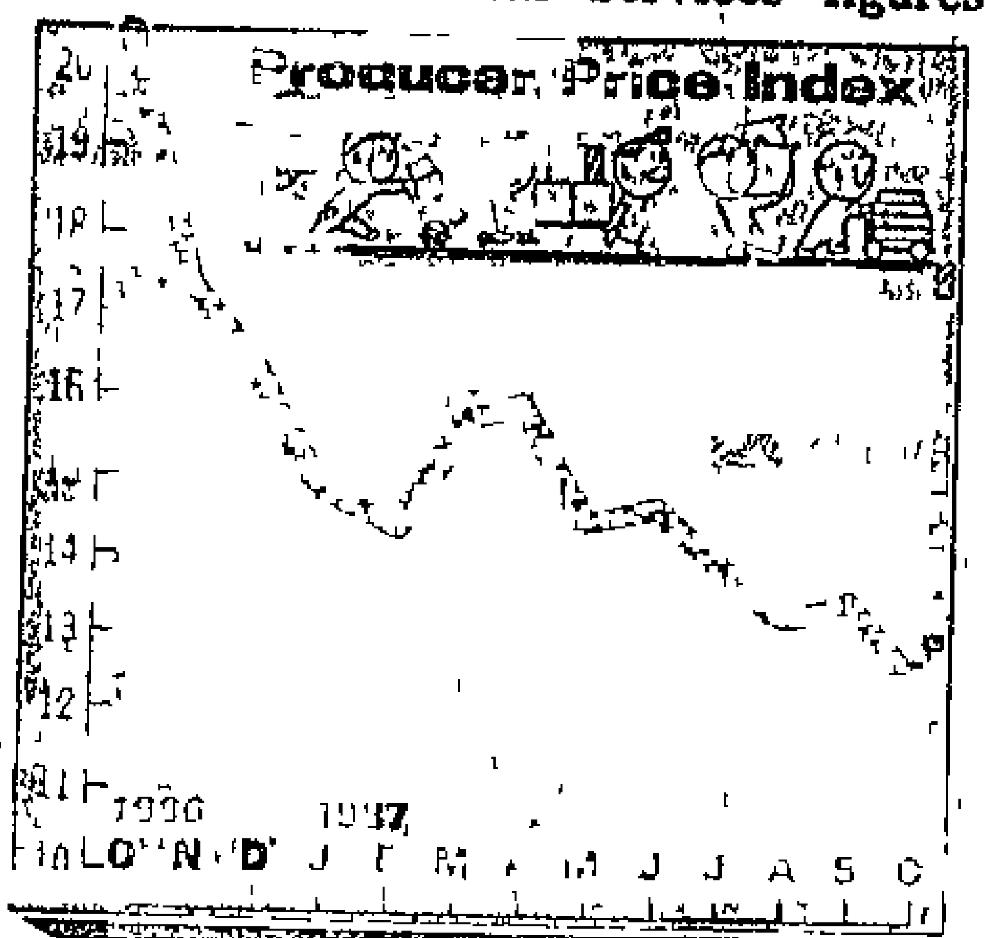
Year-on-year producer price inflation fell to 12,7 per cent in October from 13,7 per cent in September. But the decline is largely technical -- the significant monthly increase of 2,2 per cent between September and October last year fell away in the calculation of October's year rate.

Producer prices on the increase

GRETA STEYN

PRODUCER prices increased by more than 1% for the third successive month in October, indicating inflationary pressures could again be building up after a brief respite.

Central Statistical Services figures



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244

To Page 2

11/12/87
B'day

Inflation worry as producer prices rise 1%

2441

From Page 1

1,2%, compared with an average of 0,6% for the previous three-month period

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11-17/12/87 WMail

244

The food prices keep spiralling

Weekly Mail Reporter

FOOD prices continue to soar, with the average annual rate for the first nine months of this year just over 23 percent

While the inflation rate for all goods was a mere 15,5 percent for October (the same as in September), food price inflation was running at 22,5 percent in that month.

Rapidly rising food prices mean poor people — for whom food makes up a large proportion of the household budget — experience higher inflation than those with higher incomes The annual inflation rate for the "lower income group" was 17,3 percent in October.

Some of the biggest monthly food price increases were in the price of grain products (which went up by 5,6 percent between September and October), meat (five percent) and fish (2,1 percent) While the price of vegetables dropped over the month — vegetables are still 27 percent more expensive than they were in October last year

The steep increases in the meat price in recent months reflect the aftermath of the drought. In times of drought farmers tend to slaughter animals to cut fodder requirements, according to a South African Agricultural Union economist When the rains improve — as they have done over the past couple of months — the farmers keep animals back from the abattoirs, as they try to build up their herds again.

Fruit and vegetable prices are set by supply and demand on the open market Drought conditions have pushed up prices over the past year. But current rainy weather also poses problems farmers could not get to their fields — hence a shortage of certain vegetables. Hail storms have also done a certain amount of damage

Farmers respond to market conditions in terms of what they plant — and there's a time lag which can mean temporary surpluses or shortages.

Europe rushes in to prop up the dollar

America's trading partners this week bolstered the dollar — fearing its decline would damage their export prospects. International economist KATE LAST rounds up the week's events

THE American economy continues to be in uncertain health. The dollar should be dropping against other currencies but European central banks this week stepped in to prop up the American currency

And while the dollar's decline has meant a higher rand in dollar terms, the South African currency has tended to fall rapidly against currencies such as the Deutsche mark and Japanese yen — to the extent that it may now be undervalued, given the rise in the gold price

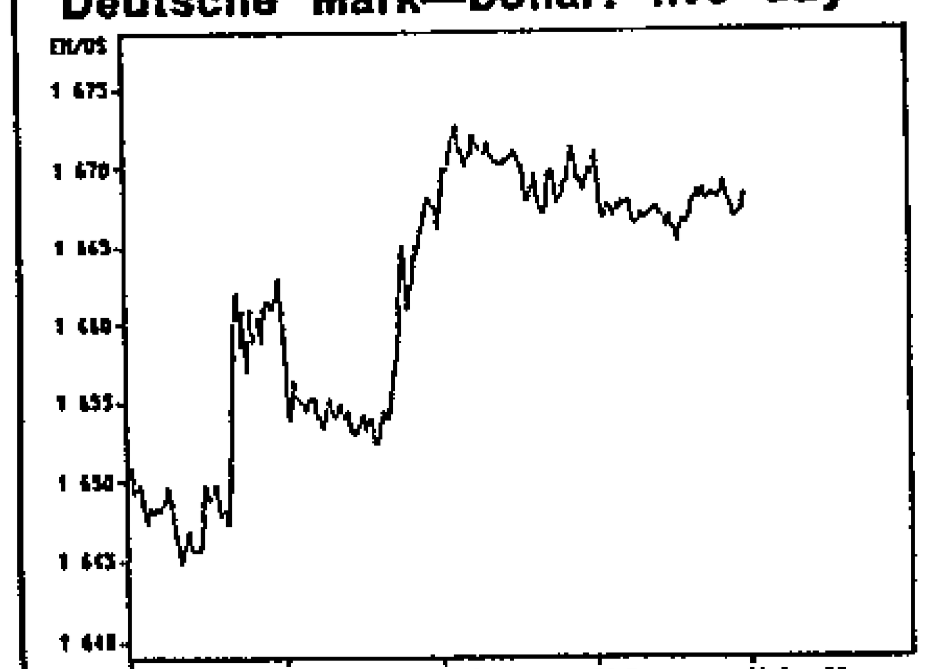
After many weeks of uncertainty surrounding the dollar's direction, central banks have taken concerted action this week to prevent its imminent slide. For America's major trading partners, consistent appreciation in their currencies makes their exports less competitive and ultimately damages growth prospects.

Last Friday both the Bundesbank (German Central Bank) and the Bank of England entered the market with the obvious intention of giving the dollar considerable support against their respective currencies — and they succeeded.

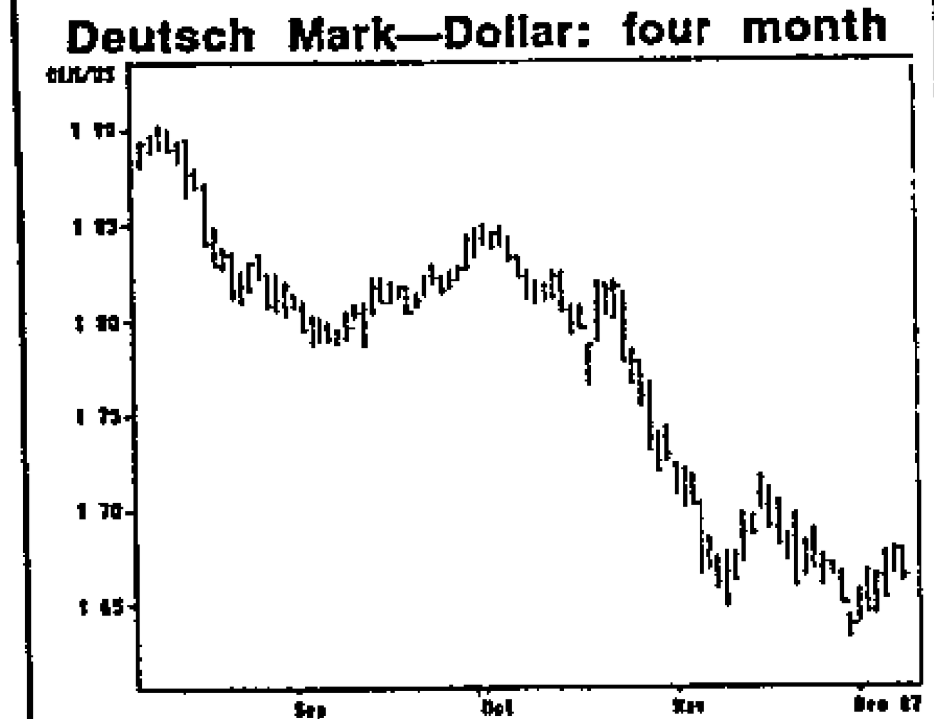
But the major factor which halted the dollar's slide was the combined cut in interest rates by several European nations during the week Switzerland, France and the Netherlands cut their rates, but the most significant cuts came from the UK and West Germany. The Germans made the largest cut, reducing their discount rate (the rate at which the central bank lends money to German banks) by 0,5 percent.

The cuts have increased the interest rate differential between the European nations and the US, in theory improving investment opportunities in the US — so increasing demand for the dollar.

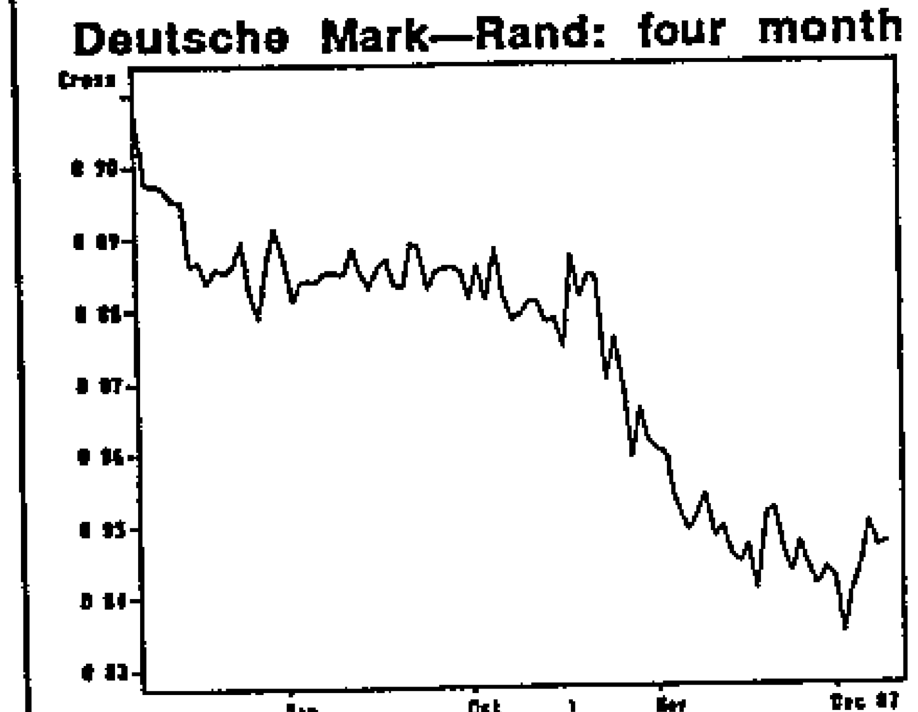
Deutsche Mark—Dollar: five day



Deutsch Mark—Dollar: four month



Deutsche Mark—Rand: four month



Source: First National Bank

The Europeans are now unlikely to be able to repeat the action in the near future. And more significantly, the general sentiment in the currency market is that it's now high time that the Americans pull their weight and display some kind of leadership in supporting their own currency.

The budget deficit is one area where they can do something constructive. The final cuts in the US deficit are due to be announced on December 23 but it's not certain how substantial or successful these cuts will be.

The Americans have already been subject to harsh criticism — by UK Chancellor of the Exchequer Nigel Lawson for one — for expecting the rest of the nations to manipulate their economies to benefit the US.

The question now is "where to the dollar"? December is usually a slow time in financial markets, so it is difficult to see whether the dollar has really turned around Many market participants feel the dollar still needs to trade lower, but attention was this week focused on the US trade figures due to be released yesterday.

The trade deficit for October may be higher than in past months because of the pre-Christmas increase in imports The $13-billion deficit figure which economists predict will be needed to strengthen the dollar seems unlikely (the figure was $14,1-billion for September, having dropped from August's $15,68-billion).

It seems that the dollar still has a way to go before the American economy is considered to be in suitable health to warrant a stronger dollar.

The rand has gone up (to levels of 51,40) as the dollar has dropped But it has been losing ground rapidly against the other major currencies. While the dollar has depreciated by 2,2 percent against the Deutsche mark over the past three weeks, the rand has dropped by 5,95 percent against the German currency

The Reserve Bank has stepped in to support the rand: probably because the rand's drop against the other currencies is considered unjustified. The Reserve Bank's gold and foreign exchange holdings have doubled in 19 months to R6,4-billion — in contrast to the position of three years ago when, said Reserve Bank governor Gerhard de Kock, "we were struggling to find the dollars to protect our exchange rate" De Kock this week announced that South Africa had finished paying off its loan from the International Monetary Fund

CONSUMER PRICES

24

Down but not out

The latest consumer price figures offer cold comfort October's CPI increase of 15,5% — the same as September's — is significantly lower than the 20,7% reported back in the dark days of January 1986 But one shouldn't be lulled into thinking that a 15,5% inflation rate is acceptable

At that rate, prices will more than quadruple in 10 years A loaf of bread that costs 80c would cost R3,38 in 1997, and today's R19 000 economy car would cost R80 274

Of course, bakers and car manufacturers are not to blame The CPI measures price inflation, which is just a symptom of monetary inflation

The 1,1% increase in consumer prices from September to October brings the CPI to 276,5, from a base of 1980=100 Food prices increased at a 2,5% year-on-year rate in the month, taking the food index to 294,4

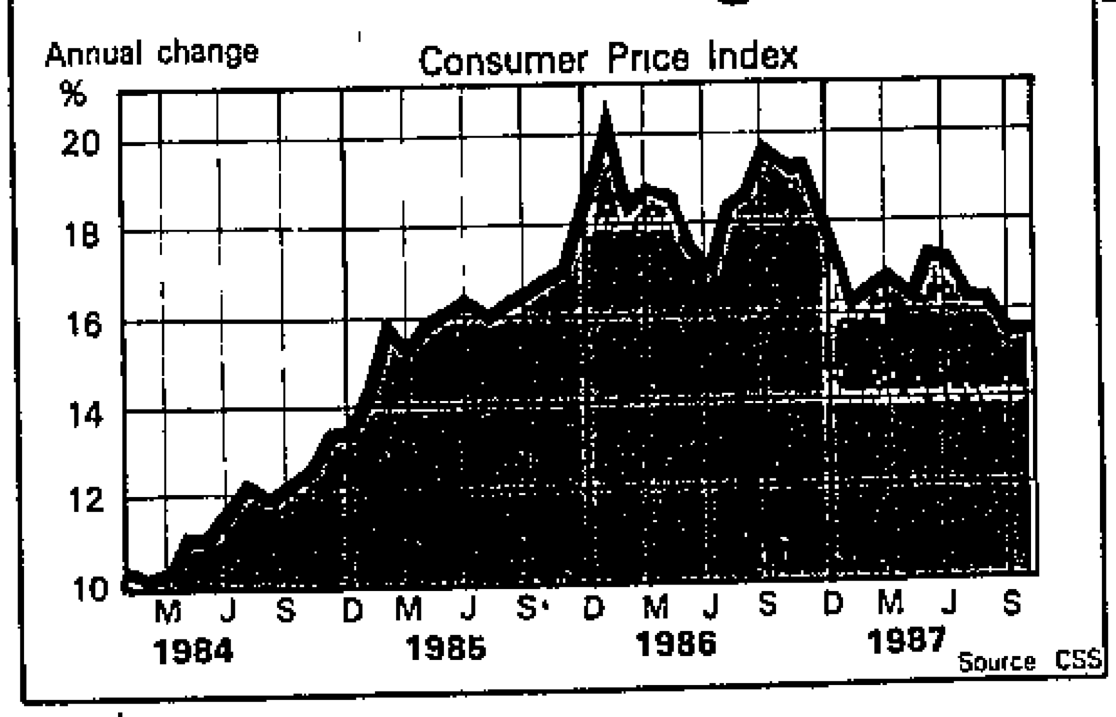
Central Statistical Service plans to recalculate the CPI next year by using a 1985 base year and changing the weighting of the goods that make up the index Technical problems prevented it from doing so with the October figures, as it had planned

□ Meanwhile, UCT economist Brian Kantor foresees higher US inflation — not deflation — following the stock market crash, which bodes well for commodities prices

Kantor, in a paper called *Deflation or Stagflation?* for Holcom Futures, paints this scenario, with the 1988 election looming, the US authorities fight a recession with lower interest rates and faster monetary growth They don't worry about inflation

FM 4/12/87

Still too high



"The danger is that the recession may be over before the authorities recognise as much," Kantor says "Overshooting and overheating become very possible."

Kantor figures that the Wall Street collapse brings the day of a US recession forward "But recession is not at all likely to mean deflation It is more likely to bring more inflation" — as it did in the Seventies and early Eighties

Says Holcom MD Rod Holness "Kantor's conclusions strongly support our case for substantially higher commodity prices over the coming 6-24 months" ■

B/day 244

SA house prices up about 11% on 1986

MICK COLLINS

DESPITE slack demand, house prices on average have risen by 11% during the third quarter of this year, compared with the same period in 1986.

However, says the United Building Society (UBS) in its quarterly review, on a quarter-to-quarter basis there was virtually no price movement since the second quarter of 1987.

"The average price of a medium-sized house currently amounts to approximately R77 000

Smaller houses cost on average some R64 500 (up 12% on last year), while larger dwellings currently trade at about R107 000 (7% up on a year ago).

"The price differential between new and existing houses remains relatively large, which can mainly be attributed to the combined effect of relatively low demand for existing housing and the continuous increase in building costs — running at 16% a year, more or less in line with the general inflation rate"

As an example, the UBS gives the average price of a new house (medium-sized) at R88 800, while an existing house of the same size sells at about R75 600.

"In all the regions average house prices were higher than a year ago, although on a quarter-to-quarter basis some regions experienced lower prices during the third quarter of the year."

These were Johannesburg (-5%), east Rand (-1%), Pretoria (-2%) and western Cape (-1%).

In contrast, noticeable increases were recorded in the Vaal Triangle (7%), Free State and northern Cape (9%), eastern Cape (8%) and the rest of Natal (6%) between the second and third quarters of 1987.

Housing costs to rise

Sowetan

244

30/11/87

HOUSE prices are poised to rise by an estimated 15 percent over the next 12 months, says the United Building Society in its quarterly housing review.

This was due to a sustained upward trend in building costs and the gradual strengthening in demand for residential property.

"Building costs will move in tandem with higher labour costs, increases in the prices of basic building materials and an anticipated widening of building contractors' profit margins.

"In turn, increased demand for housing will flow especially from anticipated real salary adjustments, a slowdown in the current emigration trend, the low cost of mortgage finance and a moderate improvement in general economic activity.

"Moreover, the recent slump in stock market prices is bound to redirect new investment funds in the property market."

UBS does not anticipate any major changes in the mortgage rate pattern during the next six months.

Stronger demand will underpin the trend, says UBS

House prices set to rise 15% in next 12 months

MICK COLLLINS

A SUSTAINED upward trend in building costs is set to drive house prices up an estimated 15% in the next 12 months, says the United Building Society (UBS).

In its quarterly housing review, the building society says the gradual strengthening in demand for residential property will also serve to underpin the trend.

In turn, increased demand for housing will flow especially from expected real salary adjustments, a slowdown in the current emigration trend, the low cost of mortgage finance and a moderate improvement in general economic activity, the UBS says.

"Moreover, the recent slump in stock market prices is bound to redirect new investment funds in the property market.

"Building costs will move in tandem with higher labour costs, increases in the prices of basic building materials and an anticipated widening of building contractors' profit margins."

UBS does not expect any major changes in the mortgage rate pattern during the next six months.

"However, the anticipated increase in the demand for money during the second half of 1988 could result in a moderate increase in the general pattern of interest rates."

GERALD REILLY reports the value of building plans passed in the first nine months of the year increased by 33,6% to R4,083bn, compared with the January-September period last year, according

Houses increased in value by 41% to R1,72bn, flats and townhouses by 44,1% to R295,2m, non-residential buildings by 20,5%, and additions and alterations by 33,7% to R1,21bn.

Buildings completed in the nine months decreased by 9,7% to a value of R2,547bn.

The increase in the value of plans passed in September was a spectacular 52%, compared with September last year.

Residential building plans increased in value by 53,8% and additions and alterations by 73,7%.

The main contributors to the big increases were the Witwatersrand, Cape Town and Pretoria for residential buildings, and the Witwatersrand, Cape Town and Durban for alterations and additions.

D/D 26/11/87

244

Meat prices uncertain over Christmas season

Daily Dispatch reporter

EAST LONDON — Meat dealers here are uncertain whether or not the price of meat will rise over the Christmas period

The chairman of the Eastern Province Livestock Auctioneers Association, Mr Bertie Moorcroft, said that particularly in coastal cities like East London there was a bigger demand for meat at Christmas because they filled up with holidaymakers and people had extra money from bonuses to buy more meat than usual

At the same time, due to a number of public holidays, slaughtering time was shortened, resulting in less meat and an increase in demand

The usual logical result of this is an increase in price

However, it was not possible to predict with absolute certainty whether or not the price would go up

"I have been in the meat industry for 35 years and in 33 of those the price increased during the festive season, but who knows — this year may be one where the price does not rise," he said.

The chairman of the South African Federation of Meat Traders' Association, Mr Dennis Meyer, said that he was confident about the season and would answer an unqualified yes to the question of whether there would be enough meat available

He could not predict whether the price would go up, but said people should take advantage of the prices now

The chairman of the East London Meat Traders Association, which is a member of the SA Federation of Meat Traders' Association, Mr Ivan Dawe, said that it was his guess that there would be no increase in the meat price since there was sufficient stock to meet demand

A lot of big concerns had stored items, such as gammon, during the past few months so that they would have sufficient meat for the Christmas period

The manager of the East London abattoir, Mr G Gibbon, said that there had been a 75 per cent increase in the number of animals being slaughtered at the abattoir since the beginning of November and he was waiting to see if the slaughtering rate would hold out during the Christmas season as it had in previous years

He said the shorter weeks caused by the public holidays would increase the demand for meat

(244) B/day 24/11/87

Changes in base year, weightings

Price index is to be updated

GRETA STEYN

OCTOBER'S consumer price index, due to be released last Friday, has been delayed because of changes to both its base year and the weightings of the items that make up the measure of inflation.

Central Statistical Services head Treurnicht du Toit said the October figure, which will use 1985 as the base year, should be released on Friday.

The new index is being awaited with keen interest by economists who are concerned that their inflation forecasts may have to be substantially revised.

They are also concerned that it will be statiscally invalid to compare the new rate with historical rates of inflation, but the CSS has a mathematical method of sidestepping the problem.

Du Toit says that for October, CSS will calculate two sets of CPI figures — one based on the old base, which used 1980 as its base year, and the other on the new base. In order to compare the two, the new rate will be expressed as a percentage of the old one. This is known as the "conversion factor".

The conversion factor will be applied to the new index to arrive at the final figure.

In this way, Du Toit says, the old and new index will be linked.

CSS says historical inflation rates will not be officially revised in terms of the new base because of the legal applications of the index in contracts, for example, but CSS will do a private revision which may be released at a later date.

244

Sowetans question power price rise

By REVELATION NTOULA

THE Soweto Electricity Advice Centre has criticised proposed Soweto City Council electricity tariff inceases

The centre, a volutary body monitoring the use and costs of electricity in Soweto townships, has also urged the council to first resolve the rent boycott issue The two matters, the centre maintains, are inseperable and should be tackled together

The call to halt the proposed increases follows notices in newpapers in which the council announced the invisaged new tariffs The proposed increases are 12,4 percent or 1,3 cents per unit

This, the council said, was to off-set recent increases in Escom charges

A spokesman for the centre, Bernard Moleke, pointed out, however, that although Escom had increased it tariffs only once this year, the council had done so twice

Moleke said the centre was highly critical of the fact that the council proposed to charge consumers for losses suffered as a result of vandalism, presumably on damaged meter boxes He said it was wrong to pass the costs of the damage to the "innocent" consumer

"In our meeting with the council on August 3, we asked the council to request the government for help to dismantle meter boxes in the streets and place them in individuals yards This exercise will help both the council and the people in many ways," said Moleka

"As as far as the consumer is conerned, it will help him know exactly how much electricity he has consumed so that he can curtail consumption "

Such a system, said Moleke, would free the council from being accused of overcharging the consumer

The centre has, however, emphasised the need for the council not to look at the electricity problem in isolation but to tie it to the current rent impasse which has cost the council millions of rands since it started about 17 months ago

Officer's report wrong – accused

CP Correspondent

CONSTABLE David Goosen, on trial in Graaff Reinet's Supreme Court on two counts of murder, two of assault and one of attempting to defeat the ends of justice, contested the admissability of a report made by him to a senior police officer.

He has contested the admissability of the report in which he was alleged to have "pointed out" to Captain JF van Heerden various scenes where the alleged murders and assaults had taken place. He claimed he was forced to make a statement by threats of detention.

Goosen is on trial with Warrant Officer Leon de Villiers who is alleged to have shot Wheanut Stuurman and stabbed Andile Plaatjies in July last year. – Ecna.

At p...
illegal taxis operating in Thokoza, compared to the 20 who are known to be

BUSINESSMAN OF THE WEEK

W/C Argus 21/11/87

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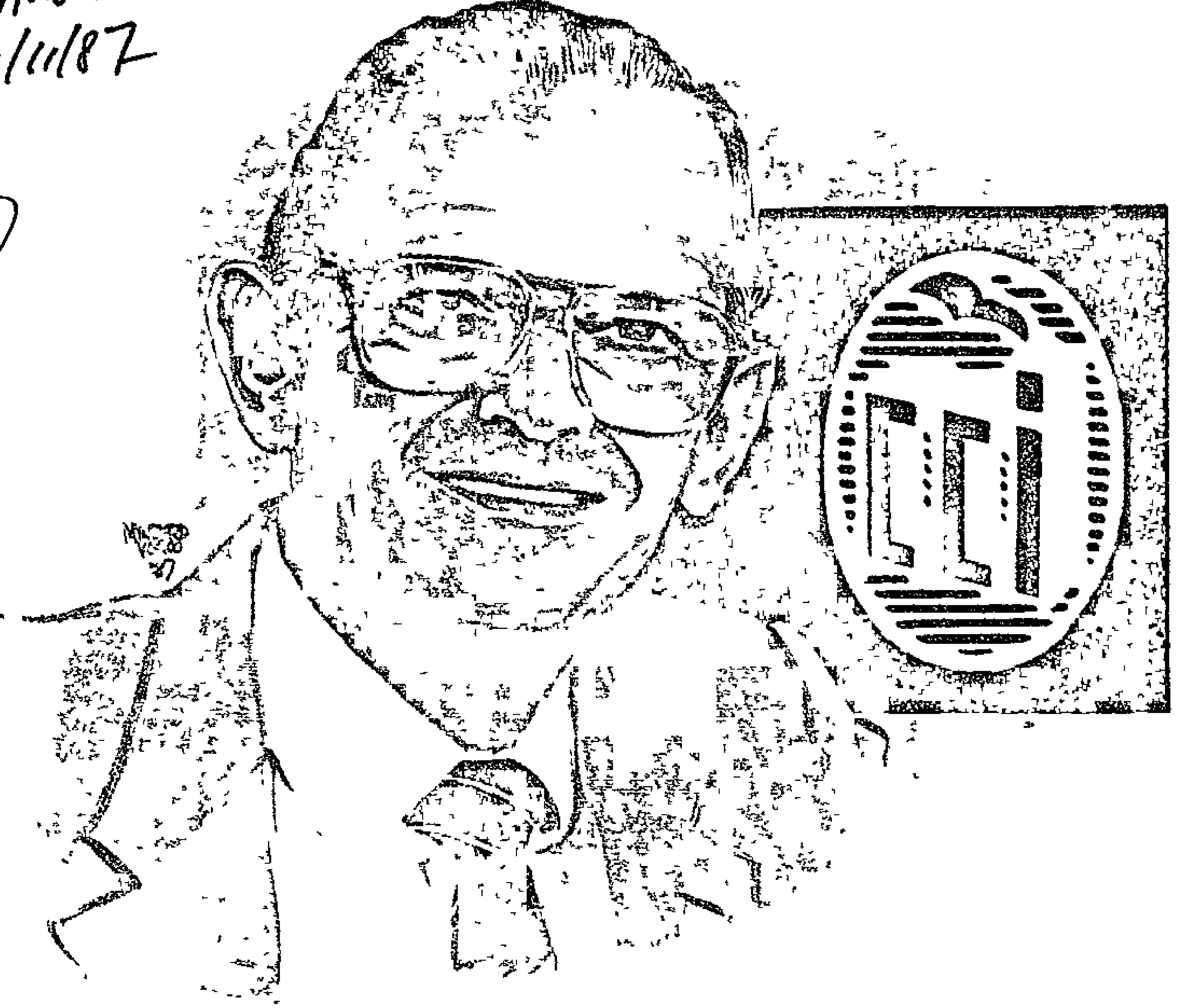
Reduce prices to prosper, SA urged

By DEREK TOMMEY

MIKE Getz, newly elected president of the Cape Chamber of Industries, took up his new role as spokesman for Western Cape industry this week with a simple down-to-earth message for South African professionals and businessmen

If they and the country are to prosper they must reduce their prices to a level the country's Third World population can afford, he says

Mr Getz, is a director of Seardel and one of the leaders of the country's clothing industry, where he has had a dazzling career He joined Cape Underwear Manufacturers as a stock clerk at the age of 20 and by the he was 35 he was managing director



Mike Getz . . . new president of Cape Chamber of Industries

SOLUTIONS

In an interview shortly after his election he outlined some of the problems he saw facing South Africa and what he believed could be possible solutions

As an example of the country's problems he cited a conversation he'd had recently with a top Korean businessman who was on a visit to this country

"Your motor industry has been operating here since before World War 2, hasn't it," the man said "You have adequate resources of steel and coal Your wages have been, for the last few years at any rate, lower than those in Korea Then will you please explain to me why your cheapest motor car is $9 000 when it is $3 000 in South Korea ?"

The Korean added that with a $3 000 (R6 000) car, everyone with a job could afford one and many more more people would have jobs, the Korean added

Mr Getz said that for at least a generation industry in South Africa had been providing a stream of products and services at First World price levels and through a First World system of distribution

But the First World market in South Africa was fully mature and was illustrated by the fact that there had been no real growth in most manufacturing for almost a decade

A similar and more serious development was taking place in foods where the volume sold was falling as well, he said

But the market that was emerging, and where the opportunities for business lay, had a disposable income more in line with Third World levels, though the aspirations there might be those of the First World

Mr Getz said the Western Cape needed to identify and develop this market

"We have excellent resources, particularly human resources, but we are some distance from the hub of the domestic markets which is the PWV area And to some extent we have been a little removed from the realities of our continent, which are more obvious in the north — the industrial heart of this country"

"What we have to do is to adapt and amend our infrastructure to meet the needs of our emerging market

"And the best way to do this is to accept the challenge of achieving international competitiveness

"If we could manage this we will be matching the competitive thrust from developing countries, particularly those in the Far East, and put a wide range of goods and services within reach of our emerging consumers as well as our export markets

But it meant that the Government, consumers and industry and its components — shareholders, management and workforce — would have to commit themselves to matching foreign competition

(Turn to Page 2)

P.T.O.

W/L PR645 21/11/87

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'Reduce prices to prosper'

(From Page 1)

Industry would have to press the Government to exercise its political will, where this was necessary, to facilitate its ability to meet international competition, he said

For example, the country's comparative advantages, its natural resources, should reach industry, particularly the manufacturing sector, at internationally competitive prices which in the main it was not

"As raw materials in most industries comprise 45-50 percent of their total costs, this would be absolutely consistent with the Government's drive to change the bias of industry from import substitution to export advancement"

He said industry was looking more seriously at international standards of performance, including costs, productivity and things like labour turnover, absenteeism and more particularly human relations at there work place

He added it was absolutely necessary for management to tell its work force about key issues in the market place which determine what the company can do in terms of its planning and what priority

This had to be done by management itself If management used specialists in industrial relations or unions to communicate with the work force the message went through a filtering process and it might not reach the worker in the form that management expected

Mr Getz also said that it was important that industry supported both its regional and national organisations It was facing the Government on the one hand and on the other the unions which were organising themselves to deal with their own interests on an industry basis

Industry had to take care that it was effective and meaningful on a regional basis, and also be prepared to negotiate and respond to the Government and unions on a national basis

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SA cotton prices rise to 'realistic levels'

LIZ ROUSE

THE PRICE of the 1988/1989 South African cotton crop will rise to the more realistic levels of world prices, but this will only have a minor effect on the consumer price of clothing.

Textile Federation executive director Stanley Schlagman says on behalf of the federation's constituent, SA Cotton Textile Manufacturers' Association, that the misundertaking over the cotton price should be cleared up

The SA cotton price has been far below world levels The domestic cotton industry satisfied 75% of local requirements in 1987, necessitating cotton spinners to import the balance on a rising world market.

Indications are that, subject to reasonable climatic conditions, the 1988 cotton crop could meet the country's total requirements. But a more equitable price should be attained.

After negotiations on October 8 between cotton spinners and growers, a price range of a minimum of 350c a kg (FOR GIN) and a maximum of 450c a kg was agreed on in respect of the 1988 crop The final price will be determined on the basis of the average of the November 1987 and March 1988 Liverpool index, and will therefore be set within this range — and will also therefore relate to the world price of cotton at those dates.

Schlagman explains that, since the setting of the base price for locally produced cotton at 280c a kg for the 1987 crop, the world price has moved from a low of 321c a kg in April to a high of 411c a kg in August

He says since cotton is a major component of textiles, both for garments and household textiles, the price of cotton has an effect on the consumer price of such items.

"It should be noted, however, that cotton fibre as such is only about 20% to 25% of the clothing manufacturer's total cost of production Of itself therefore, any increase in the price of cotton fibre has only a comparatively minor effect on the consumer price of garments.

"Other factors, over which the textile industry has no control, have a far greater influence on the final price of clothing."

Room for borrowings

UCT stud

SA cotton prices rise to 'realistic levels'

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Putco fare hike under fire

6/11/82

PUTCO's intention to increase bus fares by 14 percent from December 14, could create "an explosive situation" and might result in boycott action, the Black Consumer Union said yesterday.

The union's executive director, Eldridge Mathebula, said the increase, which has reportedly been "approved" by the National Transport Commission, was not justified and "way overboard".

He said the BCU would fight the increase.

"If Putco goes ahead (with the increase), we will advise commuters to resist.

Inflation

"Putco is Government subsidised, inflation is above 16 percent and black salaries remain stagnant there is just no way the consumer is going to absorb this increase."

He said Putco had gone ahead with the increase without consulting either the Black Consumer Union or commuters

Boycott action in event of the increase "was a likelihood", said Mr Mathebula, "but should be avoided"

Commenting on the National Consumer Council's reported approval of the increase, Mr Mathebula said. "They have approved it for themselves, the commuters have given no approval" — Sapa

Pick 'n Pay Hypermarkets tops

B/day 6/11/87 244

BRONWYN ADAMS

PICK 'N PAY Hypermarkets has again emerged as the chain with the lowest food prices, according to a recent Consumer Council price survey in Pretoria and Johannesburg.

The survey of 40 outlets of seven major store groups on October 13 found Pick 'n Pay Hypermarkets were the cheapest for a trolley of 98 chosen product at R233,09. They were followed by Checkers Warehouses (R236,16), OK Hyperamas (R239,30), Pick 'n Pay Supermarkets (R240,51), Checkers Supermarkets (R245,17) and OK Supermarkets (R246,78). Spar was again the most expensive (R260,63).

Checkers Warehouses had been overlooked in the September survey. Fresh meat, vegetables and fruit were excluded from the survey.

The Consumer Council did not take into account monthly specials, which Checkers group finance director Serge Martinjegro said made the survey misleading.

PUTCO FARES GO UP

344

Sowetan 5/11/87

14% rise from December 14

PUTCO is to increase its fares on all its routes in the Transvaal by an average 14 percent from December 14.

By NAT DISEKO

In a statement yesterday, the bus company said the increase was to have come into effect on November 2 but that the date had been shifted because time was needed for "administrative procedures".

Putco applied to the Department of Transport in March for fares increases and the department has now approved the application.

A spokesman for Putco said the increases would affect all bus routes in the Transvaal and the details about the fares hike would be announced at the end of the month.

Yesterday, Mr Simon Hanyane, a member of the Sats Consultative Committee, said Putco should not only care about its self-interests but should also care about the welfare of the commuters.

The Sats Consultative Committee is a body made up of delegates from municipalities, trade unions, business organisations and other parties including Putco.

They make recommendations to the railways authorities.

Mr Hanyane also said: "The weekly tickets must be valid for the whole week because there are people who work on Sundays.

"Putco's monthly tickets should also be valid on Sundays because they are valid on holidays. Railway tickets are valid to Sunday."

Mrs ELLEN Khuzwayo

Reacting to Putco's announcement, president of the Black Consumer Union, Mrs Ellen Khuzwayo, asked how a caring company could raise fares when its commuters were battling with bread and butter issues.

She said Putco's increase of fares should be viewed against:

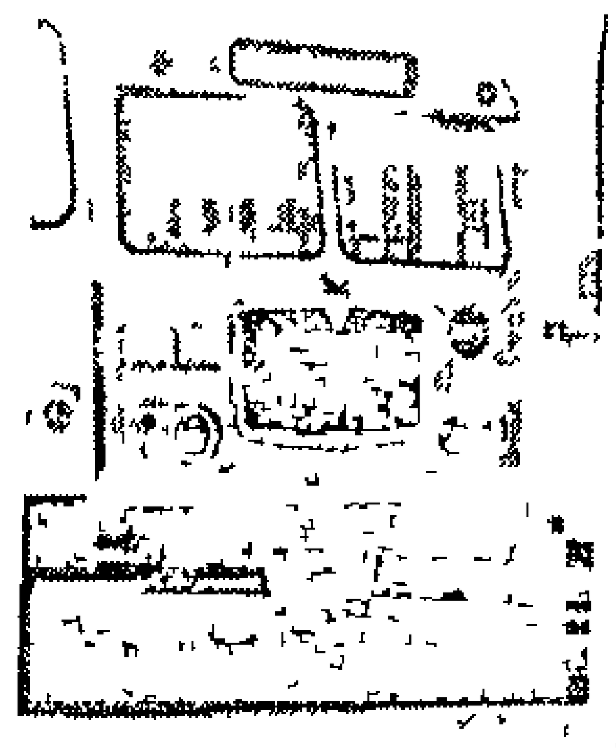
- The escalating cost of living and inflation,
- The stagnant wages of the majority of black workers who commute on these buses,
- The alarming unemployment figures in the black community.

PUTCO UPS FARES FOR SCHOLARS

SCHOLARS travelling on Putco buses will in future have to pay full fares, a statement by the company said yesterday.

Scholar concessions cost the company between R12 and R15 million a year and Putco had suffered substantial losses over the last three years, the statement said

"As a result, close attention has been paid to identify unprofitable operations and to eliminate them



"One of the first areas to be identified has been the fares paid by scholars

"Putco has for a long time carried students at below-cost fares during school terms

Social

"This concession was introduced by Putco management in recognition of its social responsibility to the communities where the company operates

"It was made possible by the increasing volumes of adult passengers who paid the full fare

"Adult patronage has in recent years dropped

"Putco Limited has therefore been forced to serve notice on the Government and school principals, that with effect from January 1, 1988, all scholars travelling on Putco buses will have to pay the full economic fare, the statement said

Putco appealed to the various government departments with an interest in scholar transport "to come together and formulate a meaningful common policy for all population groups, so that any perception of unequal treatment can be eliminated and not be allowed to become a further focus for black criticism of their educational facilities" — Sapa

Local clothing prices rise by 'only 12,8%'

CAPE TIMES 2/11/87

By AUDREY D'ANGELO
Financial Editor

PRICES charged by local clothing manufacturers rose by only 12,8% in the year to August, compared with a 16,5% rise in the overall consumer price index (CPI), the Chairman of the Cape Clothing Manufacturers Association, Simon Jocum, said at its 62nd annual meeting.

In the same period, he said, retail prices for clothing rose by 21% and textile prices by 20,5%.

Clothing manufacturers were doing all they could to contain costs and push up sales.

These were still showing too little growth because consumers were suffering from "a persistent drop in disposable income due to inflation and increasing taxation caused by fiscal drag".

As a result the number of people employed in the industry in the past year had grown by only 1 000, to 54 000 compared with 53 000 the year before. This, said Jocum, was an "insignificant" increase.

However, although the situation was fluid following the stock market fall, "I am optimistic that our industry will continue to grow in the Cape".

Calling for closer co-operation between clothing and textile manufacturers and retailers, Jocum urged association members to buy local fabrics whenever possible.

"It is in the interests of the economy and of both the clothing and textile industries if our industry exhausts all possibilities in purchasing the fabrics locally before resorting to imports.

"A fully booked textile industry would display less enthusiasm for applying for increased duties.

"The only way to keep the duty structure constant and even have it reduced is to ensure that there is close co-operation in improving quality and service from the textile industry."

Jocum said the local supply of cloth had improved, and all future requests for import permits would have to be "motivated by sound reasons, such as non-availability or extended delivery dates".

Property boom

Economic upturn leads to improved PE prices

244 30/10/87 EPOST

Post Reporter

HOUSE prices in Port Elizabeth have risen an estimated 15% since January — the first significant rise in three years.

"It's a sure sign of renewed confidence in PE," a leading estate agent said. "In fact, we like to think of it as a sure sign of the new PE."

Coupled with the prospect of better times in the motor industry — with car sales expected to continue rising well into next year — and the imminent boost to industry being brought by Mosgas, agents say a boom in the property market is on the doorstep.

In fact, they say, too many buyers are chasing too few houses already.

Agents said they could not explain why a "sellers' market" had suddenly emerged in the past four months or so, but they all agree that this is the first tangible indication of an upswing in the economy of the Eastern Cape.

Mr Ray Long said that in the economic slump during the past three years contractors built houses for which buyers could not be found.

"Only recently," he said, "all these empty houses have been bought and now there are more buyers than houses"

Mr John Fraser set the price increase at "at least 15%".

"There are many more buyers than there are houses available," he said. "Most of the people knocking on my door are out-of-towners wanting to come back to PE."

He said buyers were not short of money.

"Certainly we are following the trend in Johannesburg," said Mrs Dawn Humphries, an agent

"The average price increase on the Rand this year is a little more than 20%. Our average in PE, I should say, is between 10% and 15%.

"After the lean times, estate agents were having we are greatly encouraged We are telling people 'Hang on to your property. The price should be even better next year'

"At last it really does look as if an economic turnabout has come to PE.

"Less than a year ago dozens of shops were standing empty in North End. Now there is only one.

"Suddenly there is a scarcity of houses and flats to let. It seems that the people who cleared out when the slump was at its lowest are coming back to PE."

By her reckoning, the price of the average house was increasing by at least R2 000 for every month that went by.

Agents said houses in all price categories throughout the city were being snapped up

Mrs Liza Barnard said that "when Ford deserted us two years ago", there was an almost immediate slump of between 15% and 23% in prices

"Now suddenly sales in PE are very lively Judging from my books, I should think that this year we've seen an average increase of 10%."

Mr Gideon Langner said the increase could be "anything between 10% and 15%".

"It's turned into a sellers' market all of a sudden," he said "The best advice that the home owner can take is. 'Hang on to your property. It should be worth more soon'."

● The Stellenbosch University's Bureau for Economic Research reports that throughout the country the average house price has increased by 20% and that further increases appear to be on the way.

Figures reflect improved consumer confidence, the bureau reports This is likely to prompt a keener demand for new houses

Four factors are likely to boost demand, the report says. low interest rates, expectations of high inflation, increased real disposable income and increased general economic activity

PE has 50% hike in fresh produce prices

Eve Post (244) 30/10/87

Post Reporter

The average price of products on the Port Elizabeth municipal fresh produce market has risen by almost 50% in the past year, according to a report released by the market director, Mr James McKenzie

The market turnover for September, for the first time, amounted to more than R3,5m

The new record is R3 601 438, compared with R2 541 366 for the same month last year. This shows an increase of 41,71%

The previous highest turnover, R3 201 113, was in July this year

The increase in turnover was due largely to higher average prices, and Mr McKenzie said the average price of products had risen by 49,31%. The increase was from R309,24 per ton to R461,72 per ton.

The price of apples per carton rose from R9,72 to R10,22, onions per carton rose from R4,54 to R7,72 and pockets of potatoes rose from R6,95 to R9,95

Products which showed a price decrease in the past year were cucumbers, pineapples and green beans

Building cost rise likely

27/10/87

CAPE TOWN — Building costs are likely to rise rapidly in 1988 as a result of keener demand for houses combined with a shortage of skilled labour, says the University of Stellenbosch's Bureau for Economic Research.

In its latest building and construction survey, the bureau says builders are also likely to widen their profit margins in an attempt to recoup some of their losses of the past few years.

Demand should also become keener for the services of building contractors.

The survey says growth in fixed investment is taking place mostly in the residential sector and predicts that this might even accelerate.

Although building activity in the non-residential sector remains sluggish, building costs will increase sharply when the sector becomes more active, the survey says.

Office space rentals are also edging upward which implies that there is little spare capacity and explains an increase in plans being submitted for non-residential buildings.

The would-be

Beat the price rise

TAKE a bow any manufacturer who hasn't raised prices for nearly two years The Weekend Post, in all modesty, is one of the select few to qualify But now inflation dictates that the price of the best-selling newspaper in the Eastern Cape can no longer be held at its present level

From next week, therefore, our cover price will rise, in round numbers from 54c plus 6c GST to 72c plus 8c GST. But as readers will note from the panel on the left, we will be running even harder to bring readers more more newsy features, more sports coverage, more comics, more news, entertainment and exciting competitions

Even so, readers can beat the price increase by subscribing or renewing subscriptions without delay For details see page 10.

(244) W/POST 24/10/87

Cape Times 13/10/87 244

Pupils' fares up from R6 to R15

Staff Reporter

BUS FARES for pupils from Atlantis to Cape Town are to be increased from R6 to R15,50 a week for a 10-ride clipcard after it was found that pupils had "incorrectly" used the clipcard for three years, the managing director of City Tramways, Mr N S Cronje, said yesterday

His comments follow an outcry by Atlantis parents about the "removal" of the pupils' clipcard subsidy

The pupil clipcards, subsidized by the company, were never valid between Atlantis and Cape Town, Mr Cronje said, adding that it had always been "expressly excluded" in the official schedule of clipcard fares issued following adjustments in fares

Following a "routine rebriefing" of drivers and inspectors, it had become apparent that some pupils used the clipcard incorrectly.

Mr Cronje said pupils' clipcards was issued on the "reasonable understanding" that parents would send their children to schools close to their homes

"It is unreasonable to expect the company to allow children to occupy places during peak hours on high-demand commuter buses at a cost of only 60 cents a ride when the full economic fare amounts to R3,63 and commuters have to pay R1,55 a ride if they are using the subsidized clipcard intended for workers"

The company was sorry that some parents were "inconvenienced" but the strict application of the company's regulations was to "protect the interest of bona fide commuters", Mr Cronje said

MEAT SIZZLER!

An eyeful for sailors

What do boardsailors do to stop becoming bored sailors, when the wind doesn't blow in Port Elizabeth? Well, for one thing they can consider the other local attractions, like studying the form of CHANTAL PARRY, who yesterday visited Hobie Beach, where the national boardsailing championships are being held See Page 15

Prices will rocket by Christmas, say PE butchers

(244)

Eve Post · 7/10/87

By DEBBIE MARCH

MEAT prices — which have seen beef rise 32% in a year — are expected to rocket between now and Christmas, say PE butchers.

The chronic shortage of red meat is mainly to blame

The price rise of the various beef grades has averaged 32% in the year, and lamb and mutton 22%

And it was not going to stop there, butchers said today

"As long as there is a shortage of meat, prices will continue to go up and up," a butcher for a leading chain store said The meat business was very much one of supply and demand, he said

The national shortage of meat, especially of beef, had already seen the local abattoir cut its slaughter time back to four days a week. And butchers did not see the shortage abating in the near-future

Earlier this year butchers predicted beef on average would cost R5 a kilogram at Christmas It had already reached that level

They were not prepared to quote probable prices, but did say they would be "very high"

"It's frightening, but we're doing our best to keep prices down," another chain store butcher said today

He said their average price for beef had risen by 19%, but the market price had risen by 32%

Fillet steaks had gone up from a supermarket selling price of R10,98 a kilogram to R14,58 from this time last year, and rump from R9,18 to R11,98 a kilogram — price hikes of 33% and 31%

A top side of roast now sold for R8,58 a kilogram compared with last year's R7,19

"The rise has been such that the lowest grade of beef is now selling for the price that the top grade of beef sold for last year," a butcher said

The top grade of lamb had increased from R6 98 to R7,58 a kilogram and lamb chops from R9,78 to R10,58

"We're going through hard times in the red meat game And it's going to be harder at Christmas,' Mr Hennie de Lange, the regional meat manager for a supermarket chain in the city, said

Prices for poultry were also expected to increase

(244) SMAL 6/10/87

Collusion by companies is of 'alarming' dimensions

Tough penalties face price fixers

By Michael Chester

Price-fixers have been threatened by the Department of Trade with the toughest crackdown to date with penalties of up to R100 000 in fines and five years' jail unless they abandon their schemes

The warning has been delivered by the Minister of Economic Affairs and Technology, Mr Danie Steyn, on the heels of investigations which revealed that collusion between companies engaged in price fixing had reached "alarming" dimensions

He confirmed that the Competition Board had called in the Commercial Branch to investigate suspicions of price cartels among several companies.

He reminded businessmen that warnings were given several months ago that a firmer stance on price rigging was to be taken by the Competition Board, which, until now, had often made informal approaches to companies that contravened the Maintenance and Promotion of Competition Act

The Minister made plain that there were five particular restrictive practices that were now under special attack·

- Resale price maintenance, when suppliers compelled retailers to fix prices
- Price collusion, when suppliers set mutually agreed prices for their products or services.
- Collusion between competitors to agree on conditions over the supply of commodities or services such as with discounts or payment terms
- Collusion between companies on who takes what slice of the market and in which geographical zone
- Collusion when companies submitted tenders on the price of supplies or else agreed on who tendered for what

"Until now, when contraventions have occurred, often out of ignorance, the parties have been approached informally," said Mr Steyn

"But the stage has been reached where businessmen who continue with these practices, but have not been given official exemption, will have to bear the penal consequences"

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3.75%

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cal chickens come home to roost

Bread price goes up. But the poorest buy still more

By PAT SIDLEY

"BREAD for a black man is the same price as bread for a white man," said a worker directing a question at management consultant Christo Nel at the Five Freedoms Forum conference last weekend.

"If it costs 50 cents for a black, it also costs 50 cents for a white ... This money they allocate for us will not make us live," he said

This week, the bread price rose to 81c a loaf of white bread and 63c a loaf of brown bread.

Despite the fact that increases have on the whole been below the inflation rate, those people at the bottom end will always be affected by an increase.

Over the past five years, brown bread prices have risen by 90,9 percent and white by 62 percent.

The new price, which narrows the difference between the two loaves to 18c, reflects the smaller subsidies and, in turn, the shifting consumption patterns against a population increase

In 1982, reflecting larger subsidies on brown bread, the consumption of white bread was 448 829 000 loaves against 1 040 937 000 brown loaves, according to the Wheat Board's figures. At that stage, a white loaf cost 50c and a brown loaf 33c with the subsidy 3,3783c and 15,9012c a white and brown loaf respectively.

In the 1985/86 Wheat Board year (from October 1 to September 30) white bread consumption had increased by 0,6 percent to 451 568 000 loaves and brown bread by 16,9 percent to 1 217 178 000 loaves. Figures for the 12 months to July this year, show white bread consumption is up by a further 11,1 percent while brown bread consumption remained static.

Although at the time of writing the total subsidy figure that the government is paying out on the bread price was not known, the trend has been to decrease the subsidy. Last year's R150-million was some 25 percent down on the year before, said a Checkers representative.

In past years this shift in the subsidy reflected directly in consumption patterns with the highly subsidised and much cheaper brown loaves selling faster and in greater quantities than the more expensive white loaves.

This year, according to the Wheat Board, the pattern of subsidies will be changed once again.

Since February 1984, with the subsidy on each loaf of brown bread at 11,2891c paid to the baker, the baker was required to pay to the Wheat Board's subsidy fund 1,3649c for each loaf of white bread baked.

This system, in which each loaf of white bread baked and sold effectively subsidised part of the price of each brown loaf, persisted till this year

Now, however, this negative subsidy on white bread will again become positive and each loaf of white will be subsidised by about 2c a loaf and each brown loaf by 12,8426c if the cabinet approves these figures.

This, together with the narrower difference in the price of white and brown, is likely to continue to push the consumption towards white bread

Although the figures seem to indicate a slight increase in the consumption of bread all round in the country, it has to be seen against the population growth which has been increasing at 2,5 percent a year. In effect it means less white bread is being consumed and the change in brown is small.

~~[illegible]~~ 244 W/Mail 2-8/10/87

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INFLATION

Heating up

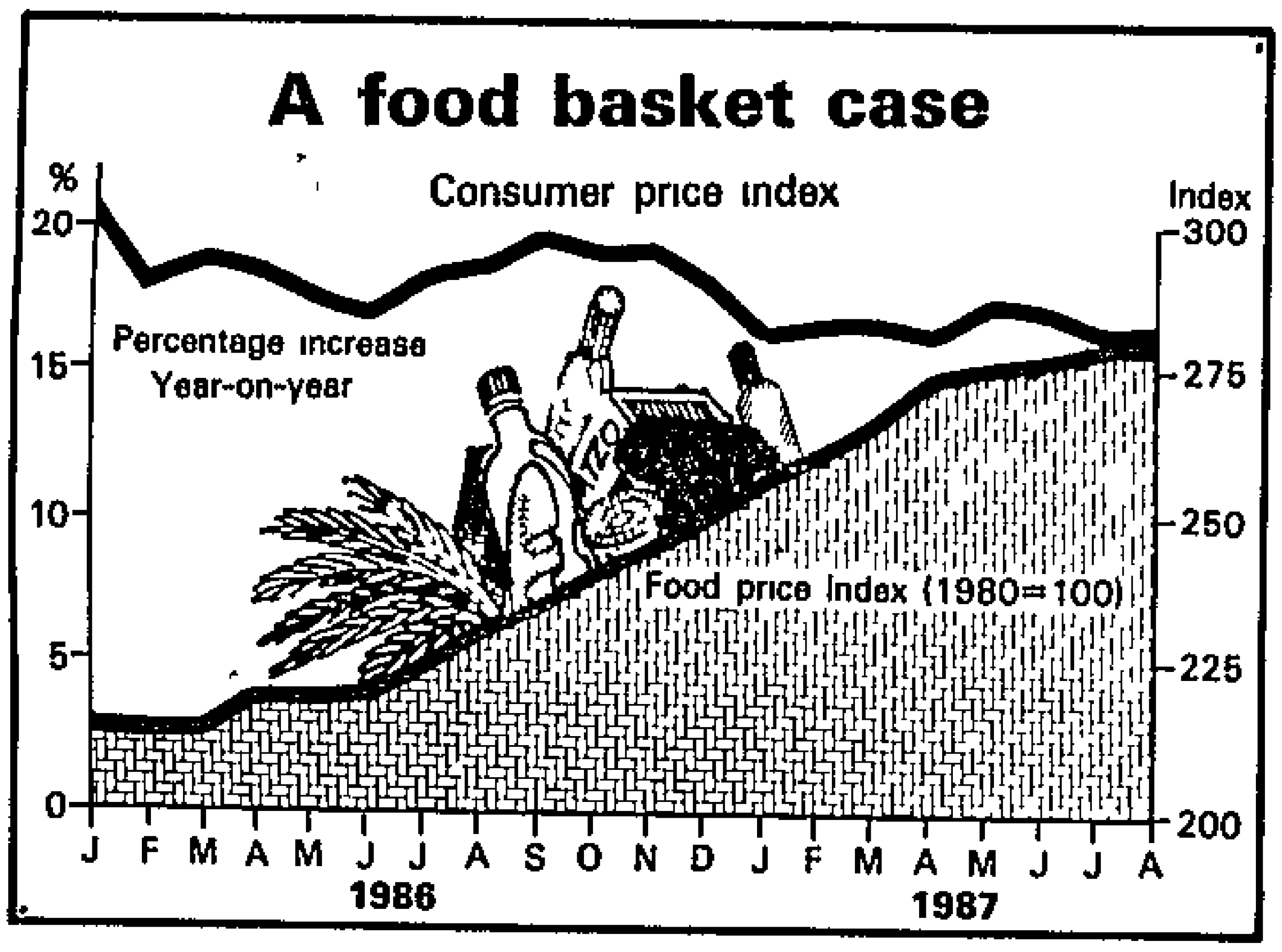
"There's a lot of heat out there," commented one economist — surprised both by the upturn in the latest inflation figure for August and concerned over the continuing enormous build-up of liquidity in the banks

Nor do other statistical distortions make it easy for price watchers As noted by a spokesman for Central Statistical Service (CSS), the "other commodities and services" component is only reviewed annually. This rose by 11,6%, brought into the figures as a one-month increase This was mainly caused by an increase of 66,6% on average since July 1986 in the tariffs for short-term insurance

"If you exclude this adjustment," explains the spokesman, "the annual consumer price index (CPI) would have been 15,6%"

CSS also confirms that the cost of food is an immediate concern Already, meat prices have risen 32,3% year-on-year to August, and there's no sign of a let up — they increased by 2,6% in August alone Oddly enough, tins of pilchards were reported down by 7%-8% in just one month, and coffee down almost 1%

Price volatility of some food items is also a hazard for analysts The CSS spokesman pointed out that there was often considerable geographical price variation in vegetables, for instance In August vegetable price changes ranged from *minus* 1% up to a 47% monthly increase



Analysts saw the 16,3% year-on-year for August, unchanged on the month before, as very disappointing. It has led some to conclude that inflation has nearly bottomed If this is so, then the hoped-for boost in consumer spending could unleash demand inflationary pressures from what is already an unacceptably high cost-push base.

Once again the persistently strong increases in food prices is blamed for the current state of play This component, accounting for a 25% weighting in the index, stood at an increase of 22% year-on-year for August

And there is more to come As Mike Daly, economist for Southern Life, points out. "With the heavy rains in the summer rainfall areas, farmers will prefer to keep cattle on the land" and this will reduce supplies of meat to the market He reports that Kanhym, for instance, is increasingly pessimistic about meat prices

Daly also notes that bread prices have recently been increased And a rise in the milk price is coming shortly, while Sats has just announced increases in some of its tariffs for October

He says that rising demand, as the economy continues to gather momentum, will be further accommodated by very cheap credit, given our existing negative real rates of interest

Another point of concern is that the monthly increase for August, at 1,4%, is significantly higher than the average 1% a month for the first seven months of the year. Statistically, the figure is also understated since it is measured against a strong August 1986 increase,

But somehow the markets seem to make sense of the figures, and the capital markets, for example, responded to the overall disappointing news by adding around 10 points to interest rates

Says Leon Steenkamp, economist for Senekal Mouton & Kitshoff "Sentiment was becoming more positive towards July So the latest figure is a bit disappointing

"But I think the year-on-year rate for September will still go down Then we'll see further increases after that"

Apart from the seasonal influences on meat prices, Steenkamp says "for the first time we are seeing signs of wage pressures in the early stages of an economic upswing

"Normally, this becomes a problem towards the end of an upward cycle" He ascribes this hazard to increasing trade union awareness, and work stoppages which will affect supplies

To these cost-push factors, as he's mentioned on previous occasions, must be added the likelihood that the upswing will afford manufacturers wider profit margins

Says Steenkamp "Also, as capacity utilisation improves we should enter a new investment phase" And whether capital goods are imported or locally produced, the price increases will be very significant, adding their weight to the above cost-push factors

Daly says he's become more pessimistic about the outlook for inflation for another reason too In the past the lower turning point in the inflation rate has matched the turn in the coinciding indicators In more recent cyclical upswings a lag has developed "If we assume the turning point in CPI lags by about 10 months, as it did for the 1983 mini-boom, then that suggests September as your low point for inflation

"So I've become more pessimistic Money supply targets are itching to be broken," he adds, "which, for one thing, will foster the ability of companies to increase margins. Wage increases will exceed the inflation rate So there's a lot of heat out there"

By the end of 1988 Daly expects inflation "could be nearing 20%, with 17,5% average for the year"

Sadly, most economists agree with him Standard Bank recently commented that "present analysis indicates that the rising inflation scenario should be assigned the higher probability If trends in liquidity and credit demand materialise, market forces may already be tending to push rates upwards" ■

ECONOMIC CONFERENCE

The road to future prosperity in SA is being examined by the Financial Executives Institute of SA at a conference in Johannesburg on October 29.

The speakers dealing with political and economic policies are the Free Market Foundation's Leon Louw; Professor Philip Spies of the Stellenbosch Institute of Future Research; and former Editor of *Die Vaderland* Harold Pakendorf.

The Computer Society's Hennie le Roux, Unisa's Professor Martin Nasser and Cashbuild's Albert Koopman will discuss the practical applications of technology, productivity and the work ethic to prosperity.

In summing up, *FM* Editor Nigel Bruce will reflect on the economic road ahead

The cost of attending the conference is R285 and further information can be obtained from Yvonne Hill & Associates (883-4613/783-6053).

Big jump in bread price next week

BO.

244

26/9/87

PRETORIA — The price of standard bread would increase from October 1, the director-general of the Department of Agricultural Economics and Marketing, Dr D W Immelman, has announced

He told a press conference here that bread would increase by 5c a loaf for white and 7c a loaf for brown bread

"White and brown bread will cost 81c and 63c per loaf respectively, which represents a rise of 6,6 per cent for white and 12,5 per cent for brown bread."

He said the government had decided on the increases following the rise in the producer price of wheat, which was announced yesterday by the chairman of the Wheat Board, as well as cost increases in the milling and baking industry and a 1c a loaf increase in the retail margin for bread

The president of the Housewives' League, Mrs Lyn Morris, said yesterday the increased prices would cause a great degree of hardship among people whose budgets were already stretched to the limit.

"I am very disappointed that the Minister of Agriculture could only find R150 million to subsidise the price

"It should be a top priority that everybody in the country eats."

Mrs Morris said it had become necessary "to look at the whole scenario of administered prices"

"We cannot go on having our basic food prices increasing every year"

The South African Consumer Council said yesterday the bread price increases day should be seen in the light of the "difficulties" the state was facing and "demanding economic times"

A spokesman for the Inyanda Chamber of Commerce and Industry said the hike was "appalling" as it was going to hurt those people who could least afford to be hurt

Referring to the R10-a-ton subsidy granted to wheat farmers from the wheat reserve fund, he said "I don't see any undernourished farmers but I see a lot of undernourished people."

Two supermarket chains have announced they will sell bread either at cost or at the old price for the time being.

Bread, train fares to rise

CAPE TIMES 25/9/87

(244)

Staff Reporter

CONSUMERS have been dealt a double blow with the price of bread expected to rise today and an announcement yesterday that first- and third-class suburban train tickets will cost 10% more next month

The latest train fares' increase comes into effect on October 1 and follows a 10% hike in June, taking the total increase for the year to 21%.

It applies to daily, weekly and monthly suburban tickets, but not to long-distance travel

A SATS spokesman said even with the two increases, rail passengers were covering only 30% of the cost of their transport.

Meanwhile, today's expected price increase in both white and brown bread is to compensate for the rising costs in wheat production, milling and baking.

Details of the price adjustments would be announced at a press conference in Pretoria this morning, a spokesman for the Department of Agriculture said yesterday.

● Mrs P Policansky of the Peninsula School Feeding Scheme yesterday described the expected rise in the price of bread as "horrendous" and said that it would be a "terrible burden" to the scheme.

At present, the scheme feeds 162 000 children each school day For most of the children the slice of bread and cup of soup is their only food for the day

Train fares up 10%

SA TRANSPORT Services yesterday announced that fares on commuters train journeys will be increased by 10 percent from October.

This follows an announcement on May 26 that increases in commuter fares twice a year would be more acceptable than one big increase.

It was also announced in May that SATS intended to again increase commuter fares in October.

To help compensate for the shortfall in fares against the general increase in expenses, first and third class commuter fares will be increased by 10 percent.

For example the new price of a monthly ticket between Johannesburg and Pretoria which was R107 will now be R118 while that of a third class monthly ticket between Mabopane and Belle Ombre which was R20 will become R22.

A SATS statement says it has to be borne in mind that a monthly ticket is valid for unlimited travel between the two stations for which it was purchased

The total increase in fares for the financial year 1987/88 will be 13 percent for first and third class commuters.

SATS says that, just as any other enterprise, it is subject to increases in costs over which it has no control, and has to compensate for this.

On this basis, a fare increase of at least 17 percent would have been necessary for the 1987/88 financial year on top of the shortfall in the

● To Page 2

244 Sowetan 25/9/87

Living costs

● From Page 1

previous financial year — as a result of the fact percent, as against the increase of 17,9 percent in consumer prices

The fare paid by commuters will now cover only a small portion of their travelling costs For each R1 that it costs SATS to transport a commuter, the commuter will contribute only 30c and will thus be subsidised by 70c

Fares for road passenger services will be increased from November by an average of 5 percent

SATS says it appreciates the fact ~~that~~ passengers are also burdened with increasing living costs and therefore does everything possible to keep cost levels as low as possible — Sapa

Bread price increase announced

PRETORIA — The price of standard bread would be increased by 5c a loaf for white and 7c a loaf for brown bread from October 1, the Director-General of the Department of Agricultural Economics and Marketing, Dr D W Immelman, announced in Pretoria today.

He told a Press conference that white and brown bread would then cost 81c and 63c a loaf, respectively, which represented a rise of 6,6% for white and 12,5% for brown bread.

He said the Government decided on these increases following the rise in the producers' price of wheat.

The increases would cause hardship among people whose budgets were already stretched to the limit, the president of the Housewives' League, Mr Lyn Morris, said today. She said it had become necessary "to look at the whole scenario of administered prices."

(244) E POST 25/9/87

White, brown bread price up on October 1

25/9/87 Pretoria Bureau 244

The price of bread is to rise by 6,6 percent for white and 12,5 percent for brown on October 1, the Director-General of Agricultural Economics and Marketing, Dr Dirk Immelman, announced today.

Consumers will pay 81 c for a white loaf and 63 c for brown — an increase of 5 c and 7 c respectively.

Speaking immediately after the new prices were announced at the Wheat Board's headquarters, Mrs Lyn Morris, national president of the Housewives' League, said that although the League was thankful that the Government had agreed to a R150 million subsidy for bread, "we are disappointed that the Minister of Finance could not find more money for the subsidy"

"Now is the time to look at the whole issue of administered prices and to concentrate on productivity and efficiency in the industry between the farmer and the consumer. We cannot go on having basic food prices upped every year," said Mrs Morris.

STAPLE FOOD FOR BLACK CONSUMER

The increases, especially on brown bread, would not help to curb the inflation rate, the National Black Consumers' Union (NBCU) said today

"Perhaps the Government ought to look into retaining the present price of brown bread as it is the staple food for the lower income group generally and especially for the black consumer," said the NBCU statement

The new price followed a new wheat producers' price of R395 per ton, a 9,2 percent increase.

● The manager of the Wheat Board, Mr Dennis van Aarde, took a swipe today at supermarkets pushing to bake subsidised bread in their bakeries He compared prices for "special bread" with those of subsidised "government" bread

A re-calculation of a French loaf showed that a comparative loaf would cost R4,71 instead of the present 81 c.

"Is this any substantiation to manufacture subsidised loaves?" he asked.

'Catastrophic consequences if single-channel marketing system is replaced'

Maize price collapse warning

GERALD REILLY

PRETORIA — A free market system for maize would lead to a serious price collapse on the domestic market with catastrophic consequences for producers, Maize Board GM Hennie Davel told the National Association of Maize Millers' annual meeting recently.

However, the Maize Board's single channel, fixed price system was being subjected to pressures which demanded change, he said Among them was the trend towards freer marketing systems, greater deregulation and privatisation. The board was not interested in control for the sake of control.

"It is also, however, not prepared to dismantle its marketing system to fall into line with the popular but often not clearly analysed move towards free market systems." The maintenance of the one channel marketing system was in the best interests of producers and consumers, he said

The board planned to bring the whole country under control This would enable the board to collect levies in all magisterial districts which produced significant quantities of maize

It also planned to close any loopholes in its marketing scheme trough which levies could be avoided. The board would come down heavily on anyone illegally bypassing the levy system. This year the board froze its selling prices at the same level as last year.

This, in real terms, meant a drop of about 15%. It was reasonable, therefore, to expect domestic maize prices to increase in the new season The overseas market for maize had virually collapsed in the past two years

International prices were at their lowest level since 1972 because of saturated markets

PRETORIA — Planting of the new maize crop will start in earnest next month, according to the National Maize Producers Organisation (Nampo).

Although September rainfall has generally been above average in most growing areas, Nampo warns farmers not to be too optimistic.

The two previous seasons started as well, then in the critical months of January-February the drought set in. At the beginning of January this year a Nampo spokesman said authorities were forecasting a crop of 13-million tons.

However, large planted areas were devastated by drought in the first three months of the year and just over 7-million tons was eventually harvested.

Latest figures show that production costs have more than doubled since 1984.

In the end, who'll have the bread for the bread?

244

STAR 23/9/87

By Michael Chester

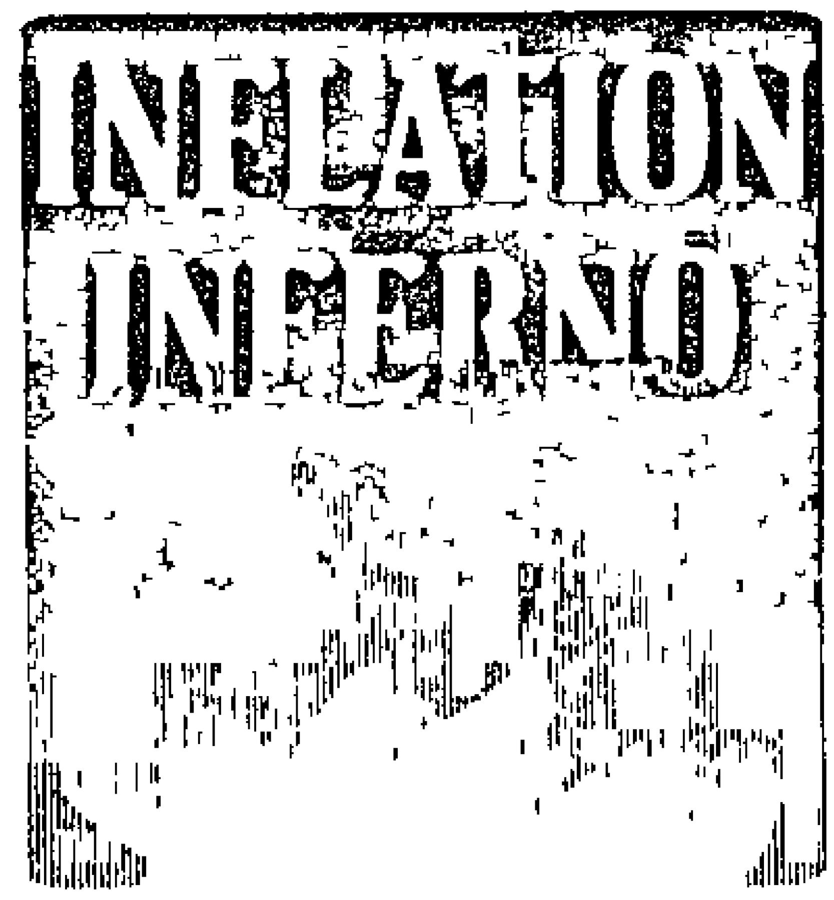
As consumers brace themselves for an October announcement on yet more increases in the price of standard loaves of white and brown bread, the mechanism that fixes bread price levels has again come under attack from retailers.

Pick 'n Pay chairman Mr Ray Ackerman has repeated urgent appeals to the Government to allow supermarkets to produce their own bread in their own bakeries — hopefully at lower selling prices.

The request might sound simple and reasonable. But it opens a whole Pandora's box of controversy on the role played by monopolies and cartels in the inflation spiral — inside the private sector as well as State control boards.

Bread prices make a classic example of what the hubbub is all about. It starts when the Wheat Board lays down the law to the millers and registered bakers on the price of flour. The government listens to the recommendations of the control board — and lays down the law to retailers on new minimum selling prices.

What irks Mr Ackerman is that the only bakeries permitted by law to produce the standard loaves that are the staple in shopping baskets — as compared with fancier kinds of bread — are the ones with special licences.



Huge power concentrations inside both the private and public sectors — monopolies to control boards — are often accused of fuelling the inflation spiral.

MICHAEL CHESTER reports.

The looming increase in bread prices has rekindled fresh passions about who must share the blame for sky-high inflation.

"Administered pricing by public corporations and agricultural marketing boards have been a source of upward bias in the price system for years," says Dr Azar Jammine, director of the Econometrix think-tank.

"Whether it is the Wheat Board, the Egg Board, the Milk Board, the Maize Board, or Escom, the Post Office or Iscor, prices have been set with little regard for market forces.

"Exploiting their monopolies, they have been setting domestic prices on a cost-push basis irrespective of levels of demand for their products or services. The outcome is that prices are flexible upwards, but inflexible downwards."

But blame should not be confined to the public sector, says Dr Jammine "Over the past decade there has also been an enormous increase in the level of power concentration in the private sector as well.

"And, as with public corporations, the majority of private sector companies of any significance nowadays frequently have sufficient market share and financial backing to resist market forces when setting prices.

"Nowhere is the distortion of market forces more evident than in the food sector. At a time when food prices worldwide are at record low levels and surplus production abounds, food price inflation in South Africa is soaring well above the average rate.

"The fault lies in the fact that all three tiers in the food industry — production, processing and distribution — tend to be controlled by a handful of powerful organisations employing monopolistic or quasi-monopolitistic practices.

"There is little point in arguing that inflation can be combated by acting against such monopolies. They are only a symptom of underlying causes which are driving corporations to acquire such power.

CAPE Times 18/9/87 244

★ Cape

City bus fares to rise 12%

Staff Reporter

CITY TRAMWAYS has announced a ticket price rise of an average of 12,7%, with a maximum of 17,5% — but at the same time has increased benefits for senior citizens.

The new fares will come into effect on Sunday

At a press conference yesterday the managing director of the company, Mr N S Cronjé, said the company had applied some time ago to have its fares adjusted

"Unfortunately, the adjustment also has to take account of the additional six cents a litre the company has been paying for its fuel since July 1 this year," Mr Cronje said

"The increase, including the adjustment for fuel, will result in a 15% improvement in the company's revenue"

"On average, cash fares will increase by 12,7% with a maximum increase of 17,5%."

Mr Cronje said that because cost increases had a greater effect on those living on fixed incomes, especially senior citizens, the company had decided to extend a currently limited concession to all people over the age of 65

All people over that age could apply for the company's special photographic pass and would be able to travel on any scheduled bus any day of the month between 9am and 3.30pm on the pensioner's 12-ride clipcard.

Previously, this had applied only to the week of the month in which the government pension was paid out

The regional director of the National Council for the Aged, Mrs Will Bryan, yesterday welcomed the assistance for senior citizens and said she was "very pleased that they are recognizing that pensioners are not coming out on their incomes"

"Clipcard passengers will also unfortunately be affected by this increase, but due to the assistance of the Department of Transport it has been possible to limit the extent of this increase," Mr Cronje said

"Almost 80% of clipcard passengers will have to pay no more than R1 10 a week (11c a ride) extra

"The company is acutely aware of the negative impact fare increases have on its passengers but tariff adjustments are unfortunately unavoidable if the company is to continue providing safe, regular and reliable services to the people of greater Cape Town."

All clipcards bought by tomorrow will be valid for two weeks after the purchase date.

The company was also introducing special Sunday services "specifically geared to needs we have identified for Sunday travel"

These are the price rises on the 13 most popular routes from City Tramways:

Route	Old cash fare	New cash fare	Old clip-card fare	New clip-card fare
Cape Town to Claremont	70c	80c	R5,00	R6,10
Cape Town to Sea Point	65c	70c	R5,00	R5,80
Cape Town to Elsies River	89c	R1,04	R4,60	R5,70
Cape Town to Killarney	R1,07	R1,25	R6,70	R7,70
Cape Town to Bellville	R1,27	R1,45	R7,70	R8,90
Belhar to Tygerberg	R1,01	R1,18	R6,40	R7,60
Nyanga to Claremont	82c	95c	R5,00	R6,10
Nyanga to Parow Industria	69c	80c	R4,40	R5,40
Mitchells Plain to Cape Town	R2,21	R2,55	R12,80	R14,10
Heideveld to Cape Town	R1,30	R1,32	R7,20	R8,30
Mowbray to Cape Town	50c	55c	R3,90	R4,40
Atlantis to Cape Town	R3,09	R3,63	R13,80	R15,50
Khayelitsha to Claremont	R1,55	R1,83	R5,00	R6,10

Cigarette prices up again

DD 18/9/87. 244

EAST LONDON — The price of cigarettes has increased for the second time this year, according to tobacco manufacturers

The price of a packet of 20 cigarettes increased by 4c, representing an additional charge of between 2,9 and 4,2 per cent.

The managing director of a Johannesburg-based manufacturer, Mr John Woodcock, said the price had increased because of higher imput costs

"I cannot predict whether prices will increase again this year," Mr Woodcock said

The chairman of another cigarette manufacturing company, Mr K. S Buys, said the wholsale price of cigarettes distributed by his company would increase by R1,80 per 1 000 sold

"We have no control over retail prices but it can be expected that a packet of 20 cigarettes will increase by 4c," Mr Buys said.

"The price increase was neccessitated by the increases in leaf tobacco, labour, transport and communication costs.

"The previous price increase became effective from January 29 this year."

At that time the cost of cigarettes increased by 5c per packet of 20

Bread to rise by October?

DD

Price increase could be eight cents a loaf

(244) 14/9/87

Daily Dispatch Reporter

EAST LONDON — An increased bread price could hit the consumer by October.

While uncertainty reigns over the size of the increase, there is speculation of between five and eight cents a loaf.

A spokesman for the Wheat Board, Mr Andries Liebenberg, said "The expected bread price should increase by about seven cents to eight cents a loaf on brown bread and five cents on white bread"

However, the managing director of a major supermarket chain, Mr Raymond Ackerman said the bread price is due to rise by between five cents and six cents a loaf

"Unfortunately we do not have any control over the bread price increases, as we are not allowed to bake government bread in our supermarkets

"The reason for this is that the government wants to protect the big milling and baking companies

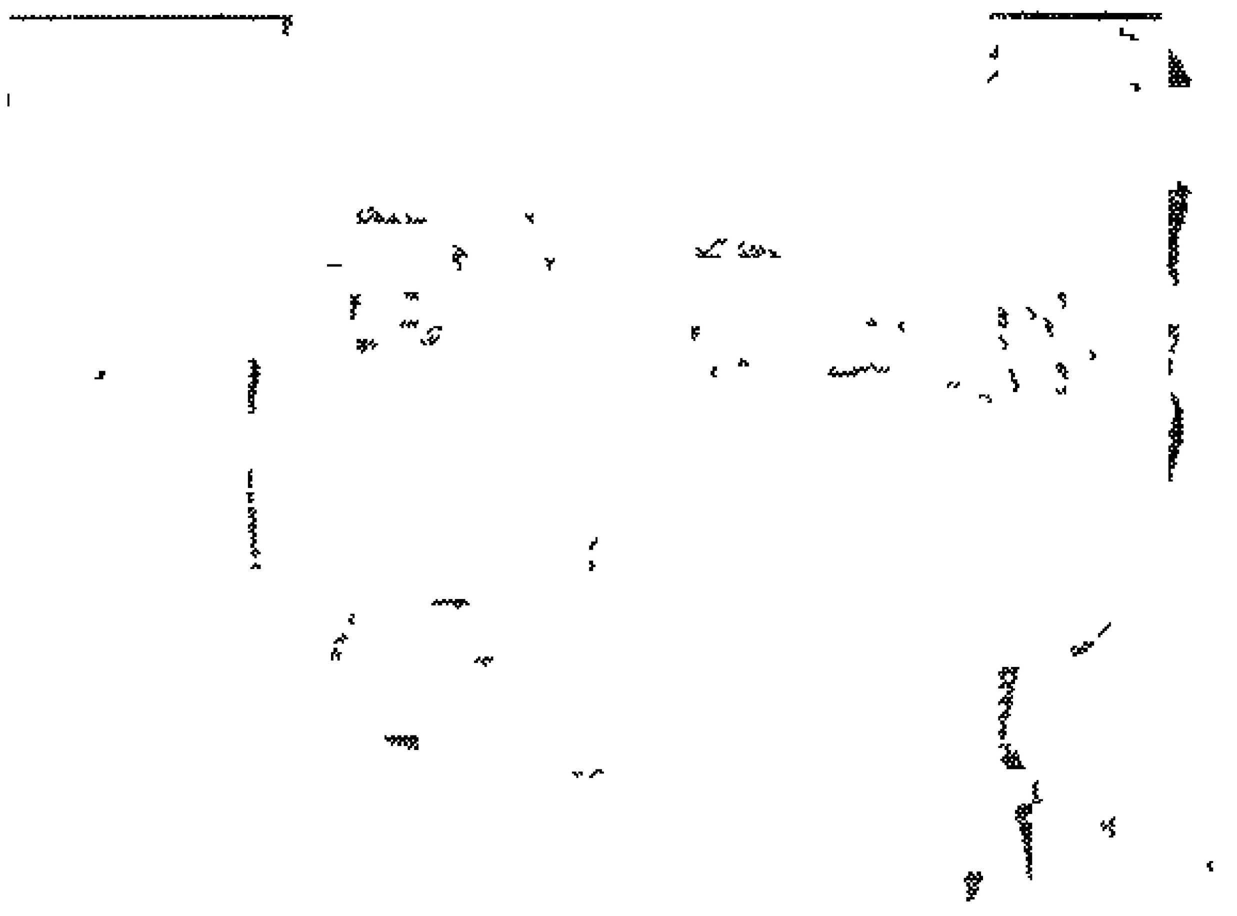
"The government says that they can only control the amount of the subsidies and the way it is used through the milling and baking companies

"As far as I am concerned, if the government wants to keep the bread price down they should increase the amount of the subsidy

"If they are not willing to do this then we should be allowed to bake government bread on our own premises," Mr Ackerman said

"We would like to see all basic food stuffs subsidised to keep prices down"

The managing director of another major supermarket chain, Mr Clive Weil, told the Daily Dispatch "I am against subsidies as a basic principle



MR ACKERMAN

"However, there is no question about it — inflation has hit the millers and bakers, and this is one of the reasons for the bread price increase

"Subsidy on bread is necessary and we are sensitive to the economic reasoning behind it

"We have not made a profit on bread for a couple of years as we believe that we are doing our bit to help the consumer

"I would like to see the price of bread kept as low as possible, as there are a great many people who are under economic stress and a bread price increase would effect them severely," he said

"However I do not believe that we can do a better job than the miller and for us to establish a new bakery, falling within the restrictions imposed by the Wheat Board, would involve a much higher cost factor thus effecting the retail price of bread," Mr Weil said

Mr Liebenberg said "The bread price hike is due to the increase of producer overheads such as rail transport costs, wages and salaries, strikes and the higher input costs for farmers

"Unless the government subsidy of R150-million is substantially increased, the bread price will inevitably have to rise," he said

A spokesman for the Ministry of Agriculture said "The producer price of wheat for the new season will be announced before the first of October for the coming wheat season

"We are expecting the new wheat and bread prices to be announced at the same time"

High price of spuds 'temporary'

By JENNY CULLUM

POTATO prices have soared in Port Elizabeth this month to their highest levels this year

Medium first grade potatoes were selling at R12,99 a 15-kilogram pocket, or 98c/kg, in vegetable stores and supermarkets in the city this week.

And even the Potato Board agrees that it is not a fair price

Potatoes are in short supply in Port Elizabeth and other SA centres The shortage is seasonal, in between crops, and the situation should return to normal within four to six weeks, according to the Potato Board in Pretoria

In Port Elizabeth in July the retail price of a pocket of medium first grade was R8,99 and in August they reached R9,99. This month, prices went even higher and market prices ranged from R10,75 to R11,26

They appear to be levelling out, however, with supplies arriving from the Northern Cape, according to a municipal market spokesman They should drop as more supplies start coming in from the Transvaal, Western Cape and Free State.

Last year potatoes went up to R15 a pocket on the market during a wet spell in October

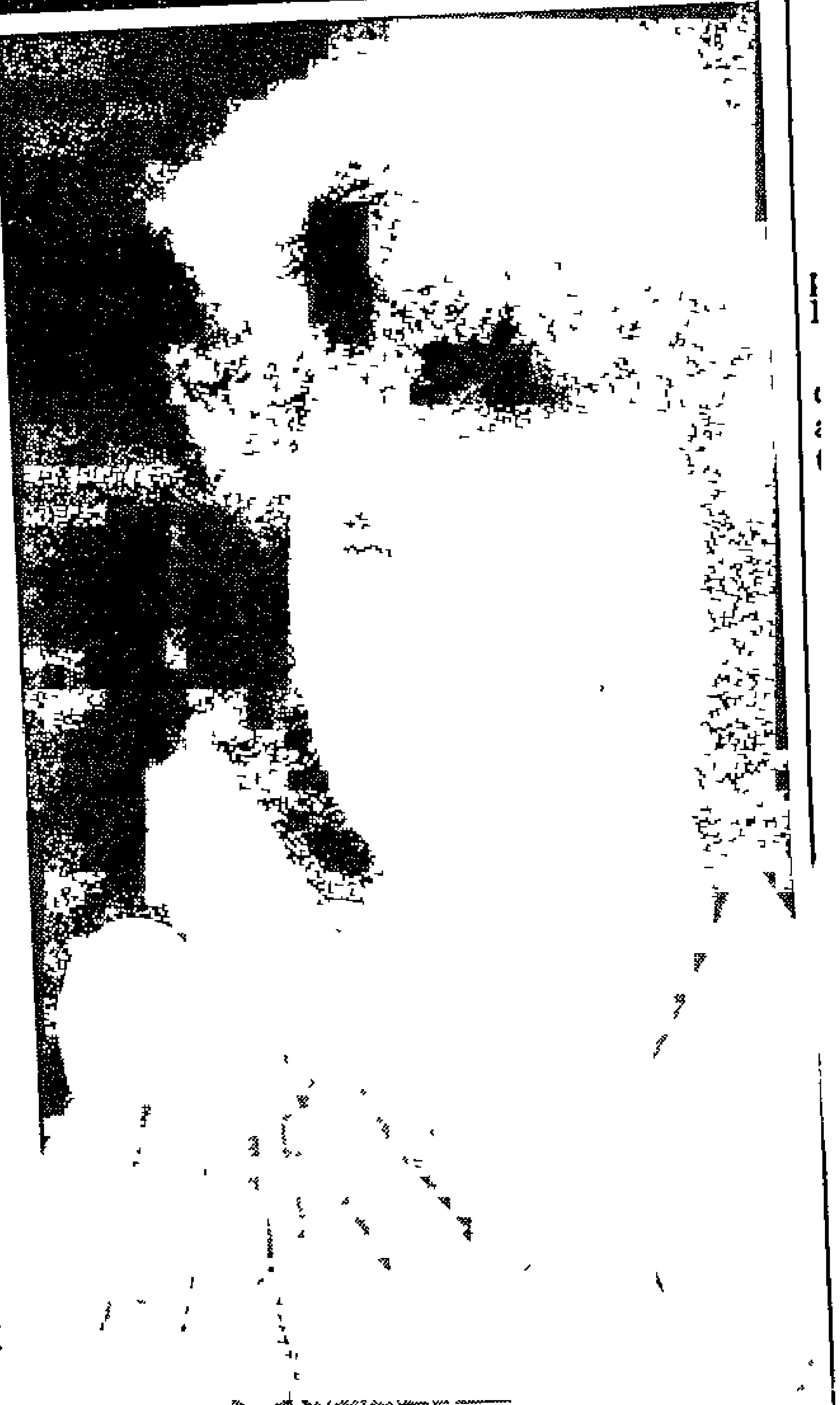
In August last year the average price of first grade was only R6,26, compared with R8,33 this year in the same month In August this year 113 561 pockets of all grades were sold, compared with 103 480 last year.

Speaking from Pretoria, the Potato Board national PRO, Mr Mike de Villiers, said the reasons for the higher prices were drought and a seasonal shortage

Heavy rains in the Free State had also prevented lifting of that crop. The Northern Transvaal crops would be marketed in the next four to six weeks

"I agree paying over R10 for a pocket is not good, but prices should normalise when the Northern Transvaal crop is marketed I think R8 to R10 is a fair price for consumers to pay for a pocket of potatoes," he said

Mr De Villiers said that potatoes were not exported in any quantity and none had been sent out of the country for the past two months "Very small quantities — about two or three tons" — had been sent earlier this year on contract to the Seychelles.



Mrs MARLENE HEMSLEY weighs up an egg, at 18,3c, and a potato costing 9c. Both weigh 60g. Potatoes are in short supply and even the Potato Board admits it's not a fair price.

Post 244 12/9/87

Bread price to go up?

244

Sowetan 11/9/87

A BREAD price increase is on the cards after the Wheat Board — sources say — recommended that the wheat price be increased.

The board's executive manager, Mr Dennis van Aarde, would say only the Cabinet was yet to approve the board's recommendation.

The new bread price was to be gazetted, he said.

This had to be done soon, as new bread prices

• To Page 4

Cabinet

244

Sowetan 11/9/87

• From Page 1

normally came into effect on October 1

Wheat industry sources said it appeared that the Cabinet did not discuss the board's recommendations yesterday.

Mr van Aarde said wheat farmers were keeping in the black, but that they had to contend with high production costs

Bread price rise expected

11/9/87 SMC

A bread price increase is on the cards now the Wheat Board has recommended the wheat price be increased, sources say.

The Board's executive manager, Mr Dennis van Aarde, said the Cabinet was yet to approve the Board's recommendation

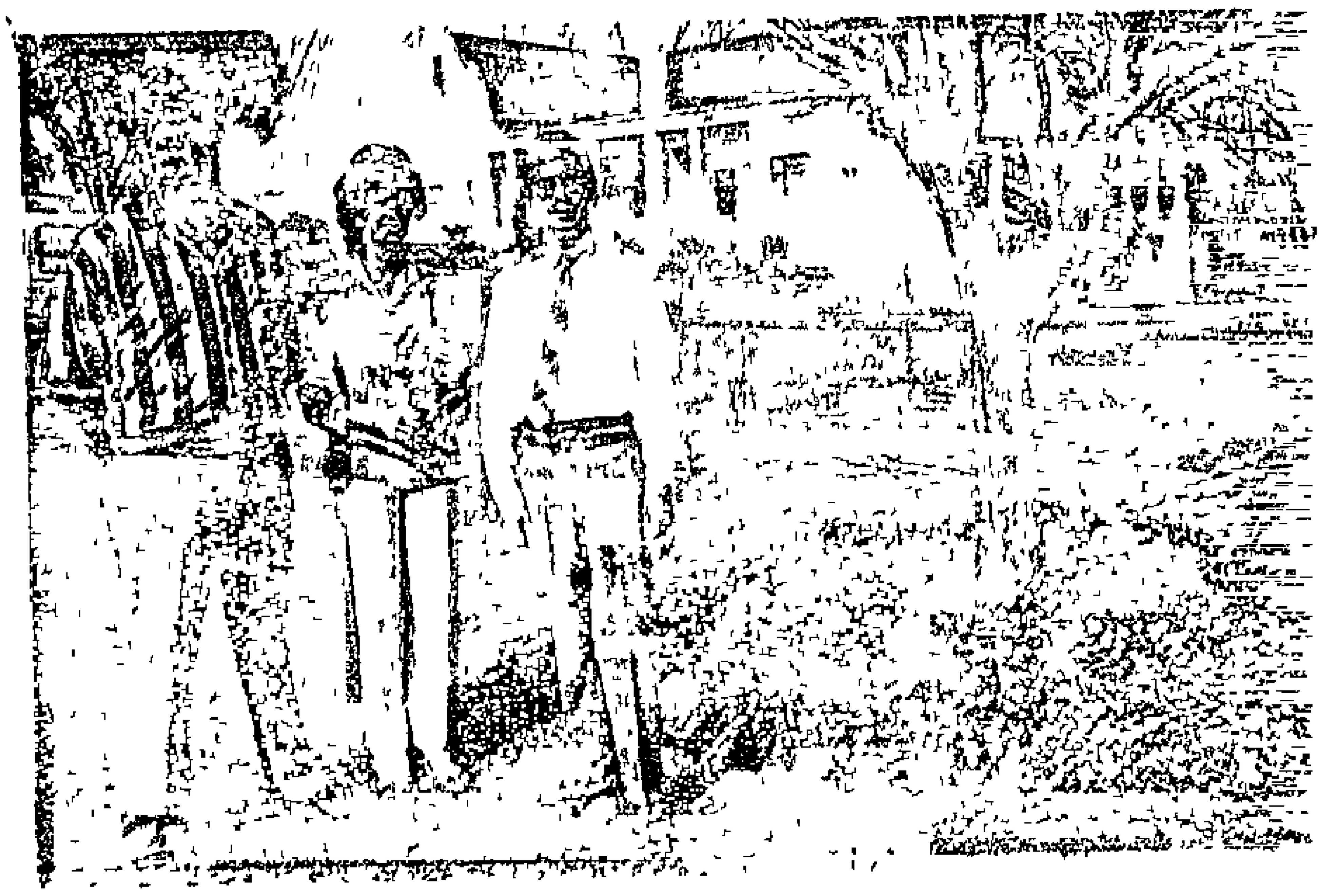
FOUR farmers, and a group of dairy industry folk, have recently formed the Homestead Independent Dairy. The price of a carton litre of their pasteurised full cream milk is 88 cents — a 10 per cent cut on the ruling price. They will soon have the full range eager to pay their ! managing director Bowes-Taylor. The

Mr Melck'

244

8/8/87

IT COULD BE THE CREAM IN YOUR COFFEE



Picture, WILLIE DE KL

JP Melck, Chairman of the Homestead Independent Dairy, his wife Nettie and Marketing Director, John Jacobs and Vissershok, the Melck's eigh house on the banks of the shallow Diep River.

THERE are butter yellow and white flowers along the centre of the N7 on the way to Malmesbury, and when you take the right hand turn-off to the Melcks' farm, you're riding on the banks of a shallow Diep River.

No, J P Melck says, his farm isn't called the Homestead as you might think, it's Vissershok The great white pillar at the gate was built in 1683, the gabled farmhouse is dated 1768.

In those days, when the river was deep, fishermen came to the jetty which is now the farmyard, their long boats loaded with fish and slaves to barter with the farmers for meat and skins and some wheat.

Vissershok was the first wheat farm in South Africa, it's also the farm to which Mr Myburgh retreated in the early thirties with his brindled cows as they were bundled from a growing Green Point.

THERE is of course, on an early spring day, an air of rural calm. The contented Frieslands ...

"To break us," JP roars, "they said they wouldn't take our milk We produce 40 000 litres of milk a day, and they would leave it lying rotten here."

All is not necessarily country tranquillity JP is a big man. He is also an angry man He rages against the monopolistic middleman system and the Dairy Board's support of that system It has artificially forced up dairy prices "Out of which the farmer got nothing" and caused consumption to drop

"This, in short and sweet, is what has been going on for the past 20 years" (Thump, thump)

Four Western Cape dairy farmers form the Homestead Independent Dairy. They and their dairy animals are nicely blood linked through thoughtful forefathers. There's JP, born to dairy farming in Hopefield; Andrew Mellish, of Welbeloond in Milnerton, Chris Starke, Oatlands, Durbanville, and Peter Nelson, Bordeaux, Malmesbury

The Mellishes were the first to import Friesland cows to South Africa. In 1895 the Starkes bought their breeding stock from them, the Nelsons followed suit two years later, JP's father bought his Friesland bulls from the Starkes in 1928

"That's why we stick together, do things together," says JP with pride.

THE four farmers's first bid for independence was as early as November 2, 1983, when they applied to the Dairy Board for an operating licence Their application was not successful

"It was the story it had been for the past 20 years, that there was no place for anybody else We realised that if the Dairy Board spun this yarn for the next 20 years, virtually no-one would be able to afford milk

"I can tell you that with the price increases consumption of fresh milk has dropped, from an average in our area in 1983 of 339 000 litres a day to 322 000 on July 29, 1987, our launching day

"In that period the population, the potential milk drinkers — everybody who's born is entitled to drink milk — ... a million

"So we've taken the ... to serve the market in ... for the consumer who ... absolute top quality milk This way we feel is best

"This is what its all a...

CONSUMERS have ... ket shelves are soon ... ture lies in front of us ... breakthrough we've al...

John Jacobs says the ... the next week or two, ex... ity so as to produce ... price products — the ... and cottage cheeses, fr... fruit juices as well as t... termilk and maas — ... mented traditionally in ... overwhelming response ... they simply have not ... demand

With a future as fla... wonder why there's ... fore

"Over the past 20 y... major dairies in town, ND FOCUS

...ustry folk, have re-...nt Dairy. The price ... cream milk is 88 ...rice. They will soon have the full range of dairy products to offer to consumers eager to pay their lower prices. Chairman J P MELCK and managing director JOHN JACOBS take coffee with Gorry Bowes-Taylor. There is the Homestead's ~~rich~~ (cheaper) cream in that coffee.

W/E ARGUS 8/8/87

...elck's milk

Picture, WILLIE DE KLERK, Weekend Argus

... of the Homestead Independent Dairy, his wife Nettie Melck, Managing ...ector, John Jacobs and Vissershok, the Melck's eighteenth century farm house on the banks of the shallow Diep River.

Peter Nelson, Bordeaux,

...e the first to import Fries-...Africa. In 1895 the Starkes ... stock from them, the Nel-...wo years later, JP's father ... bulls from the Starkes in

...ick together, do things to-...h pride.

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...t with the price increases ... milk has dropped, from an ... in 1983 of 339 000 litres a ...uly 29, 1987, our launching

...e population, the potential ...erybody who's born is enti-tled to drink milk — increased by roughly half a million

"So we've taken the thing into our own hands to serve the market in the way we feel is best for the consumer who has a right to drink the absolute top quality milk at a reasonable price This way we feel is best for our future

"This is what its all about." (Thump)

CONSUMERS have lapped it up Supermarket shelves are soon emptied "A great future lies in front of us," JP says "It is the breakthrough we've always dreamed of"

John Jacobs says the Homestead will, within the next week or two, expand their plant capacity so as to producetheir full range of lower price products — the milks, yoghurts, cream and cottage cheeses, fruit juices, dairy blend fruit juices as well as the more traditional buttermilk and maas — the brew Africans fermented traditionally in a calabash With the overwhelming response at the launch, he says they simply have not been able to cope with the demand.

With a future as flavourful as that you might wonder why there's been no cartel-bustin' before

"Over the past 20 years," John says, "the two major dairies in town, together with two or three smaller distributors, squeezed out all the opposition They did it in the guise of improving the quality of milk and by and large it was welcomed by the consumer It got rid of a lot of purveyors and hawkers The two dairies set up new factories and they have operated very closely ever since

"They have made a pretence at being independent of each other, but when one looks at what is happening even right now, everything that happens in the dairy industry other than what we're doing, is done in unison

"Their response to our launch has been predictable They lowered the price of milk in plastic sachets! We expected that's what they would do and that they would do it in unison"

JP says, and he will talk at length now and with pain and anger, "The Dairy Board, as from July 1, 1983, and you must write this down, lady, the Dairy Board gave the existing dairies the right to adjust their own prices out of Dairy Board control

"From then on every time there was a little gap in the market, two or three times a year, the dairies put their prices up, just two or three cents and in times of inflation who is going to notice two or three cents, but it went into the dairy's pocket, none of it went to the farmer.

"We immediately went to all the Ministers who said that as far as the Dairy Board was concerned we're living in a world of free enterprise Meanwhile we farmers were taking the risks, our production costs were going up and we could do nothing

"The suffering that we had to endure still to have our cows running around on the farm has been terrifying to the mind, to the living of your family You must remember all I've done in life is worked my heart out for an animal But when you get home and your mood is not good and you've served the market and at the end of the day a milk cheque comes and you can't even meet your production costs, what do you do?

"You go to pieces and your whole farm and family suffers

"Let me tell you that from 1970 til 1983 I used to handle cows here in double shifts That meant for those 13 years I worked 21 hours a day non-stop My people who worked for me worked nine hour shifts In those years I never had the honour of going away for one weekend, I'm not even talking about holidays

"I did it only because I always had it in mind that one day things will come to justice and this is now the day"

Cape Times 7/9/87 364

PAC FUNERAL . . . About 500 people attended the funeral in Guguletu on Saturday of a Pan Africanist Congress member, Mr Neo Sarel Khoza Mr Khoza's body went missing for four days before being found in a Johannesburg mortuary last week. He was killed by police after a car chase in Johannesburg on August 5 Picture 'ADIL BRADLOW

High cheddar prices unlikely to decrease despite oversupply

By MICHEL DESMIDT

RECORD prices for cheddar cheese are unlikely to decrease for at least a year despite abundant supplies of imported stocks costing about half the price

The general manager of the Dairy Board, Mr Eddie Roux, warned today that industrial milk used for the production of cheese was still in short supply and that milk production was 10% below demand

"One would guess that if the shortage continues prices might move up But with more balance in the market, I do not expect prices to increase dramatically," said Mr Roux, adding that the cheddar stock situation was still "not comfortable".

Since August, New Zealand cheddar has been imported at about R3,50 a kilogram and is sold to the trade at roughly double the price. Consumers in Port Elizabeth are paying record prices for this valuable protein source; R8,28 a kilogram for cheddar and R7,98 for gouda

A year ago, cheddar cost R5,40 a kilogram.

The food chief for a Port Elizabeth hypermarket, Mr Robbie Milner, said there had been initial consumer resistance to the paler colour of New Zealand cheese, but the taste was comparable with local supplies.

Mr Milner said there was no shortage of cheddar and supplies of gouda were beginning to improve, although a problem was foreseen for the rest of the year.

244 EPost 7/9/87

244 8/88

3/9/87

Prices of houses set to rise, says UBS

MICK COLLINS

FIRM prospects of an improvement in the cash position of most South Africans is likely to push house prices up by between 10% and 15% in the coming year, says the United Building Society (UBS).

And, given the current economic conditions and monetary policy, it foresees no material changes in the mortgage rate pattern during the rest of 1987.

In a second quarter national overview of the housing market, it says another major factor in the upward trend is the increase in building costs — currently about 16% a year — which is on a par with the anticipated inflation rate.

The UBS says house prices sustained their upward trend during the second quarter of 1987.

The price of a medium-sized house currently stood at about R77 000, reflecting an improvement of approximately 8% on the corresponding period in 1986 and a 3% increase compared to the previous quarter.

Larger houses ($221m^2$-$350m^2$) now cost R108 000 on average, while smaller dwellings ($80m^2$-$140m^2$) traded at roughly R61 800 — respectively 10% and 3% higher than a year ago.

On a regional comparison, the UBS says the most noticeable increase occurred in the Johannesburg area, where prices rose by approximately 5% and 15% compared with the first quarter of 1987 and the second quarter of 1986

House prices likely to rise by up to 15% — UBS report

2/9/87

244

JOHANNESBURG — House prices are likely to rise by between 10 and 15% in the coming year compared to an anticipated inflation rate of around 16%, says the United Building Society in a survey housing.

The main factors contributing towards this upward trend, it says, are the continuous increases in building costs — currently some 16% per annum — and firm prospects of a gradual improvement in the overall financial position of the average South African.

In a national overview, the building society said house prices sustained their upward trend during the second quarter of 1987.

On the regional position, United said the most noticeable increase in house prices occurred in the Johannesburg area, where prices rose by approximately 5% and 15% compared to the first quarter of 1987 and the second quarter of 1986.

In the Durban/Pinetown area and in the Rest of Transvaal, an increase of 4% was registered in the second quarter.

However, some regions experienced a further weakening in house prices on a quarter-on-quarter basis, such as the rest of Natal (-7%), Eastern Cape (-3%), Free State and Northern Cape (-3%) and the Vaal Triangle (-1%. Nevertheless, even in these areas (excluding the Vaal Triangle), house prices were all higher than a year ago. — Sapa

244

THE ECONOMY

It's time for an update to our consumer arithmetic

The base on which the consumer price index rests is badly skewed. Stack inflation statistics on top of this and it all comes toppling. By HILARY JOFFE

THE rand you owned in 1976 would buy you only 28 cents of goods today, according to Consumer Council figures And last July's rand would have given you, a year later, just under 84 cents' worth of purchasing power

But the rate at which prices are increasing slowed somewhat, from an annual rate of 17,2 percent in June this year to July's 16,3 percent figure, according to Consumer Price Index figures released this week by the Central Statistical Services.

Inflation, as measured by the CPI, was once again highest for lower income groups in July, at 18,2 percent, while it was 16,8 percent for middle and 15,6 percent for higher income groups

Once again, food price rises ran ahead of the overall inflation rate, rising by 23 percent from July last year to July this year And when food prices rise faster than the rest, it is the lower income groups who suffer, since paying for food takes up a high proportion of their incomes

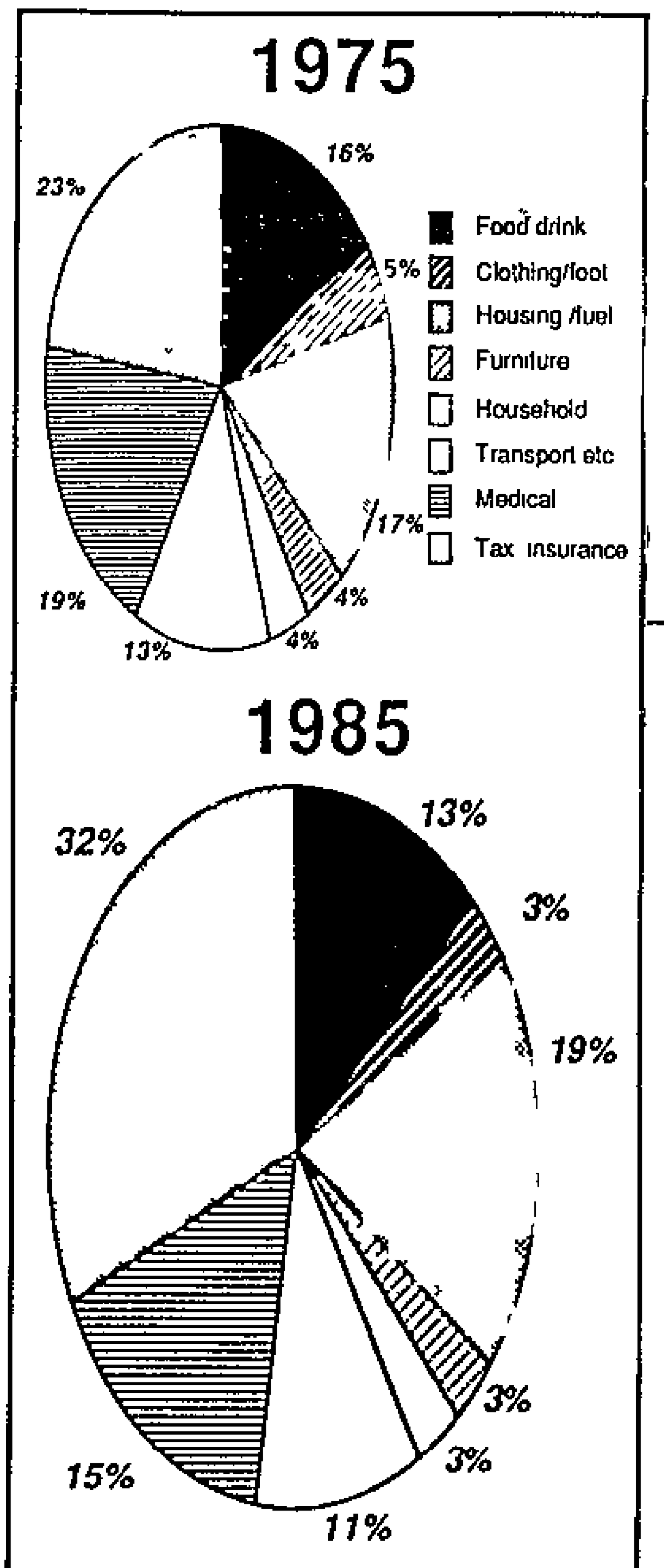
Food accounts for 36,4 percent of spending for the lower income group compared with 19,7 percent for the higher income group and 25 percent for all groups, in terms of the weighting currently used by the CSS in compiling the CPI In contrast, housing makes up just over 21 percent of spending in higher income households compared with 8,7 percent in lower income ones

But these weightings are based on surveys of consumer spending patterns dating back to 1975, patterns which are certain to have changed

The definition of the income groups themselves reveals the anomalies of using 1975 as a basis for inflation figures in 1987 Thus the higher income group is defined as households with annual incomes of R6 000 or more — Cosatu is calling for a living wage of R850 a month or over R10 000 a year And the lower income group comprises households with annual incomes of under R2 000 — a category of people who in 1987 are well below subsistence living levels

It's clearly time for an update

The CSS usually carries out a new survey of household spending patterns every 10 years, in order to bring up to date the composition of the "basket" of goods whose price changes make up the CPI In 1985, the CSS surveyed 4 508 white households in 12 major urban areas. The results of the survey will be combined with a 1985 survey of black household spending patterns by Unisa's Bureau of Market Research



Where the money is spent in white households

Data from these racially-segregated surveys will be analysed to give a picture of the spending patterns of each income group, and the weightings — expressed in percentages or "points" — used as the new basis for calculating the CPI

The CSS plans to introduce these new base weightings for the CPI by November this year The new calculations will be linked with the old to make them comparable, so there will be no break in the CPI series

But the new weightings won't actually make much difference to the overall CPI, say CSS statisticians (And they won't, unfortunately, make much difference to the inflation rate)

One reason for this, they say, is that changes in spending patterns are normally slow and relatively small

Changes in patterns of spending over 10 years in white South African households

The CSS survey figures do nonetheless show interesting changes in the spending patterns of white households The percentage spent on food dropped from 13,8 percent in 1975 to 11,4 percent in 1985.

Housing accounted for 16,5 percent of white households' outlays in 1975 and 19,1 percent in 1985, while financial outlays such as income tax and insurance rose from 22,9 percent to 32,2 percent.

The incomes of white households declined in real terms by 2,4 percent over the decade, to an average of R33 932 a year

The CSS statisticians argue the new survey data will not affect the CPI much because in the long term all prices tend to rise by much the same percentage

The consumer price indices for the different income groups, although based on differently composed "baskets" of goods, are similar figures So for example in June this year the actual index for all income groups stood at 263, while for the lower income group it was 261, for middle income earners, 267 and for the higher income group, 261

This phenomenon probably reflects the tendency for price increases in one sector of the economy to have an impact, eventually, in all other sectors So current food price inflation of 23 percent could lead to wage increases and then price increases in other sectors And while the poor may suffer the highest inflation rates one year, prices may increase fastest for the rich the next

Updating the "baskets" in the CPI calculation won't have much effect on inflation rates either Actual prices and amounts never come into the index. when the CSS surveys the prices of commodities each month it measures only price changes, not actual spending. And since milk or bread already have their weightings in the index this change is then translated into points on the index

Nonetheless, the updating of the CPI with new survey data will make it that much more reliable as an indicator And reliability is important, given the CPI's importance as the basis for wage negotiations, escalation clauses in contracts, maintenance orders in divorce proceedings and as an important reflection of the health or sickness of the economy

● Most economists are predicting an inflation rate this year of 16 or 17 percent — lower than last year's 19 percent The improved rand exchange rate, lack of demand in the economy, fall in the oil price and lower mortgage rates are some of the factors bringing inflation down But Old Mutual economist Rob Lee says given these factors the inflation rate should have fallen by more than it actually has The inflation process in South Africa is deeply embedded, he argues, and South Africa is still experiencing the inflationary effects of the fall in the rand last year He predicts inflation could easily go over its previous 20,7 percent peak if the economy improved

27/8/87 (244) DD

Milk prices to rise

EAST LONDON — Milk prices are to be increased by 6c a litre in Queenstown and Port Elizabeth — but not in East London.

The manager of United Dairies in the Eastern Cape, Mr Fred Botha, said the price increase would come into effect from September 1.

The price of long-life milk would also increase by 6c a litre, he said

Mr Botha said prices would not rise in East London because the other two dairies in the city were charging less for milk than United was. — DDR

JVD 25/8/87

Supermarkets fear chicken price hike

Poultry 244

Dispatch Reporter

EAST LONDON — Fears of a chicken price hike, following a shortage of frozen and unfrozen chickens, have been expressed by supermarkets here.

The general manager of one supermarket, Mr Bruce Nichols, said he was concerned that the price of chickens would continue to rise "unabated".

"We are soon going to find ourselves in a situation 10 times worse than this and by Christmas, turkeys might sell cheaper than chickens."

He said suppliers should increase production rather than increase prices to cope with the shortage.

A spokesman for the Association of South African Poultry said the poultry industry operated on a free market system, was not subsidised by the government and had no price control

He said last year there had been an oversupply of chickens for nine months and the price had been lower.

"Now that the demand has increased, I am sure, given time, production will rise.

"This is definitely a short-term shortage and I do not foresee it continuing for an indefinite period."

The general manager of Panmure Hatcheries here, Mr S. L. Schonknecht, said that his plant had closed for two weeks to carry out essential repair work.

"This should not effect the industry in any way, as we are not the main suppliers and control only four per cent of the national market".

Mr Schonknecht said he believed the demand for chickens had been caused by red meat being expensive.

"It has become more economical for the consumer to buy white instead of red meat, and subsequently the demand for chicken has increased."

Mr Schonknecht said once production met the demand, chicken prices would fall.

He said that he expected production to rise sometime in November.

Inflation eases as food price rise slows

NEWS 24/8/87

244

Business Editor

INFLATION eased sharply last month, according to the latest consumer price index.

The rate dipped almost a full point to 16,3 percent from 17,2 percent in June, Central Statistic Services said today

The monthly rate of increase as measured by the index was 1,2 percent compared with a full two percent in July last year

A slowdown in food price increases was the main reason for inflation easing Food prices rose by only 0,5 percent

Food price inflation soared by 2,8 percent in July last year.

MILK, EGGS UP

Though July was the third consecutive month in which food prices rose by less than one percent the annual rate of increase remained a high 23 percent, the department said

In July, milk and egg prices increased by 5,7 percent but vegetable prices dropped by 3,8 percent

There were relatively high monthly price increases in softdrinks (10,2 percent), clothing (2,2 percent), housing (2,5 percent), medical care (6,1 percent), public transport (2,5 percent) and communication (18,3 percent, because of the July 1 tariff increases)

The inflation rate for the lower-income group — 18,2 percent — was still higher than for the middle and higher income groups at 16,8 percent and 15,6 percent respectively

● Economic upswing predicted, page 2.

Corner shops slice one's choice of bread

244 WPOST 19/9/87

Weekend Post Reporter

THE days of choosing your favourite bakery's bread from the corner shop are past

Most outlets have a selection of two types of standard bread.

However, the price of bread — likely to rise on October 1 — would be even higher if distribution had not been "rationalised", the chairman of the Port Elizabeth Master Bakers' Association, Mr John Vieira, said this week.

Predictions are that the price of a loaf will increase next month and that the Government will not raise the existing R150m bread subsidy

Agriculture Minister Greyling Wentzel has confirmed that the price of bread will rise to compensate for increasing costs in wheat production, milling and baking

Mr Vieira said that about two years ago the Government had asked bakers to conduct a survey of bread costs

Previously the major bakeries all delivered standard bread at cafes and shops

Distribution costs were examined and it had been decided that duplication of deliveries was an expense which could be trimmed

The city had been zoned so that bakeries could deliver to the outlets nearest them

Consumers still had a choice of two types of bread and, in some areas where there was an overlap, three

The major bakeries producing the standard Government-subsidised loaf are all owned by the flour mills

The bakeries were bought by the mills over a 20-year period

Cafe owners interviewed said they would prefer a wider choice, but recognised that the cost of having four separate deliveries could be prohibitive

Many customers had a fixed preference for one bakery's bread

"I suppose the customer should get what he wants, but is the cost worth it?" asked one cafe owner

The zoned delivery scheme does not affect smaller independent bakeries who produce speciality breads and rolls

An independent baker with many years' experience in the bakery business, Mr Manuel Brito, said delivery costs would be "enormous" if bread from all major bakers was delivered to all cafes and supermarkets

"If prices go up, the consumer pays," he said

Wages are above CPI, says Anglo

14/8/87 Star

244

The minimum monthly wage in the mining industry has risen steadily in real terms over the last 15 years and is now almost R240 above the Consumer Price Index (CPI), Mr Bob Godsell, of Anglo American industrial relations, told a Press conference in Johannesburg last night.

The minimum average monthly wage for surface and underground workers rose from R395 to R475 between last year and this year. With bonuses and overtime this figure rose from R443 to R523.

The minimum average wage for surface workers (16,3 percent of mineworkers) increased from R288 a month to R350 a month — since last year. With bonuses and overtime their minimum average increased from R306 to R388.

The minimum average wage of underground workers (83 percent of the workers) increased from R416 to R500 since last year and with bonus and overtime from R465 to R549.

Mr Godsell said the National Union of Mineworkers had started negotiations with the high, unrealistic demand of a 55 percent increase and hoped that the strike would affect production in such a way as to force the industry to weaken in the "tough wage dispute" which has developed and meet their present demand of a 30 percent increase

PRODUCER PRICES 244 FM

Importing benefits 14/8/87

Though there was a slight uptick in the producer price index (PPI) to 14,8% for June, economists are reasonably confident the underlying trend remains downward This compares to May's year-on-year all-commodities figure of 14,6%

Significantly, there was no increase in the imported price component on a month-on-month basis that index remained 250,1 In fact, since December, it has risen just 2,45%, or roughly an annual rate of only 6% Good news indeed, though it might have been expected given the more stable exchange rate for the rand since August 1986 It has clearly taken several months for the full benefits of an improving currency to work through

On a year-on-year basis the imported price component was up 12,8%, compared to a period when rand was relatively weak

As Jim Buys, economist at Anglo American, says "This fits in well with our thinking The continual improvement and stabilisation of the exchange rate, bar a few flips, should be evident in the PPI"

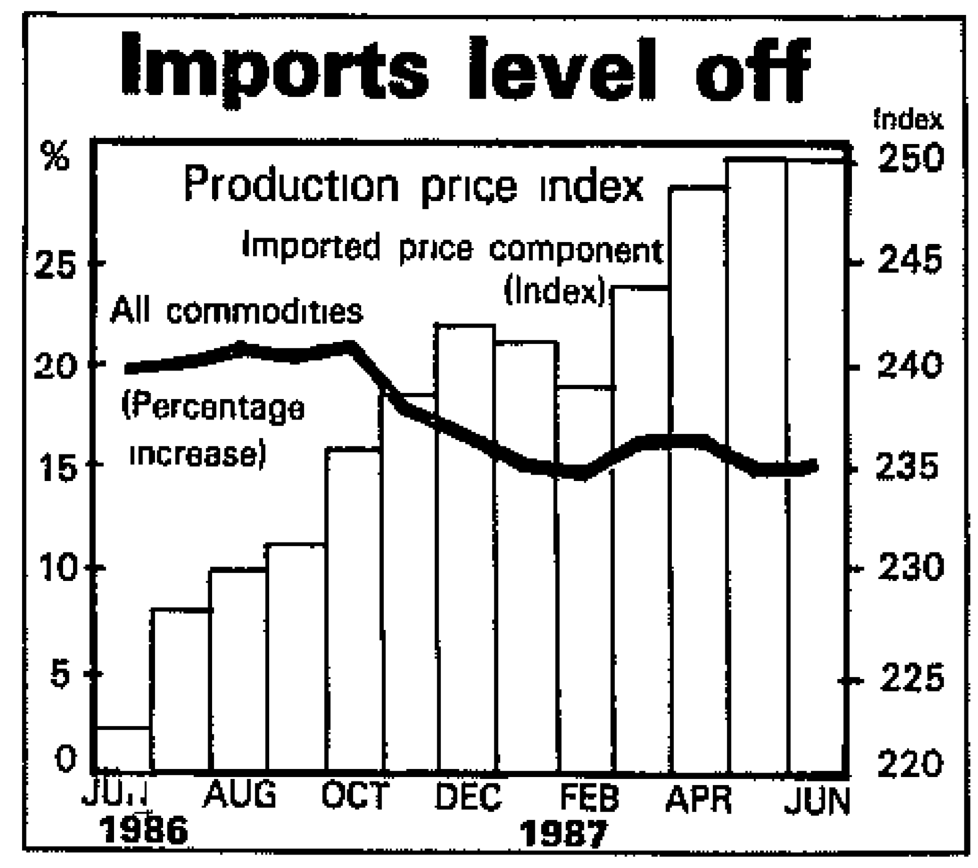
For CPI, Anglo expects an average of 16%-16,5% this year. "We are reasonably optimistic that, by December, CPI will be down to about 14%"

But there are a number of hazards If the oil price takes off, this could have serious repercussions with the imported component of PPI experiencing a sharp upward correction Already, because of increased hostilities in the Gulf, oil has risen over the past two weeks by 10% to around US$22 a barrel

Of course, higher oil prices are usually bullish for gold, which may balance some higher imported dollar prices

On the other hand, should tension in the Middle East ease, oil prices should stabilise "If the Reserve Bank continues to hold the rand stable the recent trend is encouraging," says another economist

Another hazard, he notes, however, is the cost of replacing imported machinery "This is the biggest category in imports There hasn't been much growth for years, and companies that start to replace equipment used since, say, 1981 will get a shock Replacement costs have risen alarmingly — which is probably a reason for the numbers of mergers and new listings we're having"



For the present the local component of PPI remains the real worry On a monthly basis the index rose 0,7% for June on May Against a 2,45% increase over the six-month period for imports, the local index rose 6,6%

According to a spokesman for Central Statistical Service, there were some large monthly increases for certain locally produced items, once again mostly in the food category The wholesale price of fish, especially hake, went up 9,3% in just one month Food products rose 1,4% month on month, textiles and ready-made goods 3,9%, clothing 1,5%, and electricity, gas and water 3%.

In the case of textiles this reflects a quarterly review, since not all categories are analysed each month Major price decreases were recorded yet again in mining and quarrying, 1%, and scientific, optical and related equipment, 1,3%

Buys is still worried about food prices "In SA, where we don't have much greenhouse production, food production is much more subject to the elements The trend in vegetable prices has been disappointing this year, though you will always see seasonal fluctuations in prices here"

More fundamental is rising meat prices "We have had warnings of shortages as farmers continue to hold back supplies to build up stocks," he adds This is exacerbated by the pricing system, which "allows prices to go up more easily than down in line with seasonal trends"

Eskom has promised future increases below the prevailing inflation rate Let's hope other public corporations, like Sats and the Post Office, do likewise.

Otherwise, as Buys says "If the prices of imported products stabilise but there's no follow-through in lower prices for locally produced items by the beginning of next year, we'll really have problems" ■

Price of SA TV sets 'not likely to drop'

(244) EPost 13/8/87

Post Correspondent

JOHANNESBURG — The television industry has reacted strongly to a Government statement that the prices of TV sets would drop by as much as 30% by 1989

The Deputy Minister of Economic Affairs, Mr Theo Alant, said in Parliament on Tuesday the cuts would result from steps to encourage greater local content in locally-assembled sets

However, National Panasonic said yesterday such expectations were "totally misplaced"

The company's managing director, Mr Terry Millar said "Components manufactured locally will still contain imported elements Furthermore, the major component of a television set is the tube and it is extremely unlikely that South Africa could ever justify production of this component locally"

Mr Millar said the local content programme had been designed initially for black-and-white sets

"A feasibility study is to be undertaken to investigate the local production of a common chassis for a colour television. But the chances of this materialising are minimal"

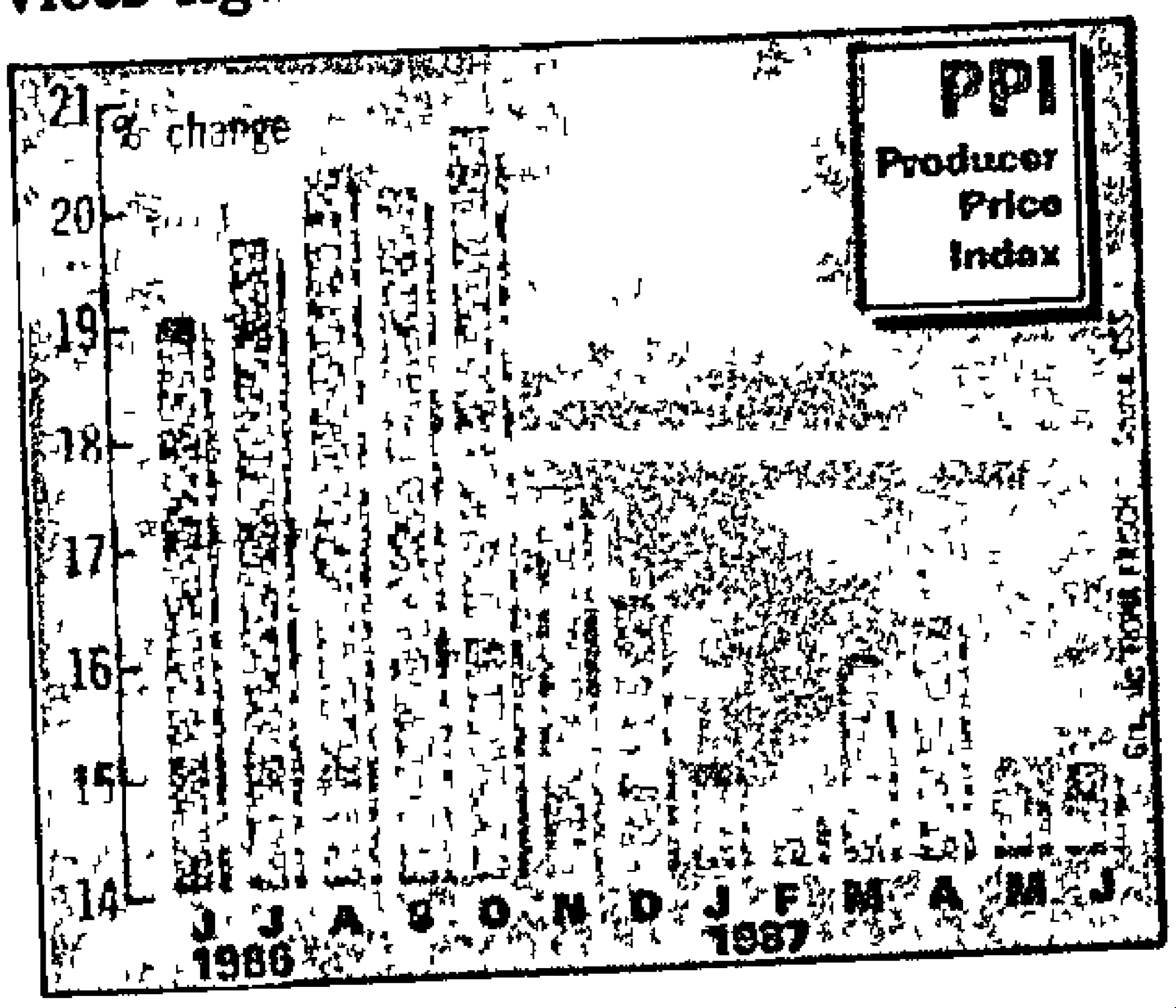
Rate of PPI increase slows

BDAY 11/8/87

(244)

GRETA STEYN

YEAR-ON-YEAR producer price inflation increased in June to 14,8% from 14,6% in May, Central Statistical Services figures show.



The Producer Price Index (PPI) moved to 244,9 in June from 243,6 in May — an increase of 0,5% — and 213,3 a year earlier.

The slight increase of 0,5% from May to June indicates the slowdown in monthly producer price increases is continuing. Between April and May, the increase in the PPI was also only 0,5% compared to a month-on-month rise of 1,2% in April

● To Page 2

June producer price inflation up to 14,8%

● From Page 1

and 1,14% in March 1987

Prices of imported commodities did not increase at all from May to June, after recording an increase of only 0,2% between April and May

Local commodities showed an increase of 0,7% from May to June following an increase of 0,5% between April and May

Rand Merchant Bank economist Rudolf Gouws said yesterday if the monthly increases for the first half of this year were annualised, the producer price inflation rate would be 11,3% compared with an annualised rate of 18,4% for the last half of 1986 Gouws said the PPI held a promise of improved Consumer Price Index figures in months to come

CAPE TIMES 31/7/87

244

Chain stores drop price of meat, milk

By DIANE CASSERE

SOUTH AFRICANS are set for a meat and milk price bonanza after a major supermarket chain dropped its milk sachet prices nationwide yesterday and another challenged all other red meat retailers to make the product more affordable.

Pick 'n Pay has set aside R2 million to introduce reductions in its red meat prices right around the country, while Checkers has dropped its meat prices after starting its own butchery.

Yesterday Checkers dropped its milk price on the sachets (milk in a bag) across the country, in the wake of a controversy in which Pick 'n Pay snapped up the supply of a breakaway Cape dairy and began selling milk and milk products locally at between 10% and 30% less than those of other dairies.

The milk row began earliar this week when the new Homestead Independent Dairy announced a 10% drop in its milk price and made public a bold bid to break into the tightly-controlled Peninsula dairy industry.

'Very sincere'

Homestead secured an agreement with the Pick 'n Pay supermarket chain to supply the group. The breakaway dairy also brought forward its launch date to catch the opposition dairies off-balance. This agreement will continue for a month.

Pick 'n Pay has urged other retailers to drop their red meat prices too.

The managing director of Pick 'n Pay Butcheries, Mr Guy Hawthorne, said yesterday that his company was concerned at the move away from red meat.

"There are two reasons for this situation. The first is the health issue and the second, the rocketing price of red meat.

"We have looked at this both ways and introduced inflation-beating prices right across the meat spectrum," he said.

After August 2, when the current campaign ends, weekly specials — two or three at a time — will be offered to the consumer at drastically reduced prices and this will continue till the end of the financial year.

"We are very sincere in this campaign. I think it is the most honest thing we have done for many years," Mr Hawthorne said.

The managing director for perishable products at Checkers, Mr Mark Livermore, said yesterday that his company had decided to drop the price of milk sachets to 87c a litre, a cent less than the Homestead/Pick 'n Pay price for a litre carton.

"Our meat situation has changed recently as well. We have introduced our own meat company and have consequently dropped our prices," he said.

Cheap milk 'reaching only rich shoppers'

Staff Reporter

WHILE sales of the cheaper Homestead Dairy milk were "absolutely unbelievable" yesterday in Pick 'n Pay supermarkets, small cafe-owners and the public expressed concern that the price reduction would reach only the more affluent consumer.

Callers to the Cape Times said that shoppers without transport or those in the townships would not be able to reach the supermarkets to enjoy the benefits of cheaper milk.

Mr Ray Murray, a senior buyer for Pick 'n Pay, said sales of the milk had been "absolutely unbelievable".

The chain did not have a "monopoly" on the dairy's products, he added.

"We have an exclusive arrangement with them for a month to launch their product."

However, the manager of a Spar Supermarket at Melkbosstrand, Mr Basil Coetzer, said he felt the new dairy's arrangement with Pick 'n Pay would prevent the benefit being passed on to the poorer consumer.

● If you would like to express your opinion on this subject, telephone Teleletters today between 10am and noon, ☎ 208 4722.

TV licences up by 20% to R72

244
Cape Times 30/7/87

By ANTHONY JOHNSON and RENEE MOODIE

TELEVISION licences are to increase by 20% — from R60 to R72 — from October 1.

The increase, announced in Parliament yesterday by the Minister of Broadcast Services, Mr Alwyn Schlebusch, was greeted with anger by consumer organizations, who predicted that "seething discontent" aroused by continual price increases would "come to a head some time".

Both the Conservative Party and the Progressive Federal Party said the move was not justifed because the SABC was mainly a vehicle for National Party propaganda.

Mr Schlebusch said the increase, appoved by the cabinet yesterday, was caused by "the current financial position of the SABC", which had suffered a loss of R56,5-million between 1984 and 1986.

"The most important reason for the deteriorating position" was the fact that the amount spent on advertising in all media in 1985 and 1986 had increased by only about 7%.

Professor J L Weyers, chairman of the Consumer Council, said: "Everything just keeps going up.

'Seething discontent'

"Salary increases do not compensate for prices going up all the time. I have a feeling that people are beginning to say 'up to this point and no further'. There is a seething discontent which will come to a head at some time."

The Conservative Party greeted the increase with "surprised shock", coming as it did after a 30% increase last year.

A PFP spokesman on the SABC, Mr Peter Soal, said: "The daily diet of National Party political claptrap is not worth an extra 12 cents, let alone R12 a year.

"Viewers would not mind paying a little extra if the SABC was able to provide programmes of quality and variety."

The minister said it had been decided to retain the tariff for concessionary licences at R24.

● **What do you think of the R12 increase? Phone Teleletters at 208 4722 between 10am and noon today.**

New dairy cuts price by 10%

Cape Times 29/7/8

244

By JANE ARBOUS

THE next shot in the challenge to the great milk cartel will be fired tomorrow when new Homestead Independent Dairy products land on Pick 'n Pay supermarket shelves — at prices about 10% less than those of the "Big Four" local producers.

After securing an agreement to supply the group, the breakaway dairy brought forward its launch date by several weeks in an attempt to catch the opposition dairies off-balance in any planned counter-attack.

For "strategic" marketing reasons, however, details of the cost differences on the range of products — from cheese to joghurts and fruit juices — are only expected to be released today. The Cape Times understands that they will average about 10% cheaper

The agreement means that Homestead products will get equal facing on the shelves and will continue to be sold by Pick 'n Pay even if the long-established producers react by undercutting the new entry into the market

'Red-letter day'

Pick 'n Pay chairman Mr Raymond Ackerman predicted "a hell of a price war", adding that it was "a red-letter day" in consumer history

Preparing to move cheaper milk on to the supermarket shelves are (left) Mr Ray Murray, a senior buyer for Pick 'n Pay, and Homestead's managing director, Mr John Jacobs (middle), with two of the new dairy's deliverymen, Mr Livingstone Tshambu and Mr Stanford Dadlana.

His company, he said, had always believed in, and fought for, freedom of choice in its stores

"Until now, this has been impossible"

The Homestead is the first independent dairy in 20 years to offer supplies to the entire Western Cape market, effectively breaking the dairy industry stranglehold in the area

According to Homestead managing director Mr John Jacobs, production at the new factory in Parow was going well "after having our fair share of problems"

Mr Ackerman said the refusal of certain of the opposition dairies to supply all his stores had always been a problem

Fighting monopolies

The agreement with Homestead was reached "because of our continued fight for the consumer against cartels and monopolies"

Homestead will supply most Pick 'n Pay stores as far away as Stellenbosch, Strand and Somerset West

Commenting on the recent milk price rise at these stores, national perishables buyer for Pick 'n Pay Mr Ray Murray said "Why, we ask? Homestead Dairies are charging one price throughout the whole region

"Most of the dairies approached by Pick 'n Pay to supply all their stores stated that if they supplied dairy products to the whole region, costs would go up and therefore the price of milk would go up Why can Homestead supply the whole region and actually sell their products considerably cheaper than the existing dairies?

"We will continue to carry our existing dairy suppliers in all our stores and ask our customers to make their decision"

Mr Ackerman added "By offering different products from all our dairies, we will be in a free competitive marketing system which will create a bigger awareness of dairy products and an increase in consumption of this basic nutritious product"

The big drop in local milk consumption was attributed to bad marketing and "unrestrained" consumer price increases of up to three a year.

244

Cheaper milk: Big Four dairies to wait and see

Staff Reporter

PENINSULA milk producers are adopting a "wait and see" attitude towards the price war promised by new competitors, Homestead Independent Dairy

The new dairy was publicly launched yesterday with promises of a competitive price policy in a free market

Mr Jan Kotze, general manager of Dairybelle in the Western Cape, said his company was not really worried by the emergence of Homestead

"We are a big company, have been established for a long time and have survived competition in the past," he said

"If they come into the market at a significantly lower price than us we might have to react But I honestly believe that a steep drop in prices is not really possible and would be to the detriment of the industry

"HERE TO STAY"

"We know at what prices you must operate to survive and are not going to act on every threat

"We are here to stay and don't do things on the spur of the moment

"Also, we don't serve just the high-volume outlets, but consumers such as hospitals and old people to whom we deliver"

The general manager of another large producer, Mr L S du Plessis of Kaap-Suiwel (formerly Van Riebeeck), said there was always room for another producer

"We will wait and see what happens, but cannot do anything until they are on the market," he said

"It is a free world and everyone can do what they want"

"HARASSMENT"

The four Western Cape dairy farmers behind the new dairy claim they have been harassed and threatened following their breakaway from the "Big Four" — Dairybelle, Kaap-Suiwel, Union Dairies and Joyce's Dairy

They are Mr J P Melck, Mr Chris Starcke, Mr Andrew Mellish and Mr Pieter Nelson, who farm in Durbanville, Milnerton and Malmesbury Their partners are three former executives from Kaap-Suiwel

Mr Jacobs said that Homestead milk would be cheaper than other milk but declined to

The company expects to distribute almost 10 percent of the daily dairy product requirements of the Peninsula It intends to process 40 000 litres a day from a new plant in Parow Industria

Milk price set to fall

Cape Times 24/7/87

244

By JANE ARBOUS

AMID threats of legal action and allegations of intimidation, a group of seven local milk farmers and former executives of the big producers yesterday broke the Western Cape's dairy stranglehold to form the Homestead Independent Dairy.

This is good news for consumers, who will have more product choice at lower prices.

Managing director Mr John Jacobs, who declined to give any more details of marketing strategy at this stage because of security, said at a press conference yesterday. "We have been working to maintain our suppliers' anonymity because of the attempts to block our entry into the market"

The new venture is the first real chink in the local processing-distribution monopoly which has quartered the Peninsula into one-brand areas for the past 20 years and held consumers to ransom with restricted choices and repeated price rises totalling 88,5% in the past five years

Over the same period, farmers received only 41,9% more for their milk — in real terms, 10 cents a litre less than five years ago

In July 1982 the difference between the consumer and producer price was 43% In February this year the difference rose to 78%

The group also believes that the consumer price rises — up to three a year — have led to an alarming drop in milk consumption in the Peninsula

One of the farmers, Homestead chairman Mr J P Melck, said "For us farmers, this is one of the biggest days in our lives We're going to turn the bad image of milk marketing into a royal one We want to make the consumer our best partner"

On the allegations of harassment, Mr Jacobs said that though the response from retailers had been "quite phenomenal", some of the suppliers were being pressurized not to enter into any agreements with Homestead

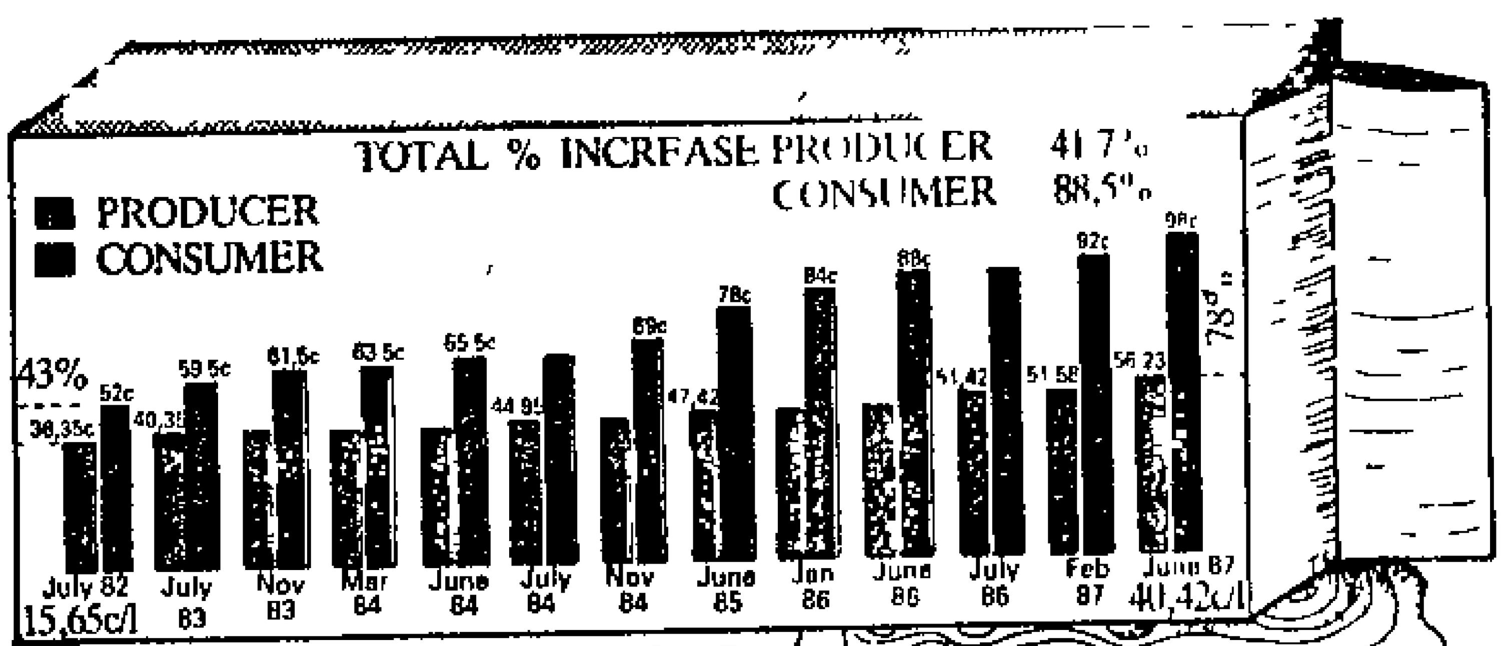
Security had to be increased week by week, particularly to safeguard the farmers who would have suffered severe financial losses if the established milk buyers closed their doors, as Mr Jacobs alleged they threatened to do after news of the new company leaked

Describing the reports of intimidation as "nonsense", Mr Louis du Plessis, chief general manager for Kaap Suivel — known commercially as Bonnita (formerly Van Riebeeck), told the Cape Times that he believed the market was big enough for an independent

However, he confirmed that there was a possibility of legal action against the farmers in terms of the supply agreement he said they had with the cooperative

The move was welcomed by the Housewives' League and the Consumer Council, which have been concerned about the lack of competition

The new products — to hit cafe and supermarket shelves by mid-August — range from several types of milk to cheeses, fruit juices and a variety of yoghurts



MILK PRICE INCREASES

PRICE RISES . . . The graph, of milk-price increases over the past few years, shows the disparity between payments to farmers (green) and the price paid by consumers (red)

☐ Dairy's aims are quality, low cost, see page 4

Wheat, bread prices to rise

PRETORIA — A higher wheat price is certain to be recommended from October 1, after next weeks Wheat Board meeting

Farmers have grown a 2,28-million-ton crop — the second biggest on record and ample for the local demand and the boards commitments to adjoining territories

Although the approved increase is expected to be well below the inflation rate, it will mean a bread price rise or a substantial hike in the bread subsidy in the last quarter of the year

The board will also make recommendations on the new season's barley and oats prices

Baking and milling industries and the co-ops have demanded adjusted margins to compensate for higher costs

These were discussed yesterday by board and agricultural department officials

The R150-million bread subsidy for the current financial year will be exhausted before the end of December.

If the government does not have the funds to raise the subsidy, a rise in the bread price is inevitable — DDC

20/7/87 (244) DD

Butchers don't fear price war

Dispatch Reporter

EAST LONDON — Butchers here are not worried about a large supermarket chain slashing meat prices by up to 32 per cent from today — as "supermarket meat prices have been way above those of family butchers for some time".

This was said last night by the chairman of the East London Meat Traders' Association, Mr Ivan Dawe, who said mince was recently selling at around R7 a kilogram at some supermarkets but at just over R5 a kilogram at family butchers.

He said family butchers had nothing to fear as they had been selling their meat at steady prices throughout.

Port Elizabeth butchers said last week a price war would "slaughter" them.

Mr Dawe said, however, that he welcomed the price cuts as it was a free market and "would keep the industry on its toes"

"The family butcher has nothing to fear The public will get personal service, quality meat and a realistic price from their family butcher," he said, adding that he did not believe the supermarket could sell at below cost

A weekend report quoted stewing steak as being cut from R7,78 to R5,59 Mr Dawe said this was definitely not below cost and could be met by other butchers

The Eastern Cape regional manager of Pick 'n Pay, Mr Peter Innel, said the price cuts would be up to 32 per cent and "well below cost price"

Mr Innel said the aim was to get markets and other meat outlets to follow suit and help the consumer put "meat back on the table"

The chain store would maintain the price cuts as long as possible.

He said the meat would be fresh and not frozen stockpiles.

"We are prepared to take a knock to help the consumer," Mr Innel said, adding that the discounts would start on four lines today, with another two lines added on Wednesday. Two lines would be added next Monday and another next Friday, bringing it to nine lines in two weeks.

Mr Innel said the discounts had nothing to do with a publicity stunt and had been suggested by the chain's managing director, Mr Raymond Ackerman, "as an idea to help consumers"

A Quigney butcher, Mr Tilly Wilson, said it was not true that supermarkets were selling meat cheaper than family butchers

"They are just coming down to the prices local butchers are charging," he said.

"It is more of a gimmick than anything else We have our own customers and are not worrying," he said, adding that the supermarket would only have price cuts on some lines, cutting its losses by increasing other lines

A Vincent butcher, Mr Hans Schultz, said he was not worried as "sooner or later people realise where they get value for money" He said family butchers also ran specials from time to time, adding however that supermarkets had large grocery sections to make up their losses

Survey: food prices shot up

BD 18/7/82

JOHANNESBURG — Prices of basic food items have increased by 230 per cent in the last decade and products like cheese, bacon and apricot jam are over 300 per cent more costly than they were 10-years ago, says a Housewives' League of SA survey.

The 22 items monitored during the 10-year period, beginning in 1978, ranged from washing powder, which increased in price by 216 per cent, to cornflakes — up 314 per cent.

A kilogram of first grade cheese, R1,70 in 1978, now costs R7,47 — an increase of 339 per cent Tea bags, sugar and margarine are among many other staple dietary products whose prices have shot up

Ten years ago, sliced peaches sold at 42c. They have increased 214 per cent Rice was the most economical item surveyed and the only one not to double in price. — DDC

Prices of basic foods up 230%

B/Day 17/7/87 (244)

ANGELA CARR

PRICES of basic foods have increased by 230% in the past decade. Products such as cheese, bacon and apricot jam are now more than 300% more expensive than 10 years ago, says a Housewives' League survey

The 22 items monitored in the 10-year period from 1978 range from washing powder, which increased in price by 216%, to cornflakes, up 314%

A 1kg chunk of first grade cheese has risen 339% from R1,70 in 1978 to R7,47. Tea bags, sugar and margarine are among many other staple dietary products which have shot up in price.

Cape Times 17/9/87

264

Basic food costs up 230%

Own Correspondent

JOHANNESBURG — Prices of basic food items have increased by 230% in the last decade, and products like cheese, bacon and apricot jam are over 300% more expensive than they were 10 years ago, says a Housewives' League of SA survey.

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Ten years ago sliced peaches sold at 42c Calculating for a 214% increase, they have risen to R1,32.

EvePost 17/7/87

Chain store to slash meat prices on Monday

By DEBBIE MARCH

PORT ELIZABETH consumers can look forward to a meat price war, following the announcement today by a major chain store that prices would be slashed by up to 32% from Monday.

Family butchers, however, are unlikely to enter the price-on-price contest as their prices are apparently already well below those now charged by chain store butcheries.

From Monday, Pick 'n Pay butcheries throughout the country will start dropping their prices in an attempt to "get meat sales going again"

"It's going to be an ongoing campaign that will see different lines of meat drop week by week. We want to get the public to buy red meat again," Mr Ian Crooks, butchery manager at the Pick 'n Pay Hypermarket in Port Elizabeth, said

"We expect other chain stores to follow suit"

The first price cuts will be introduced on Monday and will be made on regular mince, stewing steak, steak and brisket

These would drop by between 15% and 32%, Mr Crooks said

On Wednesday, more prices would be cut, with regular cuts every few days thereafter

Chairman of the Meat Traders Association in Port Elizabeth, Mr Peppy Lochner, a family butcher, described the campaign as "a big publicity stunt".

Speaking in his personal capacity he said "It's no big deal, really. Any family butcher can compete with these cuts Our prices are generally R2 a kilogram cheaper than those charged at supermarkets."

However, as chairman of the MTA, he welcomed any drop in the price of meat.

At the moment there was a chronic national shortage of beef

Within a week the price of beef had risen by 20% Super beef had escalated from R3,90/kg on Monday to R4,68/kg on Thursday Today no cattle had come in for slaughter, he said

FOOD PRICES

Who's to blame?

Market research by the major supermarket chains has turned up evidence which shows increasing or upgraded food purchases by blacks is tending to offset declining or downgraded purchases by whites.

The trend, largely attributable to higher proportionate wage and salary increases won for black workers by their unions, is partially reducing the negative effects of the still tight economic situation on food sales volumes and, ultimately, retailers' turnovers

But food prices continue to rise higher and faster than the inflation rate. Apart from the demand side of the coin, supplies of certain commodities have been reduced by the drought causing a price-push effect

The Consumer Price Index (CPI) shows a 25,8% increase in food prices for the year ended May 31, the highest rise in the past six years. Increases over 1986 include 46% for vegetables, 35% for meat, 28% for fish, 21% for dairy products and eggs, 19% for sugar, 18% for coffee and tea, 14% for fruit and 12% for grain products.

Central Statistical Services has announced that food now represents nearly 25% of the CPI, adding that white households are spending a smaller proportion of income on food — down to 11,4% in 1985 from 13,8% in 1975.

It is this falloff that is being offset: the predominantly black lower income group vastly outnumbers the mostly white middle and upper income groups, and spends a greater percentage (18,7%) of income on foodstuffs

Despite pressure on disposable incomes as a result of general economic stringency, the result of black purchasing activity is positive — average wage and salary increases of up to 18% in high-employment industries mean more blacks are earning more than before.

The four big chains (Checkers, OK Bazaars, Pick 'n Pay and Spar) say price remains the major motivating factor in supermarket shopping preferences, although a degree of consumer cynicism has crept in over price freezes.

All four agree that with price considerations still top of the consumer list, their responsibility is to drive as hard a bargain as possible with suppliers to keep prices as low or as stable as possible — which is why two of the four are currently engaged in food price freezing promotions.

Spar has frozen the prices of 50 national brands for three months to October 31, touting the move as "SA's first ever price freeze on proprietary branded products." OK Bazaars has a simultaneous freeze on 185 house products under the Pot O' Gold label and has been pushing its "60th birthday promise" price reductions in an expensive advertising campaign.

Pick 'n Pay and Checkers also continue their competitive pricing, reinforcing another market research finding that price differences among the big four are not that great All claim to be concerned about the price spiral and lay the blame largely at the door of monopolistic suppliers

Government also comes in for some criticism.

Says Checkers MD Clive Weil. "State-controlled price adjustments are totally ad hoc and never co-ordinated. We cannot ask suppliers to reduce their prices as the price of petrol or whatever comes down They reply that rail tariffs or postal services are up and that overall costs have not come down

Whites are buying less

"If such adjustments could be co-ordinated, it would make our lives — and those of consumers — a great deal easier. We would have greater control over the situation and more of an ability to negotiate with suppliers"

Weil and his colleagues reject accusations of profiteering by retailers. "Look at our bottom lines. If we were profiteering, that's where it would show Yet in SA we show much lower profits and returns than comparable chains overseas There is no truth in the allegation that we put up prices to compensate for falling demand."

Pick 'n Pay director Richard Cohen agrees "Manufacturers cannot get together on this because it is against the law So we bargain where we can, monitor prices very strictly and attempt to provide as good a service as possible None of this is going to hold food prices down, but there is nothing else we as retailers can do" ■

High cost of food 'behind new worker militancy'

Argus 17/7/87

By DICK USHER
Labour Reporter

ROCKETING food prices are a major factor behind a wave of increasing worker militancy in the Cape Town region, according to trade unionists.

They say that the go-slow by municipal cleansing workers is only one of a series of industrial actions launched by workers in recent weeks because of food prices eating away their pay packets.

Another strike is threatening in the food industry and industrial action by the city's cleansing workers might spread to other departments.

Food prices in Cape Town were a huge 32,7 percent higher this May than a year ago, well above the national average rise of 25,8 percent, according to figures released by Central Statistical Services.

The Food and Allied Workers Union (Fawu) is locked in dispute with two of the largest companies in the staple food sector, which faces the threat of a national strike.

SPIRALLING

A Fawu statement announcing the disputes said that huge profit increases by the companies had been accompanied by spiralling food prices.

Latest figures indicated that this was the main contribution to rising inflation.

Unionists point out that food is the major component of worker spending and the heavy price rises have further hit pay packets already seriously eroded by the failure of pay increases to keep track of inflation.

Cape Town was hit this week by a go-slow of cleansing workers. They are members of the Cape Town Municipal Workers Association which is pushing for a R50-a-week across-the-

(Turn to Page 3, Col 1)

What to do with your rubbish ...

Staff Reporter

THE Cape Town refuse collection workers' "work to rule" may be extended to suburbs on the Atlantic seaboard next week, now that the workers are being backed officially by their union, the City Engineer, Mr Des Riley, said today.

If this occurred there would be only one collection a week in the Atlantic division, which includes high-population density suburbs like Sea Point.

Mr Riley said negotiations with the workers were continuing and the atmosphere was "amicable".

The city council today appealed to householders affected by the "work to rule" to assist in maintaining the refuse removal service at a satisfactory level. This could be done by:

- Making refuse available as usual on the householder's property on normal collection days. If it is not collected by 3.30pm ensure that it is accessible on the next collection day.
- Do not place refuse in the street.
- Make a special effort to keep dogs off the street.

CITY/NATIONAL

Peninsula well above 'alarming' national spiral

City food prices up 32,7%

Argus 15/7/87 (244)

By TOM HOOD, Business Editor

FOOD prices in Cape Town in May are an enormous 32,7 percent higher than in the same month last year, according to Government figures.

This is well above the national average rise of 25,8 percent for the year

Even the 25,8 percent was described as "alarmingly high and the highest figure since April 1981, when the rate reached 27 percent" by Mr P G Alberts, head of Central Statistical Services

"Large monthly increases occurred in the prices of meat (1,9 percent), fats and oils (three percent) and vegetables (1,7 percent)"

But "relatively large" decreases were reported in prices of fruit (5,4 percent) and coffee and tea (2,6 percent)

Food prices rose more slowly on the Witwatersrand, up 22,4 percent in the year to May.

In Durban food prices increased by 24,6 percent, while Pretoria's increase was 29,1

Hardest hit

But food-price increases in Cape Town appear to be easing The Peninsula's official food price index for May rose only 0,7 percent above April's — equal to an annual rate of 8,6 percent and below the national average of 10,5 percent

It was also the Peninsula's lowest monthly increase this year The worst was January's 3,1 percent jump, equal to a 37,2 percent annual rate

The Peninsula's cost-of-living for all items excluding housing rose by 19,5 percent in the year to May, above the national average of 17,3

The Witwatersrand's comparable increase was 24,7 percent, Durban's 15,1 and Pretoria's 21

Hardest hit by inflation was the lower-income group, whose inflation index rose 18,7 percent, largely because a high proportion of income is spent on food.

The middle-income group index rose 17,9 percent, while the highest income group's inflation index rose 16,6 percent.

The Argus

Foodsaver

Bananas best bargain, says Epping chief

Staff Reporter

SHOPPERS can "go bananas" today, says the city's deputy-director of markets, Mr Deon de Goede

The fruit is selling for between 63 and 68c a kilogram at the Epping produce market and should be offered at good prices in shops

Oranges are also in good supply at 45 to 55c a kilogram

GRANNY SMITHS

Granny Smiths are the best apple buy, at 60 to 80c a kilogram for Class 1

The price of avocados is increasing as supplies decrease at the end of the season — R1,30 and more a kilogram

Good buys in vegetables are broccoli, gem squash, pumpkin and sweet potatoes

Cucumbers, particularly the English variety, are scarce and expensive at between R1,70 and R1,90 a kilogram

ARGUS 14/7/87

Inflation rate down, may drop even more

Business Editor

INFLATION dropped sharply in May as measured by the country's producer price index

. The year-on-year producer price inflation fell to 14,6 percent after rising to 16,1 percent in April

This could result in the consumer price index falling this month because the effect of producer prices usually takes about two months to show up at retail level

A year ago producer price inflation stood at 19,6 percent

The consumer price index, currently at 17,2 percent, could fall to 13,2 percent this time next year, the Stellenbosch Bureau for Economic Affairs said

IMPORT PRICES

The reduced rate of increase in import prices this year will have a significant effect on the producer price index and, in turn, the consumer price index

The bureau sees the rand worth $0,4550 in a year's time, fractionally lower than today's $0,4854

South Africa should be able to look forward to lower inflation rates (14,4 percent) in the second half of this year and the first half of next year (13,6 percent), say bureau economist Mr Glen Moore and deputy director of the bureau Dr Okkie Stuart

"The most-recent bout of consumer price increases has been characterised by large increases in food prices, particularly meat prices It is hazardous to predict likely food price increases due to the conditions in agriculture," the bureau said

WARNING

Interest rates are expected to stabilise, with the banks' prime lending rate rising only 0,5 percent to 13 percent over the next 12 months

But the economists warn that inflation could get a boost next year from:

- High risks attached to business in a country plagued by political problems, which result in "short-term profit maximisation attempts"
- The "belligerent attitude" adopted by trade unions in wage negotiations
- Costs attached to economic sanctions and financial isolation
- The fact that government spending has consistently overshot budget estimates

Profits greed hits economy

W/C ARGUS 11/7/87

by TOM HOOD, Business Editor

PROFITEERING by businessmen could kill the country's economic recovery, say a major bank's economists.

Companies are already causing spiralling price-rises of most products and services by raising their profit margins, according to Volkskas's economists in the monthly review.

These companies were trying to recover profits lost in the recession by raising prices rather than going for higher productivity.

"We wish to issue a warning to trade and industry and to other businessmen to apply the sustained growth in profit margins with extreme caution, since this could further adversely affect business activities in this prevailing climate of shaky economic recovery," the economists said

The review said this development came "at a most inopportune time and runs the risk of thwarting the entire momentum of the economic upswing".

Growth floundering

Latest trends indicated that economic growth was already floundering and the the country's growth rate would probably be only two percent, instead of the three percent target set by the Government

Profit increases also raised the possibility of serving as an incentive to organised labour to bargain for higher wages

"They would probably also succeed in obtaining higher wage increases, but we fear that in the prevailing climate this will only result in greater unemployment since businessmen will attempt to place severe restrictions on the increase in the total wage bill"

The inflation rate (18,7 percent for May) was accelerating over a wide range of products "leading to the suspicion that the lowest point in the rise of the inflation rate might already have been reached"

"In our present economic situation we can come to no other conclusion than that the increased profit margins in trade and industry are probably the major explanation for this phenomenon," the review said.

"Two ways"

Profit margins — profit as a percentage of capital — in industry plunged from 16,4 percent in 1982 to 8,2 percent in 1985 before recovering to 10,4 percent last year, Volkskas estimated Profit margins in trade dropped from 10,9 to 6,9 percent last year

"There are two ways in which profits can be increased One is by price recovery and the other is to investigate and implement methods to step up productivity.

"Needless to say, much more can and must be achieved in the way of increased productivity This matter will have to be addressed in earnest — now more than ever before"

24/4

Only cities and coastal areas see lower fuel prices

By ANDREW DONALDSON

THE further away, the more you pay

While city and coastal areas enjoy lower fuel prices, the adjustments announced last week by the Department of Economic Affairs and Technology mean the opposite for industry, mining and farming in outlying areas

In Upington, for example, the adjustments mean an effective 17% to 18% increase in fuel bills for those who previously enjoyed significantly cheaper 98-octane petrol and diesel

Rebates — at the centre of the racketeering which government now hopes will net the Exchequer an extra annual R500 million — still exist

But while certain rebates — like the waiving of GST, National Road Funds and Third Party — remain, the government has introduced a "fuel levy", or "fuel tax", which accounts for the increased fuel prices

These are determined according to magisterial districts — and the further fuel has to be transported from its point of entry into the country, the more expensive it becomes

Besides this, those who previously enjoyed carte blanche rebates will now first pay the full price for fuel and, provided they can prove their eligibility for rebates, submit their bona fides to the Department of Customs and Excise in Pretoria

While this is aimed at curbing the rebate racketeering, it has placed an extra initial financial burden on industrial, mining and agricultural sectors

The Cape Times learnt from an Upington industrialist yesterday that — thanks to the restructuring — his diesel fuel bill increased from 51,26c a litre to 75c a litre, the reduced price from 78c a litre enjoyed by the man in the street from this month

'Abused system'

It was only after he submitted his bona fides to Pretoria would he be able to qualify for a 15,334c a litre rebate — thus an effective fuel price of around 60c or a 17% or 18% increase in his fuel bill

"While GST has gone, I still pay more — thanks to this fuel tax," he said.

But the director of the Cape Chamber of Industries, Mr Colin McCarthy, has defended these aspects of the restructured system

"The State was losing money through those special conditions," he said

Mr McCarthy said people in outlying areas would pay more, because it was "naturally more difficult" to supply those areas As a comparison, he said coal was more expensive in the Western Cape than elsewhere because of its distance from the Transvaal pitheads

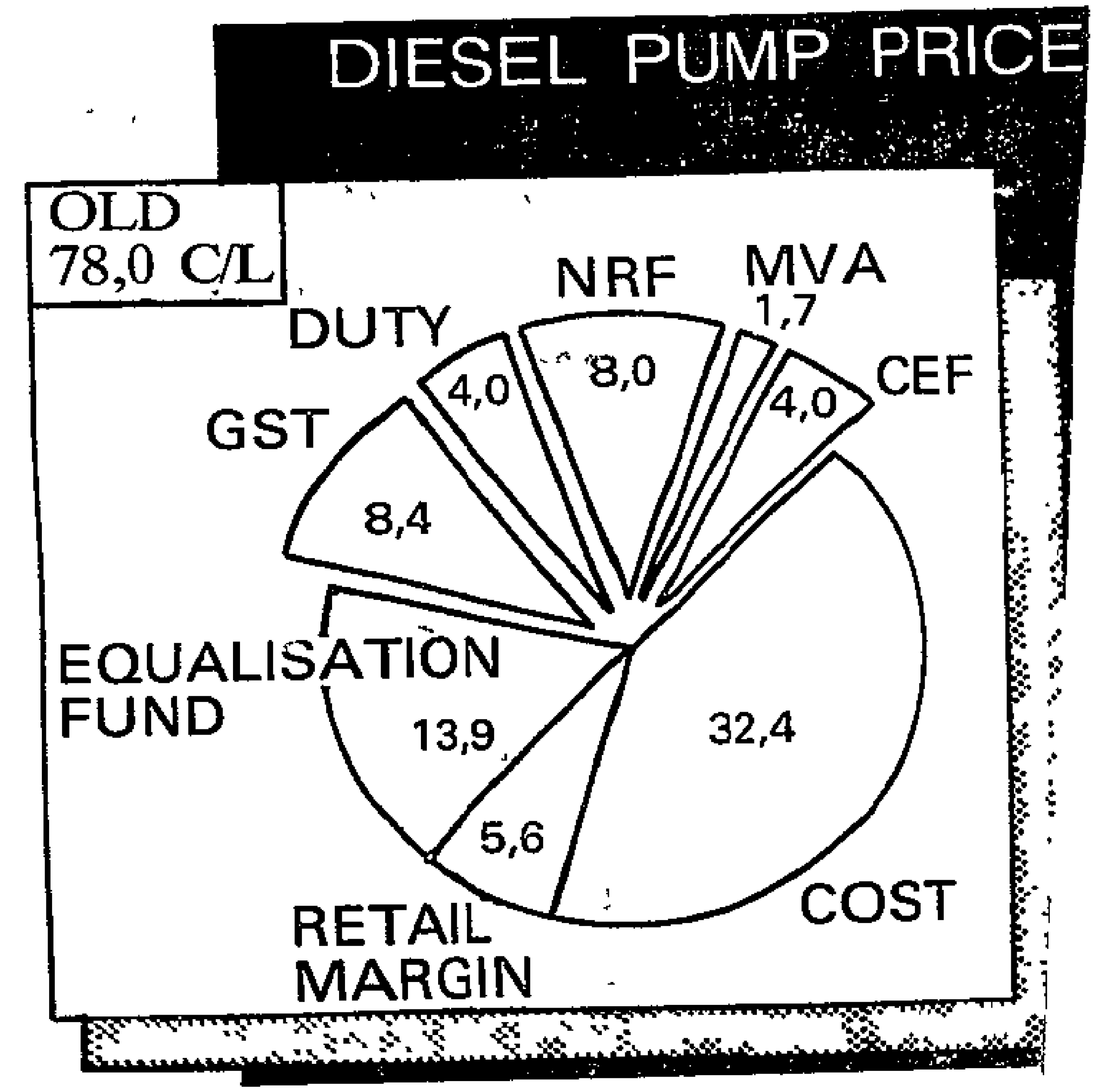
Industry was concerned, however, about the increased fuel costs faced by bus companies

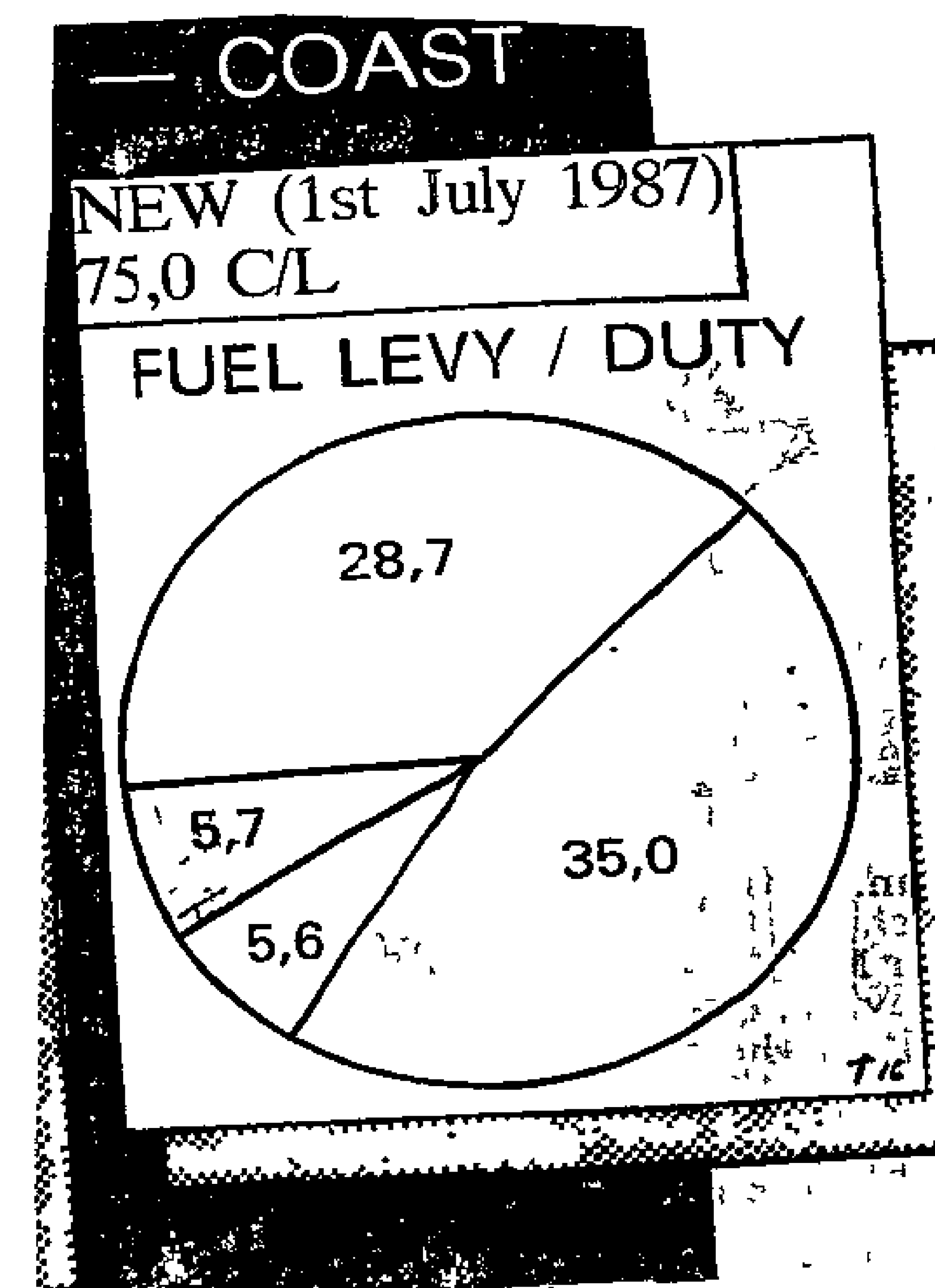
"The special prices to these companies have been withdrawn," Mr McCarthy said "The Federated Chamber of Industries has pointed this out to government and that this increased cost, which would result in increased ticket charges, could have a negative effect on industry"

In Cape Town, City Tramways Limited has not received an official response to its urgent appeal — launched nearly two weeks ago — to the Department of Transport for relief for its passengers

"Nothing has transpired, but we expect a reply within a week," a spokesman said yesterday

The director-general of the Department of Economic Affairs and Technology, Mr L N "Lol" Engelbrecht, could not be contacted for comment yesterday.





(244) 7/7/87

B/Day

Demand pushes up chicken prices

NORMAN SHEPHERD

CHICKEN prices are at a premium because of a surge in demand and will remain high until at least November, when increased supplies push prices down.

Processors are gearing to meet the higher level of demand, investing in plant expansions for the first time in years as hopes rise the industry might shed its "marginal profit" feathers, industry spokesmen say.

Last year's average 20% price increase is seen by the industry as a structural adjustment after the discounting during the glut of 1985 and years of nominal increases of 5% or less.

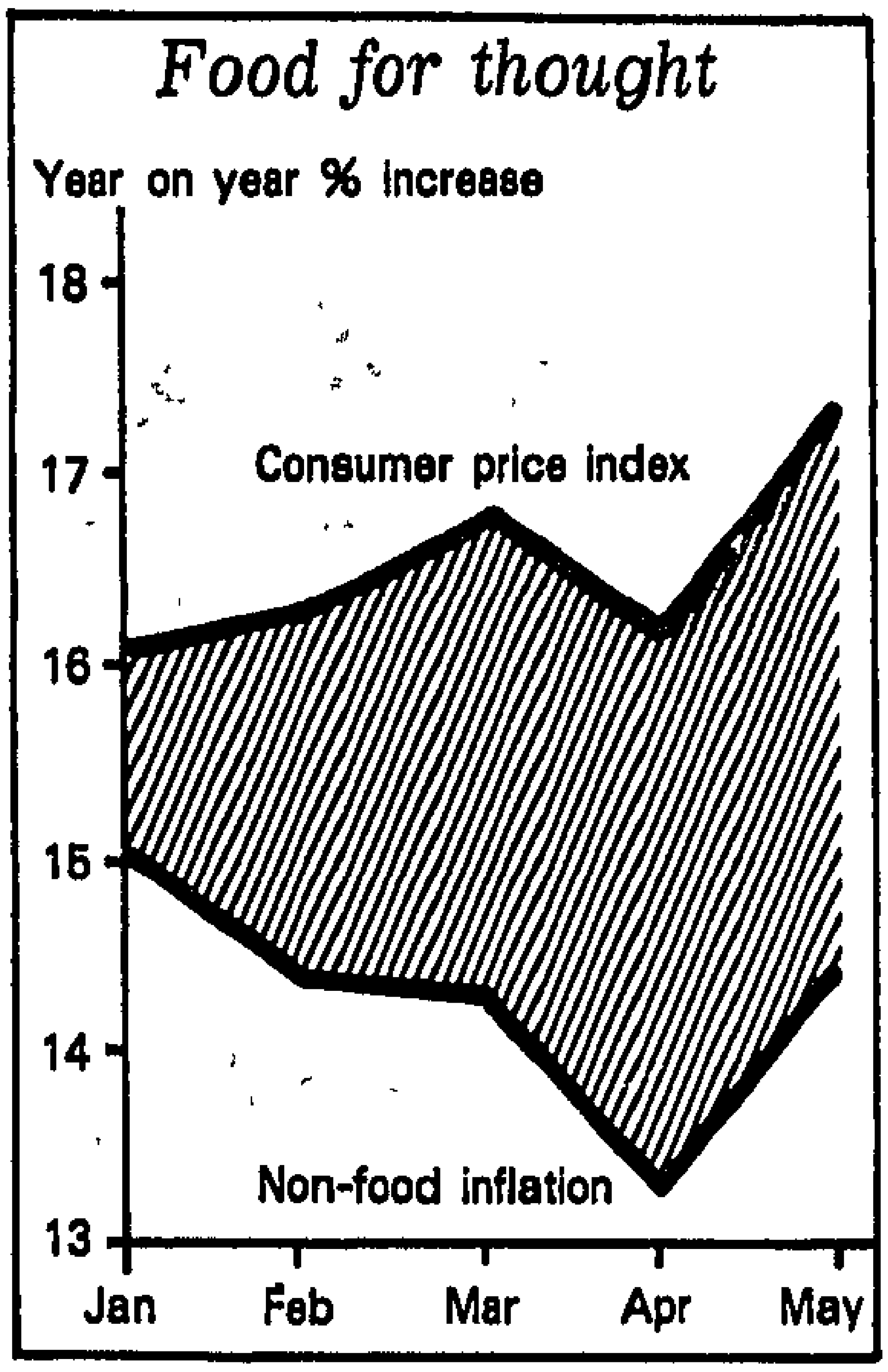
Factors bound to keep chicken prices fluffed up include a 10% winter mortality rate; last week's change in the fuel price structure raising administrative costs slightly; high feed costs; and a workforce which is becoming more aggressive about pay demands.

Although prices kept firmly above R3/kg this year, a Consumer Council study shows the price charged by a single large producer over the past six months fell 10c/kg between January and June.

SA Poultry Association general secretary Zach Coetzee said: "I don't think there is a real shortage. Prices will increase as demand rises. We are in the process of adjusting to an upturn and are bringing up production by about 4%. By November most producers will be on the go."

☐ The Consumer Council yesterday expressed concern over media reports of intentions to raise chicken prices because of the change in the fuel price structure.

ST 5/7/87 (158) (244) (13)



Food prices to come off the boil by yearend

By Stephen Rogers

AFTER soaring at record rates for the past few months, food-price inflation is expected to start declining by the end of the year.

Food has the heaviest single weighting in the consumer-price index and since the rand stabilised has been the biggest cause of inflation in SA.

Price increases in meat, vegetables, milk and grain products, which on a weighted basis, make up 75% of the food index, are possible this year.

But they are expected to be lower than before, depressing the rate of increase in the food index.

Andre Louw, agricultural economist at Volkskas, says: "Food prices should not increase significantly in the rest of the year."

Margins

Retailers have been rebuilding their profit margins after a three-year decline. For instance, the consumer price of certain cuts of meat has risen faster than the auction figure.

However, most experts say that price increases will be kept to a minimum. Consumer resistance, competition and changing patterns of consumption have persuaded retailers to limit price increases.

Red meat lost out heavily in the market to white meat in the past decade. Now red meat is trying to make a comeback in market share and efforts are being made to keep it price competitive.

On the production side economists do not expect major increases although some items, such as red meat and vegetables, are still in short supply.

This augurs well for the food index which rose at a record year-on-year rate of 25,8% in May.

Easing

Dr Louw predicts the index will fall to about 17% by the end of the year. Lower-income earners spend more than 50% of their money on food.

Economists expect the decline in food index to be shown in the July CPI figures. The high monthly increases in the second half of last year will limit the rise in the index over 12 months.

But what effect will lower food inflation have on the CPI?

In January this year the food index, which has a 25% weighting in the overall index, rose by 19,3% on the year before and added 1,1 percentage points to the CPI In May the food index rose by 25,8% and lifted the CPI by 2,9 percentage points to 17,3%.

The graph on the left shows the effect of high food inflation on the CPI. Non-food inflation fell from 15% at the begining of the year to 14,4% in May, but the rise in food prices more than negated the fall, lifting the CPI from 16,1% to 17,3%.

The expected decline in the food index will ease the pressure on the CPI.

(244) FM 3/7/87

PETROL PRICE

Making sense at the pump

While this week's petrol price changes have been generally welcomed as another booster for the economy, PWV consumers will receive only a 1c/litre benefit — while landed costs of imported fuel have dropped by 5,8c/litre

The reason for the anomaly is the imposition of levies for various State funds used for synthetic fuel manufacture, the stabilisation of fuel prices and road building

Nevertheless, retail fuel prices in SA are still significantly lower than in Europe — despite the current scale of the Central Energy Fund (CEF) and Equalisation Fund levies

Outgoing director-general of Mineral and Energy Affairs Louw Alberts says total State imposts on petrol in the UK are roughly SA0,80c, 0,73c in West Germany and R1,20 in France — against only 42c in SA South Africans actually pay less for their liquid fuels than most major countries, with the exception of the US, and, possibly, Australia

And, adds Alberts, total imposts on fuel are much the same as they were in nominal terms three years ago If the inflation rate of 15%-16% is taken into account, aggregate taxes on fuel dropped by as much as a third in real terms

The Equalisation Fund compensates oil companies whose local refineries are currently running at about 60% of capacity, due to increased competition from local synthetic fuel production The fund can also be used to subsidise synthetic fuel output, says Alberts The funds of the CEF, on the other hand, are used to provide capital for the construction of synthetic fuel plants

In terms of the new arrangements, the price of diesel fuel will come down by 3c/*l* in most parts of the country on July 1 and changes to the structure of the petrol price will make it 1c/*l*-4c/*l* cheaper for most users

In the PWV area the price of 93 octane petrol will fall by a cent, from 83c/*l* to 82c/*l*, while diesel will come down from 84c/*l* to 81c/*l* In the main coastal areas 98 octane petrol will drop from 83c/*l* to 79c/*l* and diesel will come down from 78c/*l* to 75c/*l* But some outlying areas will have to pay more

Deputy Economic Affairs and Technology Minister George Bartlett says diesel users until now have been contributing 13,9c/*l* to the equalisation fund (which keeps fuel prices stable in the face of fluctuations in the world market) while petrol users have been contributing only 1,9c/*l*

Government has therefore decided to "equalise" the equalisation fund contributions and make them 5,7c/*l* for both petrol and diesel He says this will not mean petrol users will be subsidising diesel users

Contributions to the National Road Fund will also increase by 1c/*l* from 7c to 8c for petrol users and from 8c/*l* to 10c/*l* for diesel users

GST as a percentage of the fuel price is to be scrapped and replaced by a fixed levy of 8,9c/*l* for petrol and 9c/*l* for diesel Treasury officials say it is likely, however, that the levy will be adjusted in future according to percentage changes in GST

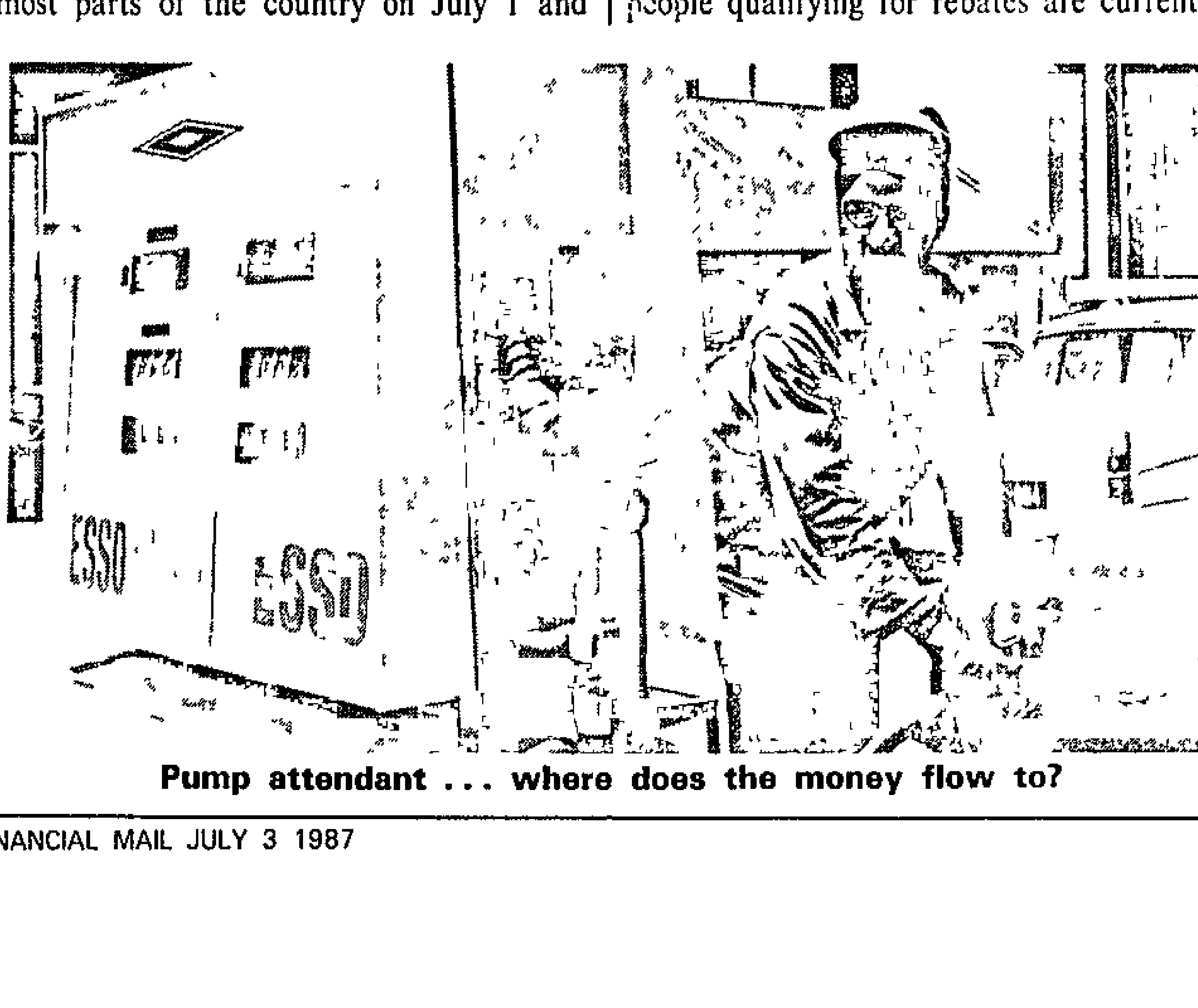
And all purchasers — including those currently enjoying rebates on the diesel price, like farmers, fisheries and the construction and mining sectors — will have to pay the full fuel levy as well as customs and excise duties, to put an end to "abuse of the current system"

Deputy Finance Minister Kent Durr says people qualifying for rebates are currently being registered by the Department of Customs and Excise Rebates can be claimed on a regular basis and it is envisaged that they will be paid within about two weeks of receipt of the application

Durr says the consolidated levy will be cheaper and easier to administer and is expected to net around R500m in a full year in taxes and duties that were being evaded In the current year the additional take should be about R300m

Durr says no major snags are expected in implementing the new system and cash-flow implications — if any — will arise only at the switch-over No more than "a few rand" should be involved for the average farmer and "a few hundred rand" for the larger operators

The new system will mean that the initial cost of direct purchases of diesel by the agricultural sector will be 75,6c/*l* (in the PWV) compared to 52,35c/*l* at present, while consumers in the PWV area who purchase diesel direct for road use will pay 75,6c/l instead of 77,8c/*l* ■



Pump attendant ... where does the money flow to?

ZIMBABWE

Business blues

Zimbabwean industrialists are more pessimistic now than at any time in the past six years, according to the latest business opinion survey by the University of Zimbabwe

More than 62% of the 122 industrialists who responded to the questionnaire described themselves as more pessimistic than six months ago — the highest such proportion ever recorded in the 13 surveys This is more than double the 31% pessimism level of a year ago

The main reason for concern is the 40% cutback in import allocations A record 83% of the respondents say production is adversely affected by the foreign exchange scarcity Almost three-quarters of the sample say they are short of raw materials — also the highest ratio to date

And since the survey was undertaken, government has announced a price and wage freeze which has done nothing to improve the outlook

The report says the survey underscores the supply side nature of Zimbabwe's problems with only one quarter of respondents expressing concern about the level of domestic demand

A particularly worrying aspect for the Zimbabwean government is the finding that more than three-quarters of the respondents expect production to fall by at least 10% in

FM 3/7/87

Higher PO tariffs today

Tariffs for the installation and the monthly rentals of telephones went up today, a Post Office spokesman said.

The installation fee for a telephone is now R125 while the monthly rental has increased, on average, by R3. Phone calls will cost 13,5 c per call unit.

The handling charge for a telegram is now R2,50 and R1,20 a word for the first 10 words.

Postage on certain mail items to countries abroad also increased.

Postage to most European countries is now 40 c, while the cost to the USA is 50 c. Postage on aerograms and postcards to countries abroad is 30 c.

The unit charge for calls from payphones has gone up from 10 c to 20 c. — Sapa.

244 STAR 1/7/87

Fuel costs set to push up bus fares

Cape Times 1/7/87

244

By CHRIS ERASMUS

THE restructured fuel-price system, described by City Tramways as "shocking", may well cost Cape Town bus commuters more, rather than saving them money

The reason, according City Tramways, is that bus companies no longer qualify for the rebate on diesel fuel.

Meanwhile, PFP finance spokesman Mr Harry Schwarz, has said that the fuel price reductions announced this week were "too small" to bring down other consumer prices

Mr Nic Cronje, managing director of City Tramways, said yesterday the announcement by government regarding the new fuel prices has had "a shocking impact on the bus industry"

According to City Tramways, the effect of the announcement is that the cost of diesel fuel for the bus industry has increased by almost six cents a litre — in spite of the announcement by the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, that the pump price of diesel would drop by three cents a litre in the greater part of the country, including Cape Town

"This drastic increase results from an increase to the basic fuel price coupled with the fact that, according to the announcement by the Deputy Minister of Finance, the bus industry no longer qualifies for any rebate under the new rationalized levy structure," said Mr Cronje

"This company, which operates bus services in Cape Town and adjacent areas, will simply not be able to absorb these additional costs

"To avoid having to pass on the increase to its passengers, the company has directed an urgent appeal to the Department of Transport in an effort to obtain some form of relief for its passengers," Mr Cronje said.

To page 2

Once the outcome of the appeal was known City Tramways would issue a further statement, he said

Mr Schwarz said the fuel price reduction was "so small that it's not going to have any major effect.

"Of course, any reduction has an effect but this one is simply too small to have any meaningful effect on other consumer items," he said.

Mr Michael Boyes, president of the Cape Town Chamber of Commerce, said that although general price reductions were unlikely to follow as a direct result of the fuel price cuts, they could be expected to put a brake on further price increases

The reduction in certain fuel prices was "a most welcome move that can be expected to dampen inflationary trends that are deeply rooted in our economy," he said

"At the same time, it has to be appreciated that fuel costs represent an extremely small component of the end-price of most goods and services

"It is a fact that the rand-dollar exchange rate has been working in SA's favour and this has been the prime reason for the fuel price cuts Against this, however, imports from countries such as Germany and Japan have been becoming increasingly expensive

"The rand is now in a more stable position vis-a-vis the currencies of our main trading partners with lower inflation rates than ourselves and this can be expected to hold back future price increases," he said

Mr Boyes said retailers were operating in a highly competitive market and consumers could expect that any benefits gained by reduced import costs would be passed on by traders.

News 17/7/87 24c

Food prices behind strikes

(Continued from page 1)

board increase for its 11 500 members.

A union spokesman said the point about food prices had been made several times during negotiations with the City Council.

"Food is simply being priced out of the reach of workers," he said.

A spokesman for the Paper, Wood and Allied Workers Union said that members had taken part in at least five strikes over food prices in recent weeks.

"They simply can't afford the prices," he said.

A spokesman for Fawu in Cape Town said that members had also taken industrial action recently over wages.

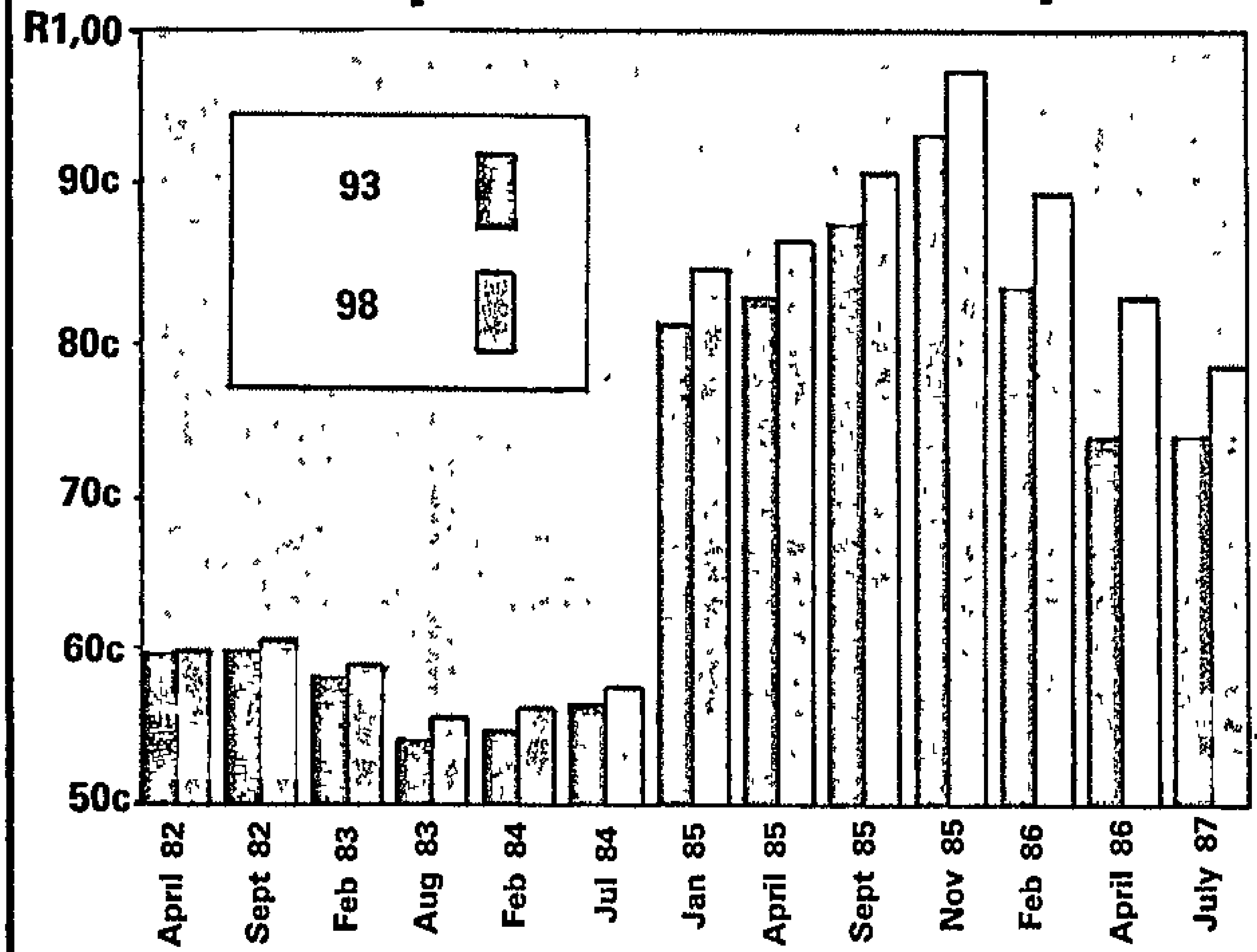
She said a significant factor behind this action was the big increase in food prices.

"Food is the major element of worker spending and all wage demands are related to difficulties people have getting enough to eat," she said.

Picture RICHARD BELL had to abide by their decision

CAPE TIMES 30/6/87 244

Petrol prices for last 5 years



UP AND DOWN... This graph shows petrol prices for 93 and 98 octane in Cape Town over the last five years, including tomorrow's decrease.

From page 1

Cape Times 30/6/87 (244)

Rail, post rises tomorrow

Staff Reporter

TOMORROW, July 1, will see the introduction of a battery of new increases from suburban rail tariffs to telephone, telegram and postal charges.

The new rail tariffs on Peninsula lines will be an average 10% higher.

The installation fee for a telephone will be R125 while the monthly rental will increase on average by R3. Telephone calls will go up from 12c to 13,5c a call unit.

Telephone subscribers will find that the new rental is debited on their latest account as this is paid in advance

Telegrams will also cost more with the handling charge rising to R2,50 and the per-word cost R1,20 for the first 10 words and 12c for each extra word.

Postage on standard letters (no smaller than 90mm x 140mm, no larger than 120mm x 235mm, no thicker than 5mm and maximum mass 50g), postcards and aerograms will be 16c.

On non-standard letters with a mass of up to 100g the surface postage rate will be 25c and the airmail rate 35c.

Certain overseas mail will also cost more to send from tomorrow but these price increases are "beyond the control of the South African Post Office", said a PO statement yesterday.

NEW rail tariff fares from July 1, 1987:

Cape Town to:	Km	Single		Week		Month	
		1st	3rd	1st	3rd	1st	3rd
Bellville/Lavistown	19	1,60	,70	12,50	3,80	45,50	14,50
Claremont	10	1,00	,40	8,00	2,70	29,50	10,50
Crawford and Langa	13	1,20	,50	9,40	3,10	34,50	12,00
Elsie's River	14	1,20	,50	9,90	3,20	36,50	12,50
Goodwood	12	1,10	,50	8,90	3,00	33,00	11,50
Maitland	6	,70	,40	6,10	2,10	22,50	8,30
Mitchells Plain	32	2,40	1,00	17,50	4,80	65,00	19,00
Muizenberg	25	1,90	,80	15,00	4,30	55,00	17,00
Paarl	57	3,90	1,70	25,50	6,00	95,00	23,50
Pinelands/Newlands	9	,90	,40	7,60	2,60	28,00	10,00
Rondebosch	8	,90	,40	7,00	2,40	26,00	9,50
Somerset West/Stellenbosch	48	3,40	1,50	23,00	5,60	85,00	22,00
Strand	53	3,70	1,60	24,50	5,80	91,00	23,00
Khayelitsha	34	2,50	1,10	18,50	4,90	68,00	19,50

Chain cuts fuel price early

Post Reporter

THE Pick 'n Pay hypermarket chain has lowered its petrol and diesel prices countrywide today, 24 hours before the new regulated prices become effective.

The acting general manager of the Hunters Retreat Hypermarket, Mr John Lucas, said the chain was not discounting petrol for a day but merely passing on a saving to consumers immediately.

Pick 'n Pay has fought a long but unsuccessful courtroom battle to discount petrol at its national auto centre outlets.

Motorists were quick to respond to the offer and demand at the petrol pumps today was greater than normal, said Mr Lucas.

The hypermarket was selling petrol and diesel at the new regulated prices, he said, with 93-octane unchanged at 74c/litre, 98-octane at 79c/litre and diesel 75c/litre.

Fuel price cuts in the city

Cape Times 30/6/82

264

By ANTHONY JOHNSON
Political Correspondent

NEW fuel prices will cut 98 octane petrol by 4c a litre at the coast and diesel prices will be cut by 3c a litre through much of the country from tomorrow.

However, 93 octane petrol will remain unchanged at the coast, drop by 1c a litre on the Witwatersrand and increase by up to 6c a litre in more remote areas like the north-eastern Transvaal

A prominent feature of the new price system is a consolidated single fuel levy which is expected to produce a saving for the exchequer of R500m a year by curbing the growing incidence of evasion of duty, levies and GST on fuel

The price adjustments also coincide with the introduction of a new price zone structure that reflects more accurately the real cost of transporting fuel from the import harbour to the point of sale

Announcing the price changes in Cape Town yesterday, the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, said the adjustments were based on four main factors

☐ The elimination of cross-subsidization which exists in the present zone structure for a new system that will reflect the most economical method of transporting fuel to the consumer

New petrol prices

NEW petrol and diesel pump prices for the Western Cape that will take effect from Wednesday are (in cents a litre):

	98 octane		93 octane		diesel	
	Old	New	Old	New	Old	New
Cape Town	83	79	74	74	78	75
Bellville	83	79	74	74	78	75
Brackenfell	83	80	75	75	79	76
Stellenbosch	84	80	75	75	79	76
Paarl	85	81	76	75	79	76
Caledon	—	81	77	76	80	77
Touws River	—	82	78	78	81	77
Clanwilliam	—	83	79	79	81	79
Calvinia	—	86	82	83	83	83
Vredenburg	86	82	77	77	80	77

Adjustments

The 23 new price zones (instead of the present 30) are based on geographically identified magisterial districts and are designed to eliminate the subsidization of prices in specific areas of the country by consumers in other areas, leading to inevitable increases in more remote parts of the country.

☐ Adjustments in the levies which form part of the new consolidated single levy that will simplify the price composition. The National Road Fund Levy has been increased by 1c a litre on petrol and 2c a litre on diesel with a view to improving the country's road network.

☐ The GST component of the fuel price has been fixed at a flat 8,9c a litre on petrol and 9,0c on diesel rather than 12% on the price Another component of the fuel price, the equalization fund levy, is also being increased by 3,8c a litre on petrol and reduced by 8,2c on diesel

☐ SATS tariff increases from July 1 These would generally boost prices but are not expected to have an influence of more than 1c a litre on the fuel price.

☐ In spite of the recent

☐ Oil-for-cash swap — Page 3

To page 2

From page 1

slight increase in crude oil prices, the improved rand/dollar exchange rate effectively decreases the price of fuel

Mr Bartlett stressed that the new system would require that all customers — including those who at present enjoy concessions on the price of diesel such as farmers, fisheries, construction and mining — would have to pay the full fuel level, as well as customs and excise duty

The new adjustments, he said, would not result in a change in the profit margins of the retailer and wholesaler "However, an investigation into the profitability of service stations will now be expedited "

The Federated Chambers of Industries yesterday welcomed some of the reductions but questioned whether they could not have been greater because of lower landed costs

Assocom welcomed "the selective reductions in the fuel price as well as the change from the grid system to a mag-

prices"

It was, however, "regrettable that those areas directly affected by the removal of Maputo as a distribution point have not been given more notice of adjustments to the price"

The Afrikaanse Handelsinstituut welcomed the announcement and said that any measure which increased the consumer's disposable income could only have a beneficial effect on the economy

Organized agriculture welcomed the diesel cuts while the National Association of Automobile Manufacturers said it was a "step in the right direction", as it

Mr Jan Cronje, director of the Consumer Council, welcomed the fuel price reduction He said it would have an effect on the transport cost of virtually all consumer commodities and urged that this benefit should be passed on to consumers

☐ Pick 'n Pay last night announced that two outlets would not wait till tomorrow to lower the fuel prices

From today, 98 octane would go on sale at 94 cents a litre — and diesel at the "new" three-cent-less price — at the Brakenfell and Ottery hypermarkets

"We have enough fuel in our tanks — we are

PE Tramways announce concessions on eve of bus fare increases

Post Reporter

PE TRAMWAYS has softened the blow of its 17,62% increase in bus fares from tomorrow with the introduction of a conditional concession for pensioners and a government-subsidised cut in clipcard rates

Pensioners over the age of 65 who are not in permanent employment will enjoy cut-rate fares on all days except Saturdays on production of a valid PE Tramways identification card

The fare will be 20c for an unbroken journey on any of the company's bus routes.

At the same time, the company announced "substantial" reductions on its 10-ride clipcard fee as a result of a subsidy granted by the Department of Transport

The managing director of PE Tramways, Mr Carl Coetzer, said the concession to all pensioners had been approved following a request from black organisations

Pensioners should apply to their nearest bus depot between 9am and 10am on any Wednesday to arrange for transport to and from the PE Tramways offices at Valley Road and identification cards would be issued the same day free of charge.

Mr Coetzer said these would not be transferable and the concessionary fares would apply only between 9am and 3pm from Monday to Friday and between 9am and 4pm on Sundays and public holidays.

Giving examples of the new clipcard fares in an newspaper advertisment published this morning, PE Tramways said a single trip from New Brighton, Kwazakele and Walmer townships to the city would cost 34c compared with the cash fare of 50c

A single trip from Zwide and Veeplaas to either the city or Korsten was 41c as opposed to the 60c cash fare.

A major concession had been granted on the Motherwell and Motherwell transit camp route to the city, Korsten and Harrower Road, resulting in a 55% saving per trip, from 100c for cash tickets to 45c for clipcard holders.

A clipcard passenger from the Motherwell transit camp could now travel the 29 kilometres to the city at a rate of just over 1½c per kilometre.

244 EP 30/6/87 B82

59

Petrol price to drop

Sowetan 30/6/87

THE petrol price is to be reduced by a cent to 82 cents a litre for 93 octane on the Reef as from July 1, the Minister of Economic Affairs and Technology, Mr Danie Steyn, announced yesterday.

At a Press conference in Cape Town he said the coastal price of 93 octane would stay at 74 cents a litre However, 98 octane would drop by four cents from 83 to 79 cents.

However, certain areas, especially in the northern and north-eastern Transvaal, would feel price increases as a result of the elimination of cross-subsidisation in the new zoning system. — Sapa.

Television set prices: Who is watching?

Claims that television manufacturers and retailers are not dropping their prices to match cuts in customs and excise duties were rejected yesterday by the chairman of the Radio and Television Manufacturers' Association, Mr Peter Dupen.

"All the latest changes in duties have been accepted by the manufacturers," he said. "I can't speak for the retailers, but it looks as though there has been a drop of 20 percent in retail prices."

Mr Dupen was reacting to allegations that all the reductions in duties were not being passed on to the consumer.

An industry insider, who did not want to be identified, said that according to the reduction in duties there should be a 24 to 25 percent reduction in the retail price.

"A television set which the retailer would have bought from the manufacturer at R1 500 would have been sold to the consumer for R2 000, giving him R500 profit. The old duty on this set would have been R273," he said.

PROFIT MARGIN

"The new duty on this set would now only be R68 so the retailers should be able to buy the set for R1 295 from the manufacturers. To make the same profit margin as before, the TV sets should be sold to consumers at R1 720, but the retailers aren't doing that. They have dropped the prices by only R200."

Mr Dupen said that he did not agree with a 24 percent reduction in prices as "the Minister said that we should only expect a 20 percent reduction in prices".

"It might be in some cases that the retail outlets have not reduced the prices of old stock because they were bought from the manufacturers at the old higher prices," he said.

Changes in fuel prices welcomed

DD 30/6/87

CAPE TOWN — There has been mainly favourable reaction to the new fuel prices which will cut 98 octane petrol by 4c a litre at the coast and lower diesel prices by 3c a litre through much of the country from tomorrow.

However, 93 octane petrol will remain unchanged at the coast, drop by 1c a litre on the Witwatersrand and increase by up to 6c a litre in more remote areas like the North Eastern Transvaal

A prominent feature of the new price system is a consolidated single fuel levy which is expected to produce a saving for the exchequer of R500 million a year by curbing the growing incidence of evasion of duty, levies and GST on fuel.

The price adjustments also coincide with the introduction of a new price zone structure that reflects more accurately the real cost of transporting fuel from the import harbour to the point of sale to the consumer

Announcing the price changes in Cape Town yesterday, the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, said the adjustments were based on four main factors·

- The elimination of cross-subsidisation which exists in the present zone structure for a new system that will reflect the most economical method of transporting fuel to the consumer
- The 23 new price zones (instead of the present 30) are based on geographically identified magisterial districts and are designed to eliminate the subsidisation of prices in specific areas of the country by consumers in other areas, leading to inevitable increases in more remote parts of the Transvaal
- Adjustments in the levies which form part of the new consolidated single levy that will simplify the price composition The National Road Fund Levy has been increased by 1c a litre on petrol and 2c a litre on diesel with a view to improving the country's road network
- The GST component of the fuel price has been fixed at a flat 8,9c a litre on petrol and 9,0 cents on diesel rather than 12 per cent on the price Another component of the fuel price, the equalisation fund levy, is also being increased by 3,8c a litre on petrol and reduced by 8,2c on diesel

The director of the Consumer Council, Mr Jan Cronje, said the reduction was welcome news in a year that had "thus far generally brought bad news for consumers"

"If the fuel price can be adjusted in consequence of a more favourable exchange rate, why cannot other importers do likewise?" he asked

Mr Cronje added that the reduction would affect the transport cost of virtually all consumer commodities and urged that this benefit be passed on to consumers

He said he was gratified at the department's willingness to present a detailed fuel price analysis Consumers would like to see similar price analyses of other commodities as well

The Federated Chamber of Industries welcomed the announcement, but questioned whether bigger decreases could not have been made considering that the landed cost of fuel had gone down by 5,8 cents a litre

The president of the South African Agricultural Union, Mr Kobus Jooste, said the union "has much appreciation for the fact that the government successfully averted a rise in the price of agricultural diesel at national level"

See also Page 15

Increases start health costs spiral

Medical aid fees likely to shoot up

244

24/6/87

SMC.

Big increases in medical aid subscriptions are expected to follow the massive rises in provincial hospital tariffs and the 20 percent increase in recommended doctors' fees.

Mr Tony Leveson, spokesman for the Representative Association of Medical Schemes, said the percentage increase in subscriptions would vary depending on the scheme.

From July 1 private patient tariffs at provincial hospitals in the Transvaal will increase by up to 100 percent for theatre fees and more than 40 percent for ward fees

Theatre fees will rise from R50 to R110 for the first half-hour and from R100 to R141,50 for the first hour.

Daily tariffs will rise from R45 to R71 in hospitals with up to 70 beds, and to R82,50 in those with more than 70 beds

Transvaal Provincial Administrator Mr Willem Cruywagen said in Pretoria the increases were necessary because of increased running costs.

He said the daily tariffs would include the cost of medicines "for the time being".

About 27 percent of hospital patients were "private", he said Of these, about 85 percent subscribed to medical aid schemes

He said the new tariffs would place a heavier burden on the medical aid schemes but they were still within their scales of benefits.

The tariffs for part-paying patients had only been increased in a few instances.

Subscriptions

Pensioners and those with incomes equal to pensioners' incomes would pay R2,00 per admission

On medical aid subscriptions Mr Levenson said these would probably rise in January when the doctors' fees go up

He said the sweeping increases would hit black people particularly hard as they used the provincial hospitals more than whites

Last week the Medical Association of South Africa announced a 20 percent increase in its recommended fees for doctors

The Consumer Council has expressed concern

Cape Times 27/6/87 (244)

4% rise in milk product prices

Staff Reporter

THE price of milk products in the Cape Town area has gone up by an average of between four and 4½%, giving another boost to the rising cost of basic foods.

Local milk prices went up by a similar percentage in February when the producer price of milk was increased by 4½c a litre, bringing the increase in the milk price over the past six months to between 8 and 9%

Mr Jan Kotze, general manager of Dairybelle, said yesterday that milk products sold by his company went up by an average of 4½% on June 15

"Milk as such went up for home deliveries by 6c to 98c a litre In the shops the price will be higher, but the overall increase should not be much more than 6c — although, of course, we don't have control over retail outlet prices"

Other products which have been increased in price include yoghurt, cream, sour milk, buttermilk and cottage cheese

Mr Kotze denied that news of price increases was being withheld from the public, but said his company could not talk about prices charged to retailers, as these varied.

Mr Phil du Plessis, general manager of Cape Dairy Co-Op, formerly Van Riebeeck Dairies, said his company had increased milk product prices by "just over 4%" on average from Monday

Home-delivered sachets now cost 96c a litre, if bought with tokens, or 98c for cash The old prices were 91c and 93c respectively, said Mr Du Plessis

"We have been carrying increased costs for some time now since the dairy industry was deregulated and we simply can no longer afford to continue doing that, so we have been forced to pass on the increase to the public

"However, I think that our increases are very fair when compared to the recent increases in the Transvaal. We really are trying to keep our prices as low as possible"

Milk prices in the Transvaal shot up by 12% about two weeks ago, taking the prices of bottles up by 11c to R1,04 and of sachets by the same amount to 96c.

GOLD CONFERENCE

Facing the challenge

SA faces the challenge of transferring wealth from the "haves" to the "have-nots" without making the "haves" poorer or the "have-nots" complacent with their own situation, Finance Director General Chris Stals told the *Financial Times* World Gold Conference in Venice this week

He is confident SA will meet the commitment to reduce foreign debt by a maximum of another $3 billion over the next three years through some inflow of new capital, roll-overs or extensions of maturing loans and a continued surplus on current account

Projections indicate that the current account surplus will continue for at least 30 months, if at a declining level

An expected slow, but steady, increase in the rate of economic expansion will slowly absorb scope on the balance of payments, but will not put any more pressure on available resources

The Reserve Bank will continue to increase gold and foreign exchange reserves whenever possible Increased physical holdings of gold have been made possible mainly by undoing gold swap transactions entered into some time ago, when available foreign cash resources "came under severe pressure," he says ■

NEW CPI BASKET

244

The survey of 5 000 white households across the country by Central Statistical Services (CSS), to reconsider the weights attached to goods and services in the consumer price index (CPI), has been collated. Preliminary results show significant changes in spending patterns between 1975 (the previous survey) and 1985.

An average white household spends more on income tax and insurance, which now contribute 32,2 towards the total "survey basket" (100), up from 22,9 For its CPI basket, CSS removes this item, in keeping with previous weighting structures, with other categories being re-rated accordingly.

Also absorbing an increasing proportion of income are housing (19,1 from 16,5), fuel and power (0,2 from 0,1), medical services (3,4 from 3), and communications (1,1 from 1).

Goods on which white households spend a smaller proportion of income include food (11,4 from 13,8), tobacco (0,6 from 1), clothing (2,5 from 3,9), servants (2 from 2,4), transport (10,2 from 11,9), and reading (0,5 from 0,8)

Disturbingly, the survey shows that in real terms at the end of 1985 white households brought home 2,4% less than at the end of 1975. An average household earned R33 932 in 1985 compared to R10 215 10 years earlier.

CSS head Treurnicht du Toit says before the new CPI basket is finalised, "probably by November," CSS must combine this survey with the similar survey for blacks, Indians and coloureds undertaken by Unisa's Bureau of Market Research. "The basic data is available, we are now combining the results."

CAPE Times 26/9/87

(244)

Bread price rise blow to consumers

By DIANE CASSERE

CONSUMERS and charities were dealt another inflationary blow yesterday when a bread price rise of 6,6% for white bread and an even greater 12,5% for brown bread was announced.

But two supermarket chains stepped in to announce assistance for the beleaguered consumer

The director-general of agricultural economics and marketing, Dr Dirk Immelman, said the new prices would come into effect on October 1 He added that the Davin Commission had recommended in its report that the direct subsidizing of bread should be phased out

The SA Consumer Council yesterday said consumers always felt the blow when the price of bread — an important staple food — was increased

"This is particularly the case among consumers who have been hit the hardest by inflation and unemployment," said Consumer Council director Mr Jan Cronje

"Consumers should, however, take note that the state is also experiencing difficulty in demanding economic times Although it has already been decided to scrap bread subsidies, consumers can be grateful for the R150 million subsidy granted by the government"

Following the announcement of the price rise, Checkers merchandise director Mr John Williams said the chain would be selling bread at cost in all its supermarket stores, and six cents below cost in the Checkers Warehouse Stores

This meant that white bread would sell at 78c and brown at 60c and the Warehouses would sell at 6c less

"I feel it would be less of a shock to the consumer if instead of one price increase in a year, the government phased in the increase over an extended period of time," Mr Williams said

Mr Ray Murray, general manager (perishables) for Pick 'n Pay, said yesterday that the chain, which already sold bread at cost, would sell at the old price till the end of October

Charities involved in feeding the under-privleged would be severely knocked by the price rise, said the incoming organizer of Peninsula School Feeding, Mr David Galland

"An extra 7c a loaf on 8 000 loaves of brown bread a day means that we have to find R560 more a day to meet all our commitments," he said

"For the two months of school term left this year we will have to find R23 000 more than we anticipated to feed our 175 schools"

CAPE TIMES 26/9/87

FM 26/6/87

FOOD PRICES

Alarm bells ring

The record 25,8% year-on-year increase in the price of food as reflected in the latest consumer price index (CPI) (see *Economy*) is only half the story Broken down further, the figures show that customers are now paying 46,2% more for vegetables and 34,9% more for meat than they were a year ago

The seasonal nature of fresh produce will hopefully bring a fall in prices as supply catches up with demand, but overall the trend in food prices is particularly alarming

Because meat carries a weighting of 9,1% in the overall CPI and accounts for a third of the food component, the rising price has clearly had a strong effect on the overall index which showed a 17,3% annual increase to the end of May

Although the percentage increase in the price of vegetables is higher, it has a lesser impact on overall inflation figures because it carries a smaller weighting of 3,5%

One explanation for the runaway meat price is that farmers are attempting to restore their drought-depleted herds and are thus creating shortages

The vegetable market is similarly undersupplied, notes *Effective Farming* editor Symond Fiske He adds that this time last year the market was over-produced, which kept the lid on price rises.

Checkers' Weil . . . no simple answer

One explanation for this is that farmers, when hit by drought in the maize areas, for example, last year planted more vegetables and increased the supply In most areas, this has not happened this year

Among retailers, Checkers MD Clive Weil sees numerous pressures pushing up the inflation rate One is that manufacturers are now responding to increases they have had to bear, like electricity and increased transport costs

The bigger chains have been putting more pressure on suppliers to hold down prices recently But Weil believes that in the long run this could be inflationary in itself as the smaller manufacturers will be forced out of business, thus reducing competition in the market

Weil says there are all sorts of hidden costs which have an impact on prices Among them are the cost of (unofficial) public holidays, wastage, strikes, much higher insurance costs and shoplifting

Part of the general malaise in SA is the increase in crime Shoplifting and theft account for R600m — and the consumer pays Shrinkage at Checkers alone costs R100m a year, trolley losses R1m a year

"There is no simple answer," says Weil "Inflation is out of control and won't be solved unless a multiplicity of wrongs are addressed "

The increase in fresh produce prices, he points out, is determined by the market — "as imperfect as it might be "

Vegetables are generally felt to be the most free of the fresh produce markets in SA which means that in this area, at least, control boards are not the main problem

Pick 'n Pay co-MD Hugh Herman recommends reducing bureaucracy and privatising distribution However, he notes that although retailers and organised business have made repeated representations to government over the control boards, government's view remains that the boards are necessary

"The whole food distribution sector — agriculture, manufacturing and retailing — is labour intensive," says Herman, adding that wage increases in this sector have also had an effect

Medical fees shoot up by 20%

244

CAPE TIMES 25/6/87

By CHRIS ERASMUS and Own Correspondent

DOCTORS' fees are to soar — some by as much as 20%, triggering warnings from the medical aid industry and consumer watchdogs that rocketing costs are driving health care beyond the reach of ordinary South Africans.

The director of the Consumer Council, Mr Jan Cronje, warned that consumers would "simply not be able to afford" medical services in future

The recommended increase in tariffs was announced yesterday by the Medical Association of SA (Masa) and comes into effect from July 1 this year to December, 1988

A spokesman for the Representative Association of Medical Aid Schemes (Rams), Mr Tony Leveton, said it was not certain that medical aid schemes would match the 20% increase when their scale of benefits was re-assessed in the light of Masa's increase

Rams would conduct detailed surveys, as well as consult with Masa, before deciding on its new scale of benefits within the statutory three months in which it had to do this, he said

Without having seen details of the new tariff guide, Rams was not in a position to comment at this stage

But, said Mr Leveton, it was true that if Rams did not increase its scale of benefits to fully cover the Masa increase, the man in the street would have to bear the difference

~~CAPE TIMES 25/6/87~~

From Page 1

viewpoint that doctors' fees were negotiable and that no doctor should put financial consideration before the welfare of patients.

The council was concerned at the "great expense facing consumers" and said it was aware that the Minister of National Health and Population Development, Dr Willie van Niekerk, viewed the matter in a "serious light"

Mr Cronje said that "if the exhorbitant cost of medical services does not receive urgent attention, consumers will simply not be able to afford such services in future"

Mr Leveton admitted the costs of medical care were being driven beyond the reach of the average person, creating a "very serious situation".

"We are very alarmed at the way costs have gone up in the last few years, but we feel that the major cause for this is the legislation governing medical aid schemes and their scale of benefits

"The legislation prevents de-regulation, which I believe would eliminate the in-built structural costs currently borne by medical aid schemes' members," he said

Deterioration

Explaining the increase, Masa's federal executive chairman, Dr Bernard Mandell, said no general increase in doctors' fees was implied and the maximum rate laid down in the tariff guide did not have to be charged

However, the benefits offered by medical schemes were only 50% of a "reasonable remuneration" for doctors' services, he said

Pointing to the rising costs of running a medical practice, Dr Mandell warned that if doctors were denied reasonable incomes the quality of services would deteriorate

Only about one doctor in five charged the guideline tariffs, he said, the remainder adhering to the Rams tariffs, which were last increased by 12,5% in January this year.

Doctors' costs had, meanwhile, increased to more than 60% of a GP's gross earnings and to 90% in some high-cost specialists' practices such as pathology

Everything possible had to be done, he said, to keep medical services within the reach of as many as possible and doctors had to take into account patients' financial circumstances

But doctors were finding it increasingly difficult to continue rendering an acceptable standard of service at the Rams rates and the medical aid industry would be urged to consider more realistic rates of remuneration

For instance, said Dr Mandell, medical schemes offered only R13,60c for a GP visit while Masa believed R27 was not unreasonable.

But both Rams and the Consumer Council have expressed concern over the rising costs of health care in recent years.

The Consumer Council urged doctors to keep the economic plight of consumers in mind if they intended to increase their tariffs.

"It is essential that medical services remain affordable for all consumers," said Mr Cronje

He endorsed Masa's

Food prices set to soar in the next few weeks

244 SAIRR 24/6/87

By Melanie Gosling

Some food prices are set to soar in the next few weeks, Pick 'n Pay chairman Mr Raymond Ackerman said yesterday.

Margarine will go up by 10 percent this week and consumers can expect to pay more than R4 kg for chicken within months.

Cheese and red meat prices are also expected to rise substantially before the end of next month, Mr Ackerman said.

The price of milk and eggs rose by 10c this week

"Suppliers are pushing for price increases because they say they have to recover the losses they suffered during the economic downswing," Mr Ackerman said.

Chicken is now sold at supermarkets from between R2,80 and R3,10 kg depending on whether it is frozen or fresh.

Mr Ackerman said there was a chicken shortage because the producers had not put in enough parent birds during the economic decline.

He said Pick 'n Pay would not increase their milk price until next month.

Other major stores are expected to keep milk prices down as well.

A spokesman for the Dairy Board said that as the price of milk was no longer controlled, consumers were advised to shop around to get the cheapest prices.

Economists have said soaring food prices remain a major obstacle in South Africa's effort to cut the inflation rate.

Food prices give boost to inflation

244

DD 23/6/87

Dispatch Correspondent

JOHANNESBURG — Soaring food prices — especially meat — are likely to continue to have a negative effect on the inflation rate over the next few months.

The inflation rate rose by 1,1 per cent last month to more than 17 per cent, the Central Statistical Service said in Pretoria yesterday.

The consumer price index in May was 17,3 per cent, compared to 16,2 in April.

The Statistical Service said food prices had risen sharply with an increase of 25,8 per cent — the highest in the past six years

The increase was the highest for the lower income group and stood at 18 per cent. The inflation rate for the middle income group was 17,9 per cent and that for the higher income group 16,6per cent.

In Sanlam's latest economic survey, the chief economist, Mr Johan Louw, says meat comprises more than 9 per cent of the total consumer price index and food prices remain one of the major obstacles in South Africa's efforts to force the inflation rate down to lower levels.

"Owing to the large weight of food expenditure in the total spending of consumers — it represents approximately 25 per cent of the consumer price index — it has an appreciable effect on the course of the inflation rate," he said

The latest edition of Effective Farming magazine says the shortage of manufacturing grades which is forecast for the second half of 1987 was already making itself felt in April.

"Much higher prices are likely to materialise for lower grade cattle from July onwards"

It says there is a risk that the Meat Board will flood the market with cheap imports to please the canners.

● Meanwhile, meat traders in Natal are experiencing one of the worst shortages of lower grade meat in years

It is reported that the chairman of the Durban and District Meat Traders' Association, Mr Dudley Thompson, said supplies had reached a low point

Food price hikes push up inflation

Cape Times 23/6/87

244

By JANE ARBOUS

SHARP food price hikes fuelled the inflation rate to 17,3% in May — its highest level this year.

And, warns Sanlam's latest economic survey released yesterday, the figure could be higher this month as soaring food prices, particularly that of meat, continue to have a negative impact.

The shock increase which comes after government predictions that the inflation rate would drop below 16% this year, should be of great concern to every South African, the PFP spokesman on finance, Mr Harry Schwarz, said

Speaking in the committee stage debate on the Own Affairs budget, he said inflation was "strangling our people, the poor, the low income groups"

A rate this high was a destabilizing influence.

The Sanlam survey for June said the sharp acceleration in food prices would continue to have a negative effect in the next few months.

It predicted a marked increase — to 17% and 18% — in the inflation rate for May and June

Food up 25%

This was corroborated yesterday by the Central Statistics Office which reported that consumer price inflation jumped to 17,3% in May after dropping to 16,2% in April.

The statistical service said food prices had risen by 25,8% so far this year — the highest in the past six years

The increase was the highest for the lower income group and stood at 18% The inflation rate for the middle income group was 17,9% and that for the higher income group 16,6%

Sanlam said sharp hikes in food prices, particularly of meat which represents 36,5% of the food price index and more than 9% of the total consumer price index, remain one of the major obstacles in South Africa's effort to force the inflation rate down to lower levels

Food expenditure represents about 25% of the consumer price index which excluding food had shown a perceptible easing during the past few months.

"Although we think price rises will ease slightly in the latter half of 1987, a continued firm trend in the external value of the rand, sustained wage and salary discipline and strict control over cost increases in general, are of vital importance to keep our inflation rate in check," the survey said

It added that the surplus capacity in the economy should not be overly depended on as a great deal was lost in the past recession as a result of businesses going under. Moreover much equipment was outdated and would have to be replaced at higher cost.

It also warned that the danger of demand inflation should not be underestimated

The revision of the composition of the consumer price index later this year which will probably result in food carrying a slightly smaller weight, could result in the inflation rate being slightly lower this year than it was with the old weights

□ The survey also said that the sustainability and firming of the economic upswing was being hampered by the slow growth trend in foreign economies leading to sluggish demand for SA exports, consumer spending has not been bolstered by an increase in real disposable income, and because a considerable portion of the funds set aside during the past financial year for public sector capital projects had not yet been spent.

2 244

As food costs bite into budgets . . .

Rising price of meat set to beef up inflation rate

MICK COLLINS

SOARING food prices — especially meat, which represents 36,5% of the food price index — will continue to have a negative effect on the inflation rate over the next few months.

In Sanlam's latest economic survey, chief economist Johan Louw says meat comprises more than 9% of the total consumer price index, and food prices remain one of the major obstacles in SA's efforts to cut the inflation rate

"Owing to the large weight of food expenditure in the total spending of consumers — it represents approximately 25% of the consumer price index — it has an appreciable effect on the course of the inflation rate"

His views are borne out by agricultural industry sources, who say auction prices for higher-grade fat cattle are likely to remain sensitive to erratic supplies until next month

The latest edition of Effective Farming says the shortage of manufacturing grades forecast for the second half of 1987 made itself felt as early as April

"Much higher prices are likely to materialise for lower-grade cattle from July onwards," the magazine says

Agri-Africa is forecasting 400c/kg and more for grade 3 in the spring, Effective Farming says, and there is a risk the Meat Board will flood the market with cheap imports to please the canners

"But we doubt whether it will allow enough foreign beef to interrupt the rise in super-grade prices, which surely must follow"

Forecasting that the 500c/kg barrier will be breached before year-end, the magazine says consumer resistance could, however, be firm at that level

Meanwhile, meat traders in Natal are experiencing one of the worst shortages of lower-grade meat in years

SAPA reports Durban and District Meat Traders' Association chairman Dudley Thompson as saying supplies have reached a low point "The meat-processing industry would experience difficulty if it were not for the supplies of imported beef and mutton that arrive in Durban at regular intervals"

'Frightening' food prices: UP, UP, UP!

ARGUS 23/6/87

244

Staff Reporters

AVERAGE family food bills have risen between R90 and R175 a month since last May and no relief is in sight for hard-pressed consumers.

The food price index has risen by 25,8 percent in a year, far outstripping the inflation rate, which rose from 16,2 percent in April to 17,3 percent in May.

With general sales tax added, this means an increase of R86,68 on a monthly food bill of R300 and R173,37 on R600

And retailers warn that food prices are likely to rise further in the next few months, particularly on certain basic lines like chickens and cheese

Central Statistical Services predict an inflation rate of up to 18 percent for June and July

The national president of the Housewives' League, Mrs Lyn Morris, described the rise in the food price index as "frightening".

> 'Red meat, sugar, fruit and vegetables hitting consumers hardest'

Mrs Morris said the foods which were hitting consumers' pockets most were red meat, sugar and fruit and vegetables

The league laid much of the blame for meat prices on the Meat Board, which had displayed "a fair degree of ineptitude".

Fruit and vegetable prices were constantly "yo-yoing".

Mrs Morris said it seemed many manufacturers were using the rand/dollar exchange rate as an excuse for increases

"But for some months now the exchange rate has been pretty constant, so it's a lame excuse"

Sea Point butcher and city councillor Mr Chris Joubert also attributed the rocketing price of red meat to poor marketing techniques by the Meat Board

Mr Joubert emphasised that the floor price paid to farmers was realistic

"But it's the gap between that price and the market price that worries me — there's something wrong there."

Red meat was marketed on a "healthy" auction system based on supply and demand, but it was up to the Meat Board to ensure that the supply was sufficient to stabilise prices, he said

The 25,8 percent increase in the food price index could be substantially higher as recent big increases for eggs, chickens and milk had probably not been included, Pick'n Pay managing director Mr Raymond Ackerman warned

> 'Critical shortage of chickens will push price up to R4 a kilo'

"Unfortunately I see the situation worsening in June and July"

Mr Ackerman alleged price collusion among food manufacturers

"It's amazing Their increases come through in hours, if not minutes, of one another"

Trade unions, the Government, the disinvestment lobby and food manufacturers all contributed to inflated prices, Mr Ackerman said

Grand Supermarkets managing director Mr Michael Palmer said manufacturers' costs were passed on and created a "snowball effect"

Mr Palmer said a critical shortage of chickens would push the price — now about R2,60 a kg — to about R4 a kg by December

"Many people who cannot afford meat have turned to chicken and now this is being priced out of their reach"

"Poultry prices in particular will go through the roof," said Mr Ralph Horwitz, marketing director of OK Bazaars foods

A "tremendous shortage" of cheese would also send prices soaring

Mr Dave Rowles, divisional food buyer for Checkers, said he could see no end to spiralling prices

Mr Harry Schwarz, spokesman on finance for the Progressive Federal party, said the Government should call representativs of commerce, industry and the labour movement to a conference to negotiate a voluntary wage and price restraint agreement

It was important that wages could not be restrained without simultaneously curbing prices, he stressed

Shock rise in PE bus fares

wp 20/6/87

(244)

By KIN BENTLEY

BUS FARES in Port Elizabeth and Uitenhage are to go up by an average of more than 17% from July 1.

The move will hit thousands of commuters and add another twist to the inflation spiral in PE.

Making the shock announcement of the increases today, Mr Carl Coetzer, managing director of PE Tramways, said a combination of increased operating costs and wage increases had made the increases unavoidable.

At the same time he announced that 10 more "bus-trains", one of which was introduced last year, had been ordered to replace scarpped buses within the next two months

They would cost PE Tramways more than R2 million

Mr Coetzer said fare increases had kept pace with the inflation rate since 1983 and the relatively high increase of 17,62% was therefore realistic.

Operating costs had escalated and this, together with the impact of the wage increases in May last year, had resulted in bus operations running at a loss

"For the six months of operations to the end of December, 1986, the income per kilometre was 157c against a total cost per kilometre of almost 178c

"The increase, amounting to an extra 22c a kilometre, will mean that the bus operation can now be regarded as breaking even"

But Mr Coetzer said 1987 wage increases would also come into effect on July 1 and would be a major factor in fixing bus fares in the future

He said that in the first 10 months in the 1986-87 financial year the cost of tyres for the bus fleet had increased by almost 40% and the costs of spares and maintenance by almost 25%.

He said application had been made to the Department of Transport to increase the passenger subsidy on the 10-ride clipcards In some cases this amounted to a reduction on clipcard costs.

THE cash bus fare increases from July 1 are:

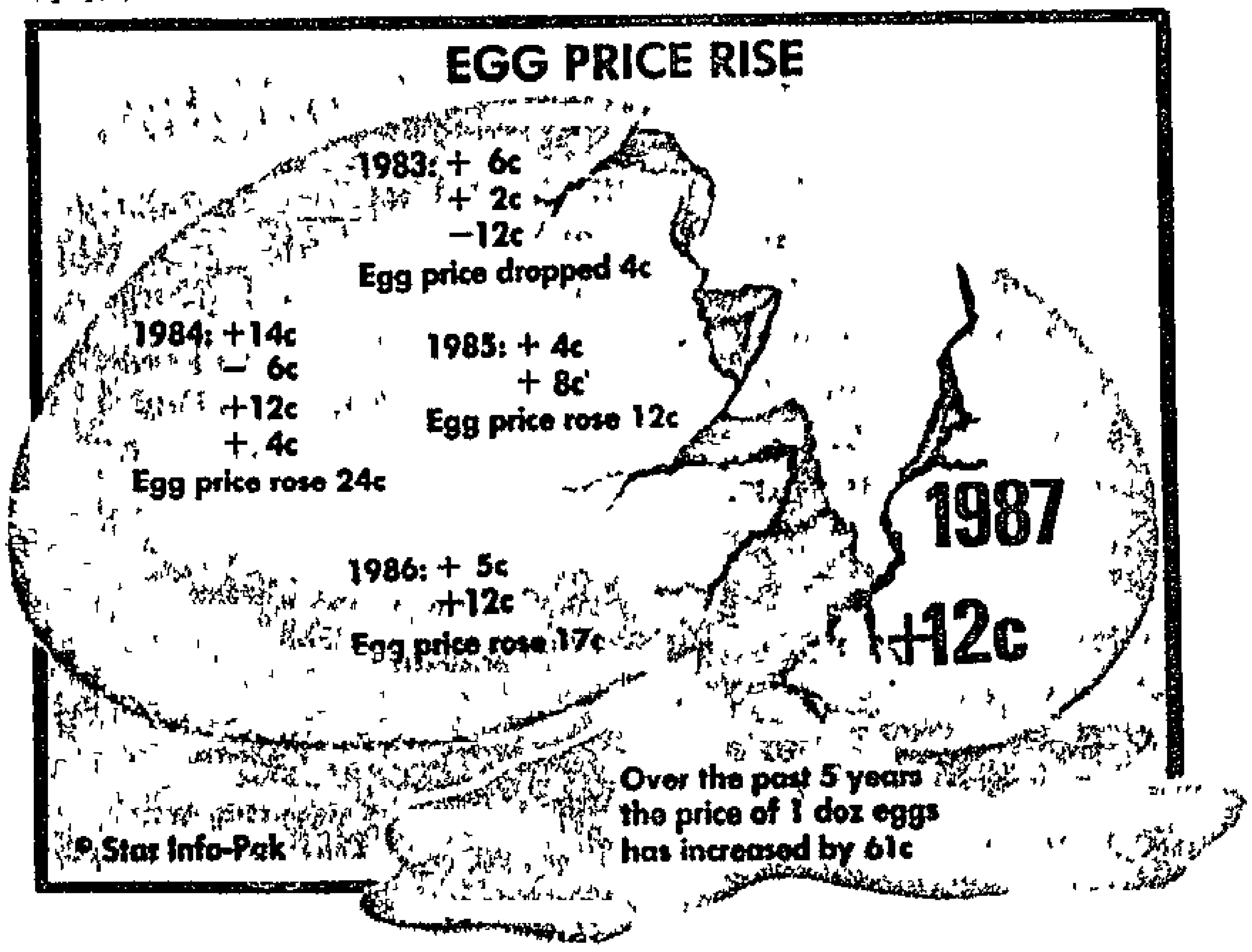
- **In Port Elizabeth the 16c fare goes up to 20c; all fares between 30c and 70c go up by 10c, and those above 70c by 20c**
- **Fares from New Brighton, Kwazakhele and Zwide to Harrower Road go up by 5c**
- **There is a 30c increase on the 80c fare from Motherwell to the city.**
- **In Uitenhage, the 20c fare goes up to 25c; the 36c fare to 40c; all fares between 40c and 70c by 10c, and those above 70c by 20c**

Increases in the 21 different clipcards vary from nothing to 66%, with the highest increase being on the R1 50 clipcards, which go [illegible] 66% to R2,50. The [illegible] clipcard remains unchanged.

- **Some fares are not affected. They are the 40c fare from Windvogel to Cottrell Street; the 50c fare from Windvogel to Berry's Corner and Harrower Road; and the 50c from the city station to Walmer Township**

Star 18/6/87

244



Petrol price down

PETROL price cuts ranging from one to two cents on the Reef and at the coast are likely at the end of the month.

The cuts were confirmed by a Government spokesman who yesterday said final calculations would not start until after the Cabinet meeting next week.

It was clear that expectations of cuts of three cents would be optimistic and the spokesman said one would have to look at the fact that the February fixing was based on a 47-48 cent rand. It was now worth just on 50 US cents, not a substantial increase

"There may be the odd little bonus which could assist as well," he said. But it would not be realistic to anticipate a large cut.

The speculation about petrol price cuts resulting from the improved performance of the rand against the US dollar was turned to fact when the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, answered a question in Parliament saying that cuts might be coming. — Sapa.

244 Sowetan 18/6/87

Remote areas will pay more

244

STAR 17/6/87

Fuel prices on Reef to drop again

By David Braun, Political Correspondent

Cape Town

The price of petrol and diesel will come down again in most regions of South Africa at the end of the month.

But some unlucky people living in the more remote parts of the country are likely to end up paying more — maybe as much a 4 c a litre more.

Industry sources indicate that the price of petrol will be cut by up to 2 c a litre — and diesel by possibly more. The affected areas will include the Witwatersrand, which receives much of its fuel from the Sasol oil-from-coal refineries in the Free State and Transvaal

Minister of Economic Affairs and Technology Mr Danie Steyn said in the House of Assembly yesterday that the price of fuel would be reduced because of the recovery of the rand against the dollar recently

But sources said that because fuel prices are to be completely restructured — with rationalisation of certain levies and the phasing out of cross-subsidisation — consumers in the more remote inland areas are likely to pay more from July 1.

Replying to a question by Mr Clive Derby-Lewis (Conservative Party nominated), Mr Steyn said he intended reducing the price of petrol "simultaneously with the implementation of the increased tariffs of SA Transport Services and the consolidation of levies on July 1"

He added "The net result will be that decreases will occur which will vary from place to place, but there may also be areas where increases may occur."

Duty evasion

Finance Minister Mr Barend du Plessis said in his Budget speech in Parliament last month that as a result of increasing evasion of duty, levies and general sales tax on fuels, it had been decided to consolidate the levies for the Road Fund, the Central Energy Fund, the Motor Vehicle Assurance Fund (Third Party), and general sales tax into a single fuel levy.

The consolidated levy, to be collected by Customs and Excise direct from the oil companies, will, however, have no impact on pump prices, he said

Mr du Plessis said consumers now getting a rebate on fuel (such as farmers) will in future have to pay the full duty at the time of purchase Provision would then be made in the Customs and Excise Act for a refund of the duty and levy to consumers who qualified

He estimated that the new system of collection would give the Exchequer R300 million a year more.

Egg price increase next week

244

SM 17/6/87

An increase of between 6,5 percent and 7,5 percent in the price of eggs is expected from next week, according to the South African Poultry Association

This was indicated by a survey among the association's price leader members in the Transvaal and Free State

The anticipated increase, varying from producer to producer, will be between 10 cents and 12 cents a dozen to meet increasing overheads.

Similar or higher increases are anticipated at the coast soon.

These regions must pay increased railage for feed such as maize

A Milk Board spokesman was unable to confirm reports today that milk would increase by 8 cents a litre from July 1 — Sapa.

Petrol price expected to drop by 2c

544

17/6/87

By PATRICK CULL
Political Correspondent

CAPE TOWN — The price of petrol is expected to drop by about 2c a litre at the coast and in major towns on the Reef from July 1.

The price of diesel fuel is also expected to decrease.

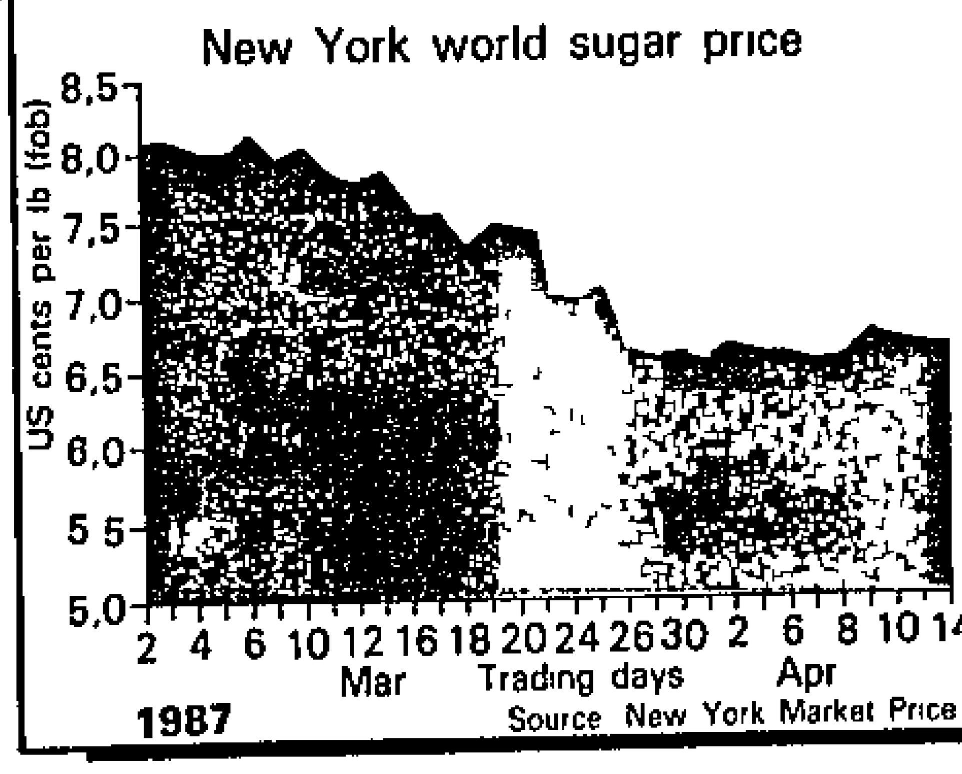
However, a small increase can be expected in some of the more remote inland areas because of distribution costs.

The main reasons behind the changes which will be announced on June 29 are the recent recovery in the value of the rand against the United States dollar, the consolidation of the present levy system and changes in the zoning system for petrol prices.

The Minister of Economic Affairs and Technology, Mr Danie Steyn, gave the first indication in the House of Assembly yesterday that a price cut was in the offing.

He said a reduction was possible from July 1 with the implementation of the increased Sats tariffs and the consolidation of levies.

Going down



SUGAR

Price rise misfires

Optimism that the sugar price was set for a recovery this year seems to have been misplaced after touching US8c/lb in February, world sugar prices have drifted down to around US6,5c/lb on the major markets

The South African Sugar Association (Sasa) was last week putting the best possible construction on the uninspired price movements General manager, Peter Sale, was quick to point out that the current price was in line with last season's average of US6c/lb

"Rather than talk about a decline in the sugar price," says Sale, "the line we prefer to take is that prices have not moved up as expected"

Whether prices will move up to the double-digit levels industry spokesmen were predicting a few months ago, is a moot point If anything, sugar is a commodity notorious for its irrationality — so much so that Sale contends long-term price movements are virtually unquantifiable Any firming in the price, he says, seems to attract new stocks to the world market, while the reverse tends to spark renewed buyer interest So, just where the price will go this year is anybody's guess

Probably of more immediate concern, though, is the recent appreciation of the rand against the dollar Since January the rand has risen 25% in dollar terms, resulting in a concomitant drop in industry earnings on sugar sold internationally in dollars Last season the industry's export earnings were considerably enhanced by the favourable dollar exchange rate which averaged US44c

Sale confirms the rising rand is a source of concern — especially with world prices in a trough "Naturally, as exporters, we prefer a 40c/rand to a 50c one"

Aside from price and exchange rate considerations, other industry indications are good Early summer rains have ensured a crop of normal proportions, with sugar production of around 2 Mt The industry wrapped up last season with proceeds of R1 billion, leaving it with a small surplus over costs As things stand, the current season looks like ending much the same way

A formula has been devised through which a portion of the industry's surplus earnings will be directed at the repayment of its R327m debt Sale, however, is reluctant to give details, saying the system is still to be refined

With R80m in foreign loans which the industry has with overseas banks falling due at the end of the season, Sasa is clearly giving more attention to its debt position

Sale was in London last week for his customary beginning-of-the-season visit One of his tasks was to call on Sasa's bankers to assure them the debt repayment is in hand

Of the R80m soon to fall due, he says confidently "That portion which we don't succeed in paying we should have no problem in rolling over" ■

House prices up 10% in the Eastern Cape

5/6/87. 244 CP

Business Editor

A RISE of 10% in house prices in the Eastern Cape was recorded in the first quarter of this year on the fourth quarter of last year, for an annual increase of 4%, according to the United Building Society.

The United says all regions experienced a rise in house prices in the first quarter over the 1986 fourth quarter, with Natal (outside the Durban-Pinetown area) the highest at 11% (7% annual change), followed by the Eastern Cape and the West Rand with 9% (2%).

In contrast, prices in the Western Cape rose by only 2% on the 1986 fourth quarter (7%), by 1% in the Durban-Pinetown area (6%), by 2% in Pretoria (an annual decline of 1%) and by 2% in the Vaal Triangle (annual decline of 4%)

In its latest quarterly housing review, United gives the average price of smaller sized houses in the Eastern Cape as R52 402, medium-sized houses as R70 450 and large houses as R92 938

The average price of new smaller-sized houses is given as R53 204, new medium-sized houses as R79 677 and new large houses as R97 567, while older small houses averaged R52 116, older medium-sized houses R69 268 and older large houses R92 414

It says smaller houses in South Africa currently cost on average R62 000, medium-sized houses R74 500 and larger houses R105 000, with the price of a medium-sized house up 5% on the 1986 fourth quarter, for an annual rise of 3%.

It expects building costs to rise by 17% this year, which will be reflected in the price of new houses It says that it is unlikely that the average increase in house prices will exceed the likely inflation rate of 17%, but a rise of 5% to 15% is not unrealistic

In the first quarter of this year mortgage bond repayments dropped to an average of R750 a month from R1 230 in the 1986 fourth quarter for a decline in real terms of 58%, mainly because of an inflation rate of 17% and a 9,5% fall in the mortgage bond rate

It says the economy is now entering an upswing phase, implying that the demand for money will start to rise more meaningfully This in turn is likely to lead to a hardening of interest rates across the board

The increase in deposit rates is bound to lead to higher mortgage rates, it says

Price of bread 'likely to rise'

214

SMP 5/6/87

Pretoria Bureau

Wheat Board general manager Mr Denis van Aarde says the price of bread is likely to rise by October unless the Goverment made more money available.

He said the Government allocated R166 million for subsidies in the last financial year. This year the figure was only R150 million.

Another R12 million came from the Milling and Baking Industy and R15 million from the Wheat Board.

Mr Van Aarde expects the subsidy to run out by the end of September.

New dairy system: whither the price?

2441
4/6/87
STAR

Deregulation of the dairy industry and the current milk shortage could lead to some price increases, Mr Edu Roux, general manager of the Dairy Board, said yesterday However, the board had no plans to increase the price of milk

A free-market system would be in operation officially in September, but it was already operating widely and many dairies were sourcing their own milk supplies for the first time.

"Transport of milk from the farm — an area where the board previously played a role by diverting supplies — is a problem for many small dairies as they cannot afford the cost of milk tankers," said Mr Roux

SHOP ROUND FOR BEST PRICES

He added that if a small dairy found it could not buy supplies directly from a farmer, but had to get them through a large dairy, their prices could be higher

"It is vital that consumers shop round for the best milk prices," he said

Mr Roux added that the introduction of the free-market system in the industry meant all participants had to learn to be more resourceful.

"It is the 'bird-in-the-cage' syndrome Small dairies may not be able to handle the new situation. If a bigger dairy is able to guarantee its supplies by paying a farmer more, it will do so, but small diaries are sometimes also able to pay a few farmers more and thus guarantee supplies"

Mr Roux said he believed the free-market system — introduced when the board set a minimun, rather than actual, milk price in January — had many problems but was still the right direction to follow

Hospital fees to rise 8 pc

544 3/6/83

By Melanie Gosling

Private hospital fees will go up by eight percent on July 1.

The increase will be restricted to ward fees, and will not apply to theatres or intensive care units, the chairman of the National Association of Private Hospitals, Mr Dick Williamson, said in Johannesburg yesterday.

The present rate for private hospital ward fees is R82,50. It will increase to R89,10.

Mr Williamson said his association is worried about the private hospital industry because fees have not kept pace with the rate of inflation, nor the increase in the cost of living. It has negotiated an increase with medical aid schemes.

"The man in the street compares our prices with those of provincial hospitals, which are subsidised by the Government. We're not cheap, but when you compare our rates with those of private hospitals overseas, we are certainly not expensive either," Mr Williamson said.

In Australia the daily ward rate is nearly R400. The intensive care unit's daily fee in South Africa is R163. In Britain it is R1 165 and R1 314 in Australia.

Bread price hike looms

244

B. Day 2/6/87

GERALD REILLY

PRETORIA — The Wheat Board is due for discussions with wheat producers later this month — the first step towards a higher bread price from the start of the new season on October 1, it was learned in Pretoria.

And if Finance Minister Barend du Plessis refuses to raise the current bread subsidy in his budget tomorrow the increase is likley to be a steep one.

The current subsidy of R150m provided for in the mini-budget in February will be exhausted by end-October, and if not increased a bread price hike is certain by end-September.

In addition, at end-September it will be a year since the milling and baking industries got increased margins.

Costs in the two industries have increased and margins are bound to be adjusted upwards.

This year's 2,25-million ton crop — the second biggest on record — will be enough to satisfy the growing local demand

Increases in rail and postage rates will force up prices

(244) STAR 11/6/87

By Toni Younghusband

South Africa faces a bleak winter as rail and postage rate increases force up food and other commodity prices.

Major retailers and consumer protection organisations have warned that almost all manufacturers would have to put up their prices to finance the higher rates announced in parliament recently.

The burden on ratepayers will also increase this month as towns and cities throughout the country announce assessment rates increases in their annual budgets.

Krugersdorp residents have already been told they will have to pay 20 percent more and Randburg people have had at least R20 added to their monthly rates bills. It is expected that Johannesburg residents will have to dig deeper into their pockets after the budget on June 17.

Critics say the Government's "delay" in announcing increases in basic consumer items was an election ploy.

Mr Clive Weil, managing director of Checkers, said: "There isn't an industry in the country that won't put up prices. We can expect a spate of price increases in July.

"The saddest thing of all is that consumers are conditioned to believe that if prices are below the inflation rate we are doing very well. And if the inflation rate is only 10 or 12 percent we think things are wonderful.

"Yet, compared to our major overseas trading partners whose inflation rates are much lower, our situation is horrific."

"HIDEOUSLY CLEAR"

Mr Richard Cohen, a director of Pick 'n Pay, said he did not think the Government's announcement would have any short-term effect on consumers but in the long term consumers would be expected to pay more.

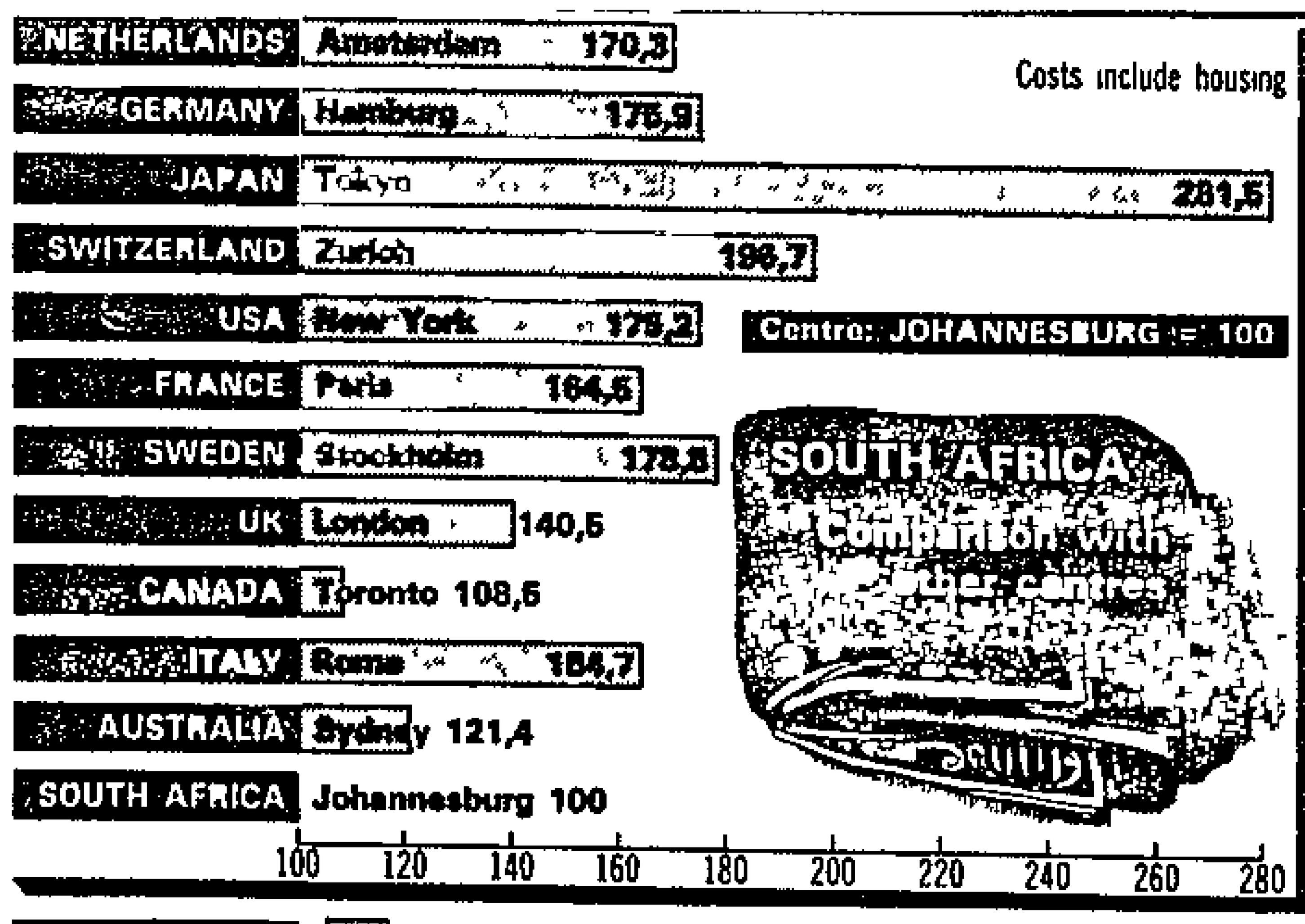
"Higher rail and postal costs will only add to the price increase pressure manufacturers already have to bear — such as wages and salaries, uniforms etcetera."

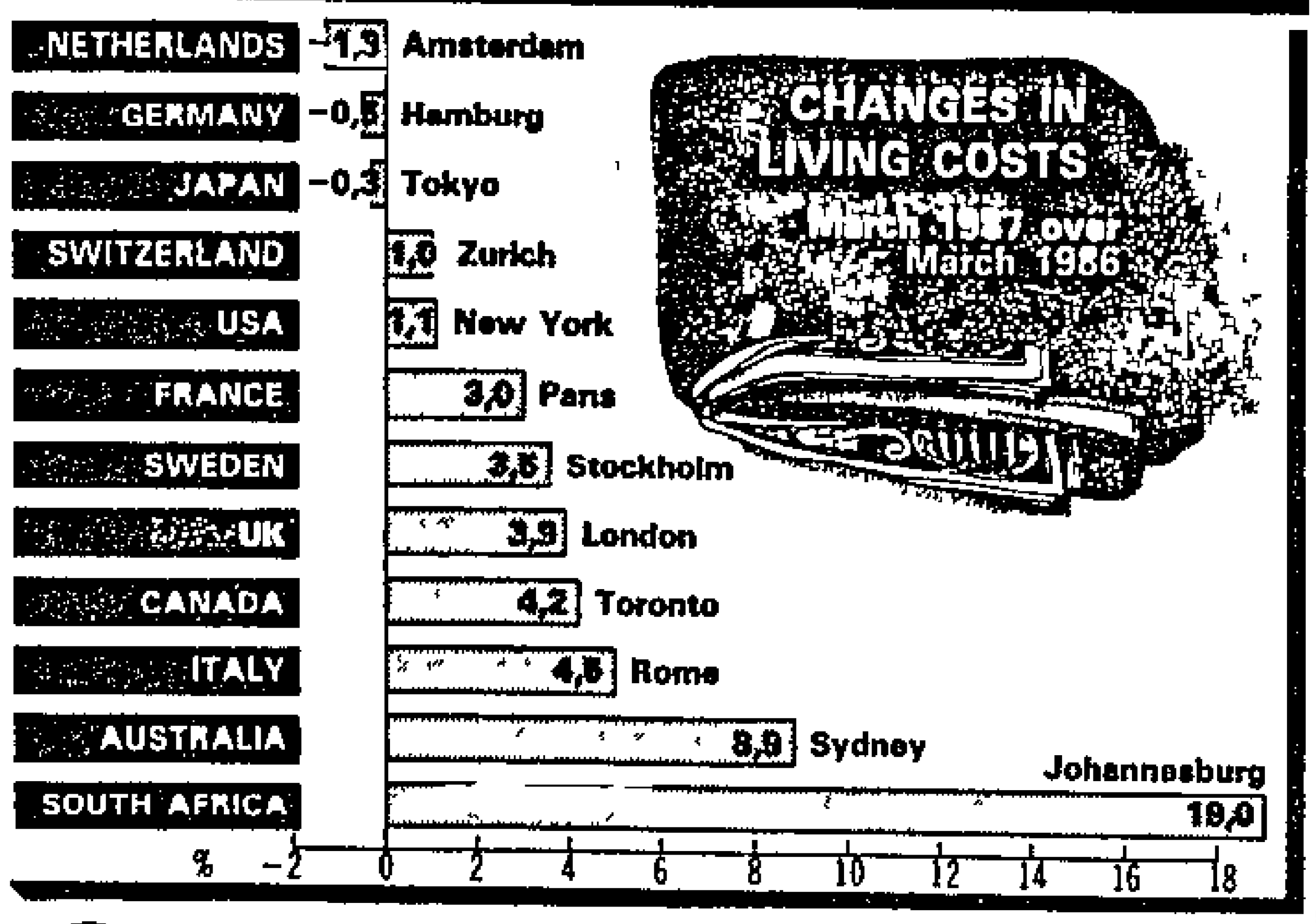
Mrs Jean Tatham, vice-president of the Housewives League, said "It is hideously clear that by not putting up these prices before July 1 was a big election ploy. The Government is not playing fair.

"And there is nothing consumers can do about it. The Transport Act is such that you cannot legally go out with a bakkie to farms and buy up their goods for yourself and your neighbour. Roads and rails are our lifelines."

The Consumer Council said the rail increase was relatively mild but that each increase was inflationary and promoted impoverishment of consumers and the degeneration of the already unstable economy.

Economists said the inflation rate would rise as a result of the increased costs.





SA magnificent bargain by world standards

Cape Times 30/5/87

AN INTERNATIONAL cost-of-living survey just published depicts Johannesburg as one of the cheapest cities in the world and a potentially attractive place for foreigners working on short-term contracts

Indeed, a local consultant believes the combination of a depressed rand, high pay and a stimulating job could lead to overseas computer experts being attracted to SA, resulting in a reversal of the brain drain

The survey, published by Inbucon Management Consultants of London, is based on expenditure patterns of international executives and families worldwide The changes in living costs during the 12 months ended March 1987 are examined for 25 major cities

Inflation has taken its toll in SA, but not in Europe and North America Amsterdam leads the way, with a decrease in living costs of 1,3%, New York shows a minimal increase of 1,1% while Paris, with 3%, London (3,9%) and Rome (4,5%) all show domestic economic policies working well

In 15th — and bottom — place is Johannesburg, with a hefty 19% increase

Superb value

The survey is sold to multinational corporations employing expatriate staff worldwide A sophisticated computer model enables employers to ascertain the cost of living, which is based on a family's buying pattern

Expenditure covers everything from the price of a haircut, a litre of petrol, a loaf of bread, a month's electricity and a new pair of trousers, to a bottle of whisky The items are then weighted and converted to an average weekly cost

The weakness of the rand against major currencies is emphasized by the prices around the world converted into United States dollars for comparative purposes

A Scotsman at home pays around $15 for a bottle of whisky, an Australian $20 and a Scandinavian between $30 and $40 The price of a bottle of scotch in SA is about $6,75 — superb value for a tourist or an overseas computer expert working here on contract

According to Ash Emery, MD of Emery and Associates, the consultancy representing Inbucon in SA, the current low level of the rand represents a real opportunity for SA to attract overseas professionals

"The cost of living cannot be looked at in isolation," he says "Worldwide there is a trend for countries with high incomes to have high prices, which apply especially to items which cannot be traded internationally, such as housing

Attraction

"Exchange rates and even income tax rates do not reflect the relative prices of goods Purchasing power is the key, and high incomes can more than compensate for high costs"

Emery believes computer contract staff are likely soldiers of fortune, in that they go where they can earn a lot of money in a relatively short time

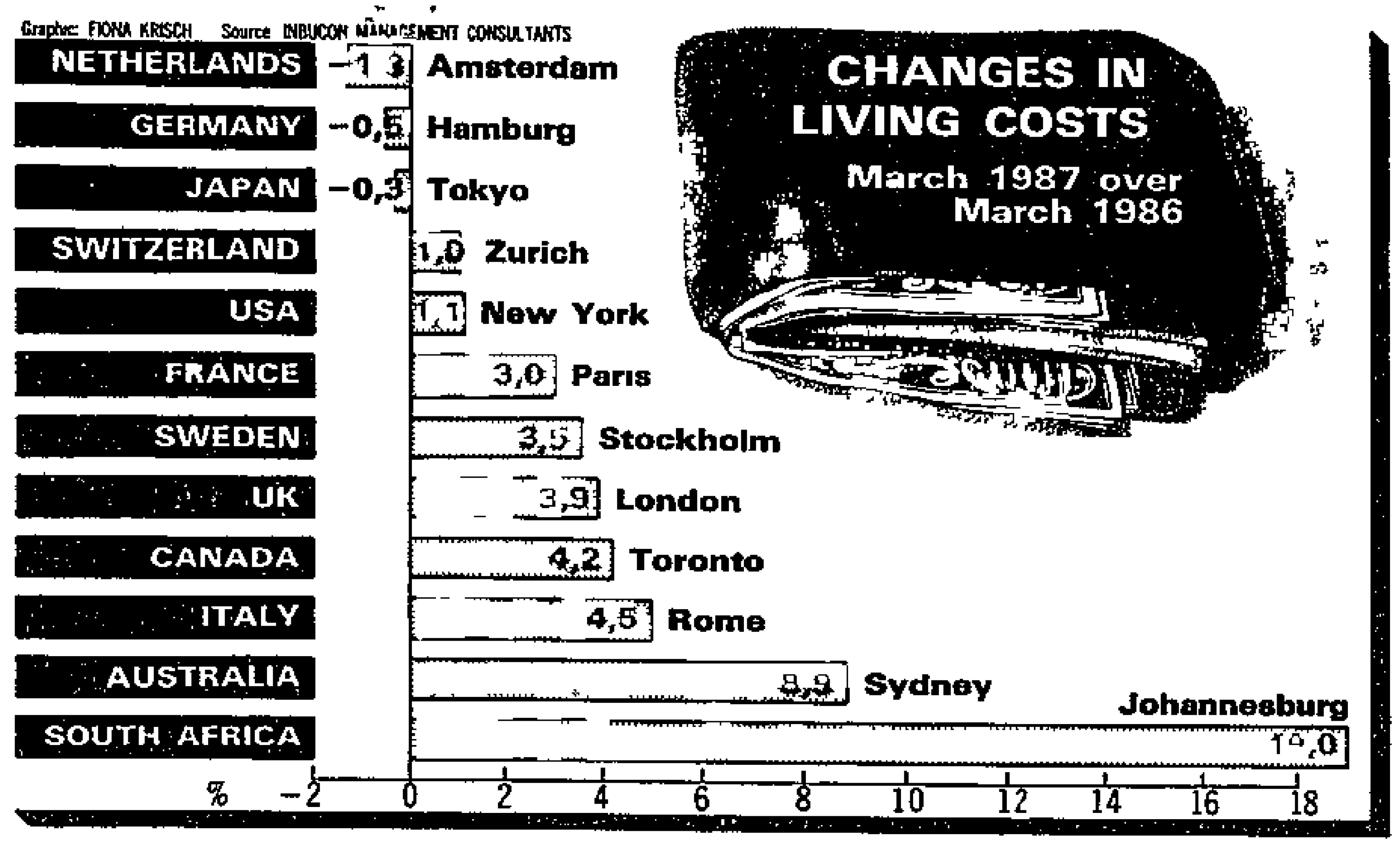
To such people, SA has low relative costs, some sophisticated computer installations and an unbeatable climate — all big attractions for British and other foreign contractors being rewarded by large pay cheques

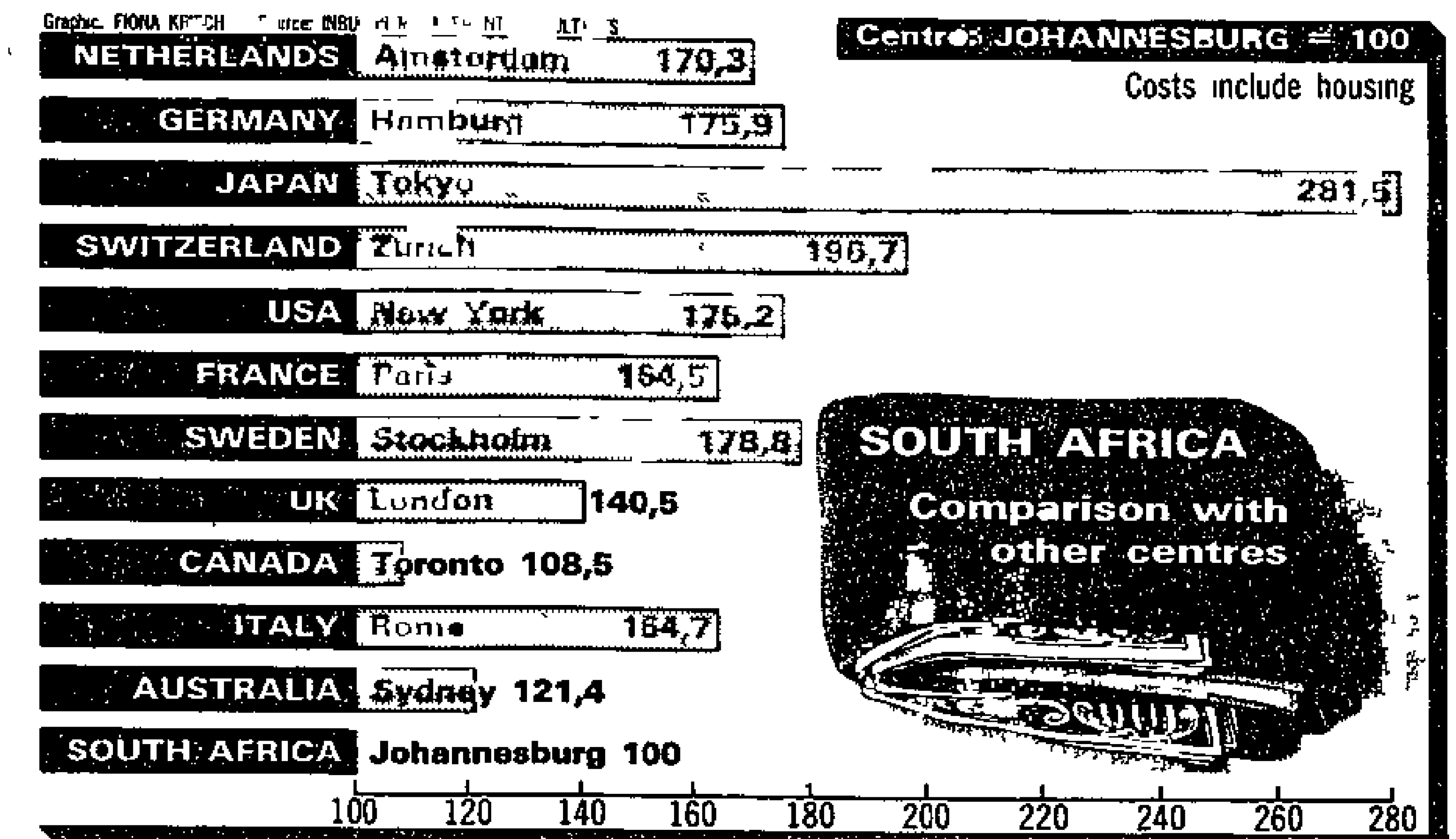
"Saudi Arabia was once an attraction for computer staff looking to make a lot of money in a short time," he says "Given a choice today between Saudi and SA, two countries desperate for computer people, most computer specialists would opt for SA

"True, there is no tax payable in Saudi — but no Scotch either"

Jo'burg bucks the brain drain

(244) • BDay 29/5/87





Business Day Reporter

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Superb value

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"The cost of living cannot be looked at in isolation," he says. "Worldwide there is a trend for countries with high incomes to have high prices, which apply especially to items which cannot be traded internationally, such as housing.

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☐ EMERY . . . "purchasing power the key"

Argus 29/5/87

244

Prices going up, up, up

Food, clothing costs will rise from July — experts

The Argus Correspondent

JOHANNESBURG — Consumers face a bleak winter as the effects of rail and postal tariff increases force up the price of food, clothing and other commodities

Major retailers and consumer organisations warned yesterday that virtually all manufacturers would have to put up their prices to counteract the increased transport and postage costs announced in Parliament this week

Critics have slammed the Government's "delay" in announcing increases in basic consumer items as "an election ploy"

"Saddest thing of all"

Mr Clive Weil, managing director of Checkers, said "There isn't an industry in the country that won't put their prices up We can expect a spate of increases in July

"The saddest thing of all is that consumers are conditioned to expect prices to rise We are conditioned to believe that if prices are below the inflation rate we are doing very well

"If the inflation rate is only at 10 or 12 percent we think things are wonderful Yet, compared to our major overseas trading partners whose inflation rate is three or four times lower, our situation is horrific," Mr Weil said

Mr Richard Cohen, a director of Pick'n Pay, said he did not think the Government's announcement would have any short-term effect on consumers but in the long term consumers would be expected to pay more

"It is hideously clear that not putting up these prices before July 1 was a big election ploy," said Mrs Jean Tatham, vice-president of the Housewives' League.

"And there is nothing consumers can do about it. The Transport Act is such that you cannot even legally go out with a bakkie to farms and buy their goods"

11 (244) 29/5/87. BD-

Price of TVs to be slashed?

CAPE TOWN — The price of television sets could be slashed by as much as 20% following new moves, which were announced early yesterday morning by the government, to boost sales and to stimulate the electronics industry

Customs duties on imported sets are to be cut and a 35% rebate on excise duty is be granted on receiving sets and monitors not costing more than R800.

Quality, but not safety, controls have been abolished and consumers will have to decide for themselves what quality of television set they want to pay for

And the possible abolition of all import control on television receiving sets and certain monitors is to be considered at a later stage" depending on progress made by the local electronics industry and price competitiveness achieved

These moves, announced by the Deputy Minister of Economic Affairs and Technology, Mr Theo Alant, are expected to boost television sales and manufacturing.

Mr Alant said "The decrease in the duties together with the development of a local chassis will imply that the price of television receiving sets could drop as much as 20%.

"This ought to have a positive influence on sales figures which will benefit capacity utilisation in the electronics industry.

"These steps are also aimed at the stimulation of the electronics industry.

"It is trusted that the television manufacturing industry will grasp the opportunity to establish the necessary technology in this country."

The moves were introduced after recommendations by the Board of Trade and Industry and "intensive" discussions with representatives of the electronics industry.

Hard-hit motorists to pay more

DAVID FURLONGER B/Day

PETROL prices will rise on July 1 by up to 1c a litre, although motorists are already over-paying at the pumps.

Transport tariff increases in yesterday's transport budget must "inevitably be included" in the petrol price when the new tariffs take effect in July, said Economic Affairs and Technology Minister Danie Steyn.

He said increases would differ in regions depending on transport costs, " but it is not expected that the increases will amount to more than 1c/*l* in even the most outlying areas". Diesel prices will also rise.

The increase was announced despite recent figures showing that motorists had been over-paying for five months. Because of the stronger rand exchange rate and the lower cost of landing fuel in SA, motorists have been over-paying by as much as 4c/*l*. The difference is paid into an equalisation fund, the "slate", which prevents constant price fluctuations.

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Most Sats tariffs set to increase by 10 per cent

From NICO MULLER
Parliamentary Reporter

CAPE TOWN — Most South African Transport Services (Sats) tariffs, excluding airfares, are to increase by an average 10 per cent in July, with further "structural" increases on the cards for October — a move that was described by opposition spokesmen as "shocking, alarming and inflationary"

The tariff increases will also push up the price of petrol.

Inter-city passenger rail fares are going up on July 1 by an average 15 per cent (Johannesburg to East London 1st and 2nd class; 15 per cent, 3rd class 16 per cent) and suburban commuter rail fares — including third class tickets — by 10 per cent.

Tariffs on goods conveyed by rail will go up an average 11,9 per cent

When the Minister of Transport Affairs, Mr Eli Louw, delivered his R10 287 million Sats Appropriation Bill here yesterday, he said commuter fares will also go up in October "to be determined by the prevailing conditions" then

The minister said he believed that "smaller" fare increases twice a year would be more acceptable to the public than a relatively big increase once a year

Airfares were not being increased "at this stage", Mr Louw said However, he did not rule out an increase in airfares this year

He said a "further announcement will be made in this regard" if the situation changed. In a press briefing he said that he hoped the economy developed in such a way that increased air tariffs could be avoided, adding that an increase in air seat occupancy was expected since the catering was being improved and cabins refurbished.

Road transport tariffs have been upped by an average 13,9 per cent. Goods fares by 16 per cent and passenger fares, parcels, post and miscellaneous by 12,5 per cent

Harbour tariffs have been upped by an average 6,8 per cent, while marine services are to go up on average by 13,9 per cent

The pipeline tariff for petrol and diesel will go up by 7,4 and 12,1 per cent respectively.

The increased tariffs were given against a background of a 32 and 6 per cent drop in inter-city and commuter passenger journey, a decline of under one per cent in the total tonnage of revenue earning goods rail traffic, a four per cent drop in domestic and international air passengers; a 12 and 6 per cent drop in the number of road transport passengers and goods tonnage; a two per cent drop in the total tonnage of cargo handled by South African harbours, imports and exports that were 5 and 1,8 per cent lower and a two per cent drop in the volumes of products handled in pipelines and the fact that 1 300 inter-city coaches are only utilised a few days of the year over April and December

The new upped transport tariffs will also mean an "inevitable" increase in the petrol price in July "that is not expected" to be more than 1c a liter Details of pump prices for the different regions will be announced later by the Minister of Economic Affairs and Technology, Mr Danie Steyn.

● The Progressive Federal Party spokesman on Sats, Mr John Malcomess (MP PE Central) said the increases were shocking and that he failed to understand how "they can claim this to be only a ten per cent increase"

Mr Malcomess said he guessed that the increases as they affected the railways would be closer to 15 per cent

He said the inflationary effect would be felt through the whole economy and he criticised the increase of the pipeline tariff that would have an impact on petrol and diesel prices — and thus on inflation

"The profits on the pipeline are already excessive and the latest increase is nothing but blatant cross-subsidisation at a stage when cross subsidisation is meant to be phased out." he said.

Mr Malcomess called on the minister to immediately start implementing the de-regulation of the transport industry "as a matter of urgency"

● The PFP spokesman on economic affairs and technology, Mr Roger Hulley (MP Constantia), said he had serious misgivings about the petrol price increase announced yesterday

Mr Hulley said he did not believe that the full amount of the increase had to be passed on to the consumer at this stage as there had recently been "a considerable inflow of cash into the Fuel Price Equalisation Fund as a result of the favourable exchange rate"

He said a fuel price increase would have a ripple effect on the rate of inflation

● The Official Opposition Conservative Party spokesman on Sats, Mr Tom Langley (MP Soutpansberg), said the budget was not only inflationary, but alarming

Mr Langley said the increases would affect all consumers adversely, adding that the increase in petrol and diesel before the planting season would have adverse affects on the inset costs of the crops for the next season.

(344) 27/5/87

Rail or plane about the same

Dispatch Correspondent

CAPE TOWN — Whether travelling by train or plane, it now costs just as much to travel from Cape Town to Johannesburg and back.

The increases announced in yesterday's Transport budget mean that the previous first class single train fare has gone up by R33, from R197 to R230 (or R460 return), a South African Transport Services spokesman said.

A call to South African Airways established that the return economy class airfare to Johannesburg is also R460, while the "midnight flight" fare stands at R230 return.

The Sats spokesman said the average 15 per cent increase in main line fares followed a decrease of 32 per cent in use of these trains over the last year.

"We attribute that decrease mainly to cheaper, alternative forms of transport — the midnight flight and the new inter-city buses run both by private companies and Sats," he said.

He added that the increase was necessary because at the moment only 30 per cent of the cost of running main line train was recovered by passenger fees.

"The increase is also accompanied by an ongoing process of rationalisation of the main line service," he said. — DDC

Petrol price up in July

CAPE TOWN — Petrol prices will rise on July 1 by up to 1c a litre, although motorists are already over-paying at the pumps.

Transport tariff increases in yesterday's transport budget must "inevitably be included" in the petrol price when the new tariffs come into effect in July, the Minister of Economic Affairs and Technology, Mr Danie Steyn, said.

He said increases would differ region-by-region, depending on transport costs, "but it is not expected that the increases will amount to more than 1c/litre in even the most outlying areas". Diesel prices will also rise.

The increase was announced despite figures last week showing motorists had been over-paying at the pumps for five months. Because of the stronger rand against the dollar, and the lower cost of landing fuel in South Africa, motorists have been paying as much as 4c/litre too much. The difference is paid into an equalisation fund, the "slate", which prevents constant price fluctuations.

A government spokesman said last night: "The slate is there to cushion the effect of landing crude oil in South Africa. We can't use it to absorb transport tariff increases."

● Meanwhile, the Minister of Transport Services, Mr Eli Louw, noted that a wide range of tariff increases, averaging 10 per cent overall, would come into effect on July 1.

Introducing the South African Transport Services budget for Second Reading, he said the increases, calculated over 18 months since the last tariff increase, equalled an annual rate of slightly over six per cent, well below the present rate of inflation.

He said tariffs on railway goods were being increased by an average of 11,9 per cent, while suburban passenger fares would be increased by 10 per cent.

The minister also announced that he would increase passenger fares again in October, according to "prevailing conditions" at the time.

Tariffs for containers by unit and non-unit trains would go up by 7,2 and eight per cent respectively, but the increase varied for different unit routes on unit trains.

"The conveyance of empty containers is extremely uneconomical and these tariffs are therefore being increased by 20 per cent."

It had also been decided to further stimulate the coastal route by doing away with the ad valorem principle applicable to coastwise cargo and introducing a uniform wharfage of R4,50 per ton per harbour.

As far as rail passenger services were concerned, fare structures also needed adjustment from July 1. — Sapa

See also page 6

a triple bill "Ballets Sérieux". Picture by RICHARD BELL

Bulk 'rip-off': Ackerman acts

CNT Times 26/5/87

By PETER DENNEHY

MASSIVE efforts are being made to ensure that bulk-buying really is cheaper for consumers than buying in small quantities, Pick 'n Pay chairman Mr Raymond Ackerman said last night

He was commenting after a report showed that, contrary to a general consumer belief, it was not always cheaper to buy in bulk at three major retail chain stores — Pick 'n Pay, OK and Checkers.

"A double pack item should be cheaper than a single pack, but our suppliers sometimes give us discounts on single packs which move faster than the doubles," Mr Ackerman said

He had held meetings with buyers yesterday at which it was decided to "launch an even stronger attack" on suppliers to make double packs cheaper

"Particularly in our hypermarkets, we will assiduously try to have double packs cheaper," he said "We will also try in supermarkets, but I am less sure of success there, as our initial efforts will be in hypermarkets"

He had always believed in giving customers what they wanted, and conceded that most people did want — and expected — buying in bulk to be cheaper

According to the weekend article, surveys on the Rand showed that bulk products were priced between 25 and 30% higher among fast-selling essentials such as toilet paper, rice, cooking oil and milk powder blends

Cleaners, fabric softeners, washing powders and dishwashing liquids were also often cheaper in smaller quantities

Mr Clive Weil, MD of Checkers, has been quoted as saying his firm had invested in a unit-pricing system so that consumers could compare prices on different-sized packs easily to find the cheapest buy.

Mr Allan Fabig, a director of OK Bazaars, has said that OK concentrated special offers on small packs as these were preferred by "ordinary working people".

COMMENT — Page 14

More postal rises still on cards — Minister

Cpt Tmes 26/3/87

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By CHRIS CAIRNCROSS
Political Staff

HOUSE OF ASSEMBLY — A warning that further postal tariff increases are in store was given in Parliament yesterday by Mr Stoffel Botha, Minister of Communications

Tabling the Post Office budget in the House of Assembly, Mr Botha said it had become essential that the tariffs of various services should be adjusted to relate them more closely to the costs of providing them

This decision follows an investigation into the Post Office's financial structures by Mr Wim de Villiers, a previous chairman of Gencor

Mr Botha said this investigation had, predictably, shown that a considerable amount of cross-subsidization has been taking place, which now needed to be remedied

In addition it had been found that internal subsidization is also taking place between sub-divisions of the same service

The most important of these is the subsidization of telephone rental by telephone call charges,

Mr Stoffel Botha

which is expected to amount to more than R500m in 1987/8

Mr Botha said the losses to be suffered on the unprofitable services in 1987/8 will probably amount to about R200m

Of these losses R147m will be incurred on the postal service, R13m on telex, and R28m on the telegram service

Tariffs will be adjusted gradually to bring them in line with costs

Mr Botha announced that it has been decided to increase Post Office revenue by 8,8%, from the R3,8bn raised in 1986/7

This will yield additional revenue of R345m, reducing the loan requirement for 1987/8 to about R888m, and leaving a small operating surplus of about R38m

Apart from the financing of loan repayments amounting to R305m, total expenditure for 1987/8 is expected to be R5,8bn, an increase of 9,9% on the R5,3bn spent last year

Operating expenditure for the year is estimated at R3,89bn, 15 3% or R517m higher than last year

Mr Botha said this increase will stem mainly from higher than expected spending on salaries, on international commitments as a reult of the expected growth in international traffic, on financing costs of new loans, on exchange rate adjustments and on general cost and price increases

In view of the need to limit expenditure as much as possible, capital expenditure for the year has been restricted to R1,62bn — R57m less than in 1986/7

Telephone, letter charges soar

Political Staff

HOUSE OF ASSEMBLY. — Tariff increases announced by the Minister of Communications, Mr Stoffel Botha, yesterday were:

- Local and trunk and international calls from 12c per unit to 13,5c.
- Payphones from 10c per unit to 20c for local calls and from 10c to between 15c and 16c for long-distance calls
- Automatic exchange connection rental from R11 to R15.
- Installation charges from R90 to R125 (charge for social pensioners remains unchanged)
- Telex from 12c to 13,5c per unit.
- Handling charges per telegram from R1,30 to R2,50
- Rate for first 10 words rises from 80c to R1,20 and thereafter for each additional word from 8c to 12c
- Non-standarized letters up by between three cents and 95c depending on mass
- Parcels up by between five cents and 80c depending on mass
- Registration of a letter or parcel from 65c to 75c
- Express delivery from R1,80 to R2,25
- Commission on postal orders up by between one cent and 25c

'Reform' bill to repeal 12 acts

HOUSE OF DELEGATES — A bill which repeals 12 acts and deals explicitly with the government's reform process, was introduced in the House yesterday by the Deputy Minister of Constitutional Development and Planning, Mr Piet Badenhorst

He said the Constitutional Laws Amendment Bill contained a number of important provisions and dealt with government at local and regional level

Most of the changes affected the black communities

Some provisions are

- Black women will in future be able to own property
- Home-ownership is promoted by giving the responsibility of issuing certificates with regard to identifying plots to private surveyors
- Provision for the appointment of commissioners-general in self-governing territories
- Provision for the appointment of deputy ministers by the chief minister of a self-governing territory
- Definitions and terminology for black local authorities are brought in line with other local authorities

The bill was read a second time with the support of all parties — Sapa

Vandal-proof public phones: Production to be stepped up

Political Staff

HOUSE OF ASSEMBLY — The new theft- and vandal-proof prepayment public telephones have been such a success that the Post Office has decided to increase production to 600 units a month, the Minister of Home Affairs and Communication, Mr Stoffel Botha, announced in his Post Office Part Appropriation budget speech yesterday

At the same time he was criticized by opposition spokesmen for the 100 percent increase in the cost of local calls on public pay telephones

'Fully justified'

A local call on a public telephone will cost 20c a unit after July 1, while long-distance calls will increase to between 15c and 16c a unit.

"Although the increase may appear to be drastic," the minister said, it was "fully justified" to apply a higher tariff to public phones than normal rented phones since there was no rental charge and since the cost of handling a payphone call was at present more than 20c

He said there had been no increase in public telephone tariffs

for more than five years and at the current tariff, there would be a R44-million loss on public telephones in the 1987-88 financial year

The new raised tariff would bring this loss down to R13 million

Mr Botha also announced that field trials of pre-paid card-operated public telephones would start in the next few months

He said the popularity of card-operated public telephones was rapidly increasing in many countries

This was not only because they were very convenient to use, but also because they limited vandalism and were very reliable — thus requiring very low maintenance

New pilot service

The minister said that telephone services in South Africa had increased by over 178 000 in the past financial year — bringing the number of telephones to around 4,2 million at the end of March this year The waiting list then was at 167 000

The minister also announced a new pilot service, Bureaufax, which provides a facility for customers to hand in a document at a post office for transmission — a service that can also transmit graphics

The pilot scheme has been introduced between Johannesburg, Cape Town and Durban and, if the demand justifies it, will gradually be expanded during the new financial year

DP is Official Opposition

Political Staff

THE Democratic Party has been recognized as the Official Opposition in the 85-seat House of Representatives by the Speaker of Parliament, Mr Louis le Grange

Mr Charles Redcliffe, MP for Schauderville, is the new leader of the opposition, succeeding Mr Denis de la Cruz of the Democratic Workers Party

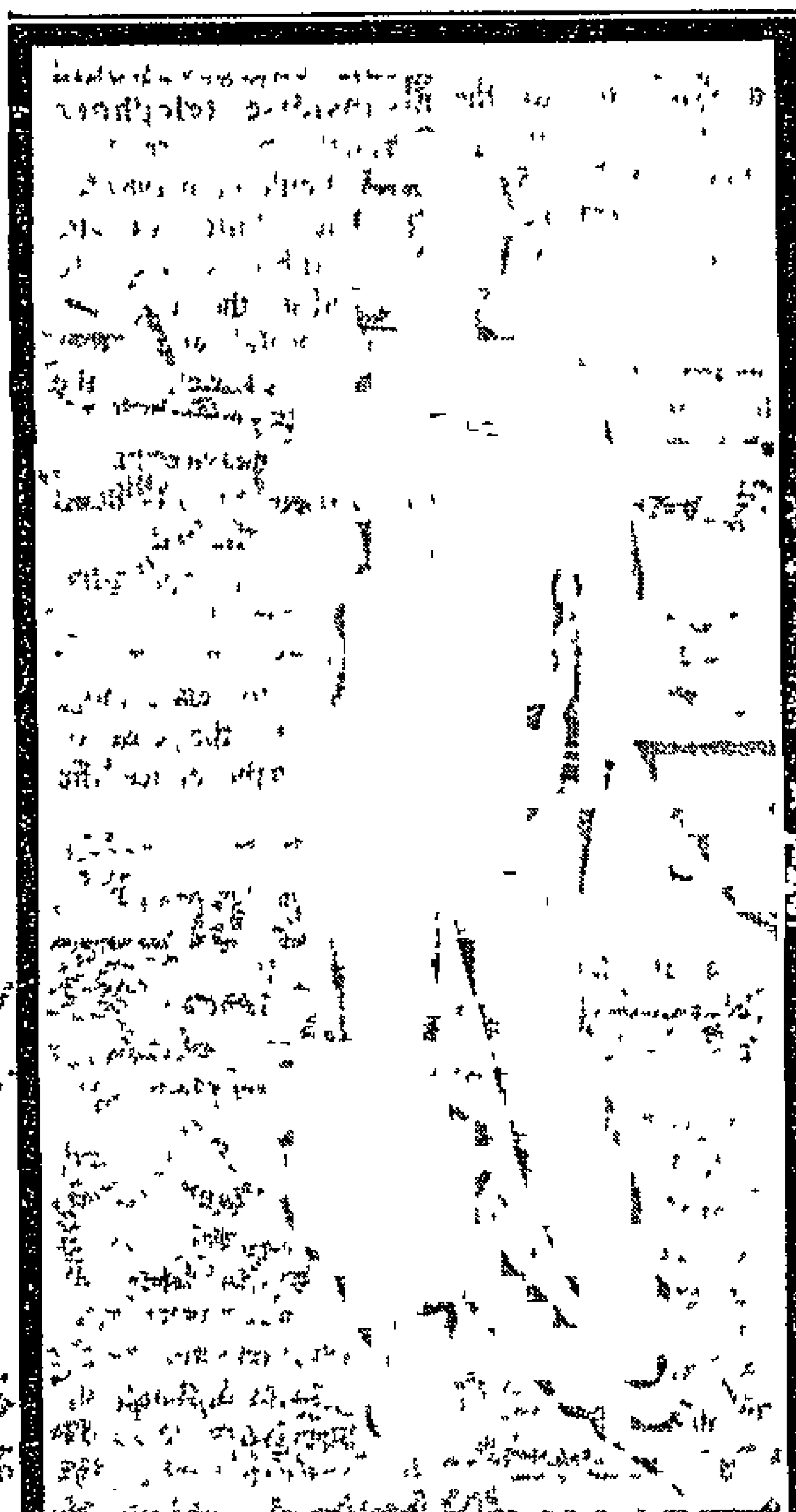
In a letter to Mr Redcliffe yesterday, the Speaker states that he is now satisfied that the Democratic Party meets with the requirements of a political party

The DP came into existence when six members of the Labour Party broke away last month Initially they sat as independents and later, along with Mr Trevor George (Independent Bosmont), they opted to form a political party to become the Official Opposition

Sapa-Reuter

Handling costs of telegrams up to R2,50

MASSIVE PO RISES



SIPHO Ngwenya (16), a standard seven pupil at the Alexandra High School, was one of the children who died when the bus transporting them to the Eastern Transvaal rolled over a steep cliff on Friday night. See story on Page 14

R125 to get telephone installed

24/ 26/5/87 5/Tan

MASSIVE increases in specific post office services and a substantial rise in the cost of telephone installations and rentals, were announced by the Minister of Home Affairs and Communications, Mr Stoffel Botha, yesterday.

SOWETAN CORRESPONDENT

From July 1 the handling costs of telegrams for example will go up 92,3 percent to R2,50 and telephone installations by 38,9 perrent to R125.

Mr Botha delivered his Post Office Budget yesterday and said the losses on unprofitable services had reached such proportions that they could no longer be borne by profitable services

He announced that

- Telephone rentals were to be increased by between R3 and R5,50 a month (27,3 to 50 percent),
- Payphone units to be increased from 10 to between 15 and 20 cents (50 to 100 percent),
- Telephone and telex call unit charges to be increased from 12 to 13 5 cents (12,5 percent),
- Postage on non-standardised letters increased from 22c to 25c (13,6 percent) and COD from R2 20 to R2,40 per parcel (nine percent)

List

He also announced a substantial list of increases in the handling of postal articles and teleprinter tariffs which included

- A 233 percent increase (15 to 50c) and a 275 percent increase (20c to 75c) in handling ordinary and registered postal

To Page 2

PO rates shock

5/Tan 26/5/87

From Page 1

articles after closing of mail,

- A 25 percent increase (R1,80 to R2,25). for express delivery;
- A 46 percent increase (R65 to R95) in the tariff for a send/receive 50-band teleprinter and a 45 percent increase on the tariff for a receiver only

Mr Botha said he knew that tariff increases should under present circumstances be kept as low as possible, "and for that reason an adjustment that will increase post office revenue by only 8,8 percent in the 1987/88 financial year is contemplated "

It had been found that internal subsidisation was also taking place between sub-divisions of the same service The most important was the subsidisation of telephone rental by telephone call charges

Mr Botha said it was estimated that telephone call charges would subsidise telephone rentals by more than R500 million in 1987/8

The ability of the profitable service to subsidise the unprofitable postal and other services as well as the unprofitable rental of telephone services had to a large extent been adversely affected

"It is essential that tariffs for the various services should be adjusted to relate more closely to the cost of rendering the service," he said.

Phone, post costs set to rise again

26/5/87

CAPE TOWN — A warning that further postal tariff increases were in store following the announcement of hikes in telephone and postal costs was given in Parliament yesterday by the Minister of Home Affairs and Communication, Mr Stoffel Botha.

Tabling the Post Office budget in the House of Assembly Mr Botha said it had become essential that the tariffs of various services should be adjusted to relate them more closely to the costs of providing them

This decision followed an investigation into the Post Office's financial structures by Mr Wim de Villiers, a previous chairman of Gencor

Mr Botha said this investigation had, predictably, revealed that a considerable amount of cross-subsidisation had been taking place, which now needed to be remedied

In addition it had been found that internal-subsidisation was also taking place between sub-divisions of the same service

The most important of these was the subsidisation of telephone rental by telephone call charges, which was expected to amount to more than R500m in 1987-88

Mr Botha said that the losses to be suffered on the unprofitable services in 1987-88 would probably amount to about R200m

Of these losses, R147m would be incurred on the postal service, R13m on telex, and R28m on the telegramme service

The revenue pattern in the telephone service, which up to now had shouldered the burden of cross subsidy, was changing to such an extent that it could not be allowed to continue

"Moreover, in most cases it causes price distortion and creates an artificial demand for the unprofitable services, which continually compound our problems," Mr Botha said

The only equitable option for all the users of Post Office services was "to plan in such a way that ultimately a person using a service will pay for it without being subsidised by users of other Post Office services," he said

Tariffs would be adjusted gradually to bring them in line with costs

Mr Botha announced that it had been decided to increase Post Office revenue by 8,8%, from the R3,8bn raised in 1986 87

This will yield additional revenue of R345m, reducing the loan requirement for 1987-88 to about R888m, and leaving a small operating surplus of about R38m

Mr Botha said the increases announced yesterday stemmed mainly from higher than expected spending on salaries, on international commitments as a result of the expected growth in international traffic, on financing costs of new loans, on exchange rate adjustments, and on general cost and price increases

In view of the need to limit expenditure as much as possible, capital expenditure for the year had been restricted to R1,62bn — some R57m less than in 1986—87

Mr Botha said he knew that tariff increases should be kept as low as possible "and for that reason an adjustment that will increase Post Office revenue by only 8,8 per cent in the 1987/88 financial year is contemplated"

Meanwhile, opposition parties reacted with shock and condemnation to the increases.

Responding to the tariff increases, which take effect on July 1, the CP spokesman on communications, Mr J H van der Merwe, said he was "shocked" and he he "condemned" the minister for his "lack of courage" in failing to announce them before the May 6 election

"The increases reflect the callous attitude by the government towards the consumer and will increase inflation at a time when the country can least afford it," Mr van der Merwe said

The Labour Party spokesman, Mr Chris Wyngaard, described the increases as "exhorbitant" and said new susscribers "now have to face installation charges and tariffs which have the effect of putting these facilities permanently out of their reach"

The PFP spokesman, Mr Pierre Cronje said that given the recent "quantum leap" in technology and expected increased demand over the next decade, "current subsrcibers are not getting the benefit and are indeed paying in advance for future subsribers" — DDC

Reaction page 13

The new tariffs

Telephone services

Local and trunk and international calls from 12c per unit to 13,5c,

Payphones from 10c per unit to 20c for local calls and from 10c to between 15c and 16c for long distance calls,

Automatic exchange connection rental from R11 to R15,

Installation charges from R90 to R125 (charge for social pensioners remains unchanged),

Telex and telegraph services

Telex from 12c to 13,5c per unit,

Handling charges per telegram from R1,30 to R2,50,

Rate for first 10 words rises from 80c to R1,20 and thereafter for each additional from 8c to 12c

Postal services

Non standardised letters up by between three cents and 25c depending on mass,

Parcels up by between five cents and 80c depending on mass,

Miscellaneous service fees

Registration of a postal article from 65c to 75c,

Express delivery up from R1,80 to R2,25,

Commission on postal orders up by between one cent and 25c

It may be bad news on PO and Sats tariffs next week

By PATRICK CULL
Political Correspondent

SOME of the post-election medicine forecast by the PFP's Mr Harry Schwarz is likely to be handed to the consumer next week when both the Post Office and South African Transport Services (Sats) budgets are presented.

The Post Office budget will be presented by Mr Stoffel Botha, Minister of Communications, on Monday. Mr Eli Louw will present the Sats budget the following day.

A wide range of increases seems inevitable, particularly in the light of the 12,5% increase given to all Government employees this week.

The two part appropriations (mini-budgets) presented in February this year were particularly mild and the only increase announced was a 2c rise to 16c in the standard letter rate.

But there were hints at the time that more increases would be announced later — after the election.

In February, Mr Botha said that the current cross-subsidisation of services could not continue at current levels and would have to be phased out.

Just how he is going to do this will be disclosed on Monday.

Across-the-board increases in postal tariffs seem likely. Bearing in mind the R130-million loss projected for this year, it is likely that telephone tariffs will also rise.

A warning of further increases in this area was given in last year's budget

A general round of increases has also been predicted when the Sats budget is presented on Tuesday.

Again a mild mini-budget was delivered in February prior to the election And, safely back in power, the Government can now hand out the medicine.

The main Budget will be tabled on June 3

23/5/87

Business Report

Heavier tax burdens, rising prices

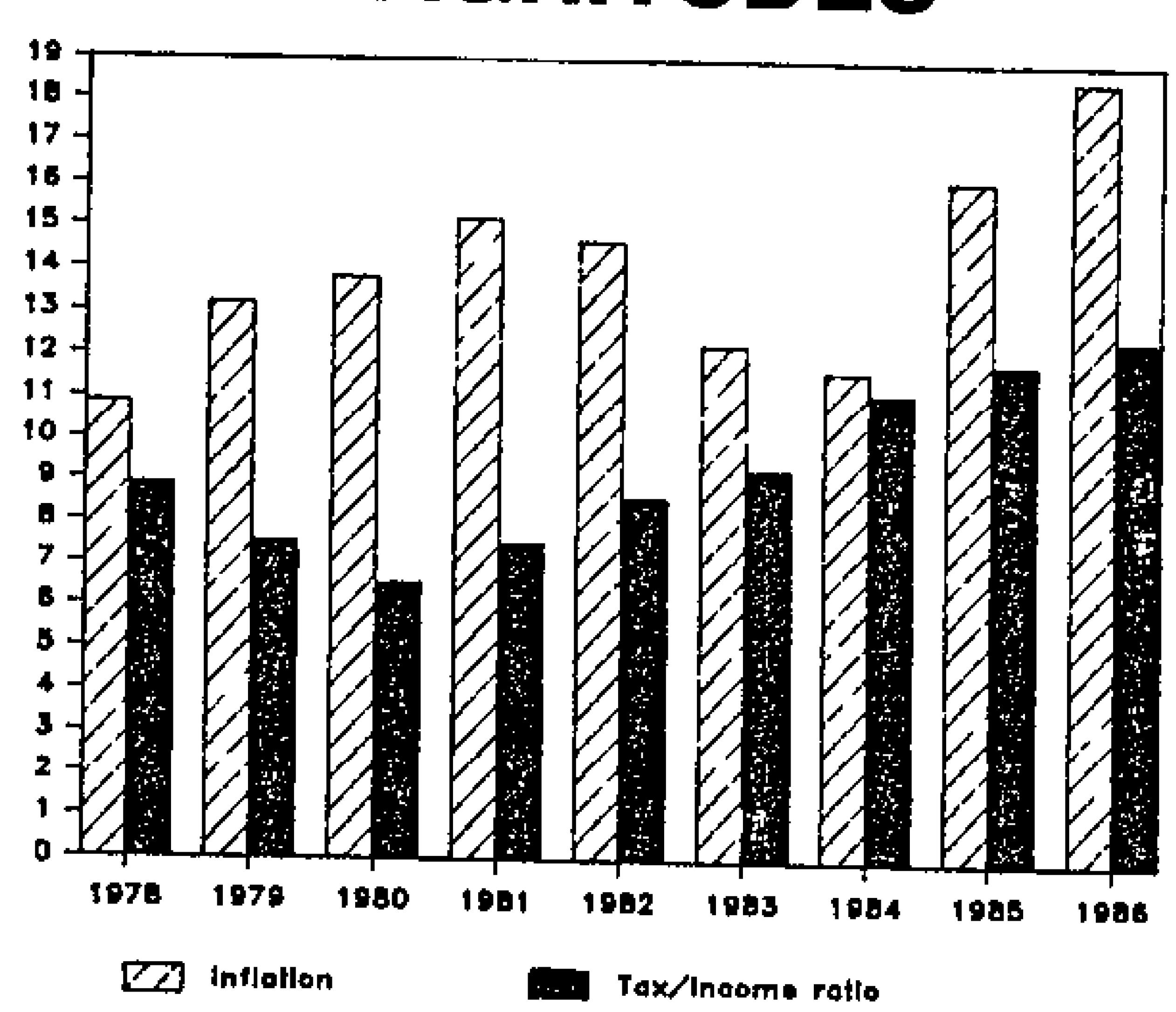
'Steady decline in living standards'

Cape Times 12/5/87

244

By AUDREY D'ANGELO
Financial Editor

INCOME ERODING MAGNITUDES



CONSUMERS have "taken a hammering" by a steady decline in their living standards since 1980 — and the pace of economic development now will depend on "the speed with which political obstacles are removed", according to Ockie Stuart, director of the Stellenbosch Bureau for Economic Research

He points out in the current issue of Intermark Data that consumers' real spending power has been eroded steadily by rising prices and heavier tax burdens

"In the period from 1980 to 1985 real disposable income per capita decreased by 1,1% per annum"

Stuart says that bracket-creeping — as inflation pushes people up into higher tax brackets — is the main reason for sharp rises in direct taxation

"It should also be kept in mind that inflation is driven upwards by indirect taxes, thus having a double impact on the real income of consumers in so far that it increases direct taxes through bracket-creeping and pushes up prices at the consumer level"

Stuart also blames political uncertainty for lack of consumer confidence, which has curtailed spending "The political reform process by itself created confusion simply because neither the pace thereof nor the content was ever spelled out clearly

"Commentators differed in their comment, depending on whether they were to the left or right of the government

"Thus, the consumers were told by some that the pace of reform was too slow, by others that it was too fast and by another group that it was unwanted"

The result of this was to leave consumers bewildered "The increased uncertainty by itself eventually spilled over into a lack of confidence — due to political factors"

Stuart says that, judging by the rate at which political obstacles to prosperity have been removed during the past 18 months "I have reason to be pessimistic about short-term economic developments But perhaps the after-election period will differ substantially from the pre-election period. Let us hope so"

Rising Sun no fun when it comes to costs

Cape Times 9/5/87

So you thought it cost an arm and a leg to stay in Cape Town? We have it good, compared to a list of the world's most expensive cities, released by UPI.

GENEVA. — At least 33 major world cities are more expensive than New York because of the plunging value of the US dollar, a global cost-of-living survey said recently.

Tokyo tops the list and is now twice as costly as New York, while some other cities are 50% more expensive, the Business International Company said

Business International is a business research, publishing and consulting company which conducts cost-of-living surveys at six-month intervals for multinational corporations

Officials said the latest survey covered 102 cities worldwide and New York was in 34th place against 20th position in the previous survey

Figures as of January 31, made Tokyo the world's most expensive city — at 191 points or 91% above New York's base 100 points

Geneva and Zurich were Europe's most expensive cities at 134 and 131 points respectively.

"But the dollar continued to fall sharply after January, 31 so Tokyo is now definitely more than double New York while Geneva and Zurich are around 50% higher," a Business International spokesman said

"Most west European cities were above New York in the survey but now those that were slightly cheaper, like London and Madrid, are probably more expensive as well," he said

Surveys are based on a weighted index for costs of a food shopping basket, alcoholic beverages, household supplies, personal care items, tobacco, utilities, clothing, domestic help, recreation, entertainment, and transportation The findings are widely used by companies in paying cost-of-living compensation to expatriate personnel

Standings in the survey, based on January 31 costs and with points above or below New York's 100 base equivalent to percentages.

□ Johannesburg slots in at No 83

1	Tokyo	191 points	43	Miami	95
2	Osaka/Kobe	187		Houston	95
3	Brazzaville	173		Abu Dhabi	95
4	Libreville	172	46	Tripoli	94
5	Dakar	158	47	Barcelona	93
6	Douala	156		Madrid	93
7	Tehran	147	49	Port Moresby	92
8	Abidjan	145		Singapore	92
9	Rome	136	51	San Juan	91
10	Geneva	134	52	Bahrain Manama	90
11	Zurich	131	53	Athens	88
12	Vienna	127		Moscow	88
13	Copenhagen	125	55	Dubai	87
14	Oslo	123		Jeddah	87
15	Helsinki	122		Al Khobar	87
16	Munich	117	58	Lisbon	85
	Hamburg	117	59	Montreal	84
18	Berlin	116		Riyadh	84
	Paris	116	61	Panama City	83
20	Dusseldorf	115		Toronto	83
	Frankfurt	115	63	Kuala Lumpur	82
22	Milan	114		Hong Kong	82
23	Lyon	113	65	Calgary	81
	Rome	113		Seoul	81
	Dublin	113	67	Vancouver	80
26	Algiers	109	68	Melbourne	77
27	Amsterdam	108		Nairobi	77
	Brussels	108	70	Wellington	76
29	Taipei	107	71	Sydney	74
30	Amman	105		Brisbane	74
	Stockholm	105		Bangkok	74
32	Luxembourg	102		Auckland	74
	Cairo	102	75	Adelaide	73
34	New York	100	76	Perth	72
	Tel Aviv	100	77	Jakarta	70
36	Los Angeles	98	78	Buenos Aires	69
	Chicago	98		Casablanca	69
38	Washington DC	97	80	Dhaka	68
39	San Francisco	96		San Jose	68
	Boston	96		Manila	68
	London	96	83	Tunis	66
	Lima	96		**Johannesburg**	66

House prices on the way back up

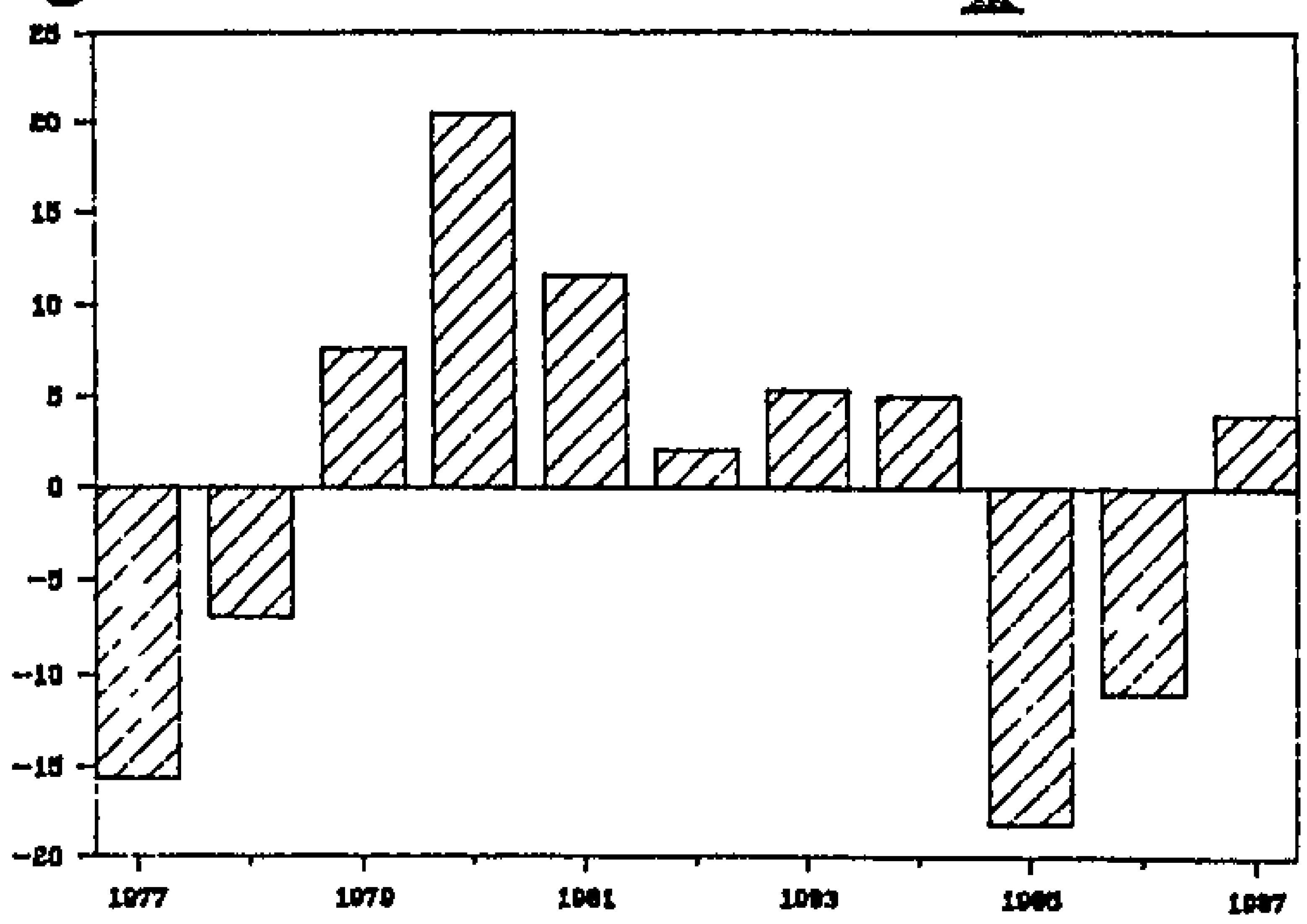
(244) SMR 9/5/87

Finance Staff

House prices in the main metropolitan areas have started rising and should be back to the boom-time levels of 1984 before the end of the year, says the Bureau for Economic Resarch (BER) at the University of Stellenbosch

In its latest building and construction survey, BER says people have adjusted to political uncertainty and are now once again prepared to invest in fixed property

The improved demand for housing has also resulted in increased activity amongst architects, quantity surveyors and builders.



Percentage growth in residential buildings.

An average housing price rise of 15 percent for 1987 is forecast by bureau economist Mr Tertius Beyers, who compiled the latest survey This takes into account the oversupply of housing for whites, which will dampen the possibility of a boom

Pressure on prices comes from five sources, he says. Prices in June 1986 were 14 percent lower than two years earlier

"At a time when prices of most commodities rose sharply, house prices declined to well below replacement costs, making them a good investment"

"Even though real disposable income is still declining, the economic outlook has improved and people had started to buy in anticipation of pay rises in 1987."

He pointed out that interest rates were relatively low with the implications of cheaper mortgage rates The sharp drop in the tempo of speculative residential building and a still-growing population in the young buyers' market had caused a pent-up demand

High-priced houses were the quickest to react to the renewed interest in residential property — this category also suffered the biggest setback when the slump began

Prices of medium-priced houses — the category "where most of the second time subsidised house buyer buys into" — were mildly affected by the recession and should surpass the previous peak levels before the middle of 1987

But prices at the lower end of the scale, he adds, have shown no sign of improvement However, prices in this market kept stable throughout the recession, says Mr Beyers

A net 27 percent of home builders reported increased volumes of work in the March quarter,

"One danger signal is that 21 percent of housing contractors experienced serious problems in obtaining foremen while a further 22 percent experienced some problems.

"A shortage of labour at the start of an upswing will obviously lead to serious problems later As a result of the recession, many retrenched workers have turned to other trades and are not prepared to take the risk of returning to the industry"

Wage increases are forecast to average 12 percent this year (after only 6,9 percent last year)

Property prices up — bureau

The prices of residential properties in the main metropolitan areas are fast recovering and could soon be reaching boom-time levels of 1984, says the Bureau for Economic Research (BER) at the University of Stellenbosch in its latest building and construction survey

After hitting the bottom of the market in July, last year, prices rebounded on average by 16,4 percent in November

REASONS

There are a number of possible reasons for this upward pressure on house prices, says the BER. They are

- House prices in June 1986 were 14 percent lower than two years earlier. At a time when prices of most commodities rose sharply, house prices declined to well below replacement costs, making it a good investment.
- People are getting used to the unstable political situation
- Even though real disposable income was still declining, the economic outlook improved and people started to buy on the anticipation of possible salary increases this year.

CAPE TIMES 1/9/87

Price of power to go up in Cape Town

Staff Reporter 244

ELECTRICITY users in the Cape Town municipal area will face a tariff increase of about 10% from October 1.

This follows the announcement last week of a R12 increase for TV licences — also from October 1 — and a R3 increase for motor-car licences and an increase of up to R15 for heavy-vehicle licences, both effective from September 1.

According to Mr Fred Daniel, the city electrical engineer, the electricity increase would have been steeper if the Athlone power station had not been "effectively shut down" for the year.

He said in a report to the utilities and works committee yesterday that the previous increase had been a 6% rise in October last year.

Since then Eskom had raised its tariffs by 12% in January. This was one of the main reasons for the increase, along with salary and wage increases and "other inflationary influences".

Municipal electrical workers are at present engaged in a work-to-rule or go-slow in support of pay demands which have been negotiated over many weeks.

Mr Daniel said yesterday that one of the reasons for the increase being kept as low as it was, was that Eskom had offered to provide the first 214MW of power free of "demand charge" if council agreed not to use its thermal-powered generation to supplement its energy requirements.

This offer, effective from January this year, meant that it was economical to "effectively shut down the Athlone power station for 1987" and buy more energy from Eskom. The offer was renewable annually.

The good news for electricity users who live outside the Cape Town municipality but who are nevertheless supplied through the city council is that the old 12% surcharge is to be dropped to 9%, according to Mr Daniel's recommendation.

Concessions on house prices seen as a bid to break rent boycott

(244) 4/5/87

SMR

The Government has announced major concessions on housing prices for whites, coloureds, Indians and blacks.

The concessions are being interpreted as an attempt to break rent boycotts in black areas — but critics say the concessions do not go far enough

Soweto Civic Association president Dr Nthato Motlana commented: "We believe the Government is at last beginning to appreciate what we have been saying for years. This is some kind of progress.

"(But) they haven't even addressed one of the fundamental demands of the boycott — that the councillors and the community councils themselves must go."

Mrs Helen Suzman, PFP MP for Houghton, said she had no doubt the announcement was part of an attempt to stabilise South African society two days before the election.

"You cannot do that in two days, and I have always been in favour of home ownership for blacks I hope it will take off and be successful.

"This may help to solve the crisis brought about by the non-payment of rents But it will not solve the problem of increasing the existing stock of houses."

The new housing campaign was announced by the Bureau for Infomation in Pretoria last night.

Adjustments and additions made to the conditions of sale applying to existing housing units erected with National Housing Funds include:

- "A discount of up to 65 percent on the calculated purchase price of any house which has structural defects. Previously the maximum discount was limited to 20 percent.
- "Any arrears in rental pertaining to the cost of the stand and erection of the dwelling can be included in the loan amount
- "A tenant who has paid rent regularly during the past three years can buy without a deposit.
- "Transfer and other costs are included in the loan in deserving cases," the release said.

"Further benefits not directly linked to the sales campaign include:

- The raising of the maximum cost limit of a dwelling and stand from R27 000 to R30 000.
- The maximum income limit of persons who qualify for aid is raised from R800 to R1 000 a month.
- 25 percent cash discount.
- A 5 percent discount to buyers who buy before June 30, 1988.

The new benefits are to be implemented on July 1. — Sapa

Post and rail tariff rises forecast

Political Correspondent

CAPE TOWN — Consumers should brace themselves for a wave of administered price increases in two key budgets to be tabled in Parliament this week.

The Post Office budget is to be tabled by the Minister of Communications, Mr Stoffel Botha, this afternoon

The budget of SA Transport Services is to be tabled by the Minister of Transport Affairs, Mr Eli Louw, tomorrow.

Rate increases from the Post Office and Sats were postponed until after the election

The only increase announced by Mr Botha in the Post Office Part Appropriation Bill tabled earlier this year was for postage on standard internal mail from 14c to to 16c.

It is unlikely that this will be increased today although postage on non-standard mail and other forms of communications could be increased.

Full details of rate increases and the financial review of the Post Office will be carried in later editions of The Star.

(244) SME 1/9/87

Price of cars to increase again

SD 30/4/87 (244)

JOHANNESBURG — Car prices are about to increase for the second time this year.

Volkswagen has confirmed the prices of its VW and Audi ranges will rise by an average 3 per cent next week

Officials of Samcor have met to decide on the prices of Ford, Mazda and Mitsubishi vehicles and increases of between 3 and 4 per-cent are expected.

A spokesman for Mercedes-Benz said a decision on Mercedes and Honda vehicles "is likely in the next few days".

However, BMW prices will not go up before June and a spokesman for Delta said it's prices were not about to rise.

Nissan and Toyota officials were not available for comment.

The increases are the second quarterly rise this year and are in line with industry forecasts of a 12 to 15 per cent increase during 1987. Another two price rises can be expect this year, sources within the industry said.

The VW price rise will push up the retail price of a typical car, the Citi Golf, from R14 265 to R14 690 — DDC

Butter price to rise

2/4/85 244

Pretoria Bureau

The wholesale price of butter is to increase by 30c a kg from May 1, the Dairy Board announced today.

The 7,5 percent price hike, caused by a cut in the Dairy Board's subsidy, will take the wholesale price of butter to R2,15 for 500 g.

A spokesman for the Dairy Board today said the subsidy had been cut from R1,45 a kg implemented when the board dropped the wholesale price in July last year to R1,17.

"The board cannot carry the cost all the time."

Food prices up 61% in 3 years

W/C ARGUS 25/4/87 (244)

By DEREK TOMMEY
Finance Editor

GOVERNMENT figures have confirmed housewives complaints that almost every time they go to a supermarket the prices have been increased

The latest statistics for food prices show they are rising sharply at near record rates — and making life even more difficult for an already hard-pressed public

However, it is not just the housewife who is concerned about the steep increase in the price of food

Economists and businessmen too are deeply worried for it is likely to have unfortunate consequences for other sectors of the economy as well

THREATEN RECOVERY

High food prices translate into a high inflation rate which could threaten the economy's weak recovery

Figures issued by Central Statistical Services show that food prices rose almost 2,0 percent last month, bringing the increase in the past 12 months to more than 24 percent. This follows annual increases of 18,6 percent in 1985-86 and 9,8 percent in 1984-85

It means that food prices have risen 47 percent in the past two years and 61 percent in the past three years — a most unpleasant experience for people on low fixed incomes or no incomes at all

The sharp rise in food prices in March helped push the monthly inflation rate to 1 6 percent — equal to an annual rate of more than 20 percent.

This renewed upsurge in the inflation rate has been a big disappointment for many businessmen and economists

The strong rise in the rand against the dollar in the past year has reduced the cost of imported goods This has led many people to hope that it would also lead to a drop in the inflation rate as well

Some economists have even been forecasting an inflation rate of between 12 and 14 percent — a three year low — by the end of the year and an even lower rate next year

Economists want to see inflation decline drastically as this would stimulate new investment and help create thousands of badly needed jobs

But while the inflationary pressure from imports is dropping — import prices rose only three percent in the December quarter against 30 percent a year earlier — the benefits from this have been more than offset by the steep rise in food prices

Economists attribute the rise in food prices partly to the ending of the drought Farmers have started rebuilding their cattle herds The number of cattle going to market has lessened and meat prices have risen quite steeply

At the same time the drop in the rand s rate against the British pound and German mark has encouraged food exports and resulted in less supplies and higher prices in the local markets

However, these developments account for only a fraction of the food price increase

The control boards and other producers and distributors have also played a role in increasing food prices

Economists point out that food prices usually are the first to rise when an economy moves into an upswing People have to buy food and there is normally less resistance to food price increases than to other price increases

Historically food prices had always risen faster than other prices when the economy has been in an upturn said Mr Rob Lee, the Old Mutual's chief economist

However, he believed that this time food prices were also being affected by South Africa's "inbuilt" inflation rate of around 15 percent

He blamed this on excessive State spending and said the inflation rate was unlikely to be reduced until strict financial and monetary discipline was imposed

GOVERNMENT SPENDING

Government spending played an important role in the generation of inflation, especially as the size of the Government in relation to the tax base was high.

Mr Glen Moore an economist with the Bureau for Economic Research at the University of Stellenbosch, said that because of the structure of the food industry South African consumers could not benefit from the drop in food prices overseas.

On the other hand they were expected to subsidise sales overseas of surplus South African food

Sanlam's economist, Mr J T Louw, said this week that sharp increases in food prices remain one of the major obstacles in the way of a reduced inflation rate If food is excluded from the consumer price index it shows a perceptible declining trend

He said that it could take slightly longer than expected for lower prices to be passed on to the consumer because companies would be trying to restore profit margins

BUSINESSMAN OF THE WEEK

Playing to win in the property game

By DEREK TOMMEY

LAWRENCE Seeff is known as a thinking cricketer — never rash but always seeking ways to outwit the opposition He plays to win

These traits, which have brought him to the top of South African cricket, are also helping him achieve his business ambition of making the family property sales business number one in Cape Town

Because competitors do not disclose turnover it is difficult to know precisely the ranking of his firm, Seeff Property Organisation, he said this week.

But with an estimated nine percent of the total property sales market in the Peninsula, he believed the company was already among the top three.

Mr Seeff was appointed managing director of the family company two years ago at the young age of 25 on the untimely death of his father — and in the middle of the recession

"But as we did not know what a recession was it did not affect us much," he said

In 1985 the firm increased its turnover by 25 percent Last year turnover rose a further 80 percent, while first quarter figures for this year were 68 percent ahead of the first quarter last year and 10 percent above the December quarter he said

This year the company was budgeting for at least R108-million in sales

He said the Seeff Property Organisation had 14 branches and a staff of more than 130 Its major function was selling residential property, though it had a developing commercial and industrial division

The company was also extremely active in property development Its 18-month-old development division was already handling more than R40-million worth of development property, he said These developments comprised plot n plan cluster and group housing schemes and new sectional title developments

"They are scattered over the Peninsula from Fresnaye and Devil's Peak to Somerset West and take in developments at the Strand, Maitland, and in Kleinvlei, Bothasig, Kuils River and Mitchell's Plain"

Another important activity of the company is training It runs courses for outsiders wanting to enter the industry as well as for its own staff The syllabus includes a practical property course, one on property sales management and one preparing applicants for the Estate Agents Board examination.

Lawrence Seeff never rash

In discussing aspects of the property sales business, Mr Seeff said he did not think that estate agent's commissions were too high "They are a reward to the professional estate agent for a very hard, time-consuming and frustrating job'

But there were many non-professional estate agents in the market benefiting from the high commissions

Meanwhile to help cut costs the estate agents in Cape Town were considering publishing their own independent newspaper which would carry advertisements from all the agents

However investigations were still at a preliminary stage

MARKET'S PROSPECTS

Mr Seeff said he was most optimistic about the property market's prospects House prices so far had not moved up appreciably, from an average of R78 000 in the December quarter to R79 500 in the March quarter

But if present market demand was sustained for a further six months, house prices should rise substantially and move into line with increased building costs and inflation

In recent years the property market had been kept going by people with Government subsidies, subsidised first-time buyers and emotional buyers — people who believed they had found their dream house.

But lately other buyers had entered the market, particularly at the upper end His company had recently obtained the highest price yet achieved for a Camp's Bay property — R360 000

Butter price set to go up by 30c on May 1

JOHANNESBURG — The latest shock for consumers is that the price of butter is to rise by 30c a kilogram

The Dairy Board has announced it will reduce its subsidy on choice butter from May 1. Together with a small increase in the wholesale price, this will result in the 30c increase, from R4 to R4,30 a kilogram.

The board secretary, Mr J C Erasmus, said the butter surplus had been sold.

244 24/4/87 EP

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ARGUS 24/4/87

ARGUS 24/4/87 (244)

CAPE/NATIONAL

Former boss blamed for R20-million losses

The Argus Correspondent

JOHANNESBURG. — The former managing director of AA Mutual, which collapsed soon after his retirement last year, caused the company to suffer losses of at least R20-million, the Melamet Commission of Inquiry has been told in the Rand Supreme Court

The commission, which consists of the chairman, Mr Justice Melamet, auditor Mr H Hefer and short-term insurance expert Mr Ken Raine, is investigating the circumstances which led to the collapse of the AA Mutual short-term insurance company

Mr R L Shaw, an executive of Quest Insurance Advisory Service, told the commission yesterday that the re-insurance of an associated overseas company business accepted by Mr Warren Plummer caused AA to suffer losses which amounted to at least R20-million

This action was a wrongful exercise by Mr Plummer of his authority "since it quite clearly placed AA in a precarious financial position"

"Had provision for these losses been brought to account in 1985 the company would have been shown to be insolvent"

The wrongful exercise of authority by Mr Plummer was one of four main reasons for AA Mutual's demise The others were uncontrolled growth coupled to an insufficient margin of solvency, inadequate accounting procedures and an unsound re-insurance programme

For the greater part of its history AA Mutual had been a well-managed motor insurer

The inquiry resumes on Monday

Butter price to go up as surplus ends

JOHANNESBURG. — The latest shock for consumers is that the price of butter is to rise by 30 c a kg.

The Dairy Board yesterday announced it would reduce its subsidy on choice butter from May

This and a small increase in the wholesale price, will mean an increase of 30 c a kg.

Mr J C Erasmus, secretary of the Dairy Board, said the decision to reduce the subsidy had been taken because the butter surplus had ended and its stabilising fund was "not inexhaustible".

The adjustment was being made to absorb an increase in the price of milk, he added.

The wholesale price of butter is now R5,45 a kg The Dairy Board susidises R1,45 of that, meaning shoppers pay R4 a kg.

From May 1 the price will be R5,47 and the Board will pay a subsidy of R1,17 The wholesale price will then be R4,30.

The price of butter was reduced last year by R1,45 in an attempt to reduce the butter surplus At that time the board said the high price was the cause of the surplus.

Mrs Lyn Morris, chairwoman of the Housewives' League, said it was praiseworthy that a level of subsidy was being maintained even though the surplus had been eliminated. — Sapa.

Petrol is over priced

244

DD 23/4/87

Dispatch Correspondent

JOHANNESBURG — March was the fourth month in a row that the government over-recovered on petrol prices, say fuel industry sources, but there will be no reduction in the price.

The difference goes into the "slate" equalisation fund to keep prices stable once motorists start under-paying again

Motorists last underpaid in November, when there was an under-recovery on the Reef of 1,45c on the 83c price of a litre of 93 octane.

Since then, there has been an over-recovery of 4,3c in December, 4,9c in January, 2,2c in February and 2,7c in March.

Under- and over-recovery is governed by world oil prices. The world price in March, say industry sources, was the equivalent of 32,1 SA cents a litre, or 0,5c lower than in February The improvement was the result of a slightly stronger rand against the US dollar

Sources say that despite a slight hiccup in March, the world price in US cents a gallon is increasing steadily in line with crude oil market trends March's price was US52,5c after 52,9c in February, 51,7c in January, 49,4c in December and 49,5c in November

Down come prices!

Sowetan 3/4/87

244

THE prices of coffee, peanut butter and peanuts, which soared at the end of last year, believe it or not, are down.

The second cut in the price of coffee this year came into effect yesterday bringing the price of some house name brands down to R6 for 750 grams, *SABC Radio News* has reported.

This represents a drop of 15 percent in the price of coffee in the past month.

Peanut butter, which shot up by about a rand for a 410 gram jar at the end of last year, has come down by about fifty cents and retails at about R2,29.

There has also been a drop of about 30 percent in the price of peanuts as the availability of this product on the world market has improved a British Airw

244 DD 3/4/87

TO ADVERTISI

Softdrinks go up nationwide

Dispatch Reporter

EAST LONDON — The price of softdrinks increased between 12 and a half per cent and 15 per cent throughout the country yesterday

The general manager of Suncrush here, Mr Scotty Loewe, said yesterday that the price increase was due to the increase in sugar and plastic bottle prices

A litre of Coke, Fanta or Sparletta will now cost 92c instead of 80c, but the 30c deposit on the bottle remains the same

Mr Loewe said the king size bottle prices had gone up 12 and a half per cent, the bar line size, 15,3 per cent, the 500 ml 14,3 per cent and the two litre bottle 13,8 per cent

"This is a countrywide increase, but the price increase on cans will vary

"There are three canning plants in the country at Durban, Cape Town and Johannesburg and depending on where these cans are sold, will depend on the cost

"The further away these products have to be sent, the more expensive the transport and the more expensive the subsequent retail price

"The basic price is identical, however," Mr Loewe said yesterday

A spokesman for the South African Bottling company in Port Elizabeth said that the last national price increase had been a year ago

When asked why sodawater — which contains no sugar at all — would cost more too, he said a uniform increase was applied

This meant that larger increases on products containing sugar was avoided

arbour

ships (44 736 25 tonnes), Port Elizabeth 117 ships (31 091 03 tonnes), and Richards Bay 79 (65 892 97)

Total cargo handled in East London during January 1987 amounted to 172 027 Richards Bay handled the greatest amount at 3 577 104, followed by Durban at 1 902 450

244

Coffee and peanut prices down, but soft drinks up

MICK COLLINS

CONSUMERS were given a bitter-sweet pill to swallow yesterday with their cheaper cups of coffee.

Coffee prices, which soared last year, dropped by 15%, while prices of peanut butter and peanuts, which also rocketed at the end of last year, came down by about 50c for a 410g jar.

But the bad news came from the announcement that, because of a rise in sugar prices, soft drink prices were to go up by 15%.

The second cut in the coffee price this year came into effect yesterday, bringing the price of some house-name brands down from R7 to R6 for 750g.

SA Tea, Coffee and Chicory Association chairman Derek Varnals said the drop follows a breakdown in International Coffee Organisation negotiations between consumer and producer countries.

"This follows somewhat better-than-expected crops in Brazil after last year's drought, and the outlook for substantially better Brazilian crops in the current year."

Peanut butter, which shot up by a R1 for a 410g jar at the end of last year, has come down by 50c and yesterday was retailing at about R2,29.

There has also been a drop of about 30% in the price of peanuts, as the availability of the product on the world market has improved.

But after Wednesday's announcement by SA Bottling in Port Elizabeth of a 15% increase in the retail price of softdrinks, a litre of Coke, Fanta or Sparletta will now cost 92c instead of 80c.

Toyota boss expects 'moderate' price rises

244

EP 2/4/87

Post Correspondent

GOOD news from Toyota is that chairman Dr Albert Wessels predicts that car price increases will be moderate and probably fall below the general level of inflation.

The yen/rand exchange rate has stabilised, resulting in improved profit margins. However, Dr Wessels, in the annual report, cautions shareholders against "excessive optimism" because exchange rates are unpredictable.

Dr Wessels is cautiously optimistic about a turnaround in the car market He expects a 6% growth in vehicle sales this year (sales declined by 13,3% last year) and is confident that Toyota will continue to enjoy a high market share.

Toyota's overall market penetration rose again last year to 29,8% from 27,9% in 1985 and the group maintained its position as the top seller Toyota also took the No 1 position for passenger cars and light commercial vehicles, while filling the second position for medium and heavy commercial vehicles

Heavy capex in previous years as given Toyota a surplus capacity of 50%,

This surplus capacity should see the group through the rest of this decade with little in the way of new manufacturing facility investment to meet market growth, says Dr Wessels.

There will, however, be a continuing requirement to invest in tooling for replacement models. The group will require about R80-million in the next year and R100-million in the following two years.

The major item of expenditure will be on model-related tooling to meet the local content programme. The rest will be spent on improving efficiency and improving the already high level of product quality and on expanding distribution facilities for replacement parts.

Dr Wessels says Toyota's greatest achievement last year was its successful management of working capital in a time of high inflation Current assets decreased by R30-million. Also, total accounts outstanding were lower than in 1985, although turnover increased by 30,4% in money terms In addition, stock values fell by R21-million when increased import costs and high local inflation should have had the opposite effect.

Policy is to repay foreign loans gradually and to use rand financing as the principal source of funding. However, foreign funding will be resorted to from time to time to take advantage of lower interest rates. All foreign loans are now fully covered against exchange fluctuations In 1985 forex losses took a R58-million bite out of operating income.

The ratio of total debt to assets declined to 49,7% in the year to December from 1985's peak of 58,9%, but long-term debt at over R135-million is still a burden

Although Toyota sold fewer units, turnover increased to R1,4-billion (R1,06-billion) and net income was R20,5-million (R53,6-million loss in 1985) Earnings were 489,87c before extraordinary items and 505,7c after extraordinary items A 100c final dividend was paid

Water price rise comes into effect today

(244) 1/4/87

The 30 percent hike in the cost of water from the Rand Water Board (RWB) to the Pretoria-Witwatersrand-Vereeniging complex comes into effect today but it is not clear how much of the increase will be passed on to the consumer.

The increase, the largest in more than 20 years, was announced last month.

According to the RWB it had become neccessary because, since the start of water restrictions due to the continuing drought, annual growth in volume of water sold had been limited to less than one percent.

Another factor was the 75 percent increase in the Government tariff for raw water from the Vaal River system, the RWB said.

At the time of the announcement, Johannesburg's acting city treasurer, Mr Neville Olivier, said it was likely only 15 percent of the increase would be passed on to the consumer — pushing their monthly water accounts from an average of R11,38 to R13 for 20 kl of water.

Bricks to cost more

By Don Robertson

THE price of bricks will be increased on Wednesday

But there will be little effect on the cost of houses

Corobrick, the largest manufacturer, will lift the price of plaster bricks by 9,4% and face bricks by up to 10%. But some face bricks will fall in price

Brian Moorehead executive director of the Brick Development Association (BDA), says other manufacturers will be forced to follow Corobrick

Oversupply

The increase comes when the industry is operating at about 62% of capacity and the market is suffering from lack of demand and oversupply

Brian Waberski, Transvaal managing director of Corobrick is optimistic about prospects for the year, forecasting a 12% to 13% increase in sales

He says the decline in sales bottomed out towards the end of last year and there were indications of an improvement in February

However, the election has caused uncertainty and the building and construction industry is "on hold" until the results are known

Mr Waberski is confident that the position will improve in June or July and that sales will be higher than in 1986

Mr Waberski says prices are now the same as in 1984 and 1985 and this has put tremendous pressure on cash flow We have had to sharpen our pencils to reduce costs but we cannot hold prices at present levels

In the past two years Corobrik has closed four high cost factories and mothballed two Eight are operating at between 50% and 90% of capacity and only four are in full production

Build-up

Stocks have risen and Corobrik has 140 million bricks, equivalent to three month's demand on hand

"Ideally, we like to have only two months stock We have reduced stocks since last year

Mr Moorehead says brick manufacturers are operating at no profit, but he expects sales this year to rise by between 10% and 15% The higher prices will increases house prices by only 1% he says

Last year brick sales were about 5 billion and worth R500-million

29/2/8?

244

S11

Still more price shocks coming

Weekend Post Correspondent

JOHANNESBURG — South Africans can brace themselves for yet more price shocks — there will be big increases on a wide range of commodities after the Easter weekend

Many manufacturers and supermarket chains are holding back price rises until after Easter, according to reports here.

The Pick 'n Pay group disclosed a list of 44 commodities that will go up in price from 6% to 20%.

At least half the increases will be 10% and more

The commodities include tinned foodstuffs — meat, fruit and vegetables — sweets, biscuits, stationery, toothpaste, shampoos, insecticides, margarine and mayonnaise.

Other everyday items mentioned by the group are tea, fruit, baby foods, toilet rolls and clothing.

Most increases are blamed on higher manufacturing costs

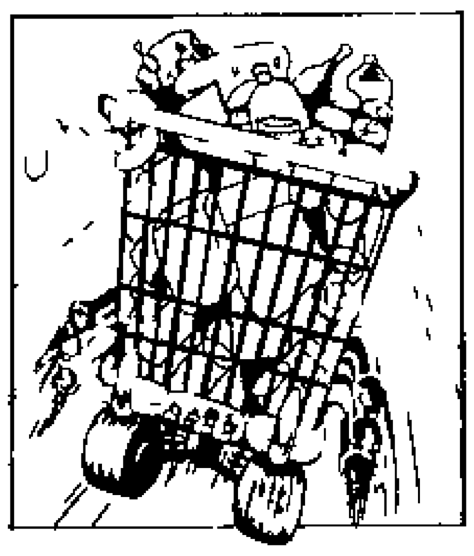
244 W.P. 28/3/87

FOOD PRICES

FM 27/3/87

244

Force-fed inflation



"Let them eat cake," Marie Antoinette is supposed to have said SA's consumers cannot be blamed if they feel that this kind of disregard is applied to them by major players in the food industry

Despite a fall in the overall inflation rate — and predictions that the trend will continue — local food prices are still spiralling, despite sharp falls in other Western countries

The latest CPI figures from Central Statistical Services (CSS) show that the year-on-year cost of food rose 21,8% in February, compared with an overall inflation rate of 16,3% The month-on-month food price increase in February was 1,6%, following increases of 1,4% in January, 1% in December and 1,3% in November (see *Economy*)

With declining real remuneration, rising taxes and a formidable personal debt figure of 31% of disposable income, consumers are begging to know why they have to pay so much for their bread, let alone butter

It is increasingly difficult to ascertain the real rise in the cost of food When taken as a component of the CPI, of which it makes up a quarter, the figures show an increase of almost 21% last year, compared with 1985

According to CSS, its basket of groceries costing R100 in 1980 cost R250 by the end of 1986 — an average increase of 25% a year Month-on-month increases last year were as much as 2,8% at times

But the "average household" on which CPI was based in 1980 may now spend more than 25% of disposable income on food In February, stockbroker Max Pollak & Freemantle (MPF) found in its annual retail report that food increased its share of retail sales from 34% in 1981 to 42% last year Spending on food can be expected to increase as a proportion of the total when real incomes per head fall

CSS has already conducted a household survey to determine new CPI weightings

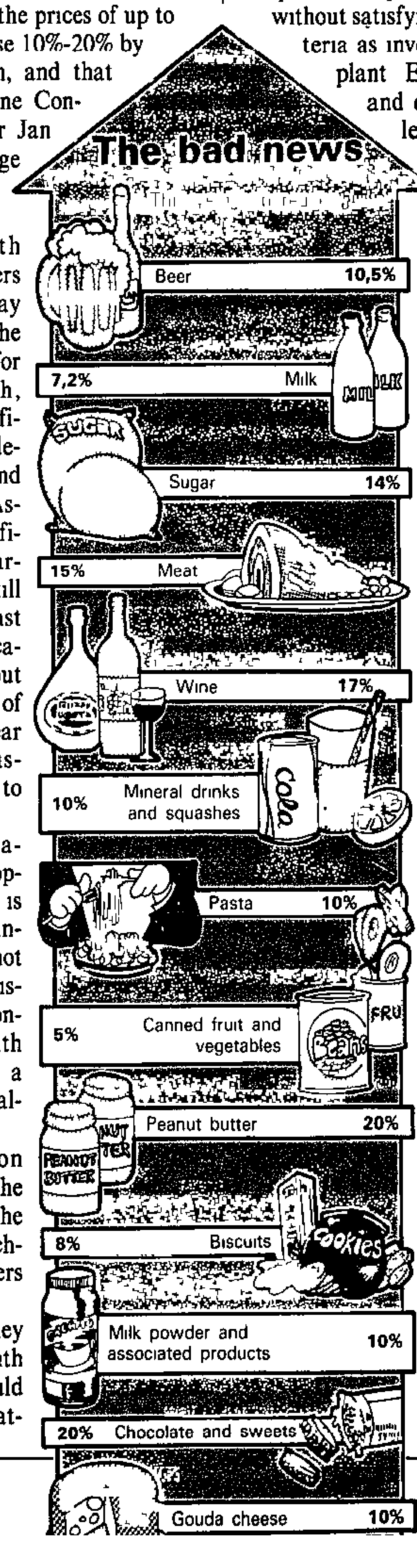
It's a fact that South African consumers are peculiarly hard hit International Monetary Fund (IMF) figures show that world producer food prices have dropped consistently since 1981, falling by an average 12% last year alone The IMF says this is largely a result of "dramatic declines" in the prices of vegetable oils and cereals

It adds that large harvests of many crops since 1984-1985 led to the build-up of supplies in many countries, "prompting governments to introduce measures to reduce the budgetary costs of price-support programmes Consequently, international competition for export markets heated up, leading to lower world prices "

None of which is true in SA The four-year drought reduced harvests and forced government into further support of producers Political circumstances have reduced the possibility of competing on export markets — and in many cases, local consumers have had to compensate farmers for losses on exports of over-produced commodities

Economic prospects are generally brighter. But consumers face increases of up to 20% on 10 000 food items by June, while elsewhere in the world they are tumbling.

Worse retailers say the prices of up to 2 000 items will increase 10%-20% by the end of this month, and that 10 000 will be hit by June Consumer Council director Jan Cronje says the average increase will be 19%



There is growing concern among both wholesalers and retailers at the effect this may have According to the Stellenbosch Bureau for Economic Research, "fragile" business confidence fell in January despite increased sales and rebuilding of stocks Assocom's business confidence index, though marginally healthier, is still only at the level of last November These indicators reflect doubt about the size and durability of an upturn, a major fear being consumer resistance if prices continue to rise

Consumer organisations complain of shoppers' apathy, but there is already evidence of increased awareness, if not of organised buying resistance In 1980, the Consumer Council dealt with some 220 complaints a month, it now receives almost 2 000

Still, the question arises why is it still the retailers who play the role of consumer watchdog rather than shoppers themselves?

Partly because they can then get tough with suppliers, but it could also be a marketing strategy, geared to make the consumer feel protected and thus less conscious of loss-leader pricing

As one senior retailer says "When we advertise competitive prices, we are not marketing goods We are marketing ourselves."

Price control is actually in the hands of a very few On the agricultural supply side, the vast majority of farmers market through control boards, co-ops or feedlots The prices they receive are, in fact, determined before produce is sold to millers or manufacturers, based on undoubtedly increased input costs

Why these costs have increased is another matter Our tax system encourages farmers to spend on capital items (dams and so on) without satisfying the same economic criteria as investment in manufacturing plant Excessive use of fertilisers and other incentives may have led to the cultivation of what in an open market would be uneconomic land

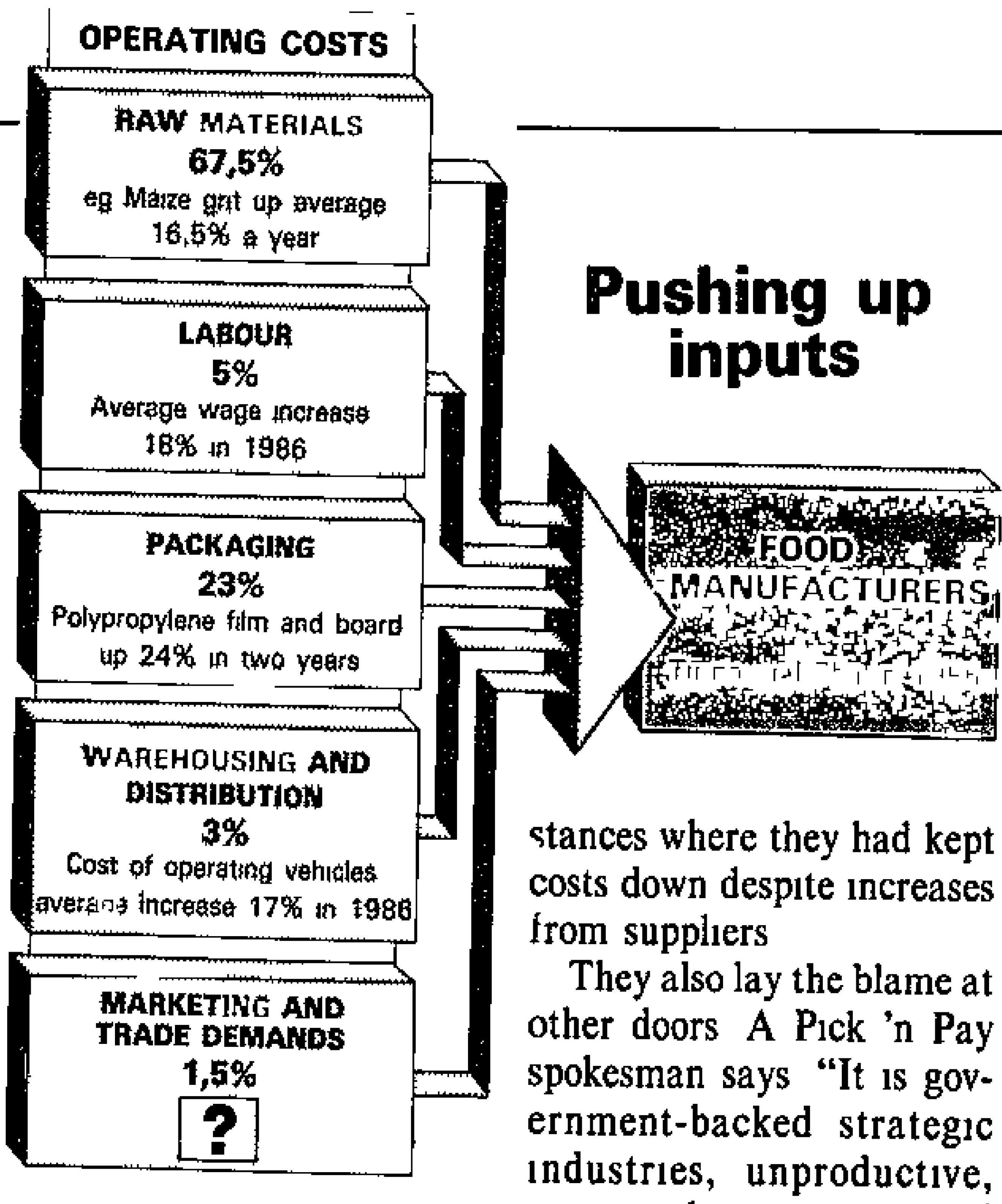
In a strictly accounting sense the farm sector's overall return on capital may well be too low But equally, there are — even after all these years of drought — many extremely prosperous farmers

Given the artificiality of the agricultural pricing system, mechanical calculation of ratios is no more than testing a patient's pulse — it may tell you he's ill, it doesn't tell what's wrong with him But be that as it may, there is not much room for manufacturers to negotiate prices with producers The result is, they say, that they must pass on higher input costs to retailers if they are to stay in business

Retailers, of course, are loath to accept such increases South African companies in this field operate on the lowest gross margins on shelf (13%-14%) in the West, and put reverse pressure on manufacturers

Current wisdom is that the squeeze will cause smaller manufacturers to go to the wall or sell out to larger operations, resulting in a concentration of interests in this field — and the possibility of

Pushing up inputs



price fixing but also, for a while at least, of increased efficiencies as economies of scale apply

In fact, concentration of interests has already taken place Of the Grocery Manufacturers' Association's (GMA) 72 members, 31 are part of 22 multinational groups while most others are in local conglomerates

One has only to look at categories such as canned petfood, mushrooms, biscuits and pasta — each dominated by a single company to the extent of 90% of sales — to see how deeply concentration goes

Many manufacturers say they are operating at full capacity, but have no plans to expand It seems to be easier to push up prices, adding to inflation The industry is capital-intensive, relying to a large extent on imported plant, which is both intrinsically expensive and became more so — entrenching existing producers — as the rand weakened So it is not easy for newcomers to bring in the healthy breath of competition

That this is not the only route, however, is shown by SA Breweries, which gained a virtual monopoly of a major beverage sector by sheer efficiency, and which routinely and as a matter of policy keeps price hikes below the inflation rate, and has just announced that it is spending R500m on expansion

The trouble is that any real improvement in the economy could make matters worse Profitable companies seek new investment outlets. if exchange control dams up funds, sanctions cut export markets and the cost of capital equipment rises, growth must occur through acquisition This in part, too, reflects a tax system which bears less heavily on retained profits than on what is paid out in dividends.

As Trust Bank's latest economic report says "We are concerned about the progressive concentration of power in the private sector with large groups increasing their control in certain sectors This limits competition and lessens cost-consciousness, causing considerable distortions of free market principles and preventing the consumer from participating in the price-making process"

Concentration, of course, does have within it the seeds of its own destruction For large groups with little competition may become inefficient, opening the door to smaller, more efficient enterprises

Further up the line, retailers are in fierce competition with one another, which they claim is to the benefit of the consumer But this is not necessarily true

Checkers MD Clive Weil has achieved near-notoriety for recent claims that major retailers (including Checkers) are contributing to structural inflation His fellows in the industry reacted sharply, pointing to instances where they had kept costs down despite increases from suppliers

They also lay the blame at other doors A Pick 'n Pay spokesman says "It is government-backed strategic industries, unproductive, parasitical organisations and huge monopolies which are the basic cause of the problem These operations have an immense influence on the cost structures of the industry and have the fortune to appear unaccountable to the consumer at large"

Which, says Weil, is beside the point The fact is that with 80% of the grocery trade in the hands of six companies, no supplier can afford not to do business with all of them

As GMA director Jeremy Hele puts it "When one retailer can do 25% of a manufacturer's business, while accounting for less than 1% of that retailer's trade, there must be an imbalance in negotiating power"

This is not necessarily the case abroad In the UK, for instance, Marks & Spencer contributes a high proportion of many manufacturers' sales It takes the enlightened view that in the long run it will benefit from its suppliers being financially healthy, and will ditch a supplier whose prices are reasonable only if quality standards fall unacceptably In any case, the sheer size of foreign retail markets gives suppliers more room to replace lost contracts

Certainly no South African supplier who wishes his products to continue to be stocked can refuse to pay the confidential rebates demanded by retailers Such rebates, which usually take the form of an *agterskot* to the retailer, are generally linked to an increase in money value of sales rather than volume

Once a certain rebate from a supplier has been set, it is usually not lowered, even if a retailer's performance in moving the product drops Consequently, manufacturers must cost rebates into the original price of goods Whether this is a net cost to the consumer depends on whether it increases overall retail price levels, which is well-nigh impossible to establish But it clearly improves the market share of those who gain rebates (the big chains) at the expense of those who don't (corner stores) So, for better or worse, it encourages concentration in the retail sector.

Another result of the system, says Weil, is that "big brands" are growing in importance for the retailer, while "smaller" brands are in decline "Simply, supermarkets tend to support the uniquely positioned known value items (KVIs) and market them better We do this because customers prefer to buy brand leaders on special rather than cheaper, less known brands — and that means bigger rebates and bigger profits for us," he says

Consumers, of course, have the remedy for this in their own hands

Other demands made by the retail trade on manufacturers include listing fees to put new products on the shelf, opening discount deals lasting a minimum of three months, and charges for freezer space and prime-position gondola ends of anything from R1 500 to R20 000 a week for four weeks during national promotions Promotional or below-the-line expenditure by manufacturers is expected to reach R300m this year, including discounts, point-of-sale material, competitions and coupons

Above-the-line advertising fees, too, are heavy A package deal which includes being part of a "shopping list" advert on TV, with the pack shown but no mention of the product name, could cost a supplier as much as R30 000, paid to the retailer

Manufacturers have also faced other cost

27/3/87

THE FOOD CHAIN

Every time the producer price of a commodity is raised, it is passed on to the consumer in some way Some examples

☐ **Sugar** The industrial price rose 15% in January, with a follow-on effect on the wholesale and retail sectors The price of 2,5 kg rose 35c in February. Baking and confectionery items, cool drink, tinned fruit, ice cream, brewing and processed food products have increased 5%-15%, depending on their sugar content,

☐ **Milk** The producer price went up 4,5c a litre in mid-February The price to distributors and producers of dairy products went up 4c a litre and that to the consumer 4c-6c The increase also affected cream, cheese and milk powder. Cheese prices rose 10% in February, bringing to 31,5% the total increase in a year,

☐ The price of **red meat** is expected to rise 10%-15% this year in response to decreased supply because of restocking of herds after the drought As consumers turn to fish and chicken, these prices are also likely to rise, and

☐ The subsidy of 11c a loaf on brown and wholewheat **bread** will probably run out at mid-year Coupled with demands for bigger margins from millers and bakers, this must signal a fairly hefty increase in the price of these products

FM 27/3/87

increases recently, not least in packaging, distribution and returns of goods from retailers In most cases they are also required to pay merchandisers and price markers in retail stores To some extent, therefore, though South African retail margins are low, this may reflect a shifting of costs to other links in the chain.

Retailers have not gone unscathed, with the largest overhead increases attributable to wage demands OK Bazaars, for example, was left with an increased wage bill of some R19m after a 10-week strike last year Extended trading hours also mean increased wages According to Sanlam's January *Economic Report* labour remuneration now represents close to 60% of the total cost of goods and services

What the trade terms "shrinkage" also costs plenty It is estimated that the Big Three retailers alone will lose R100m to theft and fraud this year

All of which has to be paid for It would be naive to believe that the support costs of manufacturers are not built into the prices of their products, or that retailers will accept further cuts in margins Deregulation of the agricultural sector is not the complete answer, but it would help Nor is a price and incomes freeze, as recently advocated by both the Consumer Council and the Board of Trade and Industry

What is needed is a thorough re-evaluation of the whole food sector, at primary (farm), secondary (processing) and tertiary (retail) levels

Finance Minister Barend du Plessis says he's concerned at the prevalent view that profit margins must be fully restored before meaningful price reductions can be offered Yes indeed, we must never forget that retailers' assumption of the role of the housewife's friend is a clever marketing strategy

But we must also beware of knee-jerk blaming of excessive food price increases on big business After all, big business controls much of the rest of the economy, where (market-determined) prices have risen more slowly

There are two basic interlinked questions.

- ☐ Why have food prices not fallen, as they have (at any rate, at the primary level) in the rest of the world? and
- ☐ Even if there are special reasons answering the first question, why have food prices outstripped other sectors — where input prices *are* more subject to the normal laws of supply and demand?

If — as the *FM* suspects — the answers are not unrelated to the historic political power of the farm sector and its attendant bureaucracy, it will be interesting to see whether this beneficence is repaid on May 6. If large parts of the platteland swing rightwards, political expediency could join economic good sense in justifying a wholesale reconsideration of policy ■

HOW SPECIAL?

Consumer involvement

	'83	'84	'85	'86
Look in newspaper for grocery specials	52%	49%	41%	40%
Compare prices at different stores	30%	29%	27%	25%
Go to store other than the favourite for advertised specials	13%	12%	10%	9%

Source The Food Marketing Institute

METRO

(30) FM 27/3/87

Letting bygones be bygones

Ever since Metro returned to the JSE last June its share price has been a weak performer — yet profit growth has exceeded expectations.

The stock market is often unforgiving, and sometimes perhaps a little unfair In the mediocre rating accorded Metro since its return to Diagonal Street last June, elements of both will be found As a relisted company, the wholesaler has delivered even more than it promised. Interim profits were up 30%, well ahead of the group's earlier prediction of 20% growth You would hardly say so after looking at the share's collapsing trendline, which shows Metro radically underperforming the retail sector index

Possibly the chain bears some residual tarnish from its association with the erstwhile Kirsh group More fundamentally, some investors might be put off by its large size, comprising more than 130 stores Metro seems a pretty mature group, and operates in a food wholesaling industry that has become fiercely competitive But if the recent profits failed to refute any notion of a slowdown, most would not have missed last week's signal of a major deal with potential material benefits for Metro

Metro has emerged as an unexpected predator, successfully stalking the R540m-turnover Frasers group, itself somewhat underrated on Diagonal Street (see *Fox*). It was confirmed on Monday that Metro has taken a major stake in the diverse consumer group by acquiring from the McDonald family their 32% interest in Frascon, the Frasers pyramid company Metro will attempt to raise its stake over 50%, going for control of the Frasers group

Metro's growth potential should be considerably enhanced by the deal. Firstly, by its being able to consolidate the accounts of recovery-bound Frasers Secondly, economies of scale and strategic benefits should be achieved by adding Frasers' 41 cash-and-carry outlets, many located in prime areas, to Metro's related operations While any such deal is unlikely to relieve pressure in the fiercely-contested wholesale food market, it does create new battlelines between Metro and its toughest competitor, Trador

In recent years, fledgling Trador has stolen much of the limelight from Metro It emerged a few years ago as the food wholesale arm of Score, which had until then dealt only in the retail food market Since its listing late in 1984, Score has performed spectacularly in both profits and share price. The share has climbed exponentially since listing from under 200c to 1 475c

Metro's Smith ... expanding the trading base

Founded by previous Metro managers who, led by Carlos dos Santos, defected in the early Eighties, Score has enjoyed several advantages over Metro Its small trading base of 17 Trador stores has meant that, while it is able to add three or four new branches a year, its earnings growth rate has been far steeper than that of its more mature rival Score's earnings have grown at 50% a year compared with Metro's 30% Moreover, with their intimate knowledge of Metro, Score's managers could target its expansion at all the key trading areas near the most profitable Metro stores

But the scenario could be changing That, at least, is the view of Metro MD Cecil Smith, who believes that "the worst of Score's onslaught could be over, as it is clearly running out of good areas it can poach Soon they will have to move into 'B' areas, which are not as well located, or as profitable as the 'A' areas " Metro stores are tied into relatively attractive long leases, which Smith believes gives it a definite advantage over Score, which could find itself locked into more expensive leases as it expands in a recovering property market

Metro is fighting back Limited in scope to expand its network, the chain is finding growth elsewhere It has extended its product range, recently adding a range of liquor products It has diversified into new trading formats, and, with the move on Frasers, has bought additional operating capacity

The group's traditional customer base —

Kritzman in 1982 when the accused became his client.

Mr Lang's firm represented Mr Kritzman in a case where the accused and his company were sued by the QwaQwa Government.

On September 25 Mr Kritzman and his son approached Mr Lang in a public parking garage near his offices in Twist Street, Johannesburg.

He said Mr Kritzman accused him of becoming rich as a result of the QwaQwa case.

Mr Kritzman asked Mr Lang for a lift to his uncle's video shop.

Once near the shop, Mr Lang said: "I saw his son reaching for the door. At that moment I felt a tremendous heat within my face. It was as if there was an explosion. I did not hear the shot, felt no pain and lost consciousness."

The hearing continues. — Sapa

Inflation continues to creep upwards

244

E Post 24/3/87

PRETORIA — The inflation rate as measured by the consumer price index had increased slightly to 16,3% in February, from 16,1% in January, the Central Statistical Service said in Pretoria yesterday.

It was 18,1% in December 1986 and averaged 18,6% last year.

From February, 1986, to February, 1987, the indices for the lower, middle and higher income groups increased by 16,8%, 16,7% and 16% respectively.

The monthly increases (February, 1987, compared with January, 1987) were 0,9%, 1,1% and 1,1% for the lower, middle and higher income groups respectively.

Food prices increased by 1,6%, down from 3,1% in January.

Fish prices increased by 2,5%, milk and eggs by 2,9%, vegetables by 3,9%, sugar by 5,8%, cigarettes and tobacco by 4,9% and motor vehicles by 3,6%.

3 killed in IRA terror

BELFAST — A civilian employed in the prison service and two police detectives were killed last night in a gun and bomb attack in Londonderry.

In a message to Belfast news organisations, the Irish Republican Army has claimed responsibility. It has declared police and prison staff legitimate targets in its guerilla war to drive the British from Northern Ireland. — Sapa-AP

Aged home poisoning death toll reaches 18

CARACAS, Venezuela — The death toll in a mass poisoning in an old peoples' home rose to 18 yesterday and authorities said another victim tried to commit suicide.

A total of 126 old folk were taken to hospital after the incident last week at the San Pablo geriatric home in San Cristobal, 850 kilometres west of here. They drank masato, a fermented brew holding lethal levels of parathion insecticide. — Sapa-Reuter.

Landslide kills man

ISCHIA — A mass of rock and cement crashed on to a restaurant on the island of Ischia in the Gulf of Naples yesterday, killing one man.

Improved prices give some hope to Rooiberg investors

By Teigue Payne

Improved conditions on the international tin market should provide some hope to investors in Rooiberg Tin — provided the rand does not strengthen against sterling.

Late last year Rooiberg announced a one-third cutback in production by reducing its mining activities by about 50 percent and concentrating on its richest "C" mine.

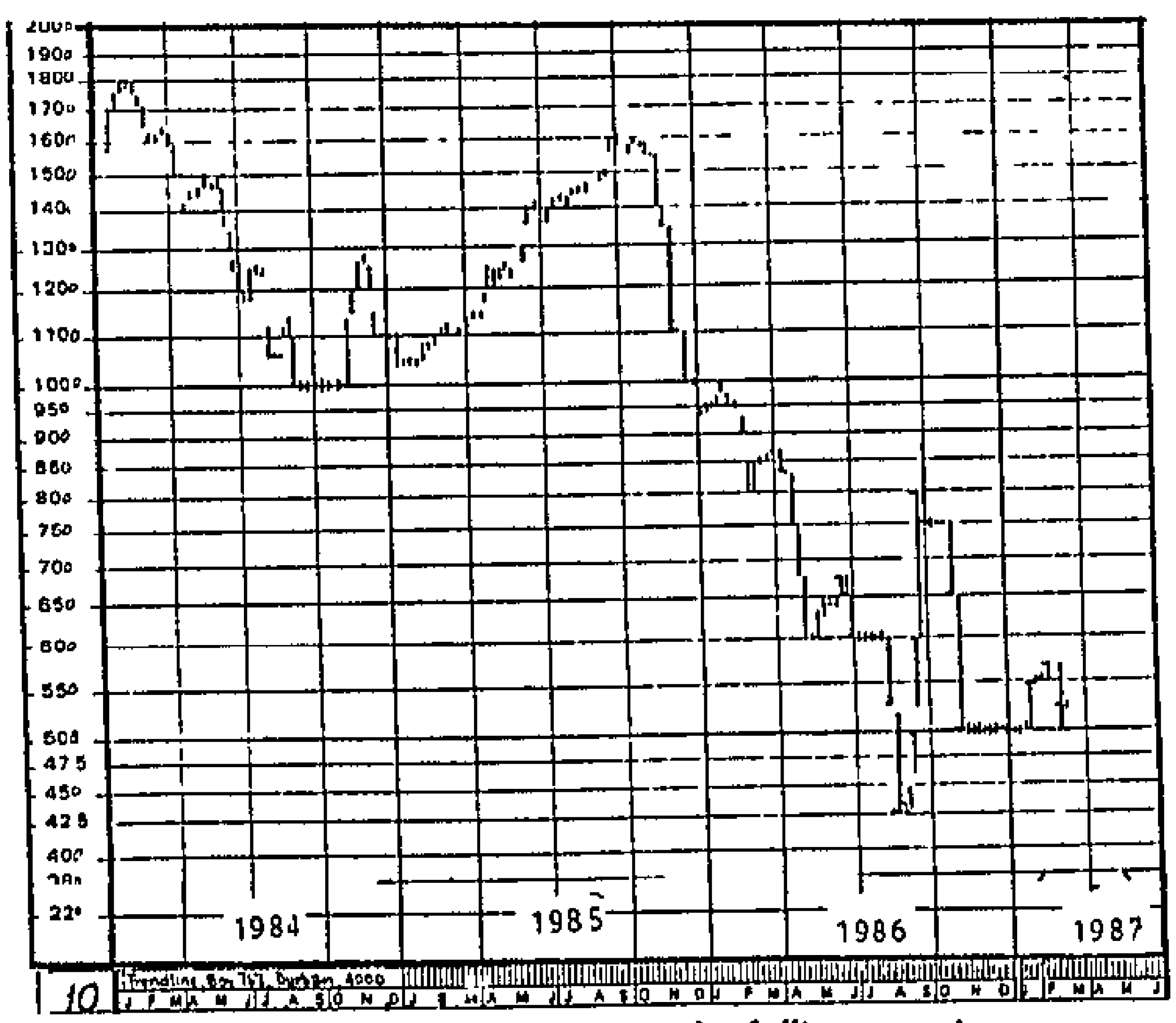
The announcement followed the collapse of the price support programme of the International Tin Council, which sent prices plunging from about £9 000 a ton in October 1985 to a low point of about £3 600 in July 1986.

The £3 600 July price was equivalent to about R14 000. Although the tin price strengthened slightly thereafter to about £3 800 in early October when the cutback decision was taken, because of the strengthening in the rand, the price for Rooiberg had dropped to about R12 500 a ton.

Almost immediately after the cutback decision, the sterling tin price rose sharply to around £4 500. Because of the stronger rand, the improvement was noticeable, but not as sharp. The price to Rooiberg rose to about R14 400, and has remained there since.

The scenario emphasises how vital the rand's movements are to Rooiberg.

At the time of the collapse, total trading stocks of tin were 88 000 tons, but since then these stocks have reportedly been reduced to 61 500 tons at the end of December. However, of that



Rooiberg's share price mirror's the falling tin price.

stock, 41 000 tons are understood to be in the very firm hands of Bumiputra Bank of Thailand, the Malaysian Bank and the Bank of Tokyo.

Two of these banks are in producing countries, and none is likely to sell large quantities of tin in a way detrimental to the market. While it had been thought the banks might start offloading tin when the price reached £4 000, this has not happened. Brokers believe they may start selling when the price reaches £5 000 a ton.

The London Metal Exchange suspended tin trading following the collapse, and is not likely to resume for some time because it is involved in a tangle of court cases about the matter. The so-called Rotterdam "free market" price is not determined by "open outcry" but is quoted twice weekly by the London Metal Bulletin, from information its editors receive.

Since the local market cannot absorb Rooiberg's production, it exports slightly more than half of this, and both its domestic and export sales are on the basis of the free market price.

The widely held perception that the free market price of tin will rise is based on large cutbacks in world production.

World average cost of tin production is about £6 000 a ton — about 27 percent above the current price. In 1986, according to the International Tin Council (ITC), production was lower than consumption for the first time in several years.

This year, the ITC, which represents all major producing countries except Brazil, has agreed to cut production further, from 103 000 tons last year to 96 000 tons.

Brazil, not an ITC member, is the major unknown in the calculation. It is reportedly not cutting back on its production last year of 25 000 tons, and may produce more this year, to become the world's largest producer.

London-based Warburg Securities believes the long-term price of tin could stabilise at around £6 000, and that the range of price in 1987 could be £4 300 to £5 500, with an average of £4 800.

● Rooiberg's production cutback was planned to bring it back to profitability. The company will not have made a profit last year and is unlikely to be trading profitably yet, since the cutback is not likely to have been completed. Operating costs will not be established before the cutback is complete, but the mine reportedly has the potential to produce profitably at current price levels. If the improving tin market is accompanied by a steady or weaker rand, the company should thus soon start trading profitably.

The company's shares fell steeply after the December 1985 collapse, and particularly after the October cutback announcement. Earnings will in future be on the basis of one-third lower production, but with the shares at about 525c currently, the potential for recovery is strong, especially on long term prospects.

Food prices continue to soar

Finance Staff

The inflation rate for February rose slightly to 16,3 percent, 0,2 percentage points up on January's 16,1 percent. However, food prices continue to soar. On an annual basis prices for food products have risen by 21,8 percent, while on a monthly basis they have increased by 1,6 percent from January to February.

This is the eighth month in succession in which food price increases were above those of all other commodities.

244

STAR

23/3/87

Medicine prices need to be cut, say medical aids

E Post 23/3/87 244 229 182

Post Correspondent

DURBAN — Medicine prices will have to drop by the end of the year because medical aid societies cannot cope with high costs incurred by members.

To do this, manufacturers, wholesalers and pharmacists will have to "pull their belts in" and reduce medicine costs to encourage those on medical aids — but who cannot afford current costs and use provincial facilities — to return to the private sector.

This is the opinion of by Mr Sid Hurwitz, vice-president of the National Wholesale Drug Association, and MD of South African Druggists (SAD), one of the country's largest medicine wholesalers.

He was reacting to the controversy surrounding a call by the South African Association of Retail Pharmacists (Saarp) for a change in the Government tender system for medicine.

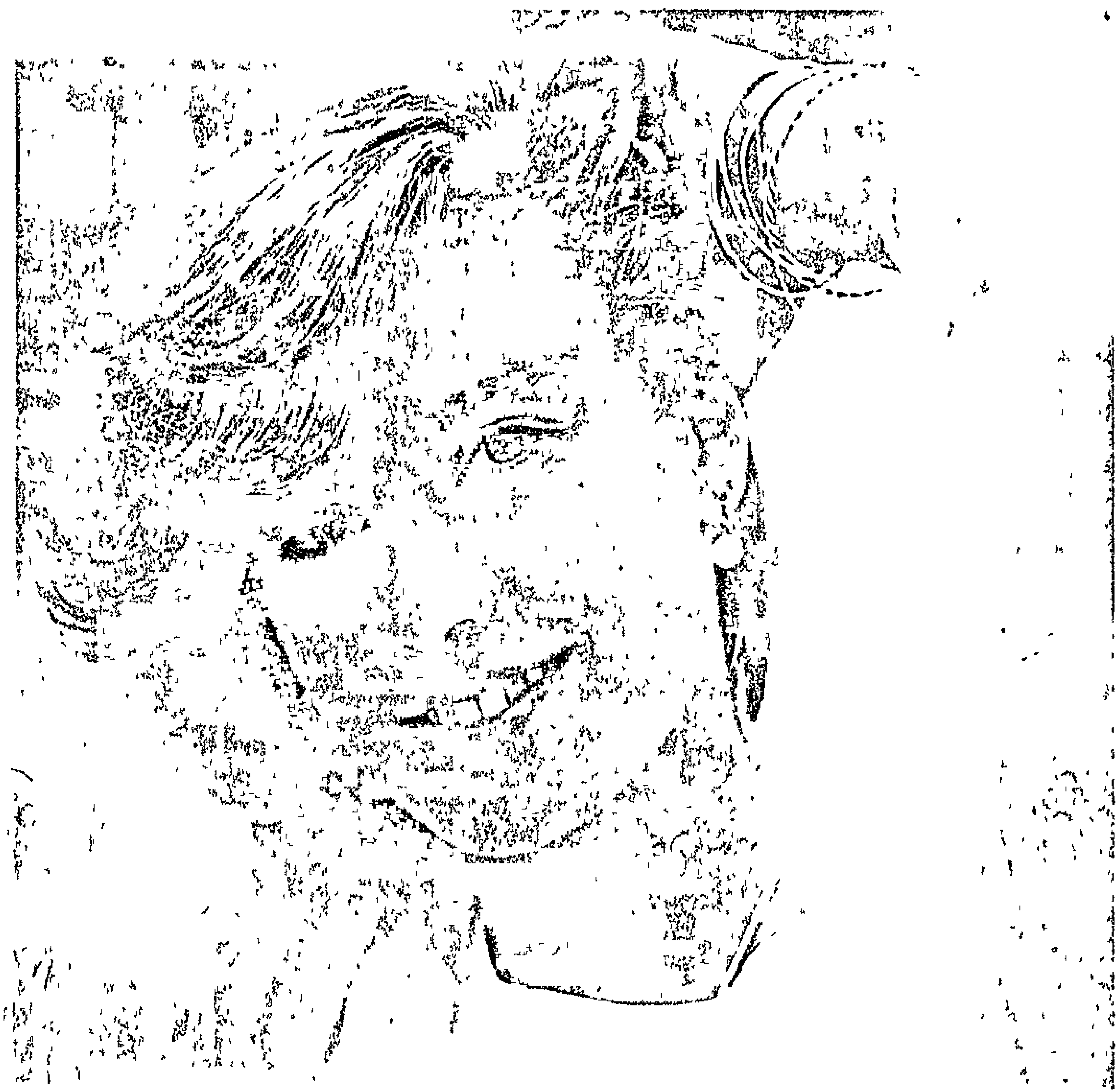
Saarp says the Government is paying ridiculously low prices for medicines and that those people buying medicines in the private sector are being forced to subsidise the low costs.

Only 15% of the population gets its medicines in the private sector and, according to Mr Hurwitz, there are a large number of people, mainly geriatrics, who need long-term therapy.

If they bought their medicines in the private sector, their medical aid allowance would be soon used up.

These were the people who needed to be enticed back into the private sector with lower prices.

"If prices were reduced, they people would be encouraged to come back into the market. Understandably, pharmacists are nervous about dropping their prices — legislation prevents them from advertising — but if more people came into the sector the prices would be kept down and it would still pay."



Johannesburg's Rand Afrikaans University hopes the champagne will be flowing tomorrow after their match against Potchefstroom. Champagne Girl, Elma Hattingh (17), will be among the supporters.

Peres denies nuclear co-operation with Pretoria

STAR 20/3/87

TEL AVIV — Foreign Minister Mr Shimon Peres, announcing a reduction in ties with South Africa, has denied allegations of Israeli nuclear co-operation with Pretoria

The Labour Party leader told parliament Israel had decided not to sign any new defence contracts with South Africa in line with US policy against military relations with the minority government

In a message to Mr Peres, Pretoria had condemned the Israeli move, calling it pointless and liable to lead to "negative developments", Israeli state radio said last night

Mr Peres declined to say how long the existing contracts, which Press reports estimate are worth up to $500 million (about R1 100 million) a year, will run

He said officials would make further recommendations within two months on policy towards Pretoria

Mr Meir Wilner of the Communist Party accused the government of co-operating with South Africa in the production of nuclear weapons

"You are fabricating baseless slanders," Mr Peres shouted "You are prepared to believe any lie about Israel"

Reports published abroad have said that Israel and South Africa may have tested a nuclear bomb in the Indian Ocean in 1979

A US law empowers Congress to cut off aid to nations violating a long-standing international arms embargo on South Africa

Foreign Ministry director-general Mr Yossi Beilin said Israel's ties with South Africa would be significantly reduced, especially in cultural and scientific fields — Sapa-Reuter

Randburg to pay more for water

STAR 20/3/87

Randburg householders will pay between 12c and 15c a kilolitre more for water from May

The Rand Water Board's 30 percent bulk water supply tariff increase, effective from April 1, has forced the town council to increase individual domestic water tariffs

On the principle of the less water consumed the lower the tariff, consumers who use 40 kl or less a month will still get water at cost

Charges 'to "cover capital costs and contributions to reserves for capital works" go up from R4,50 to R5,68 a month

Dutch bank stops SA deals

STAR 20/3/87

AMSTERDAM — The prominent Dutch investment bank of Pierson, Heldring and Pierson has halted its dealings with South African concerns because it fears terrorist action against its offices in the Netherlands, according to a company spokesman

Amsterdam-Rotterdam Bank, Pierson's parent company, stopped its South African operations last year, citing opposition to apartheid.

Pierson is the third major Dutch firm to pull out of South Africa in two months The SHV trading multinational announced its withdrawal on January 19 because of a series of firebomb attacks against its Makro supermarkets in the Netherlands On January 22 Forbo Krommenie announced it was cutting ties with a former subsidiary, Krommenie Limited

In the Netherlands firebomb attacks have also been made against Shell petrol stations to protest against the Anglo-Dutch oil giant's operations in South Africa

The Dutch Government refuses to reinsure companies that suffer terrorist attacks in the Netherlands because of their South African affiliations — Sapa-AP

It's official — food costs more in Durban

19/3/87 N/M 244

Mercury Reporter

THE cost of an average shopping basket in Durban is almost R10 higher than the national average, according to a survey by the Central Statistical Service.

The survey found the average shopping basket cost for South Africa in January this year was R197. For Durban it was R206,05.

The average is worked out using figures obtained from the Cape Peninsula, Port Elizabeth/Uitenhage, East London, Kimberley, Pietermaritzburg, Durban/Pinetown, Pretoria/Verwoerdburg, Klerksdorp/Stilfontein/Orkney, Vaal Triangle, OFS Goldfields and Bloemfontein using food items which would make up a basic monthly shopping basket.

The 64 items include bread, flour, cereal, rice, meat, fish, cheese, butter, margarine, cooking oil, eggs, vegetables, fruit, tea, coffee, sugar, jam and salt.

There are very few luxury items on the list. They are syrup, honey, marmalade, condensed milk. Some of the meat cuts are rump steak, lamb, bacon and ham.

The food items which, on average, were more expensive in Durban were (national average price in brackets):

500 g rice — R1,20 (R1,15), rump steak — R14,47 a kg (R11,13), boerewors — R8,72 a kg (R6,76), dressed chicken — R5,25 a kg (R4,25), 400 g frozen hake — R2,22 (R1,89), 450 g canned peas R1,12 (96 c), beetroot R1,31 a kg (95 c).

Fresh pears — R2,02 a kg (R1,93), 822 g canned pears — R1,72 (R1,41); 822 g canned peaches — R2,06 (R1,63), 250 g tea — R3,10 (R2,71), 500 g golden syrup — R1,75 (R1,55); 907 g grade 1 apricot jam — R3,05 (R2,04).

Statistics also indicate that there was quite a dramatic national food price increase in January.

Meat was most affected with national average increases of up to 60 c on some items.

The price of frozen hake, in contrast, declined from a weighted average price of R2,14 for 400 g in December to R1,89 in January.

The prices of vegetables fluctuated mildly with the exception of lettuce which, in one month, increased from 89 c a kg to R1,51.

Car prices will rise another 12% this year

14/3/87 (244) NM

Mercury Reporter

NEW car prices are expected to rise by about 12% this year

The rapid decline in the value of the rand has caused car prices to rise between 85% and 93% over the past three years During the same period, salaries rose only 35% to 40% and car sales fell dramatically

But the value of the currency has now stabilised and manufacturers plan to keep price increases to a minimum this year, says National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen

He explained yesterday 'From about mid-1984 the rand substantially depreciated and had the effect of pushing up the cost of the imported content in new motor cars quite substantially

'That in turn resulted in a set of price increases without precedent in the history of the motor industry'

About 55% by value of a locally manufactured car is imported

'It's generally accepted that these increases represent the single most significant obstacle to new vehicle sales returning to normal levels,' Mr Vermeulen said

Since late 1986, the rand had 'marginally' strengthened against the motor industry's key currencies, the German mark and the Japanese yen

As long as stability is maintained, manufacturers believe they can keep price increases for the whole of 1987 as low as 12% — more than 5% less than the inflation rate

New car sales have already picked up slightly

February sales were 10,6% more than those in January

Ironically, the depression in the new car market has led to a boom in the used car market Durban dealers report quick used car sales and high prices

'During the period that new car prices rose dramatically, people began switching to used cars instead,' Mr Vermeulen said'

'But as the rate of increase in new car prices tapers off, it will soon filter down to used-car prices'

244 19/3/87 STAR.

Decision on water rates next week

Municipal Reporter

Johannesburg's management committee meets next Monday to decide whether to recommend that consumers bear the full 30 percent Rand Water Board tariff increase due to be implemented in April

Mr Jan Burger, chairman of the Housing and Utilities Committee, said in the past the council had sometimes borne part of the increases.

Mr Burger said further water tariff increases would be announced when the Department of Water Affairs passed on part of the cost of the Lesotho Highlands scheme

Bread price hike likely within next 6 months

244 B/Day 17/3/87

GERALD REILLY

A SUBSTANTIAL increase in the bread price could be announced by Finance Minister Barend du Plessis in his June 3 Budget, say Pretoria sources.

If not, a price hike is certain from the start of the new wheat season in October The current financial year's total subsidy of R193m is running out.

It is considered unlikely a similar amount will be available to support the bread price in the 1987/88 financial year The R193m is made up of a government subsidy of R150m, R31m grant from the Wheat Board's stabilisation fund, and the R12m profit made last year on wheat imports.

Government sources say it is unlikely the Wheat Board will again be in a position to boost the subsidy, and as there will be no imports of cheap wheat in the new season, there will be no profits to add to the subsidy

The wheat price is also likely to be raised in October, which will have to be recovered by a price hike. Meanwhile, the Wheat Board says a near-record crop of 2,237-million tons is expected this season.

This is enough to meet the local need, which is increasing at about 3% a year.

Report by Gerald Reilly 216 Vermuelen Street Pretoria

EPOST 244 13/3/87

Lower coffee price to filter through

Post Correspondent

JOHANNESBURG — Coffee drinkers have not yet had the full benefit of lower prices of raw coffee beans on the international market but retailers expect prices to drop soon.

A survey by The Star showed that, between June last year and January this year, the price of pure coffee granules increased by 67%

Over the eight-month period, Nescafe increased in price from R7,76 to R12,99 for a 250g bottle

In January, supermarkets decreased their coffee prices slightly and a 250g bottle of Nescafe retailed at R11,75 — including GST

A buyer for a retailing company said that, while some coffee suppliers had passed on dramatic price declines in raw coffee bean prices, others had not "seen fit to follow this lead".

A price reduction by one manufacturer enabled supermarkets to lower the price of one brand of instant coffee by R1 (for 250g) in January

A survey conducted by a Johannesburg marketing company showed that between June last year and January this year, price increases for various brands of the cheaper instant coffees varied from 32c to R1,32

Price variations are influenced by the type of beans and quantity of coffee in blends, many of which contain chicory or barley.

Pure coffee will benefit more from lower raw coffee bean prices on the London Coffee Futures Market

Between July last year and January this year, the price of pure ground coffee increased by 14% for a 250g packet of ground coffee beans, previously sold for R4,79, now sells at R5,49

The chairman of the South African Tea, Coffee and Chicory Association, Mr G D Varnals, said that the impact of lower overseas coffee prices would take a while to "filter through to the consumer"

Pretorians pay for eating well

GERALD REILLY

PRETORIA — Verwoerdburg might be SA's highest-income area, but it costs the affluent public-service mandarins and SADF generals a lot more to live there than it would in other SA areas

According to the average retail prices of food, issued yesterday by Central Statistical Services (CSS), Pretoria prices are generally way above the weighted average for the 12 major urban areas.

For instance, consumers in Pretoria-Verwoerdburg paid R13,24/kg for rump steak in January, compared with R10,11 in Johannesburg.

Red meat prices continued to advance in January, CSS says. The weighted average price of beef hindquarters rose to R6,24/kg, compared with R5,56 in December — an increase of 10,4%.

Frozen hake, in contrast with the general food-price trend, declined from a weighted average of R2,14/400g in December to R1,89 in January

In Pretoria-Verwoerdburg a kg of mealie meal cost R2,08 in January, compared with a weighted average of R1,68. A similar trend is apparent for fruit and vegetables.

BDay 10/3/87

244

Cheese to cost more

5/3/87

CAPE TOWN — Cheese prices are set to increase by 10%, bringing to 31,5% the increase in this basic food in the past year

The price of cheese was upped by 10% as recently as January when the producer price of milk was increased

A retail chain spokesman said he could not understand how manufacturers could warrant a 31,5% increase within a year.

There has been no response to appeals to the Minister of Trade and Industry for an investigation of the price increases — Sapa

Panic buying by butchers as price of beef soars

ARGUS 4/3/87

244

Staff Reporter

THE price of prime beef has rocketed by 20 percent in the past week, bringing the wholesale price to R5,50 a kg — higher than it was at Christmas.

The price spiral follows a scramble by wholesalers to get stock because of fears of a possible shortage of beef while the Maitland abattoir is closed for repairs.

Cape Town butchers warned today that smaller companies might be forced out of business if prices continued to rise.

The abattoir will be closed four times between now and May — from today until March 11, March 18 to 25, April 1 to 8 and April 29 to May 6. During these periods the Cape Town meat market will be supplied from South West Africa.

A spokesman for the Meat Board, Mr J Krause, said the abattoir was more than 20 years old and in need of repairs

"The abattoir will still slaughter from time to time, supplementing the stocks from South West Africa I cannot project prices at this stage, but I can give the assurance that there will be sufficient supplies for all the butchers in Cape Town," Mr Krause said.

Many butchers in Cape Town are worried, however, that some smaller companies may have to close down.

"I am considering opening on only three days a week. Fewer and fewer customers are coming to buy meat," a city butcher said today.

Mr Herbert Maier, owner of a family butchery, said the closure of the abattoir would affect small companies badly.

"Yesterday, I was promised 200 head of beef. I only received 80. The decrease in supply will definitely push the prices up," he said.

"Smaller butchers might be forced to close down as fewer people will be able to afford meat."

Mr Meyer said he was paying R5,50 for beef supplied by the abattoir, which forced him to push prices as high as R7,60 a kilo. These prices are higher than they were at Christmas.

The manager of a local wholesale meat supplier said most butchers were panic-buying, pushing the prices even higher.

"Many butchers are worried that they will not receive adequate supplies once the abattoir closes and are buying up all available stocks."

He said there would be a shortage of high-quality beef from South West Africa, but lower grade beef would be in plentiful supply.

"We might even see the price of low-grade beef come down, but I doubt very much that high-quality meat will cost less than it does now for a very long time."

Hospital fees set to rise from April 1

DD, 4/3/87

244

Patients divided into three categories for adjustments

Dispatch Correspondent

CAPE TOWN — Hospital tariffs will be increased from April 1 this year since they are linked to medical aid benefit scales which were adjusted at the beginning of this year, the Administrator of the Cape, Mr Gene Louw, announced yesterday

He said the new hospital fee structure introduced last year had worked well and had ensured that "both the indigent and affluent patient make a fair contribution to services rendered"

Patients would be divided into three categories for the April 1 adustments These would be

- Nominal tariffs for state patients, who are people not liable to pay income tax, that is, indigent people and social pensioners, who will have to pay a minimum of R1 or a maximum of R2 per day for hospitalisation or per out-patient visit, depending on the income of the family unit

- Comprehensive tariffs for semi-state patients, being people who are liable to pay income tax and are able to make a significant payment for health services but cannot afford the services of the private sector

As in-patients they would have to pay a day tariff according to a sliding scale ranging from R9,50 to R38 at institutions rendering specialist services, and from R4,75 to R19 at institutions rendering general practitioner services

As out patients they will have to pay R5 to R20 and R3 to R10 per visit at institutions rendering specialist and general practitioner services respectively

- Separately specified tariffs for private patients, being people who are liable to pay income tax and as a rule have to make use of health services rendered by the private sector but have to be treated at provincial institutions for various reasons

"Depending on the ammount of income tax they pay these people will be charged a day tariff according to sliding scales for hospitilisation as well as a single payment during the admission period for the use of theatres, X-ray and laboratory examinations, medication and the cost of protheses

"The day tariffs for hospitalisation at institutions rendering specialist services range from R47,50 to R76,00 and at institutions rendering general practitioner services from R23,75 to R38

"As out-patients, all private cases will pay fixed tariffs of R25 and R12 per visit at institutions rendering specialist and general practitioner services respectively The fees for the use of theatres, X-rays, medication etc in the case of out-patients are payable once only per admission or visit"

Mr Louw said the hospital fee structure was based on the amount of tax which the family unit is liable to pay and considerable deductions could therefore be made if justified

Medical superintendents had been authorised to reduce or waive accounts of patients who were not in a position to pay their hospital accounts Patients who were not in a position to pay for services should take up the matter in writing with the medical superintendent

Cheese price to rise by 10%

CML Times 28/2/87 244

Staff Reporter

THE price of yellow cheese will rise by almost 10% on Monday to bring the total increase in the price of cheese over the past 12 months to 30%

The wholesale price of cheddar will increase from R6,35 a kg to R6,90 a kg and gouda will go up from R6,35 to R6,68 a kg

This is the second increase in the price of yellow cheese this year and it has been slated as "ridiculous" and "unjustifiable" by leading supermarket chains.

The general manager of perishable goods at Pick 'n Pay, Mr Raymond Murray, warned that the increase would discourage people from buying cheese and would jeopardize the dairy industry.

He said the cheese shortage had been cited as the reason for the increase, but said this did not justify the new price.

"If supplies of the product increase, they will not lower the price again," he said.

Checkers' group merchandise director, Mr John Williams, called for better planning from manufacturers and the gradual phasing-in of price increases.

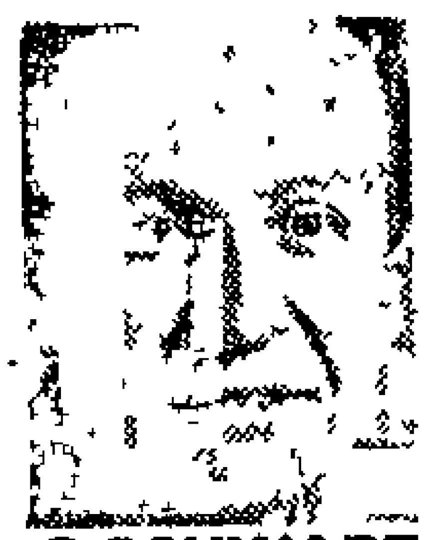
Both groups said the cheese shortage and the lack of warning from manufacturers had made it difficult for them to cushion the increase by stockpiling cheese

Warning of price shocks

25/2/87

B/Day GERALD REILLY 2.44

DAMMED-UP price shocks would hit the economy after the May 6 elections, PFP finance spokesman Harry Schwarz warned yesterday.



● SCHWARZ

They would include a series of administered price rises — among them higher Sats tariffs and certain postal and telegraphs charges.

Schwarz said a downturn in the CPI was likely to be maintained in the next few months. The index would, however, probably start to climb again in the later half of the year.

The price for pre-election concessions would have to be paid with a spurt in living costs in the second half.

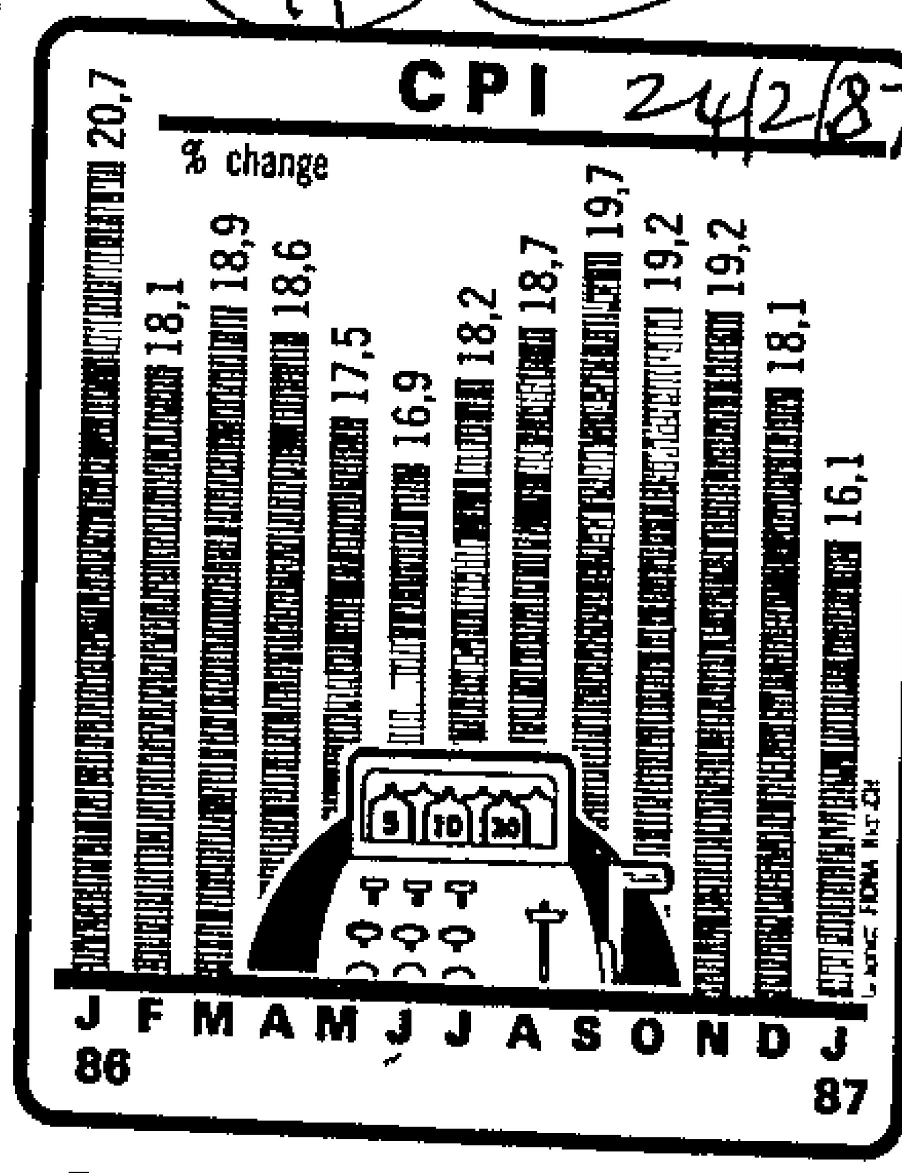
Government would attempt to highlight progress in limiting inflation and unemployment and in stimulating the economy towards greater growth, and it could be expected that extraordinary efforts would be made to keep the economy bouyant by pumping more funds into the system.

Efforts would be made to reduce pressure for interest rates to rise, Schwarz said. However, they were likely to escalate in the second half of the year.

The extent to which the taxpayer would be asked to fund salary increases for public sector workers would also be made known in the June budget.

Report by Gerald Reilly, 216 Vermuelen Street, Pretoria.

(244) B/Day 24/2/87



CPI inflation rate drops 2%

HELENA PATTEN

INFLATION, as measured by the consumer price index (CPI), dropped by 2% to 16,1% in January, Central Statistical Services said.

This was the lowest year-on-year increase since July 1985, when the increase was 15,9%.

The increase was 18,2% in December and 19,2% in November.

The CPI rose 1,4% in January to 248,3, compared with a 1% rise in December to 244,9, indicating that inflationary pressures have not yet eased.

The lower year-on-year rate was mainly because of the above-average monthly 3,1% increase in the CPI in January 1986, when inflation reached a peak of 20,7% This year's increase therefore was taken off a high base.

Between January 1986 and 1987, the rate of increase in the price index was 16,3% for the lower income group, 16,4% for the middle income group and 15,9% for the higher income group.

Food prices contributed to more than half the 1,4% increase in the CPI last month, rising 3,1% — the highest since January 1986, when they rose 4,4%

Food price spirals on

NATIONAL/INTERNATIONAL

The Argu

ARGUS 24/2/87

244

Steady rise although inflation rate takes dip

The Argus Correspondent

JOHANNESBURG — Consumer groups have welcomed news that the inflation rate dropped two percent in January, but they are concerned that food prices are still high

The Department of Central Statistics announced in Pretoria yesterday that the inflation rate had dropped by two percent to 16,1 percent last month.

But food prices continued their steady rise of the last few months and the index rose at an annual rate of 19,3 percent

The national president of the Housewives League of South Africa, Mrs Lyn Morris, said she was pleased the inflation rate had dropped, but said steadily increasing food pricess were cause for concern

Three points higher

"We must examine the food inflation rate — it is three points higher than the overall rate," she said

"This problem must be dealt with."

The Department of Central Statistics said the rand's exchange rate against major overseas currencies had been stable and the price of most imported products had remained reasonable, notably spares for the motor industry

Mrs Morris welcomed the steady prices of imported prouducts but said these were goods people could do without

The chairman of the Consumer Council, Professor Leon Weyers, said the drop in the inflation rate was good news

"I hope this trend continues But I am pessimistic about food prices, which increase all the time," he said

"I do not think the man in the street would agree the inflation rate has dropped when he goes shopping"

He said although the inflation rate had dropped it was still unacceptably high.

"But if this decrease marks a trend, it is something positive"

The president of the Consumer Union, Mrs Lillibeth Moolman, was worried about the high food prices

"There is a continual upward spiral of food prices and people are finding it difficult to cope"

She suggested all commodity prices should be frozen and prices should be stabilised

CAB 7/1/78 (262)
20/2/87 (244)

Postage on local letters up 2c

Political Staff

WARNING that more postal-tariff increases can be expected later in the year, Home Affairs and Communications Minister Mr Stoffel Botha yesterday announced that postage on letters is to go up by 2c from 14c to 16c from April.

Presenting a R3 billion Post Office Part Appropriation Bill (mini budget) in Parliament, Mr Botha declared that this increase — which will boost postal revenue by R33m over 1987/8 — must be seen as merely a step in the "gradual adjustment of postal tariffs to make them more cost-related"

The Post Office's biggest losses — R129m over the past year — were in respect of its postal services

Detailing the Post Office's "global" finances, Mr Botha said the organization's operating losses for the year were likely to amount to R192m, to be defrayed from profits realized from certain segments of the telephone service and from loans

It was expected that operating expenditure to the end of March would total R3,45 billion as against the original budget estimate of R3,42 billion, an increase of about 1,1%

Total expenditure is estimated at R5,41 billion

Mr Botha said further tariff and salary adjustments would be dealt with in the Post Office's main budget, to be presented towards the end of May

He announced yesterday that Mr Wim de Villiers, who recently completed an investigation into the operations of SA Transport Services, has also been appointed to carry out a similar exercise for the Post Office

His investigation is already in progress

FM (244)

THE PUBLIC SERVICE

No holding the Hydra

That civil servants should get a fair shake when it comes to salary increases is not in question. What is worrying is that the numbers in government should continue to increase despite recession and some deregulation. In short, what has happened to the promise that South Africans could look forward to less government in their lives?

As President Botha told it last year, SA could look forward to less government in its future But many were sceptical, and as it turns out, the sceptics were right.

The hard fact is that the civil service, as reflected on Pretoria's payroll, is bigger today than at any time in the country's history At the end of September, according to Commission for Administration stats, 865 385 employees were pulling their pay from central government, the provinces, technikons, universities and the homelands. This was more than 56 708 up on September 1985

The number of civil servants is of particular interest at the moment with public sector pay increases, expected to be announced in June, set to drain about R1 billion a year from the national kitty.

That civil servants are entitled to increases is not in question They, after all, face the same inflationary pressures as everyone else Also, if the research commissioned by the Public Servants Association (PSA) is to be believed, government pay scales have not only been lagging behind the consumer price index (like nearly everyone else's), but running well behind pay rises in the private sector

The figures emerging from a joint PSA-PE Corporate Services study show that in the 10 years to 1986, public service remuneration rose 118% against a CPI increase of 258% At the same time, private sector incomes advanced 231% (whites) and 357% (blacks)

But PE's Naomi Brehm admits the figures are skewed by inordinately large increases in some years, mainly in the private sector She says PE's interim forecast of *private* sector pay increases this year is 13,8%-14% (based on about 1 000 companies) The implied cost is R7,7 billion

The PSA's other negotiating point is the fact that during two years over the past decade, government employees had no increases at all (grade notches presumably excepted)

But then statistics can be made to tell different stories The other side of the coin is that, although average individual increases in government may have lagged behind the private sector, the government wage bill as a whole has been rising as a percentage of the total national wage bill

Figures taken out for the *FM* by Central Statistical Services show that in 1985 the public service absorbed 11,9% of the national wage payout of R61 billion This increased by 23% to 14,7% (of R66 billion) in 1986 This speaks for itself

The reason quite clearly is that while numbers employed in the private sector have been falling through the recession, the size of the civil service has been increasing Why?

With fewer race laws to administer and less demand for government input from the private sector, logic suggests that the size of the civil service should have been shrinking, not expanding

Again, to get to the basics of the problem, the figures need to be analysed with care We thus find that the growing size of government has not been at what might be called the "bureaucratic" level, but in homeland job creation and the provision of services

Numbers in teaching, nursing and the uniformed services have grown (see table) but the complement of bureaucrats (defined under 500 categories generically known as "File 13") has fallen

Arguing against the employment of more teachers and nurses is rather like opposing motherhood And, although police no longer have the task of chasing up pass law offenders, for example, current unrest clearly demands more bodies in the security forces

Teaching, nursing and uniformed services thus account for 15 289 of the newcomers to the civil service at central and provincial government level, while the number of File 13 jobs has fallen by 11 108 With 99 fewer labourers, this creates a net year-on-year increase of 4 082 bodies

Extending the exercise to universities, technikons and homelands, which also draw on the central government account, the figure rises more sharply

As the table shows, numbers employed by the independent homelands soared by 51 903 or nearly 47% between September 1985 and September 1986 But further analysis reveals that 36 547 of them were classified as labourers, suggesting deliberate job creation programmes to counter hardship

It should not be forgotten, however, that Pretoria also contributes directly to the self-governing national states — R425m in 1986-87 Also, the Department of Manpower spent R885m in the 18 months to September 1986 on courses (maximum four weeks) designed to train and retrain people for the job market

Manpower's Piet van der Merwe says some 393 000 people attended, and most of the money was paid on contract to private-sector bodies Further allocations for training are expected in the June budget

The efficacy of such courses is difficult to quantify, but it is interesting to note that the R885m involved comes pretty close to the figure which would be required for civil service salary increases

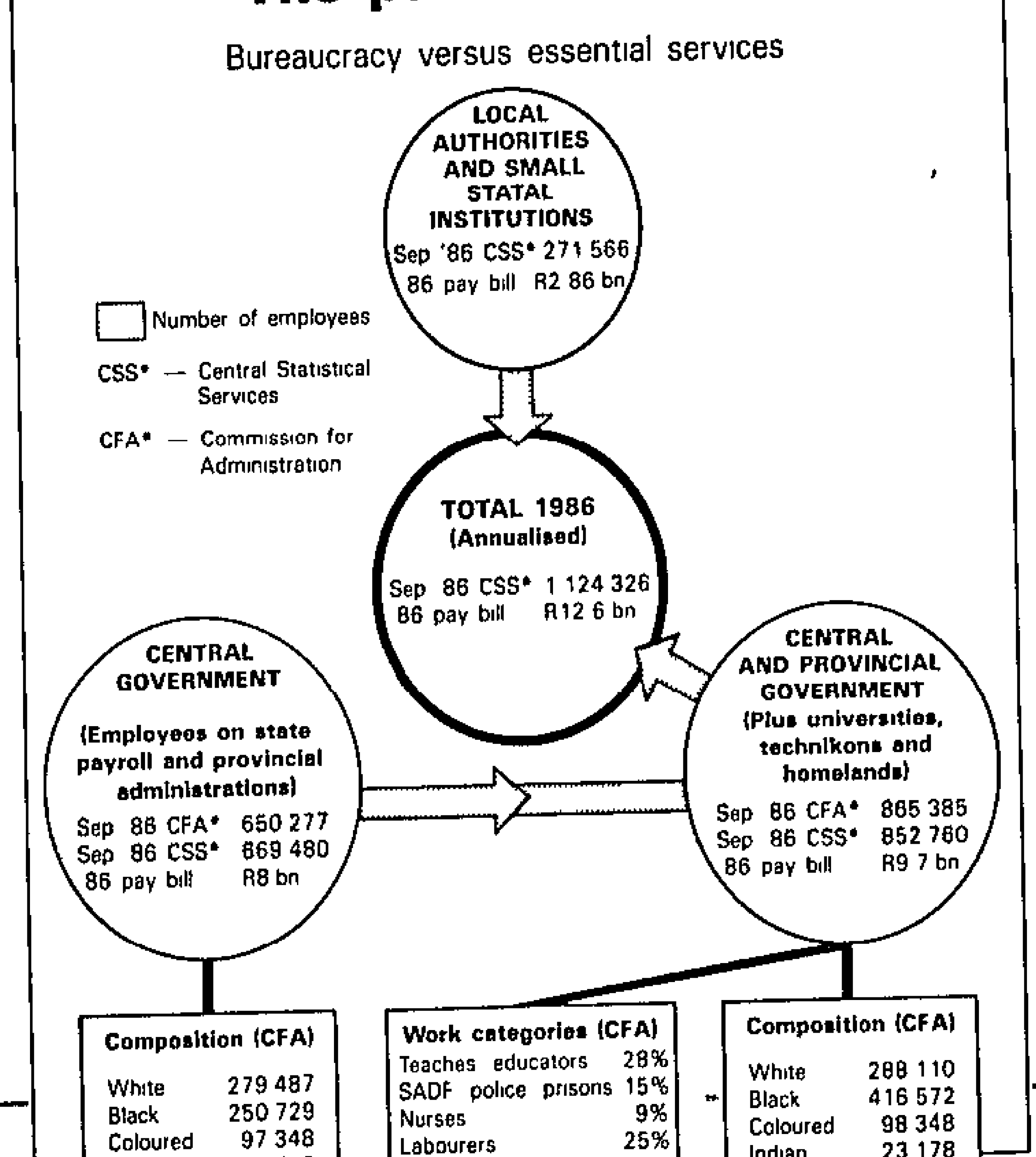
So far as perks are concerned, The Commission for Administration's Corrie Rademeyer estimates that only some 1 200 in the public service qualify for "company" cars, for example. The most authoritative costing on perks generally for the sector is around R200m a year, and it's estimated that the civil servants contribute about 22% of personal taxes

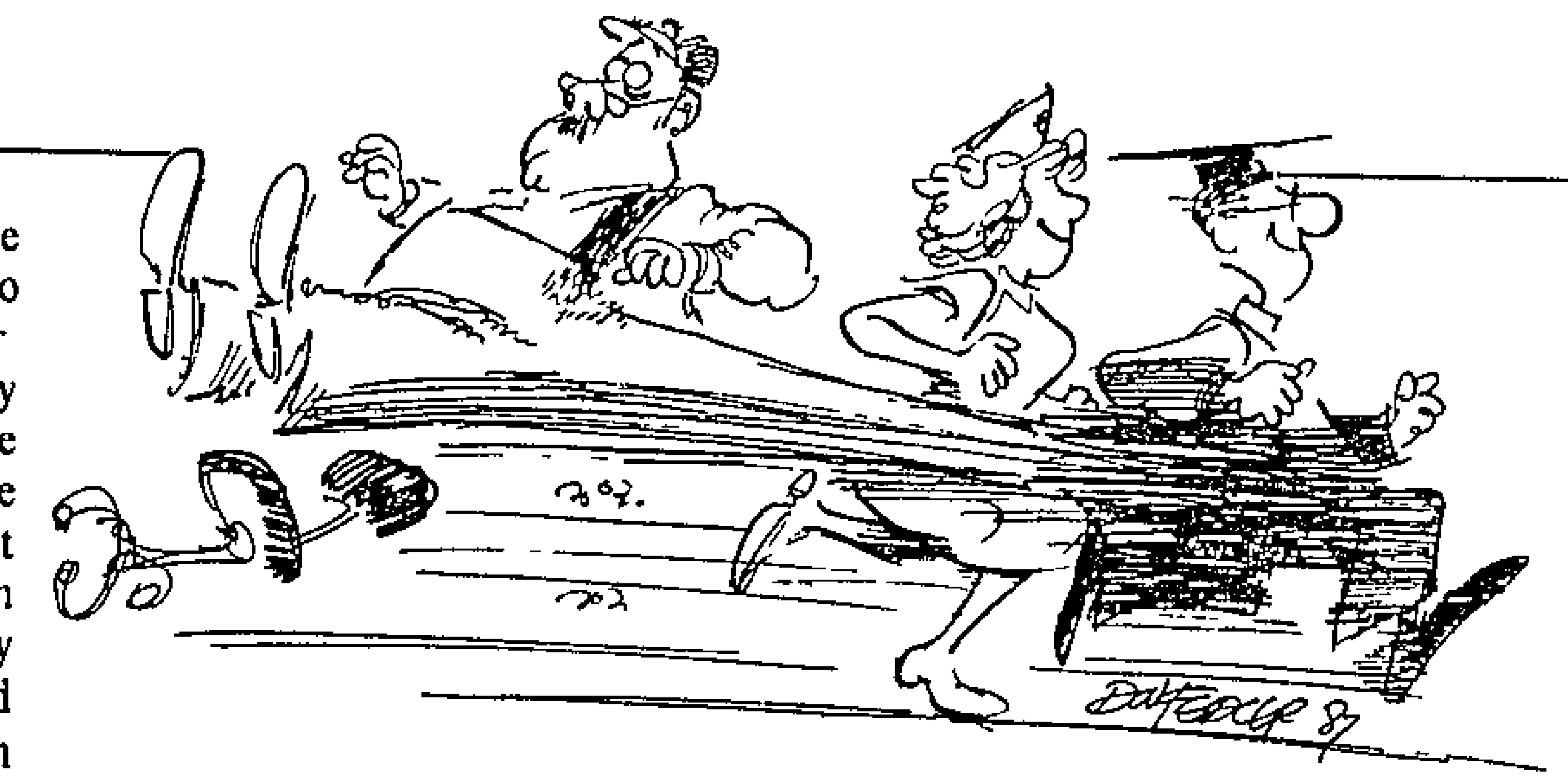
Pretoria's payroll, of course, by no means accounts for all employees in what can loosely be termed government There are also the public corporations, SA's two biggest industrial undertakings, Sats and Escom, Posts and Telegraphs, local authorities and so on But as these are generally self-financing and do not draw on the national Exchequer (subsidies and loans excepted) they have not been included in the exercise

Yet while it is only fair to point out just how and why gov-

The public service

Bureaucracy versus essential services





ernment has grown, the fact remains that it is too big and getting bigger And while the PSA may gripe about *average* wage growth compared with the private sector over the last decade, it should bear in mind that more recently civil servant salaries and service benefits have been outstripping those outside government The total benefit of last year's "10%" increase, for example, was 27% (see *Economy*)

Perhaps most important of all, civil servants generally have not had to face the trauma of retrenchment and unemployment which has had to be faced by thousands of non-government workers

But this could be changing In terms of little-publicised amendments to the Public Servants' Act in 1985, featherbedding in the civil service could be coming to an end

Instead of having to go through the old long and cumbersome procedures before being able to get rid of anyone, government departments now have the right to fire with one or three months' notice, depending on seniority and service

Indeed, 40 people were retrenched by government last year in terms of the new provisions — and more are expected in 1987.

Another little known fact is that two committees are working behind closed doors in Pretoria to tight deadlines One, headed by Jimmy Vermaak, is seeking areas where central government can be privatised The other is examining the necessity for each section and sub-section of the public service

We'll have to wait and see what transpires, but it does suggest that government is aware of the problem and wishes to do something about it Privatisation, of course, is one of the keys to cutting down numbers in government

One of the specifics being investigated by the other committee is the position of the 30 000-odd bureaucrats who were involved in the administration of influx control

The Commission for Administration's Wessel Meyer says these employees were transferred to the departments of Manpower, Home Affairs, Education and Training and the provincial administrations

Unless there were huge losses through attrition, these departments are now overstaffed The committee's findings will be awaited with interest

The other part of the civil service pay argument is the economic one Officially, the PSA is seeking a 12%-15% increase for its 60 000 members In practice, however, any increases granted will filter down to all employees and the 12%-15%, taking into account increased benefits and notch advancement, is likely to run to more than 20%

With a R1 billion on the line, the question then is whether we can afford it

In a word, yes The country is operating on a moderate R5,4 billion budget deficit, tax receipts are running ahead of expectations, money supply is below target and there have been signs of a general slowdown in government spending in recent months although, based on latest figures, spending is again accelerating

Also, civil service pay hikes will further stimulate consumer spending, helping to take up slack capacity in the manufacturing sector and to create more jobs

Indeed, the entire bill could be met through the simple expedient of transferring to the salaries account the R1,2 billion currently sterilised in the Central Energy Fund In that case, far from having to increase taxes to meet the bigger wage bill, government could further reduce taxes and maintain the impetus towards recovery

So the debate really is not whether civil servants should receive more pay but whether there are too many of them on the payroll In some areas, like teaching and nursing, an increase in numbers can be justified But in most others, the service simply carries too much fat We wait to see how government intends to remove it ■

SENTRACHEM

Out of the trough?

FM 20/2/87

The Eighties became a traumatic decade for Sentrachem. But like others in the chemical sector, profits are recovering thanks to improved efficiencies and better sales volumes.

As we come to the end of a decade, we in the Sentrachem group see the problems of the Seventies being transformed into the opportunities of the Eighties. Just as the investments of the Fifties heralded the golden age of growth in the Sixties, we believe that the government spending on infrastructural development, which strained this country's financial resources in the Seventies, has laid the foundation for unprecedented growth in the Eighties — ***Sentrachem's 1979 annual report.***

Like other companies in the chemical sector, Sentrachem entered the Eighties with high hopes. Most producers had enjoyed years of good profits and they foresaw a decade of robust growth and ambitious investment in new capacity, much of it aimed at import substitution Within a few years, profits of virtually the entire industry were stagnating or falling — even the giant AECI maintained its dividend for five years But for Sentrachem, the Eighties became a nightmare.

In 1979 the group announced it was to build a coal-based synthetic rubber plant at Newcastle for an escalated cost originally estimated at R350m By the time the plant was commissioned in 1983, the cost was R429m Worse still, the plant made massive losses — a figure of R50m was rumoured for last year — and has yet to make a profit This and the drought, the economic slowdown, government's move away from import controls, foreign exchange losses and ballooning interest charges all helped to push Sentrachem into a R24,4m loss in 1985

The group is clawing its way back While still a long way from the R50,1m earned in 1983, attributable earnings are back in the black and analysts expect further improvement when results for the year to end-March are released The share, after falling last May to a low of 145c, climbed since October to a high of 320c in January, before retreating to the current 295c

In some respects, results were expected to improve for the same reasons that AECI was expected to come out with good figures this week (see *Fox*) For one thing, traumas of recent years have forced chemical companies to concentrate on improving efficiencies and restructuring assets Companies have been left leaner, poised to benefit quickly from better volumes and higher capacity utilisation

For many there would have been little shortage of opportunities for rationalisation During much of the Seventies, the emphasis in the industry was on expansion In 1980, when world oil prices seemed set to keep spiralling, forecasts were made that the industry could see real annual growth in the next 10 years averaging 5% Concerns were related mainly to creation of production capacity to meet market demand and to fulfil import substitution plans Apart from the rubber project, in 1980 Sentrachem sanctioned 10 major capital projects, for a total cost estimated at R134m

While these have generally come to fru-

246 DD 19/2/87.

Iscor to raise steel prices

PRETORIA — Iscor will raise its flat-rolled steel prices by an average of 5 per cent from March 1 after similar increases earlier this month for bars and special sections of steel products

This is the first of two price increases scheduled for this year after an average 9,7 per cent steel price hike last year, an Iscor spokesman said

He added that Iscor would probably increase its flat products prices by a further 5 per cent in September

"But this is dependent on many factors," he said

Highveld Steel and Vanadium is expected to follow Iscor's pricing lead but this could not be confirmed yesterday

The motor industry was highly critical of last March's steel price increase; the second since price control was abolished in July 1985 — Sapa

Bigger profit on fuel

65 244 DD 19/2/87

JOHANNESBURG — The retail profit margin on a litre of petrol rose yesterday by 1,6c a litre to 7,6c.

Announcing the bonus for garage owners, the Minister of Economic Affairs, Mr Danie Steyn, said there would be no increase in petrol prices to the motoring public.

He said the hike was necessary because the wages of pump attendants were increased by 27,5 per cent in August 1986.

"The estimated cumulative profit and loss account (the slate) amounted to R192 million at the end of January this year. In the present circumstances it is not expected that there will be any change in the prices of petroleum products in the near future."

The minister said an increase in the delivery differential of the oil industry was also approved with regard to all fuel. It amounts to 0,3 cents a litre which means a total recovery factor for delivery cost of 1,6 cents a litre.

Both these increases will be offset against the slate in full and there will be no change in the price of petrol. — DDC

Pow! Milk by-products to cost more

244 EVEPOST 18/2/81

By PHOEBE LANGE

AN increase in the price of milk by-products from March 16 will come as another blow to consumers in Port Elizabeth and the hinterland

And this is on top of the latest 7c a litre increase in fresh milk prices from United Dairies

But that's not all.

Yet another round of price increases is expected from United Dairies

From March 16 the hike will affect fresh fruit juices, despite a leaflet last week which warned customers about the milk hike, but which stated that for the present, the fruit juice price would stand.

Asked about this, United Dairies' general manager Mr Fred Botha said he was notified on Monday by suppliers of an orange juice base that "their price to us" had gone up 10%

"It was not unexpected because of last month's 15% sugar price increase. In the manufacture of all our products we use 120 tons of sugar a month"

Mr Botha said he and his management team were still working out wholesale and retail increases in the price of juices and fresh milk by-products — yoghurt, yogi sips, cream, buttermilk, cottage cheese, skim milk and milk powders.

"We will make a statement as soon as we are ready."

Asked about butter, prices of which are controlled by the Dairy Board, Mr Botha said this would not be affected But cheese would be

"The manufacturers make their own prices.

At present there is a countrywide shortage of cheddar."

No cheer for beer drinkers

Own Correspondent

BEER drinkers will have to dig deeper into their pockets after the weekend announcement by South African Breweries (SAB) that the brewer's price of beer will increase by 9% from today.

Retailers said they would be able to stave off the price hike for about a week, until stocks run dry, but would not be able to absorb the increase.

"The modest rise is half the current inflation rate of 18%," said SAB beer division MD Peter Lloyd.

"This is the 10th consecutive year that SAB has kept its price increase below the inflation rate."

He added SAB had no control over retailers' pricing policy.

Last year beer was increased by 8,5%.

Solly Kramer's regional director Clive Downton said the wholesale increase would mean an extra 5c or 6c on each bottle and an additional R1,20 to R1,40 on each case.

Downton said he was "relatively relieved" by the low percentage increase.

Drop Inn Discount Liquors chairman Sam Berk said retailers would not be able to absorb the increase, which was the largest in years.

An SAB statement said prices would vary between pack-ranges and regions.

Friday, February 13 1987

Focus on 'alarming' school clothes prices

NM 13/2/87 (244)

Finance Editor

ANGRY mums faced with rapidly rising bills for clothing their schoolgoing children can voice their views on the topic at a conference called by the Durban Metropolitan Chamber of Commerce at the Royal Hotel on March 10

The chamber says recent increases, and those expected, are alarming

The principal problem is that there are 1 000 patterns and 250 different fabrics being used for girls' clothing, and the small runs at clothing factories make the unit cost very high in the absence of mass production

Most fabrics are imported and likely to get more costly as the rand slides against the currencies of the exporting countries

In January 1982 it cost between R230 and R280 to kit out a child for a senior school in Durban By last month the price had risen to between R422 and R425

A projection to 1990 would put the price between R641 and R646 — at a modest rise of 15% in the inflation rate

The chamber says its projections presume that things will continue as they are They ignore changes in the rand's exchange rates, or increases in sales tax, political changes and so on

'For most people the scene is very gloomy and all South African parents should take a long, hard look at whether they can continue the old traditions when it comes to school clothing,' the chamber notes

It says increases in school 'fees' are also possible

The chamber observes that there is a strong parent lobby that endorses extra and probably 'non-essential' uniforms such as track suits, team T-shirts and bags

The chamber says all the Natal Education Department schools have been told of the conference and a wide range of other organisations and Government departments have been invited to attend

Speakers will discuss the need for rationalisation of school wear and the effects of mass production The public will be given a chance to discuss the issues as well

Meat congress focuses on realistic prices

13/2/87 DD 244

Dispatch Reporter

GRAHAMSTOWN — Concern for realistic prices for their product, coupled with fears of frightening consumers into buying substitutes, were examined at yesterday's provincial meat congress

The most time was accorded to a resolution dealing with fluctuating prices and whether the present "tramline" system (of floor and ceiling prices) was as effective as it might be

Farmers, it was felt, would like the floor prices raised more often than once a year

The chairman of the National Red Meat Producers' Organisation, Mr S J J van Rensburg, said the issue was "really academic" and had little relation to market prices

He cited a case where the floor price for lamb was 301 cents with a 60 cents play within the tramline, yet it fetched R5 at an auction

Mr P van der Merwe, for the Willows Farmers' Association and Middelburg Farmers' Union, was the only delegate to receive spontaneous applause for a meticulously researched resolution.

He noted that the Meat Board had been reducing the price of offal annually for the past three years and required it be sold by public auction

It was attacked, however, by the congress opening speaker, Mr E N Bielovich, the chairman of the South African Federation of Meat Traders, who said that offal did not freeze well and that the present system was the best yet devised for producers

Unanimous support was given to a resolution requiring congress to give urgent attention to the high marketing costs of red meat in the light of increasing production costs and the increase in the consumption of substitutes.

Mr Van Rensburg said it was high time the whole cost structure was questioned

"Bush slaughtering", however, should not be considered, he added.

244 DD 13/2/87

Dairies confirm milk price hike

Dispatch Reporter

EAST LONDON — Prospect and Lawrencedale Dairies confirmed yesterday that the price of their milk would also be going up early next week.

United Dairies announced earlier this week that their milk price would be going up by 7 cents a litre from Monday

The managing director of Prospect Dairies, Mr Syd Miles, said his firm would also be increasing the price of a carton by 7c a litre as from next week.

His dairy had last increased its milk price in March last year

"People do not seem to realise that the dollar-rand exchange rate has hurt us, as carton prices have jumped from 11c to 13,2c a carton

"This means that it has cost us 2,2 cents more to package the milk We have been carrying this ever since last year "

Mr Miles said that the recent increase would help to offset the 2,2 cents which the dairies had been carrying

He put the increase down to keeping up with the rest of the country and the old story of supply and demand

"We are not trying to rip the consumers off in any way, it is just that all of our overheads have gone up as well

"If you look at the three dairies in East London, each one is too scared to raise his price too much because of the opposition dairies

Mr Miles said that it is because of this opposition that the price had not really increased dramatically before

He added that East London was lagging behind, as in Port Elizabeth, dairies had been charging 91 cents a carton litre since November last year

Mr Miles said that all that was happening was that East London was getting in line with the rest of the country

He said that the dairies here were not being forced to increase their prices but that they had to so they could survive economically.

"At the moment there is a shortage of milk and we are working until the early hours of the morning packaging milk in order to supply the shops "

Mr Miles said that the only exciting thing about this increase was that all the big chainstores were not making any profit out of the new increased price of milk as they were selling it straight to the consumer, unlike most of the smaller shopkeepers who added their various amounts for profit

He added that an example was that a 2 litre plastic jug of milk at local chain stores would hold their price at R1,89 for the next four weeks

"However at one of the small local shops at the moment the owner is selling a carton litre of milk at R1,05, when he is buying it at 86 cents a carton litre from the dairy

"After the price increase starts who knows what he will be charging for that same litre of milk "

Mr Miles stated that it was the shopkeepers here that were ripping the consumers apart and that they were the ones making the profit.

He said that the price increase would not start any type of price war between the large dairy and any other smaller concerns as there was just not enough milk in the city

The owner of Lawrencedale Dairies, Mr Johnny Petersen, said yesterday that his concern would definitely be increasing the milk price, too.

WEDNESDAY, FEBRUARY 11, 1987

CMB Tms 11/2/87 244

'Top-level' inflation probe

Barend du Plessis . . . inflation a complex problem

JOHANNESBURG. — The Department of Finance was involved in a "top-priority" study of inflation, the Minister of Finance, Barend du Plessis, said at an investment conference here yesterday.

He said inflation was a complex problem, and one should guard against any over-simplification.

Its main causes could change from time to time.

"The remedial measures applied to combat inflation should therefore be adjusted from time to time and the same emphasis should not always be placed on each of these measures."

There was some consensus on the present status of inflation in South Africa.

It was accepted that the present inflation rate was dangerously high and that all safeguards should be taken to avoid further escalation.

Secondly, inflation now was not caused by excess demand or by any over-spending in the economy.

Thirdly, while it was recognized that the delayed effects of the relatively large depreciation of the rand from the second half of 1984 to the middle of 1986 were still being reflected in the present trends of consumer prices, other factors "of a cost nature" also played an important role.

"Fourthly, whatever remedial measures might be applied, it remains a precondition of any successful campaign against inflation that we shall at all times apply sound financial discipline in the implementation of monetary and fiscal policy in South Africa.

"The application of financial discipline does not, however, require a rigid restriction of demand at all times.

"Finally we do not believe that the solution for the South African inflation problem lies with an introduction of direct controls over prices or incomes," Du Plessis said. — Sapa

Rand eases

Old Mutual fund

'Ill-advised' policy may lead to price controls

Cape Times 10/12/87

THE Minister of Finance, Barend du Plessis, said yesterday he was uneasy at the view that business profit margins had to be fully restored before meaningful price reductions could be offered

He said such "ill-advised" policies could lead to a "vicious price-cost spiral" that could force the government to impose direct price controls.

Depress demand

At the moment, the government believed it would be folly to depress demand by unduly restrictive monetary or fiscal policies

"Neither do we envisage a resort to the direct control of prices or incomes, but I must express my unease at the view apparently taking root in some quarters, that profit margins need to be 'fully restored' before any meaningful relief can be looked for on the score of prices.

"I would caution against the unqualified acceptance of a doctrine of this kind "

Wages and salaries had recently increased at a rate below that of inflation and this underlined the "ill-advisedness of any implied claim by other factors of production to an inherent right to the maintenance of real incomes".

Private enterprise

"To embark on such a course would naturally be to give yet another twist to one of the constituent elements in our inflation, namely a vicious price-cost spiral, with all that this would mean not only by way of its immediate and predictable repercussions, but also for the ultimate survival in our country of the private enterprise system itself, and one hardly needs to say that in those circumstances the government would be unable long to resist a populist cry for direct controls."

Mr Du Plessis said the government continued to believe in conventional financial disciplines and in a fiscal and monetary policy mix that would not stimulate excess demand

He said the inflation rate remained at a high level and the government would have to direct its strategy at causes that could be identified — Sapa

Wentzel warning if milk price rockets

GERALD REILLY

MINISTER of Agriculture Greyling Wentzel has threatened to re-impose control on consumer milk prices if unjustified increases are imposed by distributors.

In a statement on Friday, after the announcement of a 4,5c/l increase in fresh and industrial milk producer prices, Wentzel said if it appeared distributors were making excessive profit, he reserved the right to reinstitute control.

He has instructed his department to watch the position in close co-operation with the Dairy Board and to inform him of any unjustified price hikes.

Wentzel said because of cost increases in the distributive trade the consumer

● To Page 2

Dairy Milk BDay 9/2/87

Milk distributors warned on price

price could rise more than the 4,5c/l producer price rise. He claimed a growing degree of competition was developing in the distributive trade which should keep consumer prices within bounds.

Wentzel added that a portion of the stabilisation fund levy at present paid by producers would now be recovered from

● From Page 1

distributors.

☐ The consumer council has condemned the increase in the milk price. Council director Jan Cronje said free enterprise should be allow- full play in the milk market.

9/2/87 BDay Dairy Milk

Milk price rise shocks public

W/E Post 7/2/87

244

By JENNY CULLUM

CONSUMERS and housewives today said they were "shocked and appalled" at the increase of 6,5c a litre in the price of milk — but farmers and distributors feel that the rise is justified

The price of home-delivered milk will be 88,5c — an increase of 6,9% — from February 16, and in supermarkets it will rise to 94,5c for cartons and 86,5c for plastic sachets The price in cafes will be higher.

The cost of milk products, such as custard, long life milk, flavoured milk, cottage and cream cheese will also rise but it is not yet known by what amount or when

Mrs Edith Matthews, treasurer of the Consumers' Association of PE, said she was "simply horrified" at the increase Although she accepted that the farmer needed a higher price, she was worried about people who simply could not afford to pay more for milk, which was a body-building staple food

"I would like to know what explanation there is for an increase in price to the distributors I question where their costs have increased The price of petrol has not been increased," she said

Mr Stephen du Plessis, marketing manager of United Dairies, which distributes milk in the East Cape and Border, said the drought was the main reason for the increase Of the 6,5c, 4,5c would go to the producer and 2c to the distributors

Production costs had risen as farmers had to buy extra feed and the milk flow had decreased locally because of the drought.

The 2c a litre increase to United Dairies was because prices of containers, plastic and cardboard, which were mainly imported, had risen drastically in the past few months Labour costs had also risen.

Mr Tommy Thomson, of Grahamstown, an agricultural economic consultant and committee member of the East Cape Milk Commodity Committee, said that from 1983 to 1986 milk producers had received only a 9,7% increase a year, which was well below the inflation rate.

In fact, agricultural inflation was 3% to 4% above the national inflation rate, so farmers were under-recovering

They also had to contend with high interest rates and a critical drought In fact, the 4,5% increase to producers was inadequate and a further increase of 3,5c later in the year was needed.

"There is an enormous amount of emotionalism when the price of a basic foodstuff such as milk is increased, but if you look at the number of producers leaving the industry it is an alarming picture indeed If prices are inadequate even more will leave"

Milk price to increase

STAND BY FOR OTHER RISES

1/2/87 Mercury Reporter 244

NM

CONSUMERS can brace themselves for another increase in the price of milk following yesterday's announcement that the producer price will jump by 4,5c/ℓ.

This was the warning issued by the Consumer Council following the announcement that the increase in the producer prices of fresh and industrial milk would be effective from February 16

The raw milk cost price of fresh milk to distributors and manufacturers of dairy products will increase by 4c/ℓ

According to a statement released by the Dairy Board yesterday, the prices had to be 'adjusted to prevent rising milk shortages'

Growing competition

As a result of the price rise the prices of cheese, milk powder and most dairy products are also expected to increase

The wholesale price of butter, which is still determined by the board, will remain at R4 a kg

Reacting to the price increases the Minister of Agriculture, Mr Greyling Wentzel, said they could not be regarded as 'unjustifiable'

This was particularly the case, he said, since the Dairy Board had given the assurance that there was growing competition developing between fresh milk distributors

'This should keep the consumer price within bounds,' he said.

Milk price to rise $4^1/_2$c a litre

Cape Times 7/2/87

Staff Reporters

HARD-PRESSED consumers have been dealt another blow by yesterday's Dairy Board announcement that the producer price of milk will be increased by $4^1/_2$c a litre on February 16.

The Minister of Agriculture, Mr Greyling Wentzel, said in a statement that because of cost increases in the distributive trade, which was no longer controlled, the price paid by consumers could rise slightly more than the 4c a litre announced.

A Dairy Board statement yesterday said the price of cheese, milk-powder and other dairy products — also not fixed by the board — would increase. The wholesale butter price, fixed by the board, will provisionally remain unchanged at R4 a kilogram.

According to spokesmen for Cape Town dairies, last week's announcement by certain dairies of a milk-price increase pre-empted yesterday's announcement. This meant local consumers would in effect experience only one increase.

Mr Wentzel said he was satisfied that the price increase was unavoidable to ensure that sufficient quanti-

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(244) DD 7/2/87.

Milk up by 4,5c a litre

Dispatch Reporter

EAST LONDON — The price of milk here will rise by about 4,5 cents a litre from February 16

The increase was announced by the Dairy Board yesterday and although prices in the Border are not controlled by the board, a spokesman for United Dairies, the biggest supplier of milk in Border and Eastern Cape towns, said it was expected that its prices would also rise by 4,5 cents a litre

The general manager of the Dairy Board, Mr E Roux, said the price increase would apply to fresh and industrial milk, but the price of fresh milk supplied to distributors and to producers of dairy products would increase by only four cents a litre.

"This is so the Dairy Board can get part of its levies from distributors and manufacturers in future and not only from the producer," he said

Mr Roux said the Dairy Board did not fix the consumer price of milk and distributors could adjust the consumer price by more than four cents a litre

The prices of cheese, milk powder and other dairy products were also not fixed by the board and will increase.

The wholesale price of butter was fixed by the board, and would "for the time being" remain at R4 a kilogram

The general manager of United Dairies for the Eastern Cape and Border, Mr N du Plessis, said he expected prices to go up from February 16 in this region, even though the area was not controlled by the board.

In Pretoria the director of the Consumer Council, Mr Jan Cronje said yesterday "Although the country is experiencing a milk shortage, this price hike will make it more difficult for consumers to make ends meet

"The Consumer Council looks forward to the day when free enterprise, in the true sense, will be implemented in this market

"Although the consumer price of milk is not officially controlled, the producer price is fixed, preventing supply and demand to be the only controlling factors. Furthermore, distributors demarcate areas among one another and collude to fix one general consumer price," he said — Sapa

(211) E.Post 5/2/87

Some car prices come down

Post Reporter

TWO South African motor manufacturers have pegged and even lowered prices on certain models amid a general price hike of between 1% and 4% from the beginning of February

The price of one of VW's most popular models has dropped by R20 while Samcor has sliced R120 off the price of two of its 1,6-litre bakkies

The VW 1,6 Golf CSL now sells for R17 960 (previously R17 990) and the 1,6 Ford Courier and 1,6 Mazda B-series one-tonner range retail for R15 510 (previously R15 630)

A spokesman for VW said the price reduction had been made possible by scrapping the low-volume 1,3 Golf CL model and because of the better exchange rate This was the first time that prices had dropped

If the current rate of exchange held, price increases for the year could be held between 12% and 13% The forecasted increase was between 18% and 19%, he said

Toyota's car prices are going up by between 2% and 2,5% and most VW models are edging up 2,9% and Audis by between 2% and 3,5%

GM's rises are 2,9% on smaller cars, 2,5% on larger ranges and from 1% to 4% on Isuzu bakkies.

Samcor's small Fords and Mazdas are increasing by 2% and Ford's Sierras by 2% to 2,5% The price of the Mazda 626 will increase by between 2,5% and 3,5%

Sugar prices looking sweet

30/1/87 B/Day (244)

STUART SUTTON

SA SUGAR producers will enjoy increased earnings from exports because of an 80% increase in the price of sugar on international markets in the last five months, says SA Sugar Association (SASA) general manager Peter Sale.

The London sugar price rose from a low of $99 a ton on September 8 last year to a high of $177 a ton on January 26

And the general opinion of international sugar brokers is that the price could climb even higher during in the year, says Sale.

But he points out that SA gains from exports will also be offset by the recent strengthening of the rand against the dollar.

Sale says the world market operates largely on rumours and speculation. He attributes the latest surge in price to three factors indicating a shortage on the world market

- The USSR is rumoured to have imported a substantial amount of sugar this season,
- There is speculation this year's Cuban crop is the worst in 10 years; and,
- Brazil, one of the world's largest producers, has had an increase in domestic demand, leaving less for export.

Sale says the rise in the world price will not affect the local price "The SA market acts in an independent manner," he says.

INFLATION

FM 20/1/87

Still kicking

The rate of increase in the annualised CPI slowed marginally in December to 18,1% compared with the November 19,2%. This brought the 1986 average to 18,6%, still significantly higher than 11,7% in 1984 and 16,2% in 1985.

Food prices rose at an annualised rate of 20,8% and were a major contributor to the December rate. Food is weighted at 25% of the CPI Month-on-month meat increased 3,4%, coffee and tea 2,1%, fruit 2,4% and fats and oils 2,4%. However, overall the month-on-month increase slowed to 1%, compared with 1,3% from October to November.

On the other hand, sugar prices rose by only 0,2%; the effects of the January sugar price hike will be felt in the next few months

Vehicle prices were surprisingly stable between November and December, but increased on average by 38% in 1986. The average cost of housing increased in 1986 by 14,8%, less than the 1985 average of 17,1%. This is reflected in generally lower house prices and falling interest rates.

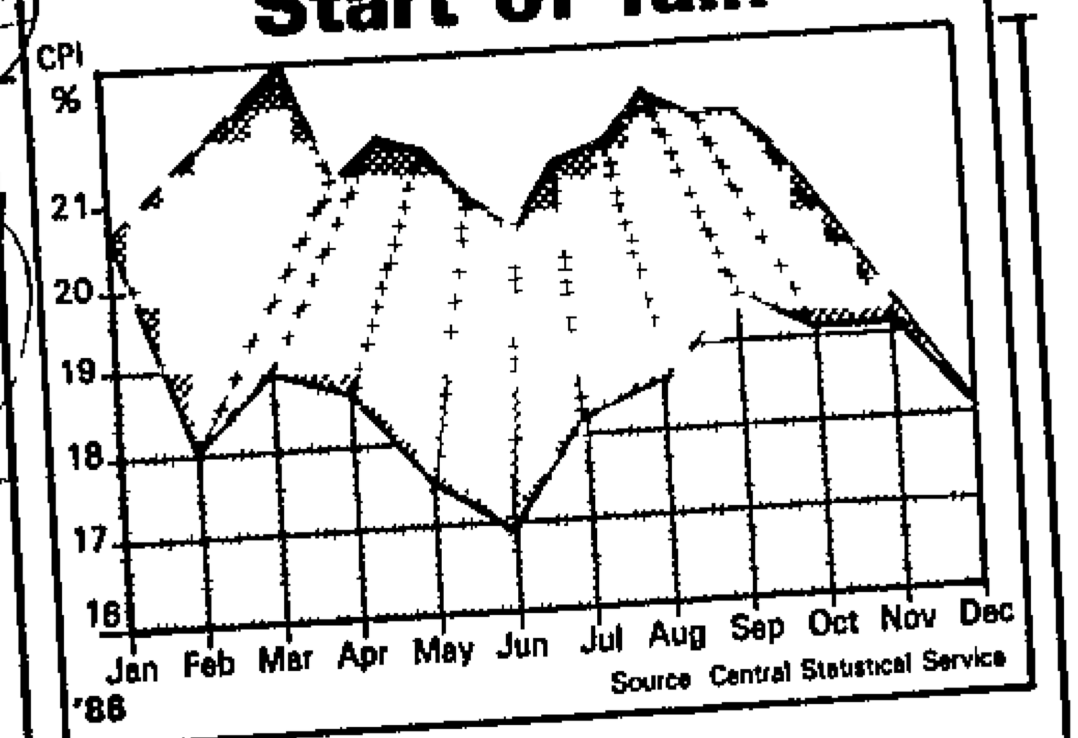
Of all consumers, the lower income group experienced the worst inflation, with an annualised increase of 18,5% in December. The middle and higher income groups were not far behind, with 18,3% and 17,8% respectively

Although this slowing in the annualised rate was not unexpected, reflecting among other things the lagged effects of a strengthened rand, Louis Geldenhuys, of stockbroker George Huysamer, explains that "the CPI increase also eased for technical reasons. Large increases were recorded in the indices in December 1985 and early in 1986."

So once again, as with the November producer price index, statistical quirks exaggerated the downward trend, and may continue to do so for the next few months. Geldenhuys warns: "The monthly rate of increase is still disturbingly high, emphasising again that inflation has become entrenched."

He stresses that inflation cannot be explained simplistically as it stems from many factors, which vary in importance from time to time. This has created an environment of inflationary expectations, another reason why reducing inflation will take time and perseverance. ■

Start of fall?



News 30/8/81

Price of milk up 7c a litre this weekend

Staff Reporter

24Cr

MILK will cost about 7c more in shops from this weekend.

Western Cape dairies Van Riebeeck, Dairybelle, Joyce's, Union and Cron's have raised their prices to retailers

Mr Lloyd Whitfield of Van Riebeeck Dairy Co-Operative said today that his dairy would raise the price on Sunday.

He expected the fixed producer price to be raised soon, adding to recent increases in packaging and labour costs.

"This increase is only about six per-cent, much less than inflation," he said.

"The producer price of milk, which is fixed by the Milk Board, must go up soon If we do not stimulate the dairy farmers they will leave the land or switch to red-meat production and there will be a milk shortage," he said.

A spokesman for Pick'n Pay, Mr Raymond Murray, said the increase was unnecessary because the producer would not benefit at this stage

He said the Dairy Board had not yet announced a producer price rise.

"We are very disheartened by all the price increases"

Price of bread could go up after election

GERALD REILLY

YET, another post-election shock will probably be an increase in the price of bread.

The price was last raised by 6c a loaf last October

At the time, Agriculture Minister Greyling Wentzel said the subsidy for the 1986/87 financial year would amount to R193m.

A small profit made on imported wheat was added to the subsidy.

Although it is by no means clear at this stage whether the subsidy will be exhausted by the end of March, it certainly will be by the time the main Budget comes before the House of Assembly in the split session in August

6 Day

Brown and wholewheat bread is currently subsidised by about 11c a loaf

(3) Wheat 29/1/87

Over the next few months demands are expected to be made by the baking and milling industries for adjusted margins to cope with rising costs.

Cars sales crash as prices spiral

BUDDAY (244) 16/1/87

DAVID FURLONGER
Industrial Editor

SALES of new cars are at their lowest level for 10 years — while truck and bus sales have plummeted to a 24-year low.

Motor industry figures released today confirm that 1986 was the year motorists finally gave up the unequal struggle against spiralling prices.

Industry officials say car prices have risen by between 85% and 93% in three years — more than double the rate of most pay increases.

National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen says that in an average year between 8% and 9% of the car population — currently estimated at 3,2-million — is replaced. In 1986, this fell to around 5%.

He says: "Vehicle manufacturers are conscious of the fact that new car prices have escalated to a level out of reach of most private buyers and it is recognised that a sustained pace of recovery in demand for new motor vehicles will have to reflect positive trends in real income."

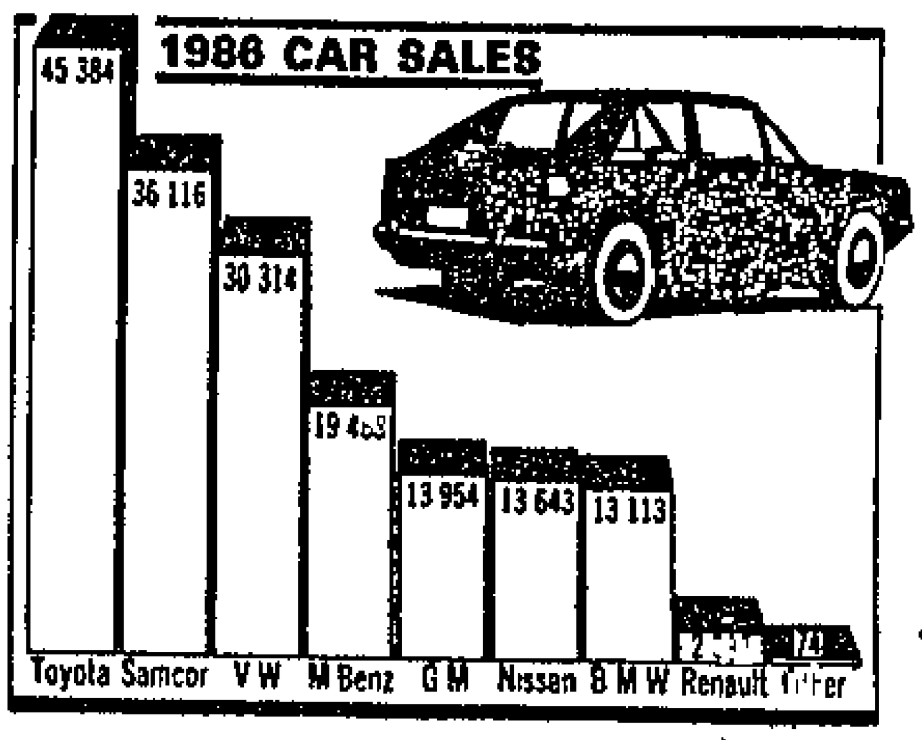
The latest figures show that car sales in December fell to 12 076, the lowest monthly performance for 10 years. The total number of cars sold in 1986, 174 453, was also the worst for 10 years and 14,6% down on the previous year's 204 000.

Only two manufacturers — Volkswagen and BMW — actually increased car sales in 1985, both by a few hundred. The big losers were General Motors, which saw sales crash from 19 000 to 14 000, and Samcor with a drop from 42 000 to 36 000.

Sales of bakkies and mini-buses held up relatively well — light commercial vehicle sales last year totalled 79 000, against 85 000 in 1985 — while medium commercials continued to struggle.

Truck and bus sales, however, were a disaster — the total of 6 839 was the worst since 1962 and over 34% down on 1985.

Bad as the figures are, industry officials believe things can only improve. And they point out that with most manu-



● To Page 2

New vehicle sales plummet

17/1/87 BUDDAY (192) (244) (153)

● From Page 1

facturers already operating at minimum staff levels, the figures are unlikely to lead to further lay-offs.

Instead, they say sales, which have lagged behind the recovery in other consumer sectors, will pick up as a result of lower interest rates, a slow down in price rises and the fact that many vehicles are in need of replacement.

Vermeulen says manufacturers hope to keep car price increases this year to around 12%, although this depends on the rand retaining its value against the yen and Deutschemark. Industry officials point out that the rand's performance against the US dollar is largely meaningless in determining the price of imported vehicle parts.

Nevertheless, they expect sales in all sectors to increase during 1987.

Car prices already on the way up

18/1/87 SUNTIMES

244

A BATTERED motor industry has begun increasing the prices of cars and light commercial vehicles

Price increases of 35% last year and 30% in 1985 led to a plunge in sales last year They were the lowest in 10 years

All manufacturers will have raised prices by up to 6% by the beginning of February

However, the January increases will be lower than the average last year Manufacturers fear that even if increases are held well below the inflation rate, it will be 18 months before the average person's disposable income will be sufficient for a new car

First time

An indication of manufacturers' concern comes from a marketing director who says this is the first time in the industry's history that all motor companies have not raised prices on January 1

But car-makers have no option but to increase prices because they have lost millions of rands in the past two years

A popular 1,3l car today costs

By Don Robertson

R15 460 A buyer has to pay R433 a month over four years after a 10% deposit In addition, comprehensive insurance costs about R100 a month

To meet those payments a buyer must earn about R620 a month before tax at 40%

Last year's car sales were the lowest since 1977 at only 174 453 units — and down 14,6% on the 204 322 in 1985.

Light commercial vehicles (LCVs) were also at a 10-year low at 78 934 units — and 7,4% off the 85 261 units sold in the previous year

Heavy-truck and bus sales plummeted to a 24-year low of 6 839 compared with 10 430 in 1985

Luxury manufacturer Mercedes-Benz will raise the price of all its models by 6% tomorrow Prices of the Honda Ballade, made by Mercedes, will be increased by 2,3% for the 130 model and 6% for the 150i

Although December's total car sales fell by 7,8% from November, Mercedes-Benz recorded a 36% increase to gain its best-ever market share The improvement came largely from Honda Ballade and Mercedes 124 sales Its share of the car market last year rose by 0,5% to 11,2%, and it dominated the heavy-truck market with 35,5%

Nissan lifted prices by an average of 3% on January 1 Marketing director Stephanus Loubser says, however, it may be possible to hold increases to about 4% below the inflation rate this year But even if this is achieved , it will be about 18 months before the average person will be able to afford a new car

New Skyline

Nissan should benefit from a new Skyline which will be introduced in the second quarter of the year A new Langley will follow Finance for tooling, estimated at R140-million, has been negotiated

Toyota continued to set records in market share last year with 29,8% of the total — 26% of cars and 37,1% of light and heavy commercials Its Corolla alone held 17,5% of the car market It held almost 40% of the LCV market

Toyota will raise prices on February 2 Marketing director Brand Pretorius, although not disclosing the

● To Page 3

Abra... off ... Neth...

By David Carte...

ROB Abrahamsen, d... posed chief executiv... of Nedbank, is retur... ing to his native Net... erlands to take up ... banking job.

Mr Abrahamsen starts ... new career as an adviser ... the Nationale Investe... Bank, an investment ... headquartered in The H... at the end of this month

Since leaving Nedbank ... year ago, he has worked as ... stockbroker at Frankel K... ger Inc He sought to arrang... loans between institutio... and blue- chip companies keener rates than thos... offered by banks

Profitable

He says "It was an ide... which has proven profitabl... overseas, but which was ... porarily thwarted here by th... decline in interest rates ... slack demand for money ... am grateful to the Fra... for giving me an opportun... but I think I am a bank... more than a broker"

Mr Abrahamsen chose ... from several number offe... to him in SA and other cou... tries, including the US ... will not elaborate on the ... er offers

"I thought this offer co... tuted the most intere... new challenge Nationale I... vestering Bank is unusual

Argus, Caxton Hortors spin Waltons web

18/1/87 SUNTIMES

Business Times Reporter

WALTONS Stationers, Business Times Top Company for 1986, may become further ensnared in the control spiderweb connecting Argus, Caxton and Hortors.

Argus has 49% of Caxton, the magazine and suburban newspaper printer and publisher, and 50% of Hortors

In December, Hortors warned shareholders to be cautious in dealing with their shares as negotiations which could affect their value were ...

he has had discussions with Caxton

It appears that the discussions concern the 8% stake Hortors already has in Walhold and stationery operations in Hortors and in CTP that Waltons desires

Mr Robarts will not be drawn, but says his management team and that of Caxton "get on famously"

Merry Short, chairman of Caxton, says Waltons and Caxton have similar styles, have been similarly successful — and both have money

But he will not be drawn on the precise direction of nego...

Price hikes for boozers

EVE post
19/1/87

744

By DENISE BOUTALL

THE wholesale price of wine and spirits will increase by between 6,3% and 12,2% on February 1, the Oudemeester group announced today.

The increases come in the wake of the 19,5% increase in the producer price of wine and spirits announced by the KWV last week

Announcements by the other major wine makers on implementing similar increases are expected soon

Speaking from Stellenbosch, the public relations director of Oudemeester, Mr Pietman Retief, said the price of South African spirits would increase by between 6,3% and 7,3%

The price of low and middle priced wine would increase by 10,5% and the price of high-priced and sparkling wines by 12,2%

He pointed out that the retailers might put an additional mark-up on the wholesale price

He also warned that in view of the high increase in the producer cost of wine, it was possible that there might be another price increase later this year

Last Wednesday the KWV announced that the price of wine and of distilling wine paid to the producers would increase by 19,5%

The price of wine used to make flavoured wine would increase by 11,8%

While Community Chest director Mr Harold Davidson has expressed appreciation for the sentiments, he disclaims all responsibility for this placard, which was posted on a pole outside the Public Library by an anonymous person on Friday. Said Mr Davidson: "If the poster was put up by Community Chest, we would certainly have said 'Sanctions are . . .'." Picture MIKE HOLMES

Teargas used at party

By KEITH ROSS

EAST LONDON — The police riot squad used teargas to break up a party in a white suburb of East London at the weekend after attempts to quieten the revellers failed

The riot squad was called after the dog unit had failed to bring the party to order

The police liaison officer for Border, Lieutenant Dot van der Vyver, said party revellers had thrown bottles outside the house in Gordon Road,

She said the dog unit had gone to the house on Friday night after neighbours had complained about noise

Then the riot squad was called and further attempts to quieten the revellers failed

Shortly after midnight the riot squad used teargas to break up the party

Lt Van der Vyver said none of the revellers was arrested

She believed a riot bus and four vans were used to transport police to the scene of the party

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Fuel stockpile levy dropped

BUSDAY 21/1/87 244 53

DAVID FURLONGER

THE 5c "stockpiling" levy ~~on a~~ litre of petrol has been withdrawn, say government sources.

They say the levy, announced by Mineral and Energy Affairs Minister Danie Steyn last April to raise extra funds to stockpile fuel, has been quietly dropped.

It won't mean a cut in petrol prices, however, because the 5c saved is immediately 5c re-imposed.

Instead of contributing to the petrol price as a levy, the money is being transferred to the "slate", an equalisation fund that helps avoid monthly price changes.

Costs change constantly according to world prices and the value of the rand against the US dollar.

While motorists sometimes pay too much for their petrol and sometimes too little, the slate keeps pump prices steady.

Some government officials have speculated that petrol prices will rise early this year.

By adding the 5c to the slate, however, say sources, the government will be able to hold down the price a little longer.

 Argus 21/1/87

Dealers see rise in used car prices

244

Staff Reporter

USED car prices will increase dramatically in the next few months, say city car dealers.

Prices are being pushed up by the critical shortage of second-hand vehicles as the countrywide slump in new car sales has resulted in fewer trade-ins, the major source of stock for second-hand dealers

Dealers confirmed an incease was imminent because of short supply and big demand

Some said they were already paying more for trade-ins

Last year, 174 453 new cars were sold in South Africa — about half the number sold five years ago

Mr John Barker, a director of Kempster Ford, Cape Town, said dealers were being forced to pay higher prices for used cars to induce customers to trade in their vehicles and buy new ones

"A man is inclined to hang on to his old suit which cost him only R100 if the price of a new suit is R500," he said

"An inducement is needed to effect a sale and this in turn has pushed up prices"

He said there had been a slight improvement in sales in the Peninsula this month.

"December was the worst month in about 10 years and anything better than that is an improvement"

Mr Terry Sorour, managing director of Atkinsons Toyota, said sales slumped during December but the situation changed this month and there was a noticeable increase in "walk-in trade"

More people were unable to buy new cars and were looking for used ones

Mr Dudley Saville, joint managing director of the McCarthy Group, said a 15 to 20 percent rise in new car prices was expected this year

Plan to fight Aids wins wide backing

Argus 21/1/87

Political Staff

MOVES by the Minister of Health, Dr Willie van Niekerk, to help curb the spread of Aids have met with approval.

Dr Marius Barnard, Progressive Federal Party health spokesman, said today the measures announced by Dr van Niekerk should be effective in South Africa

Dr van Niekerk said yesterday there had been 41 cases of Aids in South Africa in the past five years leading to 28 deaths

The plan of action approved by the Minister includes a health education programme, surveillance of victims, tests for new victims, identification of groups at risk, services and counselling for victims, reaearch into new testing methods and the formation of a Government body to implement the plan

Dr van Niekerk said the plan was largely a continuation of the Aids control programme in operation for the past two years

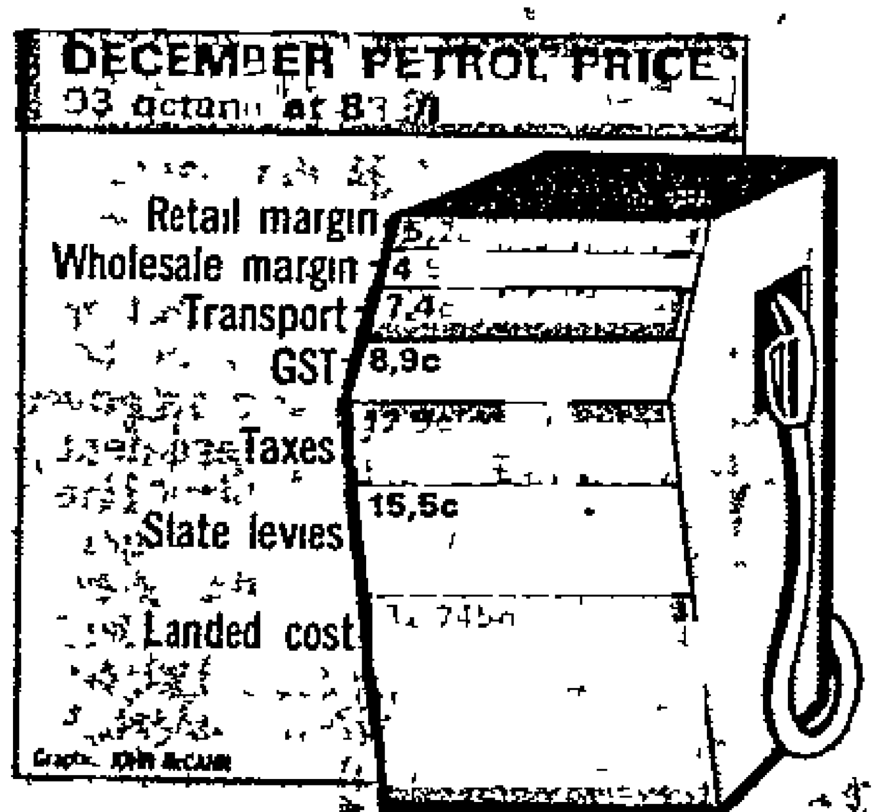
The plan had been drawn up by the advisory body of experts he had appointed two years ago

The body had also established close liaison with organisations involved with high-risk groups which had started an education programme among homosexuals, the largest high-risk group.

Dr van Niekerk said "The success of these educational campaigns will depend on the change in behaviour of the high-risk population."

BUS DAY 22/1/87 244

Petrol prices may increase again later this year



DAVID FURLONGER
Industrial Editor

STOCKPILING of fuel reserves is slowing down because the country can no longer handle the rate of fuel coming in

The slowdown is only temporary, however, and stockpiling will build up again later this year.

Once it does, an increase in petrol prices may not be far behind. Pressure is building up on the "slate", an equalisation fund that keeps petrol prices steady. Retailers and wholesalers are asking government for bigger profits.

Mineral and Energy Affairs Director-General Louw Alberts says although fuel stockpiles remain below levels the government wants, fuel has been coming in too fast

"We have not yet got our basic reserves to the point we would like. But you can't suddenly buy up a whole load of oil at one time"

The present slowdown is the reason why the 5c "stockpile" levy on a litre of petrol is being withdrawn Government sources told *Business Day* this week the 5c was being transferred to the slate to prevent an immediate increase in petrol prices

Alberts says no final decision has been made on the levy but fuel industry sources say the 5c has already moved to the slate. They say a breakdown of the latest fuel price shows government is over-recovering by nearly 4c on a litre of petrol.

Alberts says part of the 5c may go to the slate to keep down prices "There has been increased pressure on the slate, particularly on the petrol side. We are under-recovering petrol and over-recovering diesel Probably part of the 5c will go to compensate for petrol."

Retailers currently receive a 5,2c profit margin on each litre of petrol sold and wholesalers 4,958c. Alberts says retailers want "a few cents more" and wholesalers "a fraction of that".

"Their margins have been constant for a long time," he says "With wages and expenses going up, they may have a valid argument. We want to look very carefully at their needs"

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Technicians fees up dental costs

Dispatch Reporter

EAST LONDON — Dental technicians' fees set by law comprised at most times half the costs of dentists' charges

This emerged here yesterday following investigations after a Southernwood pensioner, Mrs Dina Myburgh, could not meet the R400 cost of a new set of dentures because she only received a pension of R180 a month

A spokesman for the Border branch of the Dental Association of South Africa, who cannot be named for professional reasons, confirmed that they were bound by the gazetted fees of the South African Dental Technicians Council

No member of the Border branch could offer his services to Mrs Myburgh entirely free, as the dentist was bound by law to pay the dental technician, who was precluded by law from lowering his fee

The registrar for the council in Pretoria, Mr Johann Swanepoel, confirmed that by law none of the country's approximately 800 technicians were allowed to cut the costs which were gazetted in December

Asked whether this did not erode the free enterprise system as in the case of Mrs Myburgh — that should a dentist offer his services free, he would still be bound to pay the costs of the technician — Mr Swanepoel suggested it was better to speak to the dental association

It was learnt yesterday that the association had often taken the matter to task with the council However, the fees for technicians are set by the council in terms of the Dental Technicians Act of 1979

The spokesman for the Border branch said dentists were responsible for all the clinical work, while the technicians completed the second part of the work — the construction

He said these fees were incorporated in the statement sent to patients.

He said the fees were not arbitrary A few years ago a private firm had been commissioned by the council to do a time and motion study on the fees

The costs and capital of running a laboratory were worked out. The investigation had cost R75 000 and the spokesman said he was not prepared to make any statement on the fees worked out

He said it was unethical for dentists to give discounts and it was against the rules of the dental association

Dentists had to pay the technicians costs within 90 days, irrespective of whether the debt of the patient became a bad debt If he did not pay, he could be found guilty of unprofessional conduct

The spokesman did not agree that Mrs Myburgh's dentures could not be repaired The repair would cost about R29 with R15,30 (plus GST) going to the technician and R13,70 to the dentist, he said

FIN MAIL 23/1/87

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MEAT PRICES

Kindly cuts

Scare predictions that red meat prices are on a sharply upward curve — with super beef set to breach 550c/kg and lamb retailing at 650c/kg and higher — seem unrealistic

These increases would have meant retail price jumps of 75% and 42% respectively. But, in reality, prices are already slipping

Experts agree that super beef prices should not top 420c-425c/kg for the year, while mutton prices have already started falling from the Christmas high of R6,50-R7,00/kg to a current range of R4,60-R4,70/kg

While prices will probably firm at higher levels just before Easter, they should soon level off again once consumers revert to normal buying patterns Exceptional demand over the Christmas season led to top grade beef auction prices rocketing to a high in the R6,50-R7,00/kg range, while super lamb hit similar levels.

Up to 10 000 sheep were slaughtered daily at Johannesburg's City Deep abattoir during December But this fell rapidly to some 5 100 on January 5 against availability of 5 753, says Kassie Carstens, an MB representative at City Deep. He adds that supplies are sufficient to meet demand.

This has led to a visible downtrend in City Deep auction prices, which are sometimes taken as indicative of national red meat price trends. Although prices fluctuate daily, super beef fell from R4,19-R4,33/kg on January 9 to R3,80-R4,00 on January 16. At the same time, super lamb fell from R5,01-R5,27/kg to R4,62-R4,69 in the same period

MB deputy GM Frans Pieterse does not expect average red meat prices to rise by more than 10%-15% above last year's average levels — well below the inflation rate. In the case of super beef, Pieterse predicts auction price levels will average R4,20-R4,30/kg for the year, while super lamb should not exceed an average of R4,80-R5,00/kg for the year.

"Whatever the exceptional price levels over the Christmas season, this proves that consumers still like red meat and are prepared to pay for it," Pieterse tells the *FM.*

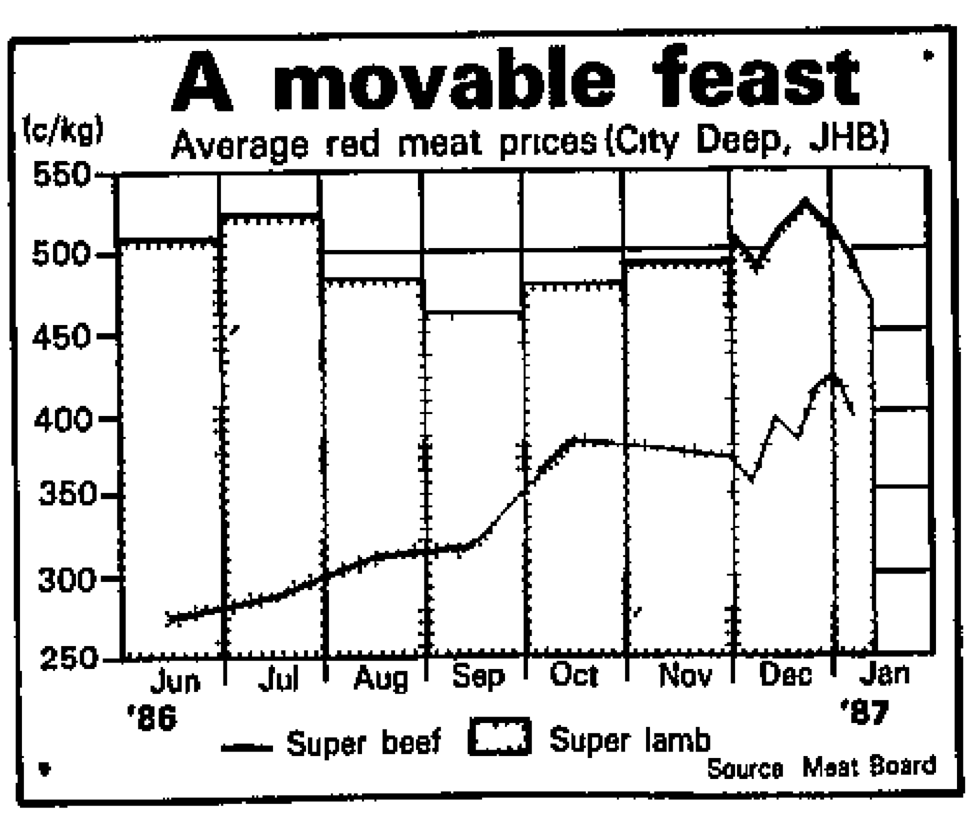
Others tend to disagree Chicken producers especially have taken advantage of high meat prices to lift their own prices. SA Poultry Association general secretary Zac Coetzee says chicken demand was boosted by soaring red meat prices and by black consumers who are buying more white meat

Pick 'n Pay director Richard Cohen says poultry wholesale prices firmed to their "highest levels ever" of R3,00/kg over Christmas, more than 50% above last years's low of R1,85-R1,90/kg.

Another meat trade spokesman claims the current Dutch auction system at City Deep has a lot to do with the sharp escalation of prices. The technique was introduced at the abattoir about 10 years ago

"The system is highly inflationary," says the official. "It starts high on the computer clock and then runs down to lower price levels. The first buyer stops the clock, which puts the price at the highest, rather than the lowest level. Another practical problem is that if one agent refuses to sell because bids are too low, he can stop the whole market."

While this is not market manipulation, it fosters higher prices — to the detriment of buyers and consumers. As he says: "The system stinks." ■



Some car prices expected to rise 18-20% this year

24/1/87 Star

By Jeremy Sinek

The present lull in car price rises is unlikely to last.

Although only Nissan and Mercedes posted the traditional New Year price hike at the beginning of January, the rest are likely to start catching up in February.

The non-appearance of the expected industry-wide January 1 price increase broke the quarterly pattern in more ways than one, for it was significant that it wasn't market leader Toyota that made the first move.

This could simply indicate different cost pressures facing the various makers, but it is also understood there is concern in the industry that the previous "Toyota leads, others follow" practice could be perceived as price collusion.

The Nissan increase of 3 percent on January 1 came three months after the previous rise Mercedes-Benz's January 12 rises of 4 percent on Honda and 6 percent on Mercedes came 10 weeks after the last rises.

Toyota's last increase was on October 6, and the next move is due on February 2. A spokesman could only say it would be kept as low as possible.

Earlier this month Toyota managing director Colin Adcock — a self-declared "super-optimist" — predicted cumulative rises of not more than 12 percent over the year — with the usual exchange rate provisos.

That would indicate quarterly increases of 3 percent or less.

A VW spokesman would say no more yesterday than repeat managing director Peter Searle's similar prediction that prices won't move by more than 10 to 12 percent over the year — provided the rand stays steady against the D-mark

Samcor's managing director Mr Spencer Sterling said his company (which makes Ford, Mazda and Mitsubishi) would raise prices some time in February but the extent and exact timing had not yet been decided.

BMW, which traditionally lags a month behind the others, has indicated it will lift prices by 5 percent on March 1, with two further rises of 4 percent in June and September.

That would mean a cumulative increase of 13,5 percent, BMW says — but that doesn't include the further quarterly rise that would be due on December 1, which would give a year on year rise of 18-20 percent.

A figure of around 20 percent has also been suggested by Mercedes-Benz, although it's perhaps significant that these luxury car makers arecurrently enjoying healthy supply/demand situations.

What no manufacturer can reliably predict, however, is what the rand is going to do against the currencies that count, the German mark and the Japanese yen

Right now it's looking good, but in the South Africa of today who knows what political or financial crisis could erupt tomorrow?

High prices hitting the book trade

By Reg Rumney

Christmas brought some cheer to the depressed book trade, and a stronger rand might see booksellers turn over a new leaf this year

But so far looking over the accounts should have the same chilling effect as reading a Stephen King novel

Christmas sales at upmarket Exclusive Books were, much to his surprise, "fantastic," says MD Jeremy Gordin.

Turnover was up 30 percent in rand terms in December, but he adds buyers weren't in the main taking home the glossy coffee-table books, plumping rather for one or two novels

Still, book retailing has been hit in the last few years by economic recession and the weakness of the rand — 80 percent of all books are imported Both volumes and real-terms profits have dropped

"No one in the book trade," says Gordin, "is making big money"

As anyone who has bought a book recently will testify, high prices are keeping customers out of bookshops, despite the relief afforded last year by when Government dropped the 10 percent import surcharge

Confirming that price resistance is the key, Gordin says hardback sales plummeted about 50 percent in last three years

More optimistic is Malcolm Edwards, MD of Collins, which handles 40 to 45 percent of SA paperbacks

Jeremy Gordin

Sales have, he says, dropped "quite significantly" — up to 50 percent over the last three years — but last year, the fall tailed off

The stronger rand has meant lower book prices and sales are improving now

He points out books are the first commodity to rise in price when the rand falls, since stocks cannot be laid in in advance of any cost increase "We are at the forefront of imported inflation"

In rand terms, he says, 1985 price rises coped with volume decreases, but last year prices came down, and volumes were beginning to turn up.

Academic books, though a more stable market, have also been hit by the rand fall

Soaring prices have reportedly led to students illegally Xeroxing costly prescribed books

Literary Services director Chris Wolf says high prices have elicited "creative responses" from students, such as sharing of books — and they are definitely buying less

"Students are asking whether they really need that book."

Even taking inflation into account, price increases are "phenomenal" Wolf cites a random example, of a book which cost R75 in June 1984 costing R160 in December 1986

Particularly affected are US academic books, says Gordin.

The cost of books from the US, because of their general disinterest in export markets, the recent strength of the dollar, and their strong reservations generally about doing business in SA, has been high.

A book which costs $9,95 is going for R50 here

Mr James Armstrong, owner of L J Armstrong Booksellers, agrees there is a measure of price resistance — though prices have come down a bit off a very high base — because the stronger rand and the removal of the import surcharge to customers

Armstrong has developed a lucrative market in second-hand books for students, a market which he says is "getting bigger and bigger" The problem here, though, is the paucity of suitable books. "Demand for suitable second-hand books," Armstrong says, "always exceeds supply."

"We are not unhappy," says Juta & Co Transvaal director Gordon Johansen, though Juta's has also been hit by economic.

"In unit terms and in rand terms we are selling more at the moment than last January."

But he warns there could be more price increases this year.

Book prices overseas are rising, and this could contribute to price increases locally, he says

To Page 2

27/1/87 BUSDAY 244 126

Price, income restraints urged

DAVID FURLONGER
Industrial Editor

BOARD of Trade (BoT) chairman Lawrence McCrystal wants government to impose price and income restraints to keep down inflation.

He says he has made known his views and is awaiting a response. A Treasury spokesman says Finance Minister Barend du Plessis is considering certain proposals contained in a letter from McCrystal.

Speaking at the BoT in Pretoria yesterday, McCrystal said inflation was the most serious unresolved issue facing SA. Failure to reduce inflation quickly and substantially would have devastating economic consequences.

"Given the choice between doing nothing and taking direct action by way of a prices-and-incomes restraint policy, we (BoT) would favour the latter."

He said there were substantial differences of opinion in government on the need for a prices-and-incomes policy, but added: "I personally don't think we can go on much longer without one."

TWS is set to expand to Britain

LINDA ENSOR

TWS is set to acquire a London-based public relations consultancy to be headed by present chairman Richard Wagner.

Wagner is due to leave SA next month to finalise a deal with one or more of the six firms with which it has been negotiating. Options include the acquisition and amalgamation of two or three small companies or the buy-out of a medium-sized one.

One of SA's larger public relations firms, TWS netted R4,2m in fee income last year from its Johannesburg, Cape Town and Durban offices — a 24% increase over the previous year.

MD Keith Rhodes says this places it firmly among the British top 20.

An overseas foothold would, Wagner believes, enable TWS to assist in the export operations of existing clients as well as provide on-the-spot service to its multinational clients, especially in countering disinvestment pressures..

crepancy in recovery rates

STUART SUTTON

stolen in the first 11 months of last year. Of these, only 2 250 were recovered, a recovery rate of 15,5%.

"The discrepancy between all stolen vehicles compared with that of insured vehicles is unusually large," says an insurance source.

These figures imply that of all stolen vehicles, about one quarter are insured.

CID chief Gen Schutte said yesterday "You can make your own deductions regarding the recovery rate, as we cannot comment on on how the insurance companies arrive at their percentage rate."

If insurance industry figures were in line with those of the police, about 7 250 insured vehicles should have been recovered in the first 11 months of last year — 5 000 more than the actual amount recorded by the SAIA.

T A GLANCE

REUTERS

T MOVEMENTS — JANUARY 23 to JANUARY 26

	$/R Comm	$/R Fin	DM/$	£/R	3 months BA	All Gold BD Index	BD Indust Index	JSE Ov'all Index
Previous	0,4827	0,2238	1,8230	0,3168	9,25	1963,1	1609,7	2129,0
Latest	0,4823	0,2225	1,8200	0,3158	9,20	1960,1	1604,1	2123,0
			FRANKFURT CLOSE	LONDON CLOSE		Johannesburg Stock Exchange		

Public favours discount petrol

SUSAN VAN ZYL

THE public opposes the clampdown on discount petrol, a Markinor Gallup Poll shows.

The poll, carried out among 1 000 urban whites, shows that 82% believe filling stations should be free to cut prices.

Only 16% agree government was right to stop Pick 'n Pay from offering discount coupons for petrol purchases.

"We are pleased to know we have such support from the public," says Richard Frieslich, general manager of Pick 'n Pay's Auto Outlets. He says if Pick 'n Pay wins its appeal against a Supreme Court judgment last June, it will immediately start discounting again. The judgment put an end to the petrol-sales coupon scheme.

The appeal will be heard early in March. "At the moment it is just a big thumb-holding operation," says Frieslich.

Business Day
C (45c + 5c tax)
For other prices, see Back Page
Natal, Western Province, Eastern Province 80c (71c + 9c tax)

244
BUSDAY 28/4/87.

Economists dismiss prices and income policy

CHRIS CAIRNCROSS

GOVERNMENT is likely to make short shrift of a proposal to introduce a prices and incomes policy to combat high inflation, Finance Department sources say.

The proposal by Board of Trade (BoT) chairman Lawrence McCrystal has also been dismissed by most economists as impractical and likely to aggravate rather than repair conditions in the long run.

Officially, the "McCrystal Option" is one of a number government is considering as a means of reducing the inflationary spiral. Unofficially, however, it has already been discounted.

Although such a policy may have worked in countries such as Israel and Brazil to bring inflation down from the 300%-plus ruling at the time, it is not considered a measure likely to slice 10% or even 5% off SA's inflation rate of 20%.

Government is more in favour of adopting a multi-disciplinary approach to an ill that is being viewed with grave concern, officials stress. Finding a solution is a high priority, they add.

Economists concur they are in favour of price and wage restraints, but believe the private sector should merely be encouraged to adopt such practices on a voluntary basis through self-interest.

"McCrystal's proposal is certainly not in line with government thinking," says Sanlam's chief economist Johann Louw.

In any event, the introduction of wage restraints now would be politically ill-timed and difficult to enforce.

Government should, instead, concentrate on attempting to convince the various participants to exercise restraint, other economists agree.

And, in practice, it should worry more about determining what elements are needed to generate economic growth.

□ GERALD REILLY reports PFP finance spokesman Harry Schwarz, reacting to McCrystal's call, said government should negotiate with trade unions and employer organisations on voluntary restraints on salaries and prices.

He warned however "any attempt to restrain wages and salaries, and to leave prices unrestrained would cause serious problems, including labour unrest".

● See Comment Page 4

Price rises of up to 20% due soon

Cape Times 8/1/87 244

Staff Reporter

THE hard-hit consumer will face the new year with increases of up to 20% on many household products

An increase of between 12,5% and 15% is also expected on wine prices

The senior buyer of Pick 'n Pay supermarkets (Western Cape), Mr Alan Baxter, said yesterday that many of the price rises would take place late this month and early to mid-February

This was mostly spurred on by the new 15% sugar price rise Other products would follow with price increases from March to June and by mid-year an across-the-board increase of between 18% and 20% was expected.

Products directly affected by the sugar price rise include tinned fruit and vegetables, jams, soft drinks, sweets, most confectionary and syrups

Mr Baxter listed the products which would increase between now and February

- Sugar by 15% which could be expected to come into effect in the second half of February
- Soft drinks and squashes by 10% in February
- Pasta such as macaroni, spaghetti and noodles, by between eight and 10% by mid-February
- Canned fruit and vegetables by 5% this month
- One popular brand of peanut butter has increased its price by 60%
- Biscuits around 8% in March
- Milk powder and associated products by 10% in February
- Detergents by 12,5% at the end of January (an annual increase).
- Paperware by 10% in mid-February
- Toiletries by 8% in mid-February
- Chocolate and sweets, which have been hit by the sugar price rise and increases in the price of labour and packaging, could be expected to jump 20% by next month
- The price of gouda cheese will increase by about 4% while cheddar is in such short supply it is almost unobtainable It could increase in price by about 12,5%

Sapa reports that Checkers' chief executive of supermarkets, Mr Lionel Blakeman, said they expected price increases ranging from 5% to more than 15%, depending on the sugar content of the various products

FM 9/1/87
244

MAIZE PRICE CUT

Too little too late

The much-heralded 8,1% cut in the yellow maize price from January 1 will do next to nothing to stem the sharp fall in demand for maize on the local market While the move must be welcomed, it is too small to have significant impact on consumption or on food commodity prices.

At best, further price increases could be held back in the short term, say industry spokesmen While the first price cut since 1962 is seen as a move in the right direction, it amounts to little more than a gesture.

The hard truth is that the maize industry is in desperate straits With a potential bumper crop in the ground, the vital local market is still shrinking and the export outlook gets gloomier by the day And few farmers — accustomed to years of State support and unrealistic prices — have taken heed of warnings that a huge crop this year will be penalised by lower prices

Big overhang

The massive world maize overhang will be increased by an expected US surplus of 143 Mt while the 210 Mt Russian crop is well above the projected 195 Mt Closer to home, Zimbabwe will also have a 2,6 Mt exportable surplus

The price of Chicago March futures has now dropped to $1,57 a bushel from $2,20 last February, notes Maize Board (MB) GM Hennie Davel. "Our surplus," he laments "will have to be exported at a loss into this weakening world market."

As a result the maize industry is now desperately looking to the local market to rescue it from its self-inflicted woes. But even here the chances are slim.

Local yellow maize consumption fell dramatically from the abnormally high 4,119 Mt in the 1984-1985 season to 1,846m t in 1985-1986. The outlook for the current season is even worse.

Davel tells the *FM* average yellow maize consumption has run at 2,2 Mt-2,4 Mt since the 1975-1976 season. "But we have been forced to scale down our original forecast for this season from 1,8 Mt to a mere 1,5 Mt after the 18% drop in sales in the first nine months of the year"

The widely hailed "price decrease" thus begins to look insignificant upon analysis. Last year's basic producer price increase to R266/t was boosted by a R5/t monthly hike to cover storage and distribution The MB has now dropped the basic price by 5% to R253/t and it is freezing monthly increases for the January-April period.

Effectively, the new price will be R288,27/t until the end of April, when the new season's price will be set But the frozen price is still far above the going rate for substitutes like sorghum or barley.

As the *FM* has repeatedly warned over the last two years, substitutes are stealing a large share of the animal feed market from maize and the price cut is unlikely to change anything Some 90% of yellow maize sold locally goes into animal feeds — and price determines market share.

Little effect

Traditionally, maize constitutes about 50% of animal feed content, and the price cut could have only a 4% effect on feed prices In addition, many manufacturers already sit with stock bought at old prices and other feed components are also subject to inflation "The earliest possible beneficial impact on feed prices would be in February," says Roger du Toit, secretary of the Association of Balanced Feed Manufacturers

But he does say the lower price could increase local sales by 80 000 t to 100 000 t This would reduce the MB's export losses, but it would not significantly reduce the problem

SA Poultry Association general secretary Zac Coetzee says a more substantial price cut would be needed if maize is to compete with substitutes. And as the monthly escalation of maize prices could not always be recovered from consumers, producers might use the price cut to recoup losses. He does not expect lower egg or chicken prices

Nor do major feedlotters see any impact on the current high price of red meat. Maize, they reckon, remains over-priced and, with better grazing in most parts of the country, there is also little hope of increased demand for maize feed. ■

Post Office tariffs set to rise

BUS DAY 9/1/87 244

GERALD REILLY

INCREASED Post Office tariffs are a certainty in the first quarter of this year.

Deputy Postmaster-General Johan van Rensburg said that in spite of tariff hikes last April, the current financial year will end with a deficit of more than R106m.

Deficits in the 1985/86 financial year amounted to R94,5m, and in the year before to R84,7m. Former Telecommunications Minister Lapa Munnik announced in his 1986/87 budget that tariffs had been raised to provide for a 15% hike in revenue. When the projected R106m deficit is added to the expected salary increases for 94 000 postal employees, substantial tariff hikes appear likely.

11/1/87
SUN TIMES

(153) (244)

Soaring prices raise new inflation bogy

By David Southey

INFLATION shudders are once again rippling through the economy

In spite of most economists' predictions of a slightly lower average inflation rate in 1987 than in 1986, reports that prices of many foods are soon to be raised by between 10% and 20% have set alarm bells ringing among consumers

The consumer-price index rocketed in the first two months of last year, but expectations were for much lower increases early this year

Although Meat Board officials do not think the price of red meat will rise by much more than 15% this year, others are pessimistic

Supply

Standard Bank agricultural economist Theo Potgieter says "Meat prices are influenced primarily by what happens to supply At the moment supply is being checked by farmers who are restocking extensively after good rains This could force meat prices up for some time to come"

Economists say there is little the control boards can do to alleviate the shortages other than to import large quantities of lamb and beef Given the limited supply at the meat auctions — set against a demand which must be met from bulk buyers, such as hospitals, hotels, schools and restaurant chains — prices look set to edge up for some months

Old Mutual economist David Moore has received widespread publicity after his warnings that conditions in SA could be ripe for hyperinflation in the next two years or so

However, Mr Moore tells Business Times he was merely warning that SA had certain preconditions in common with nations that had experienced excessive inflation rates - a weak currency, foreign-debt problems of one kind or another, disproportionately large public sectors among others

Warning

He nonetheless believes SA's inflation rate for 1987 will be "no higher than in 1986 — and could be even lower"

Mr Moore says that SA's ability to avoid even higher inflation will depend on how the Government reacts to the current adverse circumstances

In the July 1986 edition of its Economic Monitor, Old Mutual concluded "In the last few years the Government has clearly financed the Budget deficit without undue money creation there is no clear evidence that increased Government borrowing was the main factor behind the sharp run up in capital rates"

Old Mutual found that the Budget deficit, expressed as a percentage of gross domestic savings, had declined from an average of 16,4% for 1970-1980 to an average of 13,3% since 1981

Mr Moore says "Given the extent of the rand's decline, I am surprised that the inflation rate was not above 20% in 1985 and 1986 This testifies to the fact that there is still a lot of discipline in the business environment despite what people think and that fiscal policy has been a lot tighter than what we have been prepared to admit"

Flexibility

Another positive factor in the fight against inflation, says Mr Moore, has been the "remarkable flexibility in recent years in real wages" Except for a brief spell in the 1970s, real — inflation adjusted — wage increases have consistently fallen short of the inflation rate

Of course, there is no guarantee that economists will be right in their predictions of a slightly lower inflation rate for 1987 but there is insufficient evidence available for them to revise their views

Increase in producer price of spirits, wine due this week

12/1/87 EVE Post

By DENISE BOUTALL

WINE lovers should hold on to the remains of their festive season wine stocks — the KWV is due to announce an increase in the producer price of wine and spirits of 14% on Wednesday.

An announcement on the new wholesale price of wines is expected to follow shortly

However, it is not clear when consumers will have to pay the new prices because the increase in the retail price may only come into effect when the system of value added tax (VAT) replaces general sales tax on liquor.

Meanwhile, liquor industry sources are speculating that KWV will raise the producer price — the minimum price paid to wine farmers by the wine wholesalers — by an average of 14%.

By law, KWV has to fix a minimum price of wine and spirits annually

Increases in retail prices, which are usually implemented promptly, might be delayed this year by the swith to the system of VAT

Although no official announcement has been made on the introduction of VAT on liquor, it is expected in the trade that this will happen on March 1

GST is being replaced by VAT because the Government is losing millions of rands annually in unpaid GST, largely through sales in the black areas.

The introduction of VAT means that the tax will be paid and collected at wholesale level and the cost built into the retail price

Food hikes to hit soon

CONSUMERS have been warned to prepare themselves for across the board increases of over 10% in thousands of food and household products in the coming months.

Many of the increases were expected before the end of this month. CITY PRESS 244

The 15% increase in the sugar price was expected to have a ripple effect on products ranging from jam, condensed milk and biscuits to soft drinks, the SABC said.

It said detergents and toiletries would cost up to about 12% more, while a 15% increase in the meat price included canned and processed meat.

The price of dairy products was expected to rise about 12%. Many would have to forego peanuts and peanut butter as drought had pushed the price up by 60%. – Sapa.

11/1/87

10 000 price hikes on way

6/1/87 244 BUSDAY

Business Day Reporter and Sapa

PRICES of up to 2 000 consumer items will increase in the next two months and, by June, 10 000 will have gone up, retail officials say.

Increases in meat, sugar (15%), pasta (8-10%) and wine (17%) are the main products affected but the list includes peanut butter, milk powder, detergents, toiletries, paperware, packaging materials and gouda cheese.

Products directly affected by the sugar price increase will be sweets and chocolates, soft drinks, biscuits, confectionery, canned fruits and jams.

Large supermarket chains foresee an initial resistance to the increases. But once the increases have been accepted, sales will be as before.

Prices will remain the same until old stocks are depleted, so most increases will only be effective from the start of next month.

Pick 'n Pay director Richard Cohen said sugar was a commodity consumers had to have.

And although an initial resistance was expected, sugar sales would not decrease significantly in the long term. He said: "As prices increase, packaging sizes decrease and consumers do not notice extreme increases

"The government has encouraged consumers to be positive about the state of the economy, concerning sanctions and an inflation rate of 20 %, and now we have this 15 % increase in the price of sugar.

"Even though the sugar increase is below that of the inflation rate it is the biggest in years."

Checkers' chief executive of supermarkets Lionel Blakeman said they expected price increases ranging from 5-15% depending on the sugar content of the various products.

He said: "The impact of the sugar price rise will begin to be felt next month. Prices will remain as they are until old stock is cleared."

Confectionary and soft-drink wholesalers do not foresee any drastic drop in sales.

Sweet and chocolate manufacturers, the industries worst affected by the sugar increases, are optimistic and do not anticipate a drop in sales in the long term.

CAH Trib 6/1/87

Spiralling meat prices might drop this week

244

JOHANNESBURG — The cost of meat was expected to drop this week following a cost spiral over the festive period, the general manager of the Meat Board, Dr Pieter Coetzee, said yesterday

However, the president of the Housewives' League, Mrs Lyn Morris, was concerned the price of meat would join the sugar price spiral this year and contribute to rampant inflation

Dr Coetzee was prepared to predict that meat supply and prices would be stable until mid-year but was not prepared to predict further

Cattle farmers were relying on summer rains to continue to feed their animals In some areas, especially the Vryburg prime cattle-breeding area, below-average rains have not given way to steady rainfall

Dr Coetzee said it was normal for meat prices to start rising in October, as they did last year Even though the amount of meat available was normal, and in some places even increased, the prices continued to rise

One example was that the mutton price on auction in Pretoria after Christmas rose to over 700 cents a kg On that day, 8 000 lamb and mutton carcasses instead of the normal 6 000 were supplied to the market It had been rumoured there were new buyers on the market that day, he said

In Durban, the increased demand for mutton over the festive period was supplemented with imports, Dr Coetzee said

Mrs Morris said the present high meat prices were the result of an overkill during the drought Cows, some even found to be in calf, had been slaughtered, reducing production capacity. The board should have foreseen the shortage and imported meat for the shortfall over the latter months of 1986

Dr Coetzee said the results were the opposite Although stock numbers had been reduced by 5 000, from 8,4 million to 7,9 million, in the five-year drought period, the overkill was of weaker animals

Breeding stock was kept on the farms and their calving percentage had risen from 60 percent to 70 percent The quality of local meat would continue to increase, he said

The board was importing industrial-grade beef, for canning, in October last year because of a 28 percent increase in demand The starting price of the imports was 395 cents a kg This pushed up the price of higher-grade meats The increased demand for canned meat could not be explained, said Dr Coetzee — Sapa

Prices of 10 000 items to go up

7/1/87

DD 240

JOHANNESBURG. — The prices of as many as 10 000 consumer items will have been increased by June, according to a report by retailers

The main products immediately affected include wine (17 per cent up), sugar (15 per cent), pasta (10 per cent) and meat (various) However, the list is also reported to include milk powder, detergents, toiletries, peanut butter, packaging materials, paperware and cheese

The report says as many as 2 000 items will be affected in the next two months

Directly affected by the sugar price increase are sweets and chocolate products, biscuits, canned fruit and vegetables, jams and marmalades, soft drinks, puddings, and various products in the ice-cream and pharmaceutical industries

Most prices will be held until old stocks are depleted, says the report, so the majority of the immediate increases will be effective from the beginning of next month

Large supermarket chains foresee consumer resistance to the price hikes However, once the increases have been digested, they say, sales will recover

A Pick 'n Pay director, Mr Richard Cohen, said sugar was a commodity consumers simply had to have

So sugar sales will not drop significantly except initially

"As prices increase, packaging sizes decrease and consumers do not notice extreme increases

"The government has encouraged consumers to be positive about the state of the economy, concerning sanctions and an inflation rate of 20 per cent, and now we have this 15 per cent increase in the price of sugar

"Although the increase is below the inflation rate it is still the largest in years "

The chief executive of supermarkets at Checkers, Mr Lionel Blakeman, says he expects price hikes between five and 15 per cent depending on the sugar content of the various products

"The impact of the sugar price increase will begin to be felt next month."

Confectionery and soft-drink wholesalers do not foresee any major drop in sales, says the report.

Worst hit by the sugar price increase will be chocolate and sweets manufacturers, yet they are optimistic and don't expect anything more than a "very temporary" slide in sales. — Sapa

7/1/87 STAR 21/1244 (188)

The Star Wednesday

Food prices set to soar

The Consumer Council predicts a gloomy picture for 1987 unless inflation is stemmed

Price increases will break the economy, according to a Press statement released by the council.

It reports affirmation from one of the biggest chain stores that food prices are are expect ed to rise by about 19 percent.

Motor industry members are estimating a 40 percent markup on new car prices this year, according to the statement.

The council maintains that in such a climate, inflation cannot be stemmed It believes that a price and salary freeze would have the desired effect.

The council's director, Mr Jan Cronje, said, although the Government was blamed for excessive spending, the private sector was also guilty of constantly pushing up prices

Mr Cronje said parents stuck with buying expensive school uniforms should approach their parent committees

Prices could be lowered if uniforms were rationalised, he said

Govt blamed for shrinking rand as inflation spiral worries economists

STAR 7/1/87

By Michael Chester

The buying power of the cash in your pocket has shrunk by more than 55 percent in seven years and the R1 coin of 1980 may be worth no more than 35c by the end of 1987

Disclosures of the dramatic erosion of the consumer value of the rand have emerged from studies by the Econometrix research unit They underscore the mounting concern of economists over South Africa's failure to follow the lead of its Western trading partners in finding solutions to rampant inflation.

The director of Econometrix, Dr Azar Jammine, believes, because of debatable weaknesses in the composition of official statistics, the full degree of shrinkages to the rand may be even worse than the cuts reflected in the consumer price index (CPI)

Even the CPI concedes that a basketful of household items that cost R100 in 1980 now costs around R240 with the annual rate of inflation running close to 20 percent.

The result is that the purchasing power of the rand has toppled from R1 in 1980 down to 44c, with a deeper slide threatened as economists despair about the inflation spiral and the long-term impact on living standards.

Dr Jammine blames Government mismanagement of fiscal and monetary policies as the main cause of inflation.

He said: "The Government has made a hash of it ever since it wasted its opportunity to set the economy on a dynamic new course in the early 1980s when an avalanche of money came into the country with the wild climb of the gold price above $850 an ounce

"Instead, it allowed and encouraged a mindless explosion in buying on credit as the money supply spun out of control

"The way the private and public sectors permitted wages to gallop higher without any comensurate increase in productivity is also to blame," he said.

"The ambition to start closing the wage gap between white and black employees was commendable, but the error was the failure to find simultaneous remedies for South Africa's dreadful productivity record

"The numerous structural faults in the economy are well known, but the private sector must carry part of the blame for our present inflation headaches.

Dr Jammine said. "The temporary boom at the start of the decade set in motion a massive movement towards bigness in business, with big corporations growing even bigger through a succession of takeovers of smaller companies and the emergence of massive concentrations of corporate power.

"It's a controversial issue, but I am convinced the sheer size of business enterprises can cause hiccups in classical economic theory

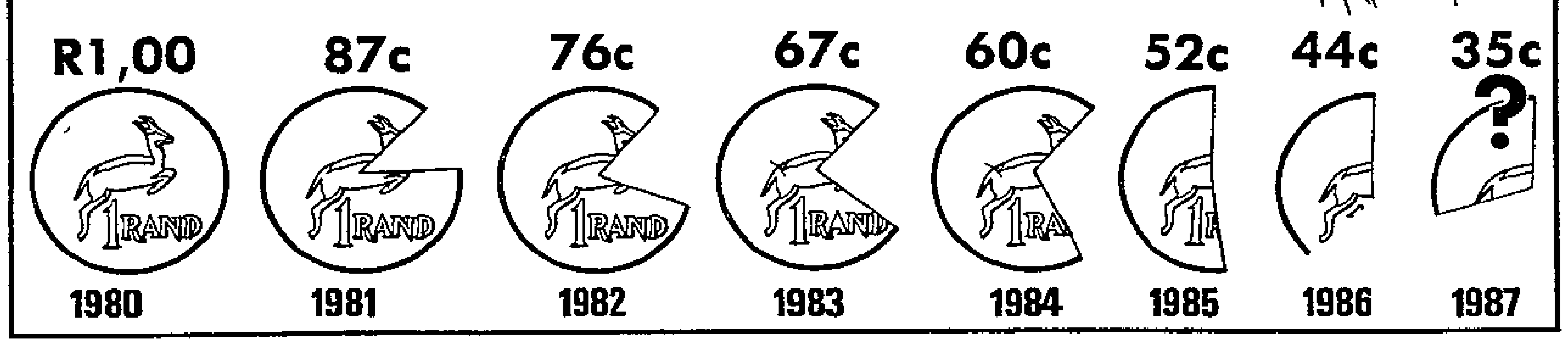
"Theoretically, when demand falls, as in the prolonged recession we have been in, prices should come down to bring demand and supply back into equilibrium

"Unhappily, it is obvious that many giant corporations, rather than reduce prices, have simply resorted to reductions in production volumes, hoping high prices will balance lower sales volumes However, they have caused more unemployment and loaded the problems elsewhere

"Several companies in specific industrial sectors, such as the motor industry, would have been forced to make different decisions on prices had they not been under the umbrella of huge conglomerates that virtually guaranteed their survival whatever their strategies," he said

"There's a weird mixture of causes for all our inflation woes But in the final analysis it is the Government that must shoulder the bulk of the blame because of its poor performance in economic management on so many scores."

YOUR SHRINKING RAND 7/1/87



244

Car price hikes to be less than inflation — VW head

8/1/87

By Jeremy Sinek

Motor vehicle prices should increase by less than the local inflation rate, says VW SA managing director Mr Peter Searle, in reaction to a reported statement by Mr Jan Cronje, director of the consumer council, that car prices would increase by 40 percent this year.

"If the exchange rate holds steady against the German mark, VW/Audi will be doing its utmost to hold price increases to between 10 and 12 percent this year," Mr Searle said.

There is similar optimism in the case of Japanese-sourced cars. "With a little bit of luck increases won't be much more than 12 percent for the whole year," said Mr Colin Adcock, managing director of Toyota.

Already there has been some slackening of the price rise spiral. So far only Nissan, with a modest three percent hike, has posted the normally expected turn-of-the-year increase.

The below-inflation rate of price increases should be possible because the worst of the exchange-rate onslaught (which inflates the cost imported components) had already been absorbed by the end of last year.

Mr Adcock said: "The large increases up to the end of the year covered a 44 c rand, so we won't be in bad shape if it stays at 45-46 cents."

STEADY RAND

With the Reserve Bank looking able to maintain the rand steady at least until mid-year — helped by a downward trend for the dollar and a possble weakening of the yen — Mr Adcock predicted no major price increase to cover currency factors on imported components.

Similarly, the cost of local components would rise at less than the inflation rate because the cost of their own imported content would remain stable.

Mr Searle predicted that the swing towards smaller cars in 1987 would continue and that this, combined with low interest rates and readily available credit, would lead to a revival in the new car market

Toyota's Colin Adcock predicts a modest five percent gain in car sales for 1987, while light commercials "might be a surprise, as farmers are feeling better and there could be some stimulation of the building industry"

But he believes the passenger car forecast could prove unduly pessimistic in view of the bond rate war.

"This could be a critical and interesting factor, as from April many people will benefit from a two percent drop in the bond rate.

"If this holds through the year, as it should, there is the potential for growth considerably better than five percent."

YOUR cup of tea or coffee, your favourite sweets, meat and other commodities are now going to cost you more as inflation gets set to climb

Expect jump in food prices

Sowetan 6/1/87 244

FOCUS

THE prices of several hundred food products are expected to bound ahead in the coming two months — spurred by the new 15 percent sugar price rise and rocketing prices for meat and meat products, beef and lamb in particular

Supermarket chains say industries directly affected by the sugar price rise include tinned fruit and vegetables, jams and other spreads, soft drink producers, the sweet industry, most confectionery, syrups, and many other foodstuffs

Said Checkers' chief executive of supermarkets, Mr Lionel Blakeman "We expect price increases ranging from five percent to more than 15 percent, depending on the sugar content of the various products

The impact of the sugar price rise will begin to be felt next month Prices will remain as they are until old stock is cleared "

Pick 'n Pay, the OK Bazaars and Checkers say the increase is certainly to be only the first of many in 1987

Vice-president of the Housewives' League, Mrs Jean Tatham, is quoted as saying she has little confidence in either the industry or the Government to control food prices

She adds that the lower-income groups will be worst hit as sugar is their main energy source

The South African Sugar Association (Sasa) says the price rise has been made only to keep in line with increases in local production costs against a background of 20 percent inflation

Sasa general manager, Mr Peter Sale, says the last price increase was in March last year, when the price was boosted by 13,5 percent

Target

He adds that the latest increase has nothing to do with the announcement by the United States in November that its annual quota for imports from South Africa of 35 000 tons would be dropped and switched to the Philippines

The domestic price increase is also unconnected to the inclusion of Sasa on the US classification of some 132 South African organisations as parastatals and therefore legitimate targets for America's disinvestment policies, he stressed

"Sasa is a private organisation and is in the process of appealing to the US to drop its name from the blacklist "

The shortage of red meat which "seems certain" to send prices rocketing, is seen as the start of another surge in the inflation spiral

Sources in the industry say supplies will dry up after drought-stricken farmers slaughter hungry stock

Also, many farmers will be restocking depleted herds

Not least, there has been a flight of farmers out of stock farming on the grounds that cyclical price movements have made it uneconomical to continue

The industry now fears prices will climb still higher, triggering strong consumer resistance

It is reported that farmers and retailers have been warned that the consumer stand-off will be coupled with ferocious competition from poultry, fish and cheese

Share

These products are set to grab a larger share of the overall animal protein market

Sheep herds have been over-slaughtered since 1982 and cattle counts have dwindled since 1976, with only a short interruption in the 1981-82 boom years

The December issue of *Effective Farming* says "Such is the price that farmers (and consumers) must pay for economic policies that retard national growth

"Farmers' organisations have been foremost in demanding that Government production quotas restrict access to the market through single channels and divert scarce supplies of land, labour and capital to sub-optional use "

The Meat Board says all signs point to sharp price increases

Says general manager, Mr Frans Pienaar "We must expect that for 1987 beef prices will go higher, especially in the second half of the year

Critical

"In the case of lamb and mutton, the situation should not be as critical as it is easier and quicker to restock depleted flocks "

Mr Pieterse says that if wool prices climb, farmers will be reluctant to release sheep for slaughter

The industry is also expecting a dramatic increase in South Africa's population and says that as of now there are 15 percent more mouths to feed than during the boom of the early eighties

Says *Effective Farming* "Had living standards not been slopping steadily the demand for meat would have been much greater than it is now

The industry expects the gross value of meat sales to rise by 20 percent on average in each of the next three years, it is reported

However, with supplies shrinking, prices will need to rise steeply between now and Christmas 1988 to keep supply and demand in

Political comment in this issue by J Latakgomo and A Klaaste Sub-editing, headlines and posters by S Matlhaku All of 61 Commando Road, Industria West, Johannesburg

• Write to the Editor at PO Box 6663, Johannesburg 2000 Nom-de-plumes can be used, but full names and addresses should be sup-

Price hikes greeted with resignation

(244)

DD 6/1/87

By JUDY SPARG and JANICE HILLIER

EAST LONDON — Predictions of imminent hikes in sugar and red meat prices were greeted with resignation by shoppers interviewed here yesterday

Generally, shoppers said they were planning to buy fewer luxury items, and replace red meat with chicken and fish

They were asked to comment following a statement earlier this week by the general manager of the South African Sugar Association (Sasa), Mr Peter Sale, announcing that the price of sugar would rise by 15 per cent within the next month

bare necessities," she said

Those who will be particularly hard hit by increases are pensioners and lower income families whose budgets are already tight

A pensioner, Mrs Patricia Bishop, said she already bought very little meat, and was concerned about the imminent increases

"Roasts are beyond my budget even now, and I only bake on very special occasions," she said

A Parkside pensioner, Mrs Ellen Basson, was alarmed at the pending increases

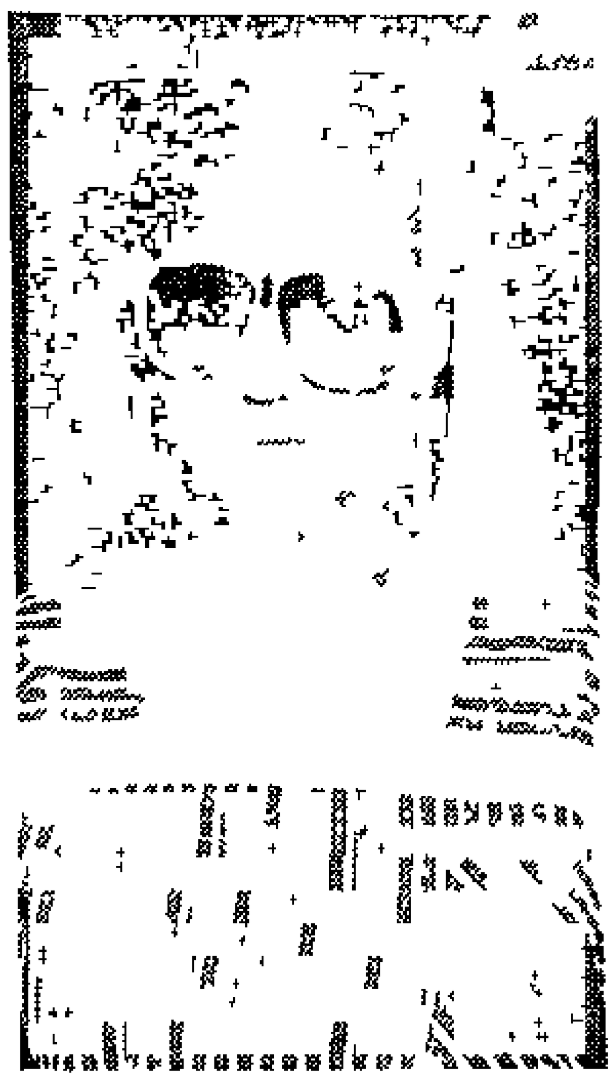
carnival, Miss Gail Hughes, who said many people had commented on not wanting to buy meat as they were vegetarians

Mrs Maizie Pannewitz said she bought only chicken and fish, and that the red meat price increase would not affect her

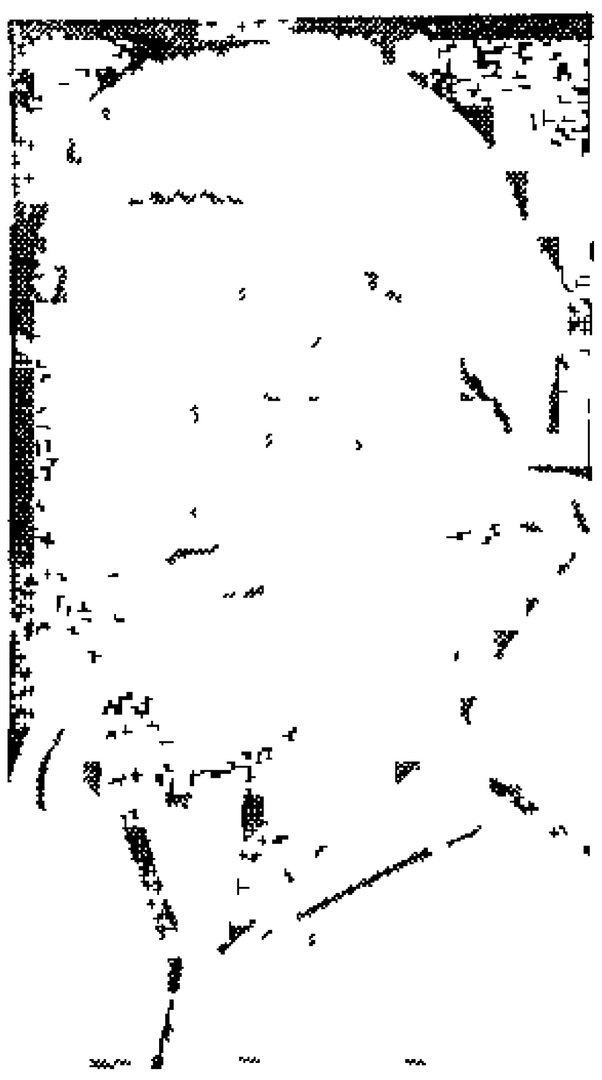
"One can produce creative and interesting meals at low cost with a little imagination," she said

"We use soya a lot, as well as salads and unrefined sugars which are cheaper"

A newly wed couple, Malcolm and Alison



MRS LYNNE WEISS necessary to have two breadwinners



MRS ELLEN BASSON never manage

MRS XOLISWA BAKU can't cope without meat.

MRS CELIA JUDD difficult for families without two breadwinners.

(244) 6/1/87

In addition, the prices of beef and mutton are also expected to rocket because of an expected "acute shortage" of red meat, according to suppliers and producers

Sheep herds have been overslaughtered since 1982, and cattle numbers have been falling since 1976, with only a brief respite in the boom years of 1981 and 1982.

The price of super beef is expected to exceed the 550c/kg mark — presently at 400c/kg — and lamb is expected to retail at around 650c/kg and higher

Shoppers approached yesterday during random interviews at three local supermarkets said that they would buy less beef and mutton, and would turn to chicken, fish, mince, sausage and stews as alternative sources of protein

A Mdantsane housewife, Mrs Xoliswa Baku, said she would deal with the price increases by buying more white meat, buying in bulk, and shopping around more

"I will cut down on luxuries, but meat is a necessity," she said

A housewife, Mrs Celia Judd, said the increases made survival difficult for single breadwinner families.

"We buy very few luxuries now, and will have to be even more careful in future to afford the

"I hardly manage now, but I suppose we will just have to go for cheaper cuts," she said

Mrs Lynne Weiss and Mrs Colleen George agreed it would be necessary to buy more chicken and fish, and to stretch meals by adding salads and vegetables

Two housewives, Mrs Amy van Beling and Mrs Jeanette la Ferla, agreed they would cut down on expensive red meat, and concentrate on fish and chicken to meet their protein requirements.

A trend towards vegetarianism appears to be developing according to one of the meat stallholders at the Christmas

MRS PATRICIA BISHOP, a pensioner .. only buying necessities now.

White, said they felt sugar was a necessity and that it was totally unnecessary for the price to go up

They said that the meat price was "astronomical", but that they would continue to eat beef but not mutton

Mrs H Niit and Mrs Jean Engelbert said they were alarmed at the foreseen increases, but that there was absolutely nothing anyone could do about it, but learn to cope and to buy more economically

A Grahamstown man, Mr A V. Crankshaw said it was not likely that he would buy less red meat He would continue to buy what his family required, he said

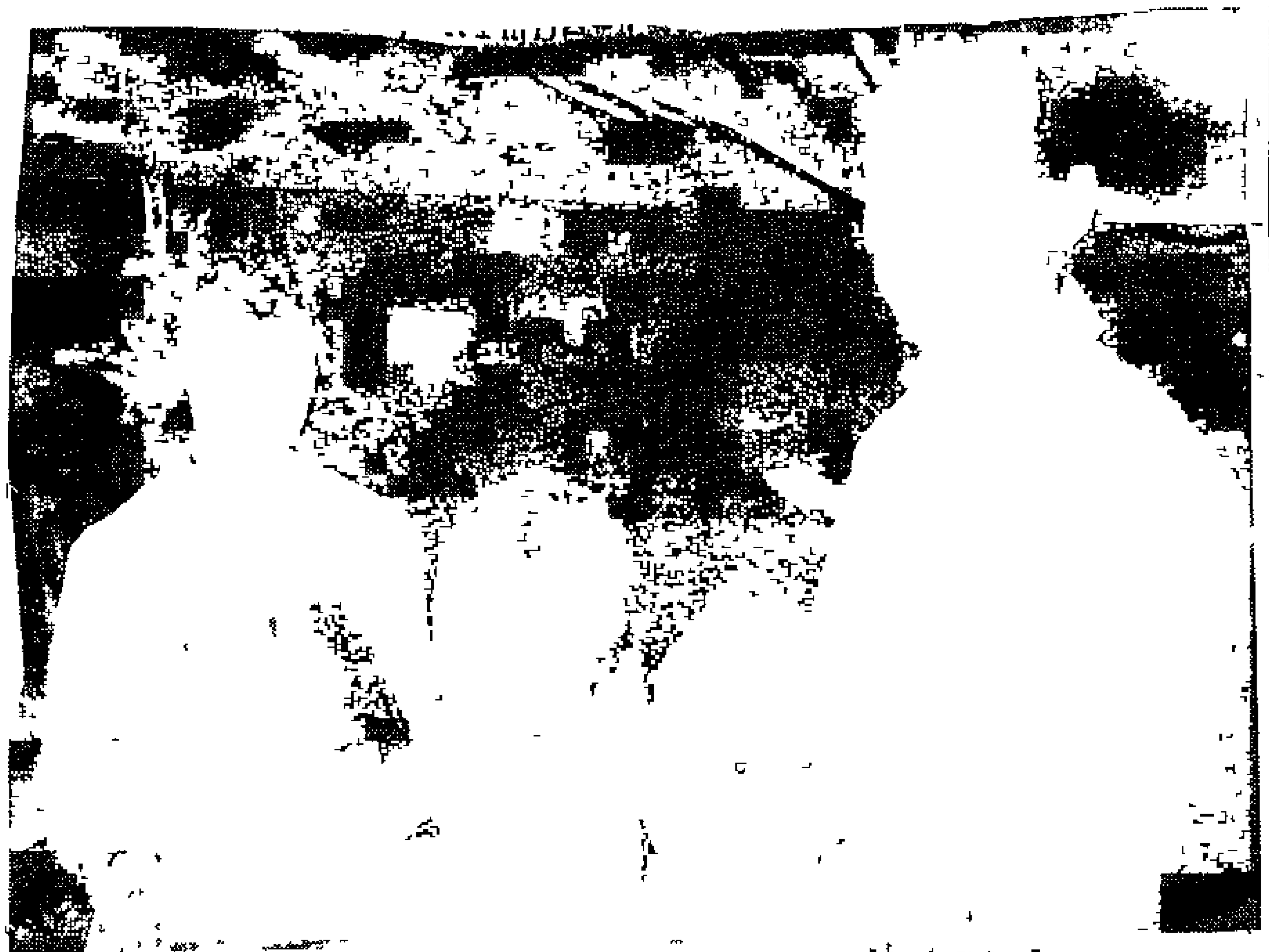
He felt people tended to buy indiscriminately despite the fact that prices were escalating

Mrs Isobel Nqambule and Mrs Judy Mgxekwa agreed they would cut down on red meat, but felt sugar was necessary as it had a high energy value and was important for children.

"I will always buy sugar, even if I can't afford products such as jams, cakes and puddings," Mrs Nqambule said

Mrs Joan Jewell and Mrs Hazel Singh also said they would cut down on luxury sugar products, but that they felt that sugar was a necessity

DD 6/1/87



RAYMOND AND JEANETTE LA FERLA with Celeste and Andrew .. on holiday — will worry about it later.

RIAN and ANNETTE MULLER . . . prices are ridiculous, but we will have to learn to cope.

Food prices put bite on '87 shopping lists

Own Correspondent

DURBAN — Nearly 2 000 items on supermarket shelves will rise by up to 20 percent in the next few weeks and wine prices are set to increase by 17 percent, despite the country "drowning in wine"

And that's only the start

Durban North Hypermarket manager Mr Martin Rosen predicted yesterday that by June about 10 000 items will have gone up and that inflation on all foods could reach 20 percent by mid-year.

THE LIST

Mr Rosen said products directly affected by the recent 15 percent sugar price rise included tinned fruit and vegetables, jams and other spreads, soft drinks, sweets, most confectionery and syrups

He said these products would go up in the next few weeks

- Sugar by 15 percent
- Mineral drinks and squashes 10 percent

Sugar price rise helps fuel inflation

- Pastas by between eight and 10 percent
- Canned fruit and vegetables by five percent
- Peanut butter by at least 20 percent.
- Biscuits around eight percent in March
- Milk powder and associated products 10 percent.
- Detergents 12,5 percent, including soap powder and liquid dishwasher
- Paperware by 10 percent
- Toiletries by eight percent.
- Chocolate and sweets, hit by the sugar price rise and increases in the cost of labour and packaging, could be expected to jump 20 percent by next month
- Gouda cheese by 10 percent (and cheddar is almost unobtainable).

Checkers' chief executive of supermarkets, Mr Lionel Blakeman, said the chain expected price increases ranging from five percent to more than 15 percent, depending on the sugar content of products

"The impact of the sugar price rise will begin to be felt next month Prices will remain as they are until old stock is cleared," he said

Mr Rosen said Pick 'n Pay had bought in massive supplies at the old price to cushion the blow to consumers and would phase in the increases

Strategic items had been stockpiled but, Mr Rosen said, some products had been difficult to obtain as manufacturers' were without stock

Mr Rosen said suppliers had informed him that increases in the price of wine of 17 percent could be expected soon despite the country "drowning in wine"

A five-litre carton now selling for R5,99 would jump to R7,83 after GST

Meat prices expected to drop before increases in mid-1987

244

SAIRR

5/1/87

Meat prices are expected to drop to pre-Christmas levels this week as the demand for red meat eases, a spokesman for the Meat Board in Pretoria said today.

Mr Frans Pieterse, deputy manager of the board, said the price of red meat was expected to increase by 10 to 15 percent this year, but consumers would have a respite from excessive prices until mid-year

The price of lamb and mutton in particular soared to a new high over the Christmas-New Year period as public holidays reduced output from abattoirs around the country.

Demand was also high and "the meat price is very much a function of supply and demand", Mr Pieterse said.

Beef should cost about R3,80/kg for super grade, and super lamb should settle back to about R4,80 or R5/kg, he said

The price of lamb rose to over R7/kg last week

The Meat Board was "a bit worried" about the condition of grazing lands in the Western Transvaal where not enough rain had fallen, but it and the Department of Agriculture would consider importing meat if neccessary, Mr Pieterse said.

In Durban the increased demand for mutton over the festive period was supplemented with imports, and Australian lamb was sold in some Johannesburg stores last week

The general manager of the Meat Board, Dr Pieter Coetzee, said yesterday it was normal for meat prices to start rising in October, as they did last year Even though the amount of meat available was normal, and in some places even increased, the prices continued to rise

Sapa reports that the president of the Housewives' League, Mrs Lyn Morris, was concerned the price of meat would contribute to rampant inflation

Mrs Morris said the high meat prices were the result of an overkill during the drought

Dr Coetzee said the results were the opposite Although stock numbers had been reduced, the overkill was of weaker animals

Machel crash probe nears end

SAIRR 6/1/87

The investigation into the air crash which killed President Samora Machel is nearing completion and the board of inquiry into the crash is expected to begin in Pretoria later this month

Mr Ronnie Meyer, Deputy Director-General of the Department of Transport, said today that South African investigators involved in the inquiry met with the Soviet and Mozambican teams in Komatipoort yesterday for a "routine discussion" of the draft report

"These meetings are aimed at drawing up a single report, on which everyone agrees, for presentation to the board of inquiry," Mr Meyer said.

He said he did not have details of the discussions, but added that the report was at an advanced stage and would probably be completed by the middle of the month.

"Indications are that the board of inquiry will start from the third week in January and that the overseas members will be here a week before to allow them time to investigate the scene of the crash and the aircraft remains," Mr Meyer said. ● See Page 8.

News 5/1/87

Sugar price up, so many products will cost more

JOHANNESBURG — Prices of several hundred food products are expected to bound ahead in the coming two months — spurred by the 15-percent rise in the price of sugar and rocketing prices for meat and meat products, beef and lamb in particular.

Supermarket chains say that industries directly affected by the sugar price rise include tinned fruit and vegetables, jams and other spreads, soft-drinks, confectionary, syrups and many other foodstuffs

Mr Lionel Blakeman, chief executive of Checkers supermarkets, said "We expect price increases ranging from five percent to more than 15 percent, depending on the sugar content of the various products.

"The impact of the sugar price rise will begin to be felt next month Prices will remain as they are until old stock is cleared."

Pick 'n Pay, OK Bazaars and Checkers predict that the sugar price increase is only the first of many in 1987

Mrs Jean Tatham, vice-president of the Housewives League, says she has little confidence in either the industry or the Government controlling food prices

The lower income groups will be worst hit because sugar is their main source of energy, she says

The South African Sugar Association (Sasa) says the price of sugar has been increased to keep in line with increases in local production costs against a backgound of 20-percent inflation

The general manager of Sasa, Mr Peter Sale, said that the last price increase was in March last year, when the price was boosted by 13,5 percent

He added that the latest increase was not connected with the announcement by the United States in November that its annual quota for imports from South Africa of 35 000 tons would be switched to the Philippines

The increase was also not connected with the inclusion of Sasa on the US classification of about 132 South African organisations as parastatals and therefore legitimate targets under the new American disinvestment policies

Sources in the industry say that supplies will dry up when drought-stricken farmers slaughter hungry stock.

425 - CORDAGE AND MATTING INDUSTRY, CERTAIN AREAS.

Superceding w.d. no: 292

AREA A: Lower Tugela.

AREA B: Durban and Port Elizabeth.

Depleted herds pose big problem

Soaring meat prices set to fuel inflation

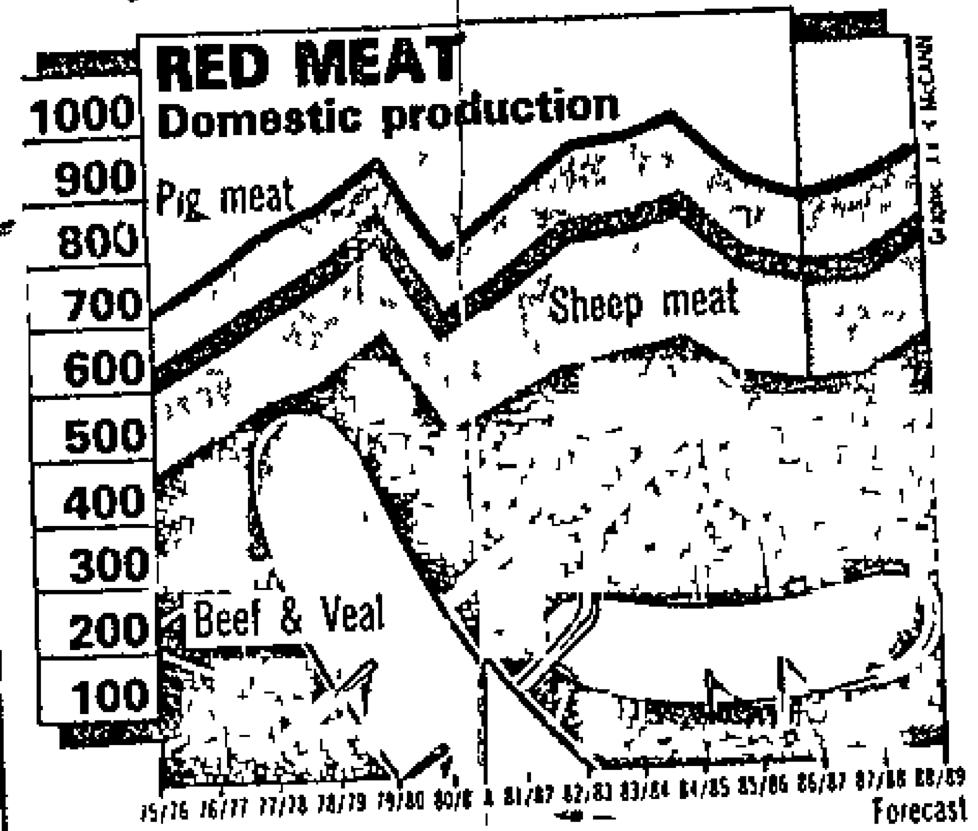
5/1/87 BUS DAY 244

MICK COLLINS

IN what is seen as the start of a deadly inflation spiral, an acute shortage of red meat now seems certain to send prices of lamb and beef rocketing in 1987.

The price of super beef is expected to breach the 550c/kg mark — now at 400c/kg — and lamb is expected to retail at around 650c/kg and higher.

Spokesmen say supplies will dry up after drought-stricken farmers slaughter off hungry stock. As well, many farmers will be restocking depleted herds. And many farmers have seemingly abandoned stock farming, saying cyclical price movements make it uneconomical to continue



The industry now fears prices will soar still higher with a resultant stiffening of consumer resistance.

Farmers and retailers have been warned the consumer backlash will be coupled with fierce competition from poultry, fish and cheese

A spokesman says· "These products will be poised to grab a larger share of the total animal protein market."

Sheep herds have been overslaughtered since 1982 and cattle numbers have been falling since 1976, with only a brief respite in the boom years of 1981/82

The December issue of *Effective Farming* says· "Such is the price that farmers (and consumers) must pay for economic policies that retard national growth.

"Farmers' organisations have been foremost in demanding that government impose production quotas, restrict ac-

● To Page 2

Meat prices set to rocket

5/1/87 3 MEAT 244 153 BUS DAY

● From Page 1

cess to market through single channels and divert scarce supplies of land, labour and capital to sub-optimal use"

Meat Board deputy GM Frans Pieterse says all indications pointed to sharp increases

He says "We must expect that for 1987 beef prices will go higher, especially in the second half of the year. In the case of lamb and mutton, the situation should not be as critical as it is easier and quicker to restock depleted herds"

He says market prices paid for lamb just before new year had shocked the industry and adds: "We are worried In Pretoria, the trade paid 704c/kg for lamb We don't know the reasons yet but it could be butchers were without supplies for four days over Christmas"

And Pieterse says if wool prices rise farmers will be tempted to withold sheep from slaughter.

The industry is also anticipating a dramatic increase in SA's population and says that, as of now, there are 15% more mouths to feed than was the case during the last red meat boom of the early '80s

Effective Farming says "Had living standards not been slipping steadily the demand for meat would have been much greater now than it is

"Even if poultry had continued to gain at the expense of red meat in percentage terms, it is probable consumer expenditure on red meat would have been between 10% and 30% greater than it is now"

The industry expects the gross value of meat sales to rise by 20% on average in each of the next three years

But with supplies shrinking, spokesmen say prices will have to rise sharply between now and Christmas 1988 to keep supply and demand in balance

Lower-income groups will be hard hit

Sugar price hike to raise cost of foods

THELMA TUCH

PRICES of hundreds of food products are expected to increase within the next month as a result of the recently announced 15% hike in the price of sugar.

The chief executive of supermarkets at Checkers, Lionel Blakeman, yesterday predicted price increases ranging from 5%-15% depending on the sugar content of the products

Industries directly affected by the increase include tinned fruit, jam and cold-drink producers and confectioners

"We will start feeling the effects of the sugar increase in February," Blakeman said, adding that prices would be kept down until their existing stocks were purchased.

He said this increase was the first of a number of increases in the pipeline for 1987

Jean Tatham, vice-president of the Housewives League, said lower income groups — dependent on sugar as a source of energy — would be particularly hard hit by the increase

The Housewives League, she said, had little confidence in industry or the government to control food prices

Peter Sale, general manager of the South African Sugar Association (Sasa), said the price increases had occurred only to keep in line with local production costs in an era of a 20% inflation rate

The last increase in the price of sugar was a 13,5% in March last year

Sale said the sugar price increase had nothing to do with the US government's announcement in November last year that its approximate annual 35 000-ton sugar quota to SA would be dropped and diverted to the Philippines.

He said the hike was also unconnected with the inclusion of Sasa on the US classification of about 130 South African organisations as parastatal organisations and thereby targets of disinvestment.

Sasa, he said, was a private organisation and was in the process of appealing to the US to drop its name from such a list

Sugar, meat price rises will cause food prices to rocket soon

EVE Post 5/1/87 (244)

JOHANNESBURG — The prices of several hundred food products are expected to bound ahead in the next two months — spurred by the new 15% sugar price rise and rocketing prices for meat and meat products

Supermarket chains say industries directly affected by the sugar price rise include tinned fruit and vegetables, jams and other spreads, soft drink producers, the sweet industry, most confectionary, syrups and many other foodstuffs

Checkers' chief executive of supermarkets, Mr Lionel Blakeman, said today "We expect increases of up to 15%, depending on the sugar content of the products

"The impact of the sugar price rise will begin to be felt next month and prices will remain as they are until old stock is cleared"

Pick 'n Pay, the OK Bazaars and Checkers say the increase is certain to be the first of many in 1987

The vice-president of the Housewives' League, Mrs Jean Tatham, says lower income groups will be worst hit as sugar is their main energy source

The South African Sugar Association (Sasa) says the price risee has been made to keep in line with increases in local production costs against a backgound of 20% inflation

Sasa's general manager, Mr Peter Sale, says the latest increase has nothing to do with the announcement by the US Government in November that its annual quota for imports from South Africa of 35 000 tons would be dropped and switched to the Philippines

A shortage of red meat, which seems certain to send prices rocketing, is seen as the start of another surge in the inflation spiral.

Industry sources say supplies will dry up after drought-stricken farmers slaughter hungry stock and farmers will be restocking depleted herds

There has also been a flight of farmers out of stock farming because cyclical price movements have made it uneconomic to continue

The Meat Board says all signs point to sharp price increases

Says general manager Mr Frans Pienaar "We must expect that for 1987 beef prices will go higher, especially in the second half of the year The situation should not be as critical for lamb and mutton, as it is easier to restock depleted flocks"

The industry is also expecting a dramatic increase in SA's population and says that, as of now, there are 15% more mouths to feed than during the boom of the early 1980s

The industry expects the gross value of meat sales to rise by 20% on average in each of the next three years

However, with supplies shrinking, prices will need to rise steeply between now and Christmas next year to keep supply and demand in balance — Sapa

Sugar price rise likely to have ripple effect

SMN 2/1/87

SUGAR 244

Own Correspondent

Inflation received an early 1987 boost with the announcement of a 15 percent increase in the domestic price of sugar — expected to have a ripple effect on the prices of many food lines.

The increase, due to be sanctioned in today's Government Gazette, will lift the price of a 2,5 kg packet of white sugar by around 35c The last price increase of 12,5 percent was in March

The rise will further boost costs of the bakery, confectionery, cool drink, tinned fruit, ice cream, brewing and food processing industries after a year in which food prices rose, on average, by 22,9 percent

The Government's 15 percent announcement applies only to prices of industrial sugar (retail and wholesale prices are not controlled) but a South African Sugar Association (SASA) spokesman estimated that retail prices on the Reef could rise by about 14 percent

The industrial price of white sugar rises by R115 a metric ton, from R758 to R873, while brown sugar increases by R99 a metric ton, from R698 to R797

Mr Peter Sale, General Manager of SASA, said local prices were determined by the Government on a formula based on domestic costs

He went on to say that although local consumers were in no way subsidising export prices and contracts, the increase would assist an industry which had experienced increasing difficulty in its export drive (the American Government recently removed SASA's export quota and allocated it to the Philippines)

Mr Sale says he hopes that increases will now take place in January and that future increases will be smaller. Consumers would probably prefer smaller more regular increases as these required were less of an adjustment.