COMMERCE - General

1-1-81 - 31-7-81

FM 2/1/81

RUSSELL (30)

High liquidity

Riding on greatly increased consumer spending Russell hiked turnover by 35,2% from R80,0m to R108,2m in the six months to end-October, while improved market conditions and management controls pushed pre-tax earnings up from R8,9m to R14,0m.

Growth, according to MD Les Mankowitz, was "an across the board picture" from the group's seven operating divisions, though he adds that the white-orientated market has been somewhat more buoyant than the black sector.

The current surge in consumer spending, he adds, is probably set to continue at least into the middle of next year.

The stores expansion programme has been fairly moderate with 11 openings during the first six months of the year. Three of the 11 were in the specialist bedding 40 Winks chain and three more are projected for this division in the second half.

The Joshua Doore furniture chain opened a new store at the Steeledale hypermarket recently and another is due to start operations in March.

Otherwise, Mankowitz says, the group is tending to concentrate on the modernisation and expansion of existing stores in the Russells chain.

Financially, Mankowitz says, the group has a fairly high liquidity position and the debt:equity ratio is unlikely to be far off that at the end of the last financial year, when it stood at 80%. Return on capital, which has been growing only slowly over the last three years to stand at 20,8% last April, should be much better by the end of this year, he adds.

So, despite a 14% increase in shares in issue during the period, earnings rose 56,6% from 29c to 45,4c a share and an interim dividend of 9c (6c) was declared.

The directors' forecast is that earnings in the second half should exceed those of last year, but not by as wide a margin as the first half performance. This would indicate earnings in the region of 100c.

With dividend cover unlikely to change from the retention orientated 4 times-plus, a final dividend of 13c could be paid for a total of 22c. At the current 280c this offers a prospective yield of 7,8% which given the size and growing strength of the group, is attractive.

Scott Hucker

A RECORD YEAR FOR CAR SALES?

14/1/81

Special Financial Correspondent

THE Big Three motor plants in the Eastern Cape — Ford, General Motors and Volkswagen — expect vehicle sales (cars plus commercial vehicles) in 1980 to have burst through the barrier of 400 000 units to set a new record for the South African motor industry.

The previous best was 363 000 in 1975. However, the three plants do not believe the growth rate will be maintained this year.

They expect new car sales last year to have reached a record 275 000 units. The previous best year for new car sales was 1973, when 229 442 were sold, followed by 229 031 in 1975.

The managing director of Ford, Brian Pitt, sees this year's vehicle growth rate dropping from last year's nearly 30 percent to about four percent.

He forecasts that new car sales this year will amount to 285 000 and commercial vehicles to 135 000.

Pitt said a major factor in last year's vehicle sales upsurge was the economic upswing following stimulatory measures by the Government in the second half of 1979.

The director of vehicle sales and marketing for Ford, George Simpson, said: "There is a tremendous demand for cars and I am confident of a final car sales figue of 275 000 for the industry as a whole last year.

"I expect commercial vehicle sales to be in the region of 130 000 for the whole year, which will push total car and commercial vehicle sales for 1980 well over the magical figure of 400 000."

The managing director of General Motors, Lou Wilking, forecast record sales for the industry of about 403 000 for 1980, consisting of 275 000 cars and 128 000 commercial vehicles.

However, this year's figure would be the marginally lower one of 402 000, comprising 270 000 cars and 132 000 commercial vehicles. He warned that strains typical of a boom period could inhibit growth this year.

The strains likely to arise were: A continued and acute shortage of skilled labour; shortages of production capacity and materials; inflation of prices and wages; a tightening of financial conditions and rising interest rates.

"The emergence of these issues has largely been hidden by the high level of the gold price and a great deal of slack which was created by the depth of the past recession," said Wilking.

As a result of these strains, the motor vehicle market would remain fairly static this year.

The white car ownership market had reached the level of 1,6 cars per family unit, which was an internationally accepted level of market saturation.

"This means that unless the number of white families expand, new car sales will only be replacements and the market will show no growth whatsoever," he said.

"Motor manufacturers are all waiting for the black market to expand," he said.

Traders report a very merry Christmas

RDM 5/1/81

(30)

By DAVID CARTE
and JOHN MULCAHY

THE 1980 Christmas season was the most lucrative in the memory of most big retailers interviewed by Business Mail this week.

Hard on the heels of announcements of sales growth of between 35% and 40% by OK Bazaars and Pick 'n Pay, Greatermans, one of the country's Big Two retailers, reports Christmas turnover up "more than 30%".

Metro Cash has already claimed sales growth of "at least 30%" and Woolworths of about 23%. Nearly all the stores spokesmen interviewed expected a good 1981, although few expected sales to grow again at the same rate.

Mr Harold Joffe, financial director of Greatermans, said Christmas sales had been exceptional.

The department stores registered sales growth of more than 30%, with white goods and high quality furniture, cosmetics, children's clothing and toys in particular demand.

Checkers sales, he said, were also more than 30% ahead with non-foods very strong

Ackermans' sales were 40% better. Non-foods, particularly "affordable fashion", were in heavy demand and sales growth here was more like 50%. Greatermans' experience was that credit sales outstripped cash sales.

But Mr Joffe said he could not see the trend continuing and foresaw only 5% real growth in 1981.

The Cape Town-based group of clothing boutiques, Truworths, reports a rise of over 25% in December compared with the same period last year.

A Truworths spokesman said there had been a move towards cash buying from credit, but this was not significant.

"As an example, the proportion of cash to credit buying may have decreased by 1% in certain sectors "

The group was optimistic about the next six months, said the Truworths spokesman, and for the full year the group was looking at a growth of around 20% in returns, on money terms, or around 5% in real terms.

Margins would undoubtedly come under increasing pressure with rising production costs, including raw materials and labour, and trading conditions were expected to become more difficult, but demand for selected items, especially from the local market, would increase.

Mr Renier van Rooyen, chairman of Pep Stores, said trading was very satisfactory, with turnover 30% better than 1979

It was Pep's best ever Christmas and Mr Van Rooyen was very optimistic about prospects for 1981, as he sees no sign of a slow down. But he cautions that he does not think next year's increase will be as dramatic as this .

According to Mr Van Rooyen, Pep's sales really started improving from May onwards. His optimism for the coming year is based on the fact that last year Pep enjoyed only seven good months and this year it expects 12.

The chairman of Frasers, Mr Donald Campbell, said it had been a very good Christmas, a record by far.

Because the company's interests were spread so widely and he had been away for 10 days, he did not know precisely by how much sales had grown, but turnover was clearly more than 20% ahead.

Mr Campbell said economic recovery was reaching the platteland and he was "very optimistic" about 1981

The entire top management of Edgars was on holiday but managing director, Mr Adrian Bellamy, said from the beach through a secretary, Edgars had a very good Christmas and was very happy with the level of sales.

~~He admitted, though, that in the absence of particularly adverse circumstances Katz and Lurie should reflect substantially improved figures for the full year to June 1981.~~

~~loomy about al economies~~

~~bout of oil price increases "~~

~~Still, average inflation in OECD countries will remain stubborn and should gradually subside from 11,75% peak in the first half of 1980 to a little under 9% in the first half of 1982~~

~~ready weakened because of the recession. The OECD report was written before the recent sharp increase in US interest rates.~~

~~This rise could bring about much sharper decline in the US economy than was expecte~~

Dion takeover may be on cards

KDM 7/1/81

30

By DAVID CARTE
Deputy Financial Editor

MR NATIE Kirsh, chairman of Metro Cash and Carry and its pyramid, Kimet, is tight lipped on rumours from well placed sources that Metro and Kimet are negotiating a 30% stake in Dion, the R80-million-a-year Transvaal discount chain.

Metro and Kimet have already officially announced that they are negotiating an unnamed "major investment" and have urged shareholders to be cautious in their dealings.

"I can't say anything," was Mr Kirsh's reaction to the rumour yesterday. He would not deny it, however.

Mr Dion Friedland, chairman of Dion and its biggest shareholder, lives in America and Mr Norman Cohen, managing director of Dion, was overseas yesterday. Nobody else at Dion was authorised to talk to the Press

Business Mail's tip-off was that initially only 30% of Dion would be bought because Mr Friedland would have an exchange control problem but that control would eventually change hands.

Dion's, which took over Rave, the white goods discount chain, from Greatermans last April, has 21 stores in the Transvaal.

The stores tend to specialise in big and medium ticket home products, from furniture to garden equipment and electrical goods such as TV sets, freezers, fridges, washing machines, vacuum cleaners, calculators and kitchen equipment

Mr Cohen has been quoted as aiming at turnover of R80-million last year

Although its margins are reportedly thin, Dion would be a good acquisition for Metro and Kimet.

Dion would add immensely to Metro's already-spectacular buying power and give Metro an entree into retailing without offending Metro's customers, mainly small retailers of food and domestic hardware.

Metro and Dion's have similar business philosophies. Both are strong believers in high volumes and low margins and both are aggressive marketers.

Finally, one suspects that the personalities in the two companies would "click". After all, Dion Friedland is Natie Kirsh's cousin.

Why school uniforms are so dear

STAR
8/1/81
(30)
(50)
(184)

By Carolyn Dempster and Tony Duigan

Because parent and teacher associations oppose efforts to standardise uniforms at white schools, uniform bills are 60 percent higher than they need be.

But black and Indian schools are now moving towards standardisation of uniforms.

This week Soweto principals received a circular from the Department of Education and Training dealing with a report on school uniforms.

The report proposed one uniform for all Soweto pupils — with only a badge, tie or gymslip girdle to identify each school.

Efforts to introduce similar standardisation to white schools — begun 10 years ago by the SA Bureau of Standards — have failed because of parent apathy.

After years of study, the Bureau of Standards SABS specifications.

If this was acceptable to schools it would result in a far cheaper, yet good quality, uniform being made available, according to the SABS.

For standardisation to be effective in reducing the price of uniforms it would be necessary for a large number of schools, particularly new ones, to opt for simple designs.

The catalyst necessary to enforce a standardised uniform — as has happened with Indian and black schools — will have to be the education departments.

But the Transvaal Education Department has said it has no responsibility because uniforms are not compulsory.

...n from June 28th - July 11th, 1981)

PRELIMINARY BUDGET 1981

PROPERTY DEVELOPMENT PROGRAMME

GRADUATE SCHOOL OF BUSINESS

Eating forbidden fruit in apartheid city

STAR 9/1/81

(30)

By Veleleni Mashumi

I have eaten forbidden fruit right in the heart of Pretoria — with ice-cream and cherries on top.

At least it was forbidden until this week when the Department of Community Development endorsed the Pretoria City Council's decision to grant the OK Bazaars permission to open its restaurant doors to black customers.

Having been born, bred, educated — and now working in Pretoria, which is internationally known as the seat of apartheid — I think I am better qualified than most to understand the surprised look on some customers' faces when I sat at the restaurant table digging into my dish of fruit salad and ice-cream.

There were a few other black faces in the restaurant. Some of the white customers seemed oblivious to their presence.

HARMONY

I was in the restaurant for about 10 minutes when two white women and their Indian colleague came in for their lunch. They seemed to be taking the use of the facilities as a long-established practice.

And then I said to myself: "What has all the fuss been about in the past over mixed facilities? What has happened to the predictions?" What I was seeing was complete racial harmony with everybody minding his own business.

How right he was whoever said that racism was a philosophy of, for and by brutes. Only lower animals could be expected to gore, butt, kick and scratch each other whenever they are put together. Human beings endowed with thinking faculties can do better than that.

EDEN

To top off my meal of hamburger, egg and chips, I gave my stomach a treat with a dishful of fruit salad and ice cream.

I then started to wonder just how those two miserable souls felt when they were thrown out of the Garden of Eden for having eaten the forbidden fruit. But this much I can tell you — I felt real good after swallowing the last piece of my fruit salad.

After a gulp of the orange juice I had ordered to wash down all those years of restrictions placed on me not to use the restaurant, I sat back, and silently bade farewell to one more artificial restriction. "One small good lunch for my stomach and a giant leap for men of goodwill in South Africa."

SMALL BUSINESS (30)

Brown is bountiful

FM 9/1/81

The Development and Finance Corporation (DFC) is to spend a further R3,2m on property projects to serve coloured business. This brings total DFC investment to some R60m since it was first launched — as the Coloured Development Corporation — 18 years ago.

The DFC's latest investments will probably be its last. It is destined for incorporation within the next few months into the Small Business Development Corporation, a new body designed to serve small business of all races.

The latest allocations will be widely spread, ranging between shopping centres and flatted factories from Johannesburg to Saldanha Bay.

In Johannesburg, the DFC is to build three small shopping centres at Klipspruit for about R900 000. The first will consist of five shops (mini-market, butchery, doctors' rooms, cafe and small general purpose store).

The other two developments will be even smaller, each offering space for a general dealer, cafe and butchery.

At nearby Eldorado Park a further R900 000 is to be spent on 15 factory flats divided within a single large building. Leaseable space of each unit will depend on demand.

The R370 000 Saldanha Bay project will comprise five shops in the coloured township of Diasville. Again the space is earmarked for a mini-market, cafe, butchery and doctors' rooms, as well as a new post office.

At Geluksdal near Brakpan, the DFC is spending R430 000 on another retail complex which will follow much the same kind of space formula — mini-market, cafe, butchery, doctors' rooms and post office.

A further R420 000 will go on a similar centre in Welkom and two tenders worth R600 000 have just been accepted for a couple of small shopping complexes at Mitchell's Plain and Valhalla in the Cape.

In line with long-standing DFC policy, rentals will depend to a large extent on tenants' ability to pay. DFC liaison man Andre van Heerden says the corporation's main concern is to provide finance for coloureds who would normally not be able to get it.

The DFC has thus spent more than half its funds (more than R30m) on financing coloured businessmen and the rest has gone into property. The normal procedure is to get the projects going and sell them when viable.

Tenants, he explains, have pre-emptive purchasing rights — either as a group or as individuals. The corporation puts up 80% of the money as a low-interest bond.

The long-standing formula has been a success as far as it has gone. Now the idea is to expand and refine the system as part of government's new deal for small business. Private developers, hopefully, will be invited to share in the action.

Probe called for into motor spare parts prices

RDM 10/1/81

30 232 244

THE Board of Trade and Industries has recommended that the Price Controller investigate complaints about abnormally high prices and gross profit margins on motor vehicle parts.

A report by the board to the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, on monopolistic conditions in the supply and distribution of motor vehicle parts, was published in yesterday's Government Gazette.

The board finds that certain trade practices in the supply of parts, components and materials are monopolistic, but that there are reasons why they should not be prohibited.

Some of the monopolistic conditions are either justified in the public interest, the board says, or have already been self-eliminated by the parties concerned.

However, the board recommends that the Minister should prohibit the situation in which most motor vehicle manufacturers compel their agencies to keep in stock only certain approved parts, components and materials and to buy them only from the manufacturers.

Dealing with complaints about abnormally high prices and gross profit margins on parts, the board says the Price Controller should be asked:

- To investigate allegations that limits allowed in terms of agreements with the industry are sometimes exceeded
- To differentiate between various categories of parts and middlemen in the distribution channel regarding the profit margins and discounts allowed, with due regard to the economic functions performed.
- To again investigate critically the costs allowed in respect of parts and accessories with a view to the reasonableness of the costs and allowable profit limits which may be determined on this basis — Sapa.

SBDC soars above target of R50-million

16/1/81
STAR
30

Business Reporter

The founding committee of the Small Business Development Corporation (SBDC) has pushed up its target for private-sector investment to R75-million, it was announced in Johannesburg yesterday.

The initial target of R50-million had already been oversubscribed by more than R7-million, said Dr Anton Rupert, leader of the committee. The final date for subscription has been extended from the end of last month to the end of this month.

This means that the corporation could start off with a share capital of up to R150-million. The R50-million had already been committed by the Government but the corporation would apply to the Government to subscribe the same amount as the private sector.

Mining companies top the subscription list with more than R16-million, second lie industrial companies with almost R13-million. Then come banks with R12,25-million, insurance companies with R10,45-million, oil companies with R4,5-million, motor companies with R450 000 and last newspaper groups with R300 000.

However, no subscriptions has yet been received from trade or commerce, Dr Rupert said. "This is remarkable in view of traders' current high profits," he added.

The SBDC is to be registered on February 3 and the first board meeting is down for February 12. Groups from the private sector, which contributed R1-million or any larger amount, will be allowed to nominate one director. Government is to nominate one quarter of total number of directors. Apart from these board members, directors will have the right to nominate experts in any field as board members.

The corporation would promote small businesses mainly by providing guarantees for bank loans when applicants have little or no personal security to provide. It would also provide an advisory service.

Legislation still has to be passed this year but it is not known when the SBDC will start operations.

The SBDC represented the ethical commitment of private enterprise to the community. Without an ethical backing, capitalism was doomed, Dr Rupert said.

ARCHITECTURE (Continued)

Mrs. Thornton White Prize
For the best work in first year.

Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.

J G Kirkman

R Stubbs Award
For the best project in structure and design.

M R I Ness

National Development Fund for the Building Industry
Book Prizes
For the best student in each year of study of the degree course.

First Year

FRANCHISING (30)

Think small

FM 16/1/81

The establishment of the Small Business Development Corporation (SBDC) should help speed up the development of franchising in SA, already experiencing a surge in activity.

The SBDC, with an initial capitalisation of R100m, is expected to begin helping primarily black and small businessmen this year by guaranteeing loans and providing training and management expertise.

"We see a very strong link between the SBDC and the growth of franchising," says Barry Aitken, chairman of the one-year old SA Franchise Association (Safa). "It's going to be a tremendous help."

Safa chairman Aitken . . . 'great future for blacks'

Business-format franchising is the buying of a trade name for a retail outlet in exchange for maintaining often strict operation and quality controls set down by the franchise seller. The outlet is owned by the individual franchise owner, while the parent company provides marketing and guidance.

It is commonly associated with such fast food outlets as Kentucky Fried Chicken (KFC) and Juicy Lucy, but in recent years has begun to appear in SA industries such as word processing.

Aitken believes "there's a great future role for the black population in franchising. It is an avenue they could use if they have the talent and the desire, but not the format themselves."

One black businessman, soccer star Jomo Sono, opened KFC's first Soweto outlet last November and holds the licence for two more.

Sono is said to have invested at least R30 000 for equipment and an estimated R40 000 for construction.

Says KFC MD Harry Schwab: "It didn't come as a surprise, but we found Sono and his black managers to be tremendous business partners. They are earning an excellent return on investment, and we certainly expect to expand in the black community by selling other franchises directly to blacks. We are negotiating with quite a few at the moment."

Safa recommends that a prospective franchise buyer has at least 50% of the initial capital and working costs, and has experience in the retail selling trade or the aptitude to learn. Most blacks lack the financial requirements.

"If we can help generate businesses in the black community, we'll encourage a far wider participation in society," Aitken says.

"The SBDC will help them get over that first hurdle. But everybody should be very careful. Unless people know what they're doing, fingers will get burned."

Aitken estimates that the failure rate for newly opened franchises is between 10% and 15%, against as much as 80% for regular small businesses. There are presently 1 500 to 2 000 SA franchised units in operation.

At least one firm attributes a remarkable growth record to the setting up of franchises. The American-owned Singer Sewing Machine company started selling its outlets to individual businessmen in 1972 when it had a 23% market share. Today, it enjoys a 40% share in the SA market, while the total trade volume has dropped from about 120 000 units in 1972 to about 85 000 in 1980.

"Quite simply, we found that the owners now work for their own profits," claims Singer MD Coen Groenewald. "They're keener about their work, and willing to put in those extra hours. It's their business."

Singer presently has seven retail outlets under company management until suitable authorised dealers are located. Of the 87 dealers franchised since 1972, the company has had to repossess only two outlets. "They just got into trouble," says Groenewald.

Such inability to operate an outlet successfully is the constant fear of both franchise sellers and buyers. Despite the low failure rate, Aitken says "a lot of people who want to go into franchising need direction." Safa has research materials available and promotes strict industry regulations. "We're trying to prevent the cowboys, those just in it for a quick kill, from giving the business a bad name.

"But small businessmen should consider what we have to offer," Aitken adds. "It's a tried and proved system. It just means they don't have to go about re-inventing the wheel every time."

Metcash gets 30% of Dion's at R11½m

RDM 17/3/81

(30)

By DAVID CARTE
Deputy Financial Editor

METRO Cash & Carry, the R4?? million-a-year wholesale chain, has bought 30% of Dion's Discount Stores for R11 500 000.

The price, established after six weeks of hard bargaining, includes a pre-emptive right for Metro to acquire the rest of Dion's, should it come up for sale.

Half the price — R5 750 000 — will be paid in cash raised by the issue of variable rate preference shares and half by the issue of convertible, redeemable preference shares.

Dion's is one of SA's major retailers of white goods and an important seller of furniture, electrical and household goods and other big and medium-ticket consumer durables and semi-durables.

It has 24 stores, all in the Transvaal and, according to Metro director, Mr Mervyn King, expects to achieve sales of R140-million and profits of R7 700 000 before and after tax in its current financial year to June.

Dion's plans to open eight stores in the Cape, Free State and Transvaal in the next two years. New stores in Port Elizabeth, Parow, Middelburg (Transvaal) Welkom, Springs, Boksburg, Pretoria and the southern suburbs of Johannesburg, according to Mr King, will double its present retail selling space.

Mr King said one of the main attractions for Metro was that "Dion's enables Metro to diversify for growth in the 80s into retailing, without trespassing on the territory of its main customers".

According to Mr King, Dion's, which recently took over Rave, has emerged from its "embryonic" stage and is poised for an exciting growth phase, such as the one Metro itself has undergone.

He said a market research survey had shown that Dion's had the best consumer image among the discount stores of SA.

"While Dion's is located in the Transvaal, its marketing has reached a national audience, and it already has a national image".

He said Dion's would give Metro additional access to the fast-increasing buying power of blacks, especially ahead of township electrification.

Metro generally and the Bingo domestic hardware chain in particular would benefit by the enormous additional buying power that Dion's would bring.

Mr King acknowledged that Dion's present "tax holiday", which stemming from past losses, largely in Rave, would not last indefinitely, but "as the tax holiday disappears, Dion's gross profit should increase, to offset the rising tax liability".

These sales and profit projections were for Dion's financial year to the end of June. The yearend would change to the end of February to coincide with Metro's.

Mr King said Dion's was 40% ahead of sales projections at the end of October and it was likely that guaranteed projected sales of R140-million and profit of R7 700 000 would be exceeded.

Dion's, he disclosed, had eight shareholders before the current deal, the largest of whom was Mr Dion Friedland. Each of the eight had sold 30% of his or her holding to give Metro its stake.

While the management of Dion's would not change, Dion's would have two representatives on its board of four or five.

Asked if Metro could soon obtain the rest of Dion's, Mr King said: "Shareholders are mortal and companies are immortal, so inevitably Metro will become the total owner of Dion's."

The preference shares to raise the first R5 750 000 of the purchase price will carry a coupon of 6,75%, varying according to the prime overdraft rate.

The second portion will be by the issue to the vendors of 9% redeemable convertible prefs, convertible, at option up to April 30 1994 into Metro shares at the rate of 23 convertible prefs for one Metro ordinary share.

If and when the prefs are converted, Kimet will take up to 50% of additional Metro shares created in order to maintain its control of Metro.

The acquisition will not affect the net asset value of Metro or Kimet. Volkskas Merchant Bank vetted the deal on behalf of Metro and Kimet minorities.

COMMENT: Even if a full tax rate is applied to Dion's and sales growth is assumed, for the sake of conservatism, to be only 20% a year, it looks a good deal for Metro, which on these assumptions appears to be getting Dion's on an effective yield of a shade under 7%.

If Dion's is only 20% ahead of the R140-million sales target in the year to June, 1981, sales will be R168-million and if these improve 20% the following year, sales in the first full year of ownership will be R201 600 000. Mr King's figures suggest an expected pre-tax margin of 5,5%. So in 1982, Dion's can theoretically expect to make R11 100 000 before tax on sales of R201 600 000.

A full tax rate of 42% would leave R6 438 000 after tax. Assuming dividend cover of 2,5 to be reasonable, that means Dion's can pay a theoretical dividend of 2 570 000 in 1982. A dividend yield of 7% makes it worth R36 700 000, against the R38 330 000 valuation that the current deal places on all of Dion's.

What does the deal do for Dion's figures?

The prefs will initially cost R905 000 a year. Subtracting this from 30% of the R6 438 000 taxed profit worked out conservatively above, one is left with an additional R1 026 000 of earnings for Metcash. Assuming a full tax rate, that is 28c of additional earnings a share in 1982.

Metro earned 210,6c a share last year, a 30% improvement, and at its most recent half-year was 40% ahead at 102,5c. The group reported an excellent Christmas and certainly looks good for a 30% improvement on last year's 210,6c, suggesting 273c for the year to February.

Looking ahead to 1982, and assuming earnings growth of 20%, Metro on its own should be earning 330c, so Dion's would be contributing only about 8% of combined earnings of 358c — on the assumption of a full tax rate and that Dion's will be equity accounted.

These figures are theoretical, and illustrate only that, even on conservative assumptions, the apparently high price paid is fair.

Conservatism seems adviseable because of start-up costs of Dion's new stores and the cyclical nature of big-ticket consumer durables.

Because it represents diversification and therefore improved earnings quality, and because Dion's is likely to get Metcash back on a growth tack, the share price advances of Metcash and Kimet in recent weeks appear justified.

TONGAAT TO HELP SMALL BUSINESS

S. Tribune 18/1/81

Finance Correspondent

30

THE Tongaat Group is to invest R1-million in the newly-formed Small Business Development Corporation, which is being set up by major South African companies and the State to promote small business and industry in Southern Africa.

Tongaat chairman Chris Saunders says his group is taking positive action to meet its responsibility to the community. In 1977 Tongaat established the Sukumani Development Company to promote agricultural and business enterprise in the Ndwedwe district of KwaZulu. This company now supports 3 650 black cane growers and will produce more than 200 000 tons of cane a year.

The establishment of the Small Business Development Corporation as a R100-million private development corporation follows decisions taken at the meeting between the Prime Minister and the country's top businessmen in November 1979.

RDM 19/1/81

Mangope accused of unfair restrictions

109. (30.)

By JOHN MOJAPELO

THE chairman of Afribank, Mr Sam Motsuenyane, lashed out at the weekend at the Government of BophuthaTswana for creating unfair restrictions against black companies competing with white institutions in the homeland.

Mr Motsuenyane, who is also president of the National African Federated Chamber of Commerce, accused the government of Chief Lucas Mangope of deliberately creating impediments to hinder the development of Afribank in BophuthaTswana.

He was speaking at the fifth anniversary celebrations of Afribank at Ga-Rankuwa, near Pretoria, on Saturday.

Mr Motsuenyane's address is expected to bring repercussions from the Mangope government.

Mr Motsuenyane said the BophuthaTswana Government had severely restricted the bank's development since the passing of the BophuthaTswana Land Control Act in 1979.

The homeland government had refused to register Afribank's bonds which were in excess of R500 000 earmarked for lending in the homeland.

"This obviously implies a definite retardation of economic development and progress in BophuthaTswana," Mr Motsuenyane said.

"If the Government of BophuthaTswana is serious in preventing investments from leaving the country, why discourage Afribank from investing the savings of the people of BophuthaTswana in BophuthaTswana?"

Mr Motsuenyane said it was astonishing that while Afribank was denied the right to register bonds in BophuthaTswana, white financial institutions have their bonds registered and are even given preferential treatment.

During the past year Afribank made several representations to the BophuthaTswana Government seeking an amendment of "existing unfair and patently unjust" restrictions against the bank

"I am sad to report that all those representations have to-day yielded no positive response," Mr Motsuenyane said.

He added that in the shareholding of the bank all political parties and interest groups were well represented

Mr Motsuenyane said the Ga-Rankuwa branch of the Bank of BophuthaTswana was operating at a loss.

He said that in South Africa white progress took place at the expense of the blacks, who lived under political systems which sanctioned their suppression and their denial of opportunities.

"This realisation must compel our black governments to desist from giving white entrepreneurs or companies preference over black companies in black areas or states."

He expressed the hope that Afribank will one day become to blacks what Volkskas is to Afrikaners.

"Black people must realise that our salvation depends not only on political freedom. We must also work hard to achieve economic power in Southern Africa," Mr Motsuenyane said.

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize

For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize

For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize

For the best woman student in third year.

Miss C Tredgold

David Haddon Prize

For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

Small businesses get R150-m boost

Sowetan 21/1/81

By Obed Musi

Sowetans who have their own businesses may soon get a helping hand from a multi-million rand venture.

The Small Business Development Corporation (SBDC), which was started in November 1980 with R30-million pledged by several private companies, has now gone over its initial target of R50 million to R75 million.

It was begun as a joint venture by private enterprise and the State to help the small businessman who has the ability but not the capital to develop his business.

Dr Anton Rupert, leader of the steering committee, announced last week that the corporation might start with a share capital of R150 million.

The Government had already committed itself to R50 million but the SBDC would ask it to subscribe the same amount as the private sector, Dr Rupert said.

The latest boost for the corporation has come from the Tongaat group of companies, which has promised to invest R1 million.

Mining, industrial, insurance, oil, motor and newspaper companies are major shareholders.

The SBDC is to be registered on February 3 and its first board meeting will be on February 12.

Mr Marius de Waal, managing director of the Industrial Development Corporation and chairman of the SBDC's interim steering committee said yesterday the initial target was Soweto.

"We hope to help the businessman who has a small shop and wants a boost in capital, the professional such as the dentist who needs instruments, the building contractor, the hotel owner, chemist and similar businesses," Mr de Waal said.

MONEY FOR SBDC

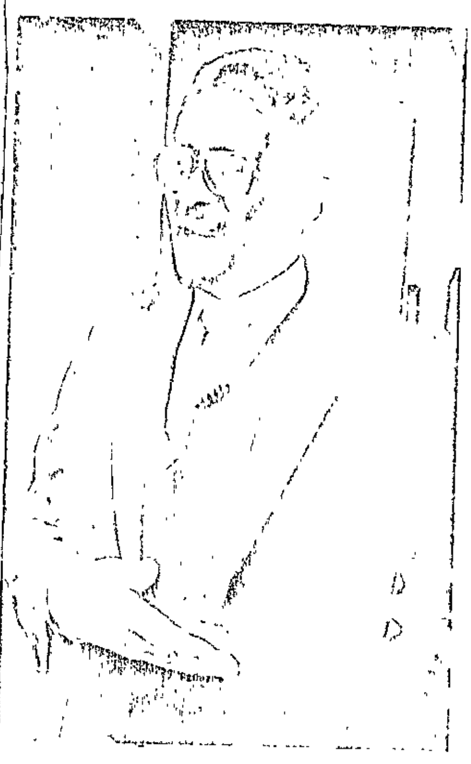
The following is the list of promoters according to industry that have pledged money to the Small Business Development Corporation.

		R
1.	Mining companies	[illegible]
2.	Industrial	[illegible]
3.	Banks	[illegible]
4.	Insurance	[illegible]
5.	Oil	[illegible]
6.	Motor	[illegible]
7.	[illegible]	[illegible]
	TOTAL	[illegible]

SBDC (30) FM 23/1/81

Beautiful capitalism?

Calling it the "beautiful face of capitalism," Rembrandt chairman Dr Anton Rupert has announced that the Small Business Development Corporation (SBDC), the joint government-business effort to promote largely black businesses, had exceeded its expected drive to secure financial backing.



Motsuenyane . . . SBDC long overdue

A total of R57 050 000 has already been pledged by SA companies, surpassing the R50m originally targeted. At the meeting of the SBDC's steering committee last week, the deadline for companies to join the development group was extended until the end of January. The SBDC will file its incorporation papers on February 3, and will hold its first elected board meeting on February 25. Companies that pledge R1m or more will be allowed to nominate board members, and Pretoria will be reserved one-quarter of the board positions.

Government has already committed R50m, and rumours are that Rupert will press for equal matching by Pretoria for whatever the private sector pledges. Rupert said last week that he was aiming for at least R75m in capitalisation from businesses. The private sector will buy Class A shares, while the government will take Class B shares.

The SBDC, to function like a private company with complete tax liability, will also take over the assets of the Coloured Development Corporation and the Indian Industrial Development Corporation.

Although the names of the individual companies which have agreed to buy shares in SBDC will not be made public until February 3, Rupert released a listing of promoters and their pledges grouped by industries (see box). Not surprisingly, the list largely follows the relative profitability performances for the various industries. Meanwhile, the Tongaat Group revealed that it had invested R1m.

The SBDC will work mainly as an underwriter for commercial loans by guaranteeing credit from banks to entrepreneurs who otherwise would not have sufficient credit standing. The corporation will also finance infrastructure development by building factory units, industrial parks, and business centres. It will provide management aid to small businessmen who have received loans. Exact plans await the first meeting of the board.

The SBDC will be "completely non-discriminatory in who sits on the board and who we help," Rupert insists. "Any viable proposition from any person will be considered."

But Rupert conceded that the R150m projected capitalisation figure is "peanuts" compared with the enormity of the task.

Sam Motsuenyane, chairman of the African Bank, president of the National African Chamber of Commerce, and a long-time activist promoting black business, agrees. "We are just beginning a process that is long overdue," Motsuenyane, a member of the steering committee, said.

"This move, commendable as it is, cannot be seen to be bringing real, fundamental change. Government will have to go much further along the road of liberalising policies to make people believe that the white society is sincere in helping. The seeds of enterprise can only germinate in a climate of complete freedom," Motsuenyane argued.

"There is every justification for diverting resources to the non-white communities. Some 94% of black businesses are undercapitalised at present, largely the result of repressive policies," Motsuenyane said. "If the SBDC is to be a success, it must truly consist of all elements in SA."

SMALL BUSINESS

Hurdles to leap

30 FM 6/2/81

The Small Business Development Corporation (SBDC) — which had its genesis in the Carlton Hotel meeting between PW Botha and businessmen at the end of 1979 — was incorporated this week.

Its plan is to provide the missing ingredient, capital, for individual entrepreneurs, mainly black, to start their own businesses.

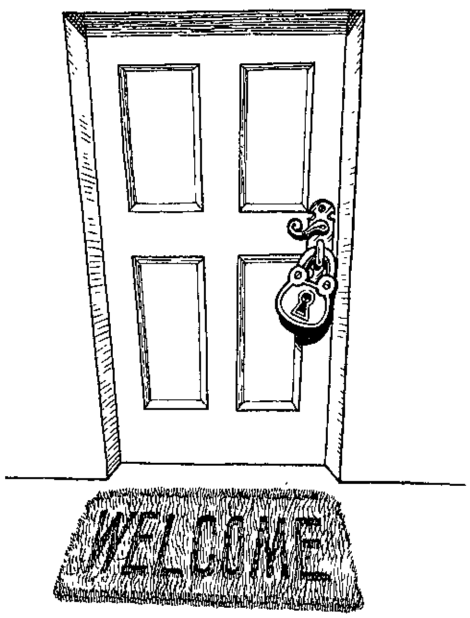
Along with programmes operated by Pretoria's Corporation for Economic Development (CED) and the National Development and Management Foundation (NDMF), the SBDC's establishment signifies the seriousness with which both government and the business community view the need to create more employment opportunities.

The SBDC is largely the formation of the private sector which, under the tutelage of Rembrandt's Anton Rupert, has pledged over R60m towards the project.

The company was registered with R78m in initial capitalisation, coming primarily from the transfer of various government assets. The government is expected to chip in at least R50m more.

Although government will hold about half of the equity, the board will be comprised mainly of representatives of companies which have pledged R1m or more. The corporation will probably stress that it is not an investment company and shares subscribed by big business benefactors will probably yield no more than 8%.

While precise details of the corporation's plans must await the board's first meeting on February 12, it is expected that it will act as a guarantor of commercial loans, will provide training, and pro-



mote infrastructure development.

To be negative about the corporation at this stage, before it has even seen the light of day, would, of course, be tantamount to criticising an unborn child. To deny, however, that the SBDC is coming into existence in a situation which could drastically hinder its workings, would be equally as foolish.

The SBDC will not be operating in a non-political vacuum. And for the development of the small business and informal sectors to be truly successful, both racial restrictions and obstructions to the marketplace must be eased.

As Leon Louw, director of the Free Market Foundation, puts it: "A major purging of restrictive measures would unleash the free market's massive and rapid growth potential.

"While the SBDC is a marvellous example of how big business can help small business to the mutual long-term benefit of both, and the general public, massive wealth creation can only be achieved through a truly free market. That, in turn, requires maximum scope for small business."

It is, of course, beyond the SBDC's powers to move on the racial front. But its creation underscores the need to remove those barriers — such as the Group Areas Act — which prevent non-white businessmen from competing on an equal footing.

As Sam Motsuenyane, chairman of the African Bank, says: "The seeds of free enterprise can only germinate in a climate of complete freedom."

Likewise with the Kafkaesque tangle of bureaucratic obstructions to the marketplace. Again, however, it is not solely up to the SBDC to lobby for an easing of these laws. All must share the task. And we must focus, as the American scholar Chester Crocker has said, not on the ultimate goal but on "the process of getting there." The *FM* believes the SBDC is an important catalyst in that process.

Leon Bartel, president of the OFS Chamber of Industries, recommends that small businessmen be given a moratorium from complying with the government regulations which inhibit entry to the market.

"From a purely business point of view," he says, "there must be a relaxation of restrictions to opportunities. We must adopt some type of standard for giving relief for a period of time."

A research project at the NDMF reveals just how burdensome those restrictions are.

GM Tony Kedzierski reckons that in the NDMF's test study of 20 struggling white and black businessmen, at least 43 national laws that regulate zoning, price controls, unemployment insurance, import controls, environmental planning, taxes and a literal labyrinth of obstacles were encountered. Provincial and local laws merely add to the list.

"If those kinds of laws were in existence in Taiwan," Kedzierski muses, "that country would be bankrupt."

The reference to the Far East is apt. A number of countries in that region have discovered that the long-term good of all their peoples are best served by the free enterprise system. By sacrificing the supposedly beneficial results of interventionist and centralised decision making, they have been able to surpass the growth records of the rest of the world.

Fortunately, it appears government is taking steps to ease the burden. This month the National Manpower Commission set up a study panel to investigate statutory regulations and their inhibition of small business development.

Commission chairman Hennie Reynders promises "to look at them individually and carefully. While we cannot just scrap them outright, I think we'll find a number that are unnecessary and harmful."

Reynders also raises a relevant question: just how worthwhile will the SBDC be? He says that while the experience in developed countries like Japan and the US during the Seventies indicates that smaller businesses accounted for the most growth in both output and employment, their models may not be applicable here.

"We are still not sure where we are in the stages of development," he says. "Perhaps, in our situation, it is the larger manufacturing sector that provides the greatest potential for employment levels."

That may be. But it does not detract from the need to develop small businesses. And there are numerous suggestions which the SBDC's still-to-be-formed board might well consider.

Bartel, for one, says the onus is on the SBDC to get the word out that it is available.

"I think they have to do some astute marketing," he says. "Everyone says there is a need for small business assistance. Now they have to get the message out to the small man."

Bankers, like Nedbank's deputy-MD Anton van der Merwe, worry that the SBDC's procedures will not be clear enough.

He urges "clear and precise channels of communications" between the SBDC and the individual bank managers who will recommend individuals for loan guarantees. He also says that some bankers might pass on loans to the SBDC which they might otherwise have risked themselves.

Others want the programme to concentrate on the high-risk entrepreneur. Not to do so would limit its potential benefit, the argument goes, to those already economically active. While the black businessman, who is already in operation, has displayed remarkable tenacity in overcoming barriers, the need to entice others into the mainstream economy should be the first priority.

"If they do that," NDMF's Kedzierski predicts, "they will win a major battle."

These ideas are constructive proposals. They highlight the fact that high growth rates are essential to the future of this country, both politically and economically. As Louw says: "Given high and sustained growth, a number of socio-political dispensations would be feasible. Without it, it is doubtful whether any would be."

Plea for equal treatment of small businesses

30

STM 5/12/81

By Mervyn Harris

A plea has been made for equal chances and fair treatment for small businesses in a system that benefits the economy as a whole and not only a few big companies.

It comes from Professor Nic Swart, chairman of Potchefstroom University's Small Business Advisory Bureau, in an atricle in the latest issue of Energos, a Mobil Oil publication.

He says that in some instances in the retail industry the small store is, in fact, subsidising big brother.

The problems of the small store may be as old as retailing but they have been accentuated by the unprecedented shift towards big stores because of the increasing inability of small stores to buy goods at competitive prices.

The retail industry has, during the past five years, seen a massive concentration of capital selling volume and consequent buying power by large groups with the opening of hyper, super and multi stores at strategic points.

DICTATING

The buying power of some of these groups has become so strong that they can now dictate to some manufacturers what products they want and what prices they will pay.

To comply with these demands, some manufacturers lower prices to such an extent that prices of the same products to small businesses have to be raised above a competitive level.

"The manufacturer must cover his cost and show a profit. The result is that the small store has to make up for the loss to the giant and is subsidising big brother.

Professor Swart says that part of the benefit of this bargaining power may be passed on to the consumer but he asks what about the often less-affluent consumer who is not "privileged" to buy from these giant stores? He is subsidising other consumers, says the professor.

RENTAL SPACE

The same happens with rental space in many new shopping centres built at growth points and in densely populated areas.

The developers want small businesses and chain stores in their centres. Chain stores draw the crowds and small stores add the variety and excitement.

When it comes to rents, however, some managements charge exorbitant rents to the small business and big stores are offered space at much lower rates.

"Again we find small business subsidising big brother. We have come across cases where the monthly rent to a small business starts at 10 percent of its sales with an annual escalation clause," says Professor Swart.

"We are not asking for Government intervention, nor are we advocating that inefficient small businesses be kept artificially alive.

"What we ask for is equal chances and fair treatment for an important part of our economy," he says.

Potchefstroom University calculates that small retailers still handle about three fifths of total retail sales volume, although they are losing market share.

They have lost five percent of market share over the past five years, even though the number of small retailers increased.

Professor Swart says, however, that it is not easy to generalise on market share which varies from sector to sector — their share of the grocery trade would be lower than in men's clothing.

FM 23/1/81 (30)

SMALL IS SUCCESSFUL

Private enterprise has raised R57m for the Small Business Development Corporation, R7m over target. Now founding committee chairman Anton Rupert is pushing for R75m, in the hope government will match this figure.

1980's car sales zoom ahead to set a new record

RDM 28/1/81

(30)

By SIMON WILLSON
Industrial Reporter

CAR sales set a new annual record last year of 277 058 units, 29,9% more than the total sold in 1979 and the first time car sales have topped the 2¾-million mark.

The 1980 sales outturn, released yesterday by the National Association of Automobile Manufacturers of South Africa (Naamsa), shows how manufacturers were almost caught with their assembly lines down by the consumer spending take-off over the last 12 months.

The motor industry was predicting 230 000 to 235 000 sales for 1980 right up until the middle of the year.

With the industry's own estimate about 30% short, the capacity shortages that developed during the third quarter of 1980 are not surprising, and the year's sales aggregate does not reflect satisfied demand in the national car market

As Mr Clive Warrilow, sales director at Volkswagen, said yesterday: "The entire industry and related component manufacturers have been working at full capacity since early last year to keep up with increased consumer demand.

"The strength of this demand is reflected in the fact that, had stocks been available, the sales for the year would have been more in the region of 280 000.

"The only limiting factor to this was the industry's production capacity which was unable to meet demand, particularly later in the year."

Sales last month recovered from November's slight setback, when 432 fewer cars were sold than in October. December sales totalled 22 979, a 30% increase on the units sold in December 1979.

Sales expectations for 1981 are still being formulated, but opinions among the major manufacturers about the year's prospects now look likely to differ because some, for example Toyota, are expecting a year of static national sales while others, such as Sigma, predict another record year for the industry.

Toyota's managing director, Mr Colin Adcock, feels his company can claim a larger share of a market at near full capacity.

"We are confident that 1981 will be an even better year for us with R3-million spent at motor assemblies to gear production up to 86 000 units.

"Components have already been ordered from Japan to feed the production lines and keep dealers supplied," Mr Adcock said yesterday.

Datsun's marketing director, Mr Brian Wegner, said his company's new investment programme, which would shortly increase its production capacity, showed its confidence in the car market in the medium and long term

"We foresee another good year in 1981 and we fully expect passenger car sales to top 1980's record year for the industry, probably reaching in the region of 280 000 units."

The jostle for leadership of the manufacturers' league table is turning into a hot contest, as Sigma last month took back the top spot it lost to Volkswagen last October.

Sigma's December sales — released, as they have been for a year now, independently of the Naamsa figures — totalled 4 851 compared to Volkswagen's 4 270.

In November Volkswagen was ahead with 4 740 as against Sigma's 4 474, and Sigma's return to the top represents quite a surge in market share, as the corporation was third behind Volkswagen and Ford three months ago.

Ford was third among the manufacturers, selling 3 411, followed by Toyota's 3 233 and General Motors' 2 551.

The rivalry between the top two manufacturers continues at model level, as the two companies produce the country's two top-selling car marques — Volkswagen's Golf and Sigma's Mazda 323

The Golf retained its title as the nation's most popular car with sales (including the new Jetta variation of the model) of 2 911, followed by the Mazda on 2 458 and the Ford Cortina, with 1 912.

The 35 772 Golfs sold last year represent the first time any single model range has topped 30 000 annual sales.

And Volkswagen anticipates that the share of the market taken by small cars could increase to as much as 60% this year, from just over 50% last year and 46% in 1979

VW also thinks front-wheel drive cars are the trend, having comprised 34% of all sales last year, compared to 26% in 1979 If this trend continues, half the cars sold this year could have front-wheel drive.

Commercial vehicles followed the broad profile of the passenger cars' 1980 sales configuration, increasing sales last year to 127 698, 26,7% up on 1979's commercials aggregate

Police killing: Gang on way to a break-in

CT 30/1/81

35

Staff Reporter

ONE of five Factreton men accused of killing Constable Leonard Pretorius in the bush near Milnerton said in the Supreme Court yesterday that the group had been on their way to break into houses in Bothasig the night of the murder.

Mr Jacobus April, 24, said under cross-examination that he and some of the others were carrying weapons to use in the break-ins

He said they were on their way through the bush to the nearby suburb when they came across Constable Pretorius and his woman companion sitting in a car.

Mr April, Mr Adam Dempers, Mr Stephen Pietersen, Mr Henry Reynolds, and Mr Peter Abrahams have pleaded not guilty of murdering the policeman on the night of February 15 and 16 last year.

Weekend activity

All the men except Mr Abrahams pleaded guilty to raping the policeman's companion, but the State rejected their pleas.

Mr April said he, Mr Dempers and Mr Pietersen had planned to go to Bothasig to steal that night, "as we usually did on weekends".

On the way to the bush, they had been joined by the other two men.

Cross-examining Mr April, Mr W C Viljoen referred to earlier evidence by Mr April that he was drunk that night.

"How did you plan to break in drunk?" asked Mr Viljoen.

Mr April conceded that they were sober enough to know what they were doing that night

All except Mr Abrahams pleaded not guilty to malicious damage to property by damaging the car. The State did not accept Mr Reynolds's plea of guilty to a charge of robbery with aggravating circumstances by taking the policeman's watch.

All except Mr April pleaded not guilty to a further two counts of robbery with aggravating circumstances — threatening the woman and stealing jewellery and money.

The trial continues today.

Mr Justice Fagan, assisted by Mr R Lewin and Mr G Titterton, presided.

Mr W C Viljoen appeared for the State.

Mr Con de Kock appeared for Mr Abrahams, Mrs D Koch for Mr April, Mr P Roux for Mr Dempers, Mr R P Hoffman for Mr Pietersen, and Mr N Willis for Mr Reynolds All appeared pro Deo.

FINE ART & ARCHITECTURE

Cape Provincial Institute of Architects' Prize

For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize

For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize

For the best woman student in third year.

Miss C Tredgold

David Haddon Prize

For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize

For the best final year student.

S A Read

Osbourn Prize

For the best work in fourth year.

D H Pryce Lewis

John Perry Prize

For the best work in third year.

R A van Rosenveld.

Hansard 1 Qu Col 7

30/1/81

30

Central city areas: trading by all races

30 HAN: 1 Qu Col 9

*7. Mr. S. S. VAN DER MERWE asked the Minister of Community Development and State Auxiliary Services:†

30/1/81

(1) Whether any representations were received during 1980 in regard to the opening of central city areas for trading by all races; if so, (a) from whom and (b) what was the nature of the representations, in each case;

(2) whether central city areas or parts thereof were opened during 1980 for trading by all races; if so, in which cities or towns?

The MINISTER OF COMMUNITY DEVELOPMENT AND STATE AUXILIARY SERVICES (Reply laid upon the Table with leave of House):

(1) Yes.

(a) The Durban Chamber of Commerce;
the Chairman, Executive Committee of the South African Indian Council;
the City Council of Durban;
the Administrator in Executive Committee (Natal);
the Relations Committee, Cape Town; and
the Johannesburg Afrikaanse Sakekamer.

(b) That the central business areas of Durban, Richards Bay, Cape Town and Johannesburg be designated open trading areas for all population groups.

(2) No. The hon. member's attention is directed to the White Paper on the Report Of The Commission Of Inquiry Into Legislation affecting The Utilisation Of Manpower (excluding the legislation administered by the Departments of Labour and Mines) and in particular the indication on page 14 of the White Paper, viz that the Government intends amending the Group Areas Act, 1966 so that accessible areas for occupation by all population groups in any declared group area (after due investigation) may be designated for business, trade or professional purposes.

Section 19 of the Act already makes provision for the establishment of open trading areas and good progress has already been made with

the establishment of such areas, whereas the envisaged amending legislation is receiving constant attention, together with other possible amendments arising out of the rationalisation of the Public Service which are intended to be introduced to Parliament during 1982. To date 17 section 19 areas have already been proclaimed, investigations completed in 18 instances, whereas a further 17 areas are being investigated.

Assocom in bid to untangle containers

RDM 30/1/81

30

By SIMON WILLSON
Industrial Reporter

THE round-table method of problem-solving reaches JCC House in Milpark, Johannesburg, today with a conference on the Johannesburg container congestion crisis.

It is the first time the Association of Chambers of Commerce (Assocom) has called such a meeting, and the fact that delegates will be flying in from all the major regional industrial centres demonstrates its importance.

Mr Rod Draper, chairman of Assocom's transportation committee, will chair the meeting.

Assocom's main aim is to get all the parties in the container trade in South Africa together to thrash out the causes of, and remedies for, the logjams which are delaying thousands of tons of imports at Johannesburg's two main container depots.

Although there has been a fair amount of mudslinging between importers, handlers and freight concerns about blame for the pile-up, Assocom has placed the possibility of a deadlocked meeting second to the benefits of having every container interest represented at the conference.

Assocom officials expect at least 40 delegates, representing hauliers, service industries, freight agents, the Railways, shipping lines, importers and employer bodies, and Assocom members from the regions.

There is little love lost between the authorities at the City Deep and South African Container Depot (SACD) container terminals on the one hand and the importers on the other.

The terminals blame the importers for the congestion, saying they are ordering imports without reference to their capacity to unpack and process them, and without arranging punctual Customs clearance.

The importers blame the railways and the terminals, saying their onloading and offloading facilities have failed to keep up with the extra demands of the economic upswing, and that insufficient arrangements have been made for the short-term container storage which was necessary over the Christmas break.

The likely conclusion the conference will reach is that, after about four years in full swing, the concept of containerisation in South Africa needs a complete reappraisal.

When containerisation was introduced here it was based on the experience in other countries. It is likely that, by now, the arrangements will have to be altered to account for the peculiarities of the South African market, not least its phenomenal growth rate.

While the importers at Milpark will cite the example of the Reef firm whose containers were cleared from Customs in Johannesburg on December 14, and only reached the firm on January 14, the railways and terminal will give examples of how containerisation can work successfully.

Like the Vereeniging company whose machinery from Britain, shipped fully containerised at the end of last year, took exactly 28 days to travel from the UK factory door to the company's freight yard.

On February 3, stiff Customs and Excise Department penalties are due to come into force to make the consequences of container overstay more expensive.

The penalties stipulate 39 days' maximum overstay for goods from the date of arrival at the port of discharge. After that period the penalties come into effect.

They are: payment of 5% of the value of the cargo after eight days, 10% after 16 days, 15% after 27 days and total forfeiture after 66 days.

On top of the State penalties are threats of others from the railways and container depots, which announced this week that they would increase their overstay charges if there was not soon a "remarkable improvement" in the congestion situation.

BLACK BUSINESS FM 20/1/81

A slow start

The expansion of business activities in black areas continues to be bedevilled by two factors — both the creation of apartheid. There continues to be suspicion of white capital and expertise by (predominantly small) black entrepreneurs, and there has, as yet, been no major switch by township shoppers from city enterprises conveniently nearer to their place of work.

Specialist shops concentrated together have become a familiar part of Soweto since the first major shopping complex was opened in Diepkloof in April 1980.

The R2m Blackchain centre comprises a warehouse, one level of offices, a supermarket of the same name, and various specialist shops which went into operation to catch the Christmas buying spree.

Blackchain management is insisting that any tenant must operate a specialist venture. Most of the tenants are blacks living in Soweto and already involved in other business operations. Those still to come are SA Permanent Building Society, Standard Bank, an advertising agency, Captain Dorego, Wimpy, and a chemist shop.

However, a mood of depression prevails among the specialist shop owners. Business has not picked up, they say. While prices and merchandise are comparable to those in town, the response has been disappointing, except for the supermarket, which has been a resounding attraction from the start. A bank manager in the complex asserts that "the whole place is not complete and this dampens shopping. Business will soon pick up as the place becomes more known and is complete."

That could well take quite some time as the shopping traffic is still heavily townward. In the long term, however, similar complexes are planned for elsewhere in the country.

The venture has been dogged by problems. Two years ago, black businessmen, under the aegis of the National African Federated Chambers of Commerce (Nafcoc) found it difficult to acquire a site from the West Rand Administration Board, which adopted a conservative attitude vis-a-vis restrictions on black enterprise. Even though Wrab finally extended a 99-year lease to Blackchain, the financial institutions were still wary about accepting the lease as backing for a loan. But late in 1979 a consortium of banks came to the rescue with the R2m needed for construction — the first major involvement of the white private sector in priming black enterprise.

But controversy has surrounded direct participation of white capital in black urban areas. Last year, for example, a furore was generated over the news that a leading supermarket chain was planning to put up a R20m multi-purpose shopping centre in mid-Soweto, a development which could have laid the foundations for a central business district in the township.

The newly-formed Small Business Development Corporation might lead to a greater potential for black involvement in future major shopping complexes. Perhaps then the ideal of diverting the stream of shopping traffic to the black areas will come nearer realisation.

DECEMBER CAR SALES (30) FM 30/1/81

	1980 December	% of Market	1980 Jan/Dec	% of Market	1979 Jan/Dec	% of Market
Sigma	4 851	21,11	55 176	19,87	48 006	22,49
VW	4 270	18,58	55 816	20,10	44 754	20,97
Ford	3 411	14,84	41 442	14,92	32 781	15,36
Toyota	3 233	14,07	30 541	11,00	18 795	8,81
GM	2 551	11,10	27 371	9,86	15 971	7,48
Datsun	2 037	8,87	30 551	11,00	22 238	10,42
Alfa	897	3,90	12 066	4,35	11 395	5,34
BMW	821	3,57	11 218	4,04	8 271	3,88
UCDD	507	2,21	9 058	3,26	7 433	3,48
Leyland	393	1,71	4 364	1,57	3 713	1,74
Other	8	0,04	85	0,03	56	0,03

December total .... 22 979 (29,89% up on 17 691 last year)
Jan-Dec total .... 277 688 (30,12% up on 213 413 last year)
November total 25 330

COMMERCIALS

	1980 December	% of Market	1980 Jan/Dec	% of Market	1979 Jan/Dec	% of Market
Toyota	2 930	29,87	34 840	27,28	25 345	25,15
Datsun	2 057	20,97	21 923	25,00	22 615	22,45
Ford	1 298	13,23	17 425	13,64	14 117	14,02
GM	1 215	12,39	15 789	12,36	12 758	12,66
Sigma	960	9,79	9 736	7,62	10 854	10,79
VW	485	4,94	5 870	4,60	4 120	4,10
UCDD	339	3,46	4 488	3,51	3 640	3,61
Leyland	223	2,27	3 493	2,74	3 100	3,08
Man	77	0,79	794	0,62	694	0,70
Alfa	67	0,68	1 236	0,97	1 858	1,85
Int Harvester	65	0,66	774	0,61	543	0,54
Vetsak	37	0,38	247	0,19	218	0,22
Oshkosh	23	0,23	387	0,30	213	0,21
Fodens	12	0,12	164	0,13	116	0,12
Magirus-Deutz	9	0,09	169	0,13	185	0,20
Erf	8	0,08	189	0,15	126	0,13
Malcomess-Scania	5	0,05	160	0,13	124	0,13
VSA	—	—	24	0,02	28	0,04

December total .... 9 810 (13,19% up on 8 667 last year)
Jan-Dec total .... 127 698 (26,69% up on 100 797 last year)
November total 11 502

In a record year for motor sales last year manufacturers have played musical chairs for the top five places. With total car and commercial vehicle sales of 65 381 during 1980, Toyota is now the country's biggest motor manufacturer after being number five last year. Sigma is second (1), Datsun third (4), Volkswagen fourth (2) and Ford fifth (3).

Toyota maintains its lead in the commercial vehicle market with an increased market share of 27,28%, and is now challenging Datsun as the number four car maker.

BMW maintains its lead in the executive car market (cars costing more than R10 000) with an increased share in this sector of 40%.

Lack of support hits Durban chamber

30 NM 24/1/81

Finance Reporter

THE South African-Argentinian Chamber of Commerce has become another victim of the dwindling South American tourist trade.

The organisation, which has its headquarters in Durban, has been forced to close down through lack of support and is in the process of being wound up.

A representative of the auditors busy preparing a statement of accounts said the organisation had liabilities in excess of R10 000 and 'not a single asset'.

He said there was no point in any creditors trying to prove a claim because there was no money to meet them.

'At the time of closure there was only a few hundred rands in the account and the only assets are a few desks.'

It is understood that there is a R2 000 telephone account still outstanding as well as professional accounting and legal fees to be met.

The chamber was started a year ago by a group of Durban businessmen with the expressed intention of promoting trade between South Africa and the Argentine. It was affiliated to the Durban Chamber of Commerce.

One of its highpoints was a successful two-month exhibition in Argentina of mining, forestry and engineering equipment which it helped organise.

This promotion was a costly venture and was believed to have been partly responsible for the organisation's closure.

A spokesman for the founders said yesterday: 'There was just no support from South African members. Funds ran out and it became uneconomic to go on. Income just didn't cover the overheads.'

FINE ART & ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year
P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.
P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.
Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.
D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.
S A Read

Osbourn Prize
For the best work in fourth year.
D H Pryce Lewis

John Perry Prize
For the best work in third year.
R A van Rosenveld.

Nightmare of free trade faces Cape

Argus 31/1/81 (30)

– Clothing chief

A SHIPMENT of 1,8-million pairs of men's socks — equal to 18 years of imports — is an example of how free trade is being advanced at the expense of badly needed jobs, says a Cape industrialist.

By Tom Hood

'The shadow of Milton Friedman is long in the land and his disciples, particularly in government, are now without number,' Mr Mike Getz, chairman of the Cape Clothing Manufacturers' Association, told a Safto export seminar at Stellenbosch.

He said: 'In the cause of freer international trade and attracting it to South Africa, import barriers must crumble and industries such as ours must surrender jobs to the buyers of our mineral exports.'

Illusions

Recent developments advancing free trade as the Board of Trade visualised it illustrated a number of illusions in government that represented a nightmarish experience for the clothing industry.

A permit was recently granted for the importation of the 1,8-million pairs of socks. These socks were sent to Germany by Taiwan and shut out there by the effective quota controls of the Multi-Fibre Agreement.

This consignment was bought by a South African importer at 18c a pair and was landed here at 36c, duty and all. The price for these socks in Taiwan is 40c and the local product is priced at R1.

'Taken at the historic rate of importation, this is equal to 18 years of imports. It represents, in one shipment, under one permit, almost 15 percent of total national production or three months' output of our largest producer.

'We need to be anxious, if not deeply worried, at the implications. This country with its third world hunger for jobs permits entry of goods prohibited in Germany because of quota restrictions there and finds no inconsistency in its actions.

Protection

'How seriously can we take Government spokesmen who talk about exports and job creation?' asked Mr Getz.

'How can South Africa contemplate imports unrestricted by quota when the world's major economies, not excluding the United States, protect themselves and their jobs in this way?'

Mr Getz said the Western Cape needed jobs and was not providing them at the required rate. The Cape must have a regional strategy, market orientated, with exporting as the mainstay.

In Japan as well as Taiwan and Korea, academics, business and government had combined effectively into working relationships.

The Western Cape should as a matter of urgency set up similar working teams with specific objectives and tight timetables.

Scientists and academics must be enrolled with the leaders of business and representatives of local and central government.

'There is no doubt that this step will be the beginning not only of successful and ongoing exports, but a long-overdue stimulant for us all.'

A study mission should visit developed and developing countries to evaluate regional planning and trade and investment possibilities.

Then an industrial strategy for the region should be based on the study mission's report.

Lessons learnt by successful clothing exporters should be applied by planning a regional marketing body for the Western Cape.

'Information about our products, their distribution and markets is almost unobtainable. We do not market our region or its products well enough.

'A planned effort should be started to promote industrial products of the Cape under the banner of quality and reliability.'

MR MIKE GETZ, chairman of the Cape Clothing Manufacturers' Association.

IT ALL DEPENDS ON THE FLY...

WOMEN who wear men's trousers made in some fashionable synthetic fabrics will have to pay more for them.

They can still buy women's trousers made in synthetic fabrics that are imported duty-free.

But the Government has officially banned the manufacture of men's trousers in the same duty-free fabrics.

If they are made, the men's trousers will carry the full rate of import duty of 30 percent or 30c a square metre.

'If women want to wear trousers with a male fly, they must pay a higher price for them,' said a clothing manufacturer.

IN DISCOS

A battle started when Customs and Excise boffins discovered unisex trousers popular in discos were being made of the imported duty-free fabrics.

This was considered a misuse of a rebate intended for 'women's wear products.'

The concession, of many years' standing, applied only to women's trousers, not to men's. This was probably because many fashionable fabrics for women's garments are not made in South Africa, while most clothes for men's are made here.

Because they could not define the difference between unisex and women's trousers, the authorities proposed a simple solution — to stop the rebate altogether.

But clothing firms anxious to keep the duty concession, resisted the idea and came up with another answer to control — the misuse of duty-free fabrics.

It's easy to define men' trousers because of the way the fly closes, the said. Simply say the concession doesn't apply to them.

The Customs men concurred and a few days ago the Government Gazett solemnly announced:

'The manufacture of trousers with a vertical opening in the centre of the front part of the garment and of which the opening is covered with a flap which extends from left over right, is not permitted in terms of item 311,20 (the tariff rebate schedule).'

OK to oppose tariff protection

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74

S. Tribune 1/2/81

Finance Correspondent

THE giant OK Bazaars group will oppose at Government level a request for additional tariff protection for the local domestic appliance industry against a surge of imports.

OK chief Meyer Kahn is totally opposed to a request for added tariff protection. "We believe it is quite unnecessary, particularly in view of the large profits made by local manufacturers."

Kahn says the group will make representations during the week to the Government outlining its argument against higher import tariffs. He pointed out that this was not the first time OK had reacted at Government level against increased import tariffs.

Kahn was reacting to a call earlier this month by Barlows Manufacturing Co, the country's leading washing machine producer, for an increase in customs duty on washing machines from 25 to 40 percent. Applications for increases on other appliances could follow.

In Durban, Hugh Mathie, director of a furniture and household appliances retail outlet, also came out strongly against higher tariffs.

Mathie says the company sells some 1 500 appliances a month, 75 percent of which were imported. He says the imported appliances are generally cheaper and of better quality than the local equivalent.

Backup services and settlement of complaints by agents for the imported appliances is more reliable, he says.

The opposite view was expressed by Consumer Council spokesman Chris du Plessis. He says local manufacturers have done much in recent years to improve their products, while also attempting to offset the problem of lack of skilled artisans.

In the long term South Africa will have to become more independent of overseas supplies and it will jeopardise this goal if local industries are not supported.

He forged an empire on the lessons of protest

RDM 5/2/81

343

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By J S MOJAPELO

THIRTY-FIVE years ago an ambitious school teacher resigned his post because he wanted to be independent.

Today, Mr S J J Lesolang is one of the more successful businessman in South Africa with directorships in 14 companies operating on a national scale.

One of the companies controlled by Lesolang family members, Rantol (Pty) Ltd, is the oldest black company in the country. Formed in 1944, it is run by Mr Lesolang and his two brothers and sisters.

At 74, Mr Lesolang, still a director of such companies as African Bank, Blackchain and Prosperitas Insurance, has lost little of the fire that has made him so successful. His organisational abilities are still evident in many of the projects undertaken by the National African Federated Chambers of Commerce (Nafcoc).

But his path to success was strewn with more obstacles than most businessmen would encounter.

Born on October 2, 1906, in Sjambokstad, near Ga-rankuwa, Mr Lesolang was the eldest in a family of six.

Before embarking on a business and political career, he qualified as a teacher at the Diocesan College in the Northern Transvaal in 1928 — a profession he followed until 1945.

As a young teacher, he started organising the Transvaal teachers into an association. He became chairman of the teachers' association on the Witwatersrand and eventually president of the provincial teachers' association.

But Mr Lesolang's organisational abilities were tested when he led the famous teachers' protest known as the Blanket Campaign in 1944.

Black teachers protested against low salaries, working conditions and feeding schemes at schools, and demanded the appointment of blacks to head post-primary schools. At that stage, all secondary schools in the Transvaal, except for two, were under white principals.

"If our demands were not met, each teacher had to put on a blanket, a vest, a pair of trousers, and go to school barefoot because we could not afford to buy clothing."

Mr Lesolang worked on the campaign for four years behind the scenes, even taking leave for six months to mobilise the teachers.

The camapign, he recalls, was a "terrific success" and the Transvaal Education Department acceeded to the teachers' demands.

As a former member of the now banned African National Congress, he played a role in organising the well-planned bus boycott in Alexandra Township in the early Forties.

But in 1945, he left teaching at the height of his career to devote himself to business — a venture he knew little about.

"I felt that if I was to live as an independent man and not to be attached to some authorities who could victimise me at will, I had to venture into a new field," recalls Mr Lesolang, who is popularly known as Oom Sol.

While many joint black family business ventures have ended in ruins, the Lesolang family attributes its success to mutual family trust.

"We have confidence in the leadership of all the family members. These people have confidence in me", he says

The Lesolang family businesses started with a coal-selling venture in Orlando in 1945 with limited capital and hardly any business know-how among the family members.

As expected, the business ran at a loss in the first year. But this did not deter the family. They diversified their interests. In 1949, Rantol became the first black company to be granted a trading licence in the Free State.

Then followed a passenger bus transport service, a cargo transport business, general dealer shops, garages, a butchery and coal businesses.

But the passenger business folded up after the family became engaged in a running battle with Putco, ending with the family selling out to the transport giant.

They then started a cargo transport business in 1959 and were contracted to deliver ash and cement when the first houses were erected in Soweto. But when the contract unexpectedly ended two years later, Rantol was left stranded with 11 expensive trucks and huge unpaid bills. The Lesolangs' problems were compounded by restrictive trading laws which prevented the family from conducting their business elsewhere.

When Government policy made it difficult for black companies to operate in the urban areas, the Lesolang family moved to their place of birth in Ga-rankuwa, BophuthaTswana, in 1962. But apartheid again followed the Lesolangs into the homeland.

"We had to compete against white-owned coal companies in Ga-rankuwa," Mr Lesolang recalls.

"While we were not allowed to sell a sack of coal in the white areas we had to compete against the white companies doing business in our areas. This was terrible.

"In fact, this reverse apartheid is not yet over. The National African Federated Chamber of Commerce (Nafcoc) is still fighting it".

Mr Lesolang also played a role in the development of Nafcoc. Back in 1955, he was at the forefront in organising Soweto businessmen into a traders' association. It formed the nucleus of the now powerful Nafcoc, which was formed in 1964.

Although now a resident of BophuthaTswana, he is not impressed by Chief Lucas Magope's decision to take independence — a move he has consistently opposed.

"It is independence created for us. That is why you have to opt for it. It must then be the Government who gives it. When they give it to you, they still control the land. The Broederbond still controls everything," he says.

As a former member of the African National Congress, which he joined in 1932, Mr Lesolang opted to settle permanently in a homeland because he thought the liberation of the black man in the country would come through the joint efforts of blacks in the urban and rural areas. He did, however, differ with the ANC leadership because he maintained that the ANC had neglected to mobilise rural blacks.

In 1966 Mr Lesolang entered homeland politics by becoming a member of the Tswana Territorial Authority. Two years later he became the national chairman of the opposition party — a position he held until 1977 when he retired from politics.

"While I was in homeland politics, I found I was not doing much except for my physical wear and tear. I opposed independence, but I have come to accept it because I have no choice."

In 1976 he became the first black in the country to be granted a franchise to sell new cars. Last year he was elected Businessman of the Year in the category of business concerns with a turnover of more than R500 000 a year.

Though reluctant to confirm it, some of the business projects Mr Lesolang manages are reported to have turnovers of more than a million rand a year.

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FM 6/2/81

REVISED DECEMBER CAR SALES

	1980 December	% of Market	1980 Jan-Dec	% of Market	1979 Jan-Dec	% of Market
Sigma	4 851	21,11	55 176	19,92	48 006	22,49
VW	4 270	18,58	55 186	19,92	44 754	20,97
Ford	3 411	14,84	41 442	14,96	32 781	15,36
Toyota	3 233	14,07	30 541	11,02	18 795	8,81
GM	2 551	11,10	27 371	9,89	15 971	7,48
Datsun	2 037	8,87	30 551	11,00	22 238	10,42
Alfa	897	3,90	12 066	4,35	11 395	5,34
BMW	821	3,57	11 218	4,05	8 271	3,88
UCDD	507	2,21	9 058	3,27	7 433	3,48
Leyland	393	1,71	4 364	1,57	3 713	1,74
Other	8	0,04	85	0,03	56	0,03

December total .... 22 979 (29,89% up on 17 691 last year)
Jan-Dec total .... 277 058 (29,82% up on 213 413 last year)
November total 25 330

COMMERCIALS

	1980 December	% of Market	1980 Jan-Dec	% of Market	1979 Jan-Dec	% of Market
Toyota	2 930	29,83	34 840	27,28	25 345	25,15
Datsun	2 057	20,95	31 923	25,00	22 615	22,45
Ford	1 298	13,22	17 425	13,64	14 117	14,02
GM	1 215	12,37	15 789	12,36	12 758	12,66
Sigma	970	9,88	9 726	7,62	10 854	10,79
VW	485	4,94	5 870	4,60	4 120	4,10
UCDD	339	3,45	4 488	3,51	3 640	3,61
Leyland	223	2,27	3 493	2,74	3 100	3,08
Man	77	0,79	794	0,62	694	0,70
Alfa	67	0,68	1 236	0,97	1 858	1,85
Int Harvester	65	0,66	774	0,61	543	0,54
Vetsak	37	0,38	247	0,19	218	0,22
Oshkosh	23	0,24	387	0,30	213	0,21
Fodens	12	0,12	164	0,13	116	0,12
Magirus-Deutz	9	0,09	169	0,13	185	0,20
Erf	8	0,08	189	0,15	126	0,13
Malcomess-Scania	5	0,05	160	0,13	124	0,13
VSA	—	—	24	0,02	28	0,04

December total .... 9 810 (13,30% up on 8 667 last year)
Jan-Dec total .... 127 698 (26,70% up on 100 797 last year)
November total 11 502

Certain of last week's car sales figures were incorrect. These have now been rectified, and the correct sales figures are printed above.

FACULTY OF ENGINEERING

CHEMICAL

Corporation Medals

For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)

Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McClelland

Professor George Menzies Prize

Health', recorded 15 Nov. 190 ; minutes of City Deep Ltd., 30 Nov. 1910; Mines and Works Regulations, 1911, 143(2) Union Acts, Miners' Phthisis Act, No. 19 of 1912, 2c(2)(b).

(166) Figures given in Fraser and Irvine, op. cit., p.31 table X; Irvine(a), op. cit., pp. 14-15.

(167) Figures given in Fraser and Irvine, op. cit., p.31, table X.

(168) [illegible] 1903, p.19, qq.[illegible], evidence of Dr L. Irvine; [illegible] 1910, v.2, [illegible], evidence of Dr L. Irvine; RRA, Crown Mines Ltd. Chief Medical Officer's Annual Report 1912.

(169) [illegible] Half Yearly Report of the Government [illegible] ... ending December 31st, [illegible] Report of the Government [illegible] for ... the Year ending June [illegible].

(170) RMPC 1903, p.19, q.63, evidence of Dr L.Irvine.

R2-m plan to start new black paper

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By Andrew Walker

Businessmen plan to raise R2-million to launch a black owned newspaper on the Reef.

The Reef Times, to be owned and run by blacks, would be based in Soweto, and would "aim to be the friend of and reflect the views of the people," said Mr Arthur Shiplana, a member of the steering committee formed to establish the paper.

With an initial target circulation of 50 000, the paper is expected to be distributed throughout the Reef and Soweto.

Mr Shiplana said it was "a little early to say when The Reef Times would be launched, but it will definitely be before the end of the year. We are looking for backers from all sections of the community to have as broadly based a newspaper as possible."

As the project was "still in the planning stage," he was not able to say whether the publication would be an afternoon or morning newspaper. Plans were going ahead to register the company, which would print the newspaper on its own presses, he said.

The proposed newspaper is the brainchild of Mr Clifford Ranaka, who is the publishing and editorial adviser on the steering committee.

The Reef Times, says the committee, would "strive to work in peace and harmony with the authorities."

[illegible], table X.

(177) RRA, Crown Mines Ltd. Chief Medical Officer's Annual Report, 1912.

(178) Fraser and Irvine, op. cit., p.30, table X.

(179) Irvine and Macaulay, op. cit., [illegible]; FFMPC [illegible] p.90; CHA, WLF, [illegible]; RRA, Rand Mines Ltd. First Annual Report of the Department of Sanitation for the year, 1913; Grey, op. cit., p.13; G.P., S.8072 1937, Union of South Africa: The Prevention of Silicosis on the Witwatersrand (Johannesburg, 1937), p.4.

(180) Irvine and Macaulay, op. cit., p.[illegible], Einbrodt, H.J., 'The Influence of Dust Elimination and the Effects on the Development of Pneumoniosis', in Shapiro (ed.), op. cit., pp.[illegible].

(181) MIC 1897, p.43, evidence of F. Way.

(182) FFMPC 1914, v.1, p.50.

(183) Grey, op. cit., p.148; Katz, op. cit., p.350.

(184) Grey, op. cit., pp.143-144. See also Irvine and Macaulay, op. cit., pp.348-349.

(185) Irvine and Macaulay, op. cit., p.354.

(186) Ibid., p.344.

(187) G.P., S.8072, 1937, p.4.

(188) RMPC, p.20, q.69, evidence of Dr L. Irvine.

(189) Katz, op. cit., pp.74-76 passim.

(190) Truscott, S.J., The Witwatersrand Goldfields: Banket and Mining Practice (London, 1898), pp.[illegible].

(191) CHA, WLF, 14 Feb. 1912, H. Eckstein and Company to COM, 14 Feb. 1912.

(192) Minutes of the City Deep Ltd., 20 May 1913.

(193) Ibid. [illegible] August 1913.

[illegible] Farrar to H. Strange, 31 Jan.

[illegible] No.9[illegible], 'Mine Accidents.'

[illegible] of Sub-Committee of Medical [illegible] Irvine and Macaulay, op. cit.,

[illegible] of the WNLA, 7 and 22 Nov. 190[illegible].

[illegible] Report of Mortality amongst Natives employed on the Mines of the Witwatersrand.

(200) Cartwright, op. cit., pp.31-43 passim; Simons, H.J., and Simons, R.E., Class and Colour in South Africa 1850-1950 (Harmondsworth, p.85.

(201) Cartwright, op. cit., p.137.

(202) Girdwood, A.I., 'The Medical Examination of Native Labourers on Engagement at the Gold Mines of the Witwatersrand, in IMCSC 1930, op. cit., No.12.

(203) Ibid., p.4.

(204) Ibid., pp.5-7.

(205) Ibid.

(206) Orenstein and Webster, op. cit., p.32[illegible].

(207) Irvine(a), op. cit., pp.[illegible]. Africans who were referred to the Bureau were identified by fingerprints. See ibid., p.5. A well-known specialist, who does not wish to be identified has told me that the examination of the physique of a miner is tantamount to a 'well informed guess.'

TECHNICON FUND NOW TOPS R-1M

30

7/1/81

By TOM HOOD

RECORD donations from businessmen last year pushed the Cape Technikon's development fund above its initial R1-million target for the first time.

The fund stands at R1 020 000 after receiving about R240 000 from many sources in 1980.

Building of the new campus in District Six is to start in 1983. But escalating costs are expected to boost the final bill to around R200-million from the R44-million estimate made seven years ago.

To meet its 15 percent share of the first part of the project, the Technikon's management has lifted to R4,5-million the cash it must raise from the public, the State paying the other 85 percent.

Find R7-m

The Technikon may have to find as much as R7 million over the next 10 years for its part of the costs.

Dr T C Shippey, director of the Technikon, said today: 'We will try to get by with our repayment of loans and keep our interest and redemption payments going.'

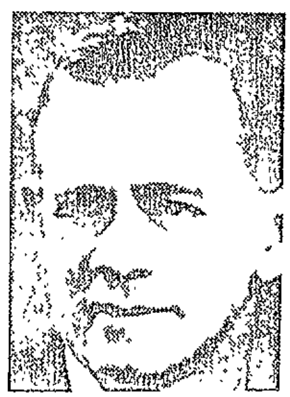
He was grateful for the R240 000 donated last year in spite of the feelings and misunderstanding some people had about moving to the new site.

The general upswing probably contributed towards the increase but people were becoming more aware that the Technikon's intentions in District Six were purely educational and there was no aspiration other than to build a fine educational faculty for all people.

'I believe this is helping the fund and more and more people are writing and expressing thanks for our work.

'Firms may also be motivated by a tremendous shortage of skilled workers and realise that more facilities for technical education are needed. They have become acutely aware that we are training people.

'More businessmen are visiting the Technikon and the business world is beginning to understand our intentions. We are educators and nothing else.'



Dr T C Shippey

Only five companies withdrew donations because of the controversy over the site and one has started to contribute again. Others said they would reconsider when they could see that the new Technikon would be open to everyone.

Contributions

Contributions include R570 000 from commerce and industry, R40 000 from old students and parents of students, R13 000 from local government and R12 000 from the staff.

The Technikon has formed a liaison committee with representatives of industry and commerce to meet their needs.

Work on applied research is to be increased as a result of support from commerce, industry and the Human Sciences Research Council.

The CSIR has also promised to help with research projects.

EXTRA HOURS UPSET SHOP WORKERS

S. Tribune 8/2/81

(30)

Tribune Reporter

SHOP workers throughout Natal are taking a tough line against employers who want to extend trading hours into the night, Saturday afternoons and Sunday.

The Association of Distributive and Allied Workers' Unions has already lodged a total of 45 objections this year against shops in the province which want to open their doors to the public after 5pm weekdays and lunch time on Saturdays.

They feel the hours are unreasonable and they are opposed to shop workers having to work every weekend and every holiday in addition to their 45-hour working week.

The shops have been forced to renew their extended trading hours licences in terms of a change in the provincial ordinance. Now they have to prove that the public would be seriously inconvenienced if they did not open during the hours they are applying for or that they are catering for the needs of tourists and holidaymakers.

The association does not believe that the intention of the ordinance is to create a situation where there is general day and night trading throughout Natal. Nor does it believe that shop workers are ... to work every ...

Commerce and industry affected

Pensions scheme will place 'unfair R290-m burden'

Business Reporter

Commerce and industry will have to carry an unfair burden of some R290-million in the first year in which legislation on the transferability of pension funds comes into operation.

So says pension fund ombudsman Mr Fiachra O'Hanrahan, who calculates the R290-million on the basis of the Government's own figures contained in the White Paper on the legislation.

Moreover, the funding burden of the industry will be raised by another R290-million by the money which would normally be withdrawn from funds, but would then become "frozen" in terms of the proposals.

Combined with increased legal responsibility of employers whose funds will become preferential creditors under the proposed legislation, the increased cost of funding and an economic slow-down would send many funds to the wall, he says.

The proposals as they now stand are not reasonable, he says, as they compel employers to make contributions to pay for inflationary salary increases which take place after the employees leave their firms.

This imposes a burden on both funds and employees, he says.

The cost of R290-million to the pension funds to fund retained pensions is calculated at a mere 6 percent a year, which is in any event totally unrealistic in relation to inflation, he says.

If it were to be based at 9 or a more realistic 10 or 12 percent, the R290-million becomes a very conservative figure.

In a time of boom, most companies can face increased pension fund contributions. However, the effect when the boom comes to an end will be serious.

Some overseas companies have already indicated that they will modify their local funds' benefits to reduce exposure in S.A, he says.

9/2/81. STAR

Car companies triple profits

244

192

30

By Mervyn Harris

Two companies in the motor industry announced over the weekend that they had boosted taxed profit by 307 percent and nearly 200 percent in the six months to December.

The McCarthy group, the biggest motor retailer in the country, reported an increase of 198 percent to R10-million in the half-year — more than the R8,8-million it achieved in the full year to June 1980.

But the 307 percent rise in the profit of Alderson and Flitton was from a low previous base.

They join several other companies in the motor industry who have more than doubled their profits.

The results reflect the boom in the motor industry after the recession two years ago. But the spectacular performance must also be due to the increase in the price of motor vehicles.

A significant contribution to McCarthy's results also came from a big jump in the sale of motorcycles.

This rose by 159 percent in the half year against an increase of 51 percent for the motorcycle market as a whole.

O Page 16: McCarthy hits jackpot.

Some US birds get a recall

KDM 6/2/81 #30

Consumer Mail

IT'S another case of those American chickens at Checkers — only this time it's "Yankee go home" to thousands of substandard US chickens with the brand name "Best Ov All".

Checkers have withdrawn the chickens, part of a new consignment of US birds, after complaints from their stores, customers and the Department of Agriculture.

The consignment contained more than one brand of US chicken but only the "Best Ov All" were substandard.

They were, said Checkers and the Department of Agriculture, scrawny, underweight, badly packed, did not carry grade markings, did not have giblets, and had long, thin legs.

They were not, however, condemned as unfit for human consumption, the Department of Agriculture spokesman stressed, but had drawn Checkers' attention to the fact that the birds did not match up to South African standards.

All the other birds in the consignment were up to standard and would not be withdrawn from the stores — mainly in the Cape and Transvaal.

A spokesman for Checkers said yesterday the company had ample supplies of birds, both US and local.

Local producers have objected to the importing of US birds which are much cheaper to produce in the US and can be sold in South Africa for less than local producers claim it costs them to manufacture.

When Checkers' first consignment arrived in December, a major local producer claimed those birds were substandard and not slaughtered according to Muslim law.

The spokesman said Checkers was considering legal action against its importing agents, who they claim failed to supply them with birds to the specifications they had ordered.

It was not known last night how many birds were involved, and the spokesman said this could only be determined once all the recalled fowls were in one warehouse.

Metcash, Kimet want Russells

Rd 10/2/81

30

By ALEC HOGG

METRO Cash & Carry and its parent, Kimet, are negotiating for control of Russell Holdings, the R166-million a year family-controlled furniture retailer, say Standard and Barclays merchant banks.

If concluded, this will be Kimet's and Metcash's second major acquisition in the big-ticket consumer durables market in less than a month.

They recently acquired 30% of Dion's for R11 500 000, stating that control of this R140-million-a-year chain was their eventual aim.

If Metcash and Kimet obtain Russells, say market sources, with a combined turnover of about R300-million a year, they would challenge OK Bazaars as the biggest retailers of white goods, electrical appliances and furniture in the Transvaal.

Metcash itself last year had sales of R404-million. If it obtains control of Dion's and Russells, it will be well on its way to attaining its target of sales of R1 000-million by 1985

Shortly after the announcement yesterday, the market price of Russells rose 80c to 325c.

At the end of 1979, the biggest holder in Russells was Russells Consolidated Investments with 27%, followed by Banner Nominees with 5% and Standard Bank nominees with 3% Russells directors held directly only 5,7% of the group's equity. Neither Metcash nor Kimet had a holding

A stockbroker's analyst estimates that Russells will earn about 95c for the year to April 30 and says if dividend cover is maintained at 4,2, the payment should be 23c.

On this basis, he estimates that Metcash's offer will have to be about 325c. This suggests an outlay of nearly R26-million if a 30% controlling interest is to be obtained. Single control would cost nearly R40-million.

The analyst speculated that shareholders would be offered shares in Kimet for their Russells holdings.

There appear to be substantial benefits in the deal for both parties.

Metcash's formidable buying power would be enhanced and its drive into this branch of retailing would be expedited It would become a major contender in consumer durables virtually overnight — without offending its wholesale clients, mainly cafes and trading stores And for the first time Metcash would enter the HP market.

For an HP company, Russells is liquid with a debt-equity ratio of 80% at the last annual report. Russells would benefit by Metcash's and Dion's immense buying power. There is the chance that under a new control situation it would be more free with dividends. Cover in the past has exceeded 4. Perhaps cash from the Dion's operation could be deployed in the financing of Russells stocks and debtors.

COMMENT: The obvious immediate course of action must be to sit tight until details of the bid are published.

RETAILING

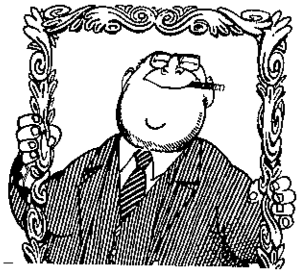
30

Trading up

FM 13/2/81

Retailers in SA are unanimous that this year will see intensified competition as stores try to maintain 1980 profitability levels and capture the rapidly expanding consumer market.

Increased competition, as well as further trading-up programmes (up-grading retail outlets to present a more sophisticated image and to meet customer demands for quality merchandise), will, therefore, continue to be prevalent in the retailing business in 1981.



The retail market for clothing and footwear grew 25% in the 1980 winter season (the latest available seasonal figures collated by a major market research group which represents all the major retailers in SA).

Expenditure in this period was close on R800m, with black consumers constituting a substantial proportion of the market. Most of the growth in the retail market is attributed to blacks — a trend that will increase this year.

It is recognised by all the major retailing groups that the consumer market is becoming more sophisticated as wage levels rise and lower income groups enter the spending arena with more money in their pockets.

Stuart Cohen, MD of Ackermans, notes that the retail market is trading-up (his own group is a perfect example of this) because of rising wages. And this, in turn, is bridging the gap in consumer demand in

BC FIGURES

sales per issue July/Dec 80	% change on July/Dec 79	% change on Jan/June 80
97 549	—5,3	—8,2
62 395	—4,1	—3,9
67 807	—2,1	—6,1
60 768	—5,2	—10,2
38 662	+9,3	+1,0
31 430	0,0	+0,7
85 277	—7,8	—7,5
7 327	+0,9	—0,5
26 892	—1,2	—5,0
22 403	—5,0	—3,9
6 633	—3,7	—3,9
92 081	+11,8	—3,4
56 464	—13,1	—11,1
18 772	+2,5	—0,8
10 085	—7,7	—3,5
33 773	—25,7	—13,5
120 595	+5,8	+7,3
24 344	—7,7	—10,9
107 709	—18,3	—18,4
165 751	—5,2	—10,3
23 729	—4,2	—7,7
114 372	—4,7	—6,5
82 469	—1,0	—3,9
65 177	—7,5	—4,3
84 600	—7,6	—7,9
23 492	—15,8	—11,2
8 295	—6,1	—3,1
7 469	—6,4	—7,0
12 538	+6,9	—2,2
402 736	—2,9	—3,5
43 096	+18,2	—9,7
81 266	—0,8	—5,0
85 587	—7,0	—5,2
102 944	+8,8	—1,0
33 889	+10,4	+3,9
118 212	—9,3	—0,1
445 259	—5,1	—3,6
124 126	—3,7	—2,9
4 648	+24,1	+15,3
16 534	—8,3	—9,8
44 908	—2,5	+0,1
98 394	—1,7	—6,7
160 550	+12,9	+4,1
36 572	+5,2	+3,9
287 391	+29,4	+13,0
17 345	+5,3	+15,5
167 766	+15,1	+5,0
18 678	+15,4	+7,7
79 157	+2,7	+0,6
111 811	+3,5	+1,9
191 667	+12,4	+8,6
21 322	+1,0	—0,8
[illegible]	[illegible]	[illegible]

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Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

A E & C I Prize
For the first year student obtaining the highest average mark.

G L Cragg

Star

27 firms give R1-m or more to SBDC

30

Twenty-seven industrial, commercial and banking groups have subscribed a million rand or more to the capital of the Small Business Development Corporation.

This was revealed in Pretoria yesterday at the first meeting of the corporation's board.

Each group contributing a million rand or more is entitled to appoint a director, and the State has appointed an additional seven.

The chairman of the board and of the executive committee is Dr Anton Rupert. Three members who have already been co-opted are Mr Sam Motsuenyane, of the National African Federated Chambers of Commerce, Mr J M Reddy of the New Republic Bank, and Mr Noel Harris, a Cape Town businessman.

The corporation now has a management structure and will get to work immediately guaranteeing loans by banks to small businessmen.

The SBDC has already obtained more than R60-million from the private sector. Its initial capital amounts to R150-million, as the State is contributing on a rand-for-rand basis.

More subscriptions of capital are expected. — Sapa.

Durban takes a closer look at security

15/2/83

30

STAR

Property Reporter

MANY FIRMS in the central business district of Durban are expected to take a closer look at security after the bomb blast in Field Street last week.

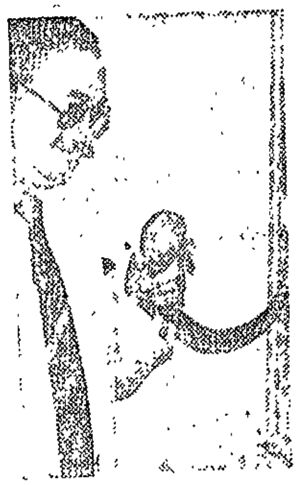
One major property administration company is planning to write to and tenants of buildings under its control urging them to become more security-conscious.

Malcolm Wiltshire, property administration manager for RMS Syfrets, said people had to realise they are living in different times and in a status building as much protection for the tenant as possible is needed.

One massive CBD building which has recently taken steps to improve control of people entering and leaving is the Nedbank Centre in Durban Club Place.

At one stage anyone could enter from the garage floors. But now the drivers have to pass a security guard, a boom-control activated by a card-key and then to reach the office accommodation they pass through doors which can only be opened by the same card-key.

Tenants in the building include such vital organisations as AECI, and Nedbank's regional general manager, Johan Westraat, says tenants generally have welcomed the move.



Johan Westraat, regional general manager of Nedbank, operates a control panel that is the nerve centre of Nedbank Centre's security system

Alf Jollands, maintenance division manager of RMS Syfrets, said reminders of the need for security in major properties were sent to all tenants. In 1979, it had been suggested that a full-time security officer on 24 hour call should be appointed to look after the buildings on a shared-cost basis but this had not yet gained enough support.

He hoped that further efforts would be made in this direction.

No hint of shocks that lie ahead

GERALD REILLY
Pretoria Bureau

THE Minister of Finance, Mr Horwood, yesterday gave no hint of the cost-of-living shocks which lie ahead in his part appropriation address.

In a typical pre-election budget, he conspicuously avoided mention of the expected increase in all Government-administered food prices and other prices this year.

Most will be announced within days of polling day — April 29.

They include all dairy products — fresh milk, butter, cheese, powdered milk — maize and maize products, and a higher floor price for meat. The increases are expected to be between 15% and 20%.

The Minister has so far ignored pleas from the Progressive Federal Party, and from the country's two major trade union organisations, the Trade Union Council of South Africa, and the SA Confederation of Labour, that general sales tax should be removed from basic foods.

Last year food prices rose by 30% — a major factor in sending the Consumer Price Index figure for the lower income group to near 20%.

Nor did the Minister refer to the Railway mini-budget to be tabled next Monday which, according to the PFP's transport spokesman, Mr Rupert Lorimer, is certain to include higher railway tariffs.

Commerce hails pay increases

(30) (250) (355) RDM 17/2/81

THE angling of differentiated pay increases for public workers towards teachers, nurses and police was a welcome step to support the structure of basic public services in South Africa, Mr C W H du Toit, president of the Federated Chamber of Industries (FCI) said in Johannesburg.

Sapa reported that the FCI also welcomed Mr Horwood's continued basic commitment to fiscal discipline, and to bring money supply under more effective control to contain inflationary pressures.

Mr Du Toit said raising the local borrowing ceiling for local subsidiaries of foreign companies would, on balance, stimulate domestic investment and production capacity.

This, with the easing of exchange control, would assist in reducing the inflationary threat of the liquidity overhang.

GERALD REILLY of the Pretoria Bureau writes that Mr Raymond Parsons, executive director of Assocom (Association of Chambers of Commerce) said last night that the mini-Budget reflected the basic strength of the South African economy — even though inflation remains a serious problem.

It was only right that serious inequities in public service pay should be redressed, he added.

It also highlighted the need to continue with fundamental labour policies designed to tackle the underlying causes of the critical skilled manpower shortage.

Mr Jan Horn, the president of the Afrikaanse Handelsinstituut (AHI), said first impressions of the mini-Budget were that the Government had not deviated from its policy of financial discipline, and the proposed meeting on inflation between the Government and the private sector was sound.

Mr Horn said it was difficult at this stage to make a full interpretation of the salary announcement. Pay constituted about 20% of all State expenditure. This indicated the Government's policy to be an important guideline to the whole economy.

If the private sector succeeded in holding salary adjustments in line with the State, it would be an important contribution to combating inflation.

The AHI welcomed the teachers' increases, but said attention should be given to differentiated scales to acknowledge that in some categories shortages were more serious than in others.

Spending more pennies

NM 17/2/81 (30)

THE news that at least one large departmental store, the Hyperama at Prospecton, has decided to do away with racially segregated toilets will come as some relief to blacks who resent what they describe as 'apartheid loos'. But while such moves are commendable and in line with similar toilet desegregation at the country's airports and elsewhere, the fact is that 'apartheid loos' are better than none at all.

As this newspaper has pointed out before, there is an urgent need for more toilet facilities to be made available to blacks in the city, whether provided by the City Council or by private enterprise such as departmental stores. In the private sector the choice of whether the toilets should be segregated or not is a matter of corporate policy and conscience, but at least something should be done.

And the City Council, in addition to bringing a more positive approach to the problem of public conveniences, might well consider insisting that property developers planning shopping complexes and the like, also make greater provision for blacks, whose physical needs are no less urgent than those of whites.

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B F McCleland

Professor George Menzies Prize
Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

RDM 18/2/81

Up goes interest on HP and overdrafts

By HOWARD PREECE
Financial Editor

INTEREST rates on hire purchase deals of less than [illegible] will mostly go up next month from [illegible] to [illegible] a year.

Personal overdrafts will cost up to [illegible].

People who use bank credit cards may be charged 18% if they fail to settle debts promptly.

Bank customers who run up small, unofficial overdrafts may even find themselves paying a punitive [illegible].

These are the main consequences of the Government's decision to raise the 14% "usury" ceiling on money lending and to let interest rates rise with market forces.

[illegible]

CHEMICAL

Black farmland plea is refused

RDM 18/2/81

By J S MOJAPELO

THE Government has turned down a request by the National African Federated Chamber of Commerce (Nafcoc) to grant black farmers the right to purchase and farm land countrywide.

In its reply, the Department of Co-operation and Development told Nafcoc this would be contrary to Government policy.

The request was one of several issues raised during a meeting between a Nafcoc executive delegation led by its president, Mr Sam Motsuenyane, and Dr Piet Koornhof, Minister of Co-operation and Development, last year.

The Government's replies to Nafcoc's requests are reported in the latest edition of Nafcoc's "African Business" magazine.

Nafcoc said several attempts had been made to involve organised white agriculture in making a more significant contribution to the development of agriculture in black areas.

Nafcoc also suggested that the prevailing communal land tenure in the homelands be progressively supplanted by a system of freehold ownership which would give individuals greater incentive to develop and improve their allotments.

In reply, the Department said the disadvantage of the present system was due less to the system of tribal ownership than to the fact that each member of a tribe had the right to the use of the land.

Nafcoc also suggested an accelerated industrial programme in which black entrepreneurs would play a major role as employers.

It was advised to approach the Minister of Commerce and Industry with the request.

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J H Rens

Sammy Sacks Memorial Prize
A... to the student with the

CHEMICAL

RDM 19/2/81 (30)

Car sales continue on the high road

By SIMON WILLSON
Industrial Reporter

ALTHOUGH they are unlikely to reach last year's year-on-year monthly growth of about 30%, this year's car sales could increase at about half the 1980 rate if last month's sales figures are any guide.

According to the National Association of Automobile Manufacturers (Naamsa) new-car sales last month at 20 368 were 13,3% up on sales in January 1980.

But the gap between the motor industry's highs set in record-breaking 1980 and the more sober realism imposed by capacity limits this year is visible at once. Total units sold last month were down 12,8% on December's returns.

Commercial vehicle sales also moved up last month on a year-on-year basis from 9 159 in January 1980 to 9 263, but matched the car drop since December when 9 810 commercials were sold.

The most fascinating feature of the latest car statistics is the intensifying dogfight for the top-of-the-table position between Sigma and Volkswagen.

After heading the league for most of the boom year of 1980, Sigma was toppled by Volkswagen last October, and VW held its 250-odd unit lead in November.

But in December Sigma bounced back and took over the lead by a margin of 581.

Now VW has seized the top spot again, with 4 690 units sold in January against Sigma's 4 482, although the margin — at a little over 200 — is so small that the joust is nowhere near its resolution.

Right behind the leadership dogfight is Ford with 2 650 and General Motors on 2 471.

The volatility of the market leadership position is due to competition between VW's and Sigma's small models, and the monthly sales fortunes of each small model determine, to a large extent, the sales outturn of its respective manufacturer.

VW's Golf/Jetta marque has opened up a commanding lead at the top of the popularity league for individual models.

From a lead over Sigma's Mazda 323 of only 453 in December, the Golf/Jetta put 689 units between it and the Mazda last month, selling 3 169 to the 323's 2 480. Ford's Cortina was third with 1 401.

Toyota remained top of last month's commercial-vehicle sales table with 2 738 units sold, followed by Datsun on 1 701 and Ford on 1 333.

Sigma topped the January combined vehicle sales aggregate with 5 219 followed by VW with 5 135, Toyota on 4 879 and Ford on 3 983.

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J H Rens

Sammy Sacks Memorial Priz...
Awarded to the student wi...
best classwork in Enginee...
Drawing.
L Menegaldo

CHEMICAL

Edgars brushed aside in hectic share battle

Kirsh grabs Russells in R33-m swoop

~~282~~

30

Sim 19/2/81

In a R33-million market swoop this week, Kirsh Industries grabbed control of the furniture retailer Russells following a board rejection by Russells of its take-over proposals.

Kirsch Industries, controller of Kimet and Metcash yesterday snatched the group away from Edgars, which offered shareholders 385c a share on condition that a majority stake is acquired

At the beginning of the week, Kirsh Industries had only acquired 100 000 shares, but when Edgars announced its offer yesterday morning, Mr Natie Kirsh of Kirsh Industries announced that his group had already acquired a 35 percent interest in the voting issued shares Before lunch, the group acquired its majority stake of about 52 percent.

Mr Adrian Bellamy says its offer would still stand, though Edgars is not on the look-out for take-overs in furniture retailing at the moment. Edgars was rushed into the offer by Mr Kirsh's bid for Russells, though the group would have preferred to wait another two to three years to make this move.

As Kirsh Industries paid an average of 350c a share for its stake, it means it could make R3.2-million for its shareholders should the offer be accepted However, this was not the object of the operation.

A combined turnover from Metcash, Dion's and Russells of R850-million this year and R1 000-million next year is forecast.

The Mankowitz family retains management control of Russells, which is expected to continue its operations as in the past.

(30) FM 20/2/81

business view

The recent rejection on technical grounds of a number of grocers' wine licence applications during the Cape Town sitting of the Liquor Board raises once more the need for a close look at this subject by government.

In particular, action should be taken by the new Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, to whose department the administration of the Liquor Act was transferred last year.

The need for such an examination is reinforced by the fact that the wine lake, which has been mounting up since 1978, now stands at about 400m ℓ — more than half of this year's estimated crop.

Grocers' wine licences had their genesis in the findings of the Malan Commission of 1960, which suggested that the drinking habits of South Africans should be changed to encourage the consumption of natural wines and beer and recommended the distribution of these commodities through grocery shops. From 1963, grocers could make application for wine licences — on condition, however, that they were making application in an area where natural wine consumption was 30% or less of total liquor sales. This condition was lifted in 1979.

And yet, to date, only 69 licences have been granted. Last year, out of 88 Cape applications, 34 were thrown out on technical grounds and the other 54 were refused. (Most applications come from retailing giants, such as Checkers and Pick n Pay.)

What is the problem? At first view, it would appear to lie with the attitude of the board. But, as the applicants' lawyers point out, the board's duty is to carry out the law, even when it revolves around seemingly absurd points.

What lawyers do point out, however, is that the legislation places too high a premium on the correctness of finicky paper work. It is not the board which should be taken to task, but the regulations.

What we have is the strange dichotomy of our semi-puritan society: government wants to encourage the consumption of liquor (it enjoys the revenue and believes it owes it to farmers and the economy to do something about wine consumption) and yet trips up the market with the liquor board, the function of which is restrictive rather than permissive.

In short, the central anomaly is that the liquor board is continually being asked to grant exactly what it was set up to prevent!

But this is by no means the nub of the problem. The problem also lies with the opposition of vested interests, which are represented at liquor board hearings and often oppose grocers' wine licence applications.

These include, firstly, hoteliers. The victorious tone of the leader on the outcome of the Cape applications in the hoteliers' offical journal makes it quite clear where they stand. Vested interests also include bottle-stores. They believe the value of their assets would be threatened were control on liquor outlets to be eased.

This highlights, in turn, another anomaly. A large force in the bottle-store market is Rembrandt, KWV's partner in the CWD (SA's wine and spirit monopoly). The KWV is, of course, greatly in favour of grocers' wine licences as it produces and wholesales wine. Thus, Rembrandt appears to want two bites of the cherry. It wants the KWV to market wines successfully and yet does not want its interests in the retail trade affected.

If one accepts that SA's ailing wine crop must be aided, then government must move to free the industry. One way of aiding such a move — which has been mooted by Ivan Deacon in his thesis on the SA liquor industry — is to compensate the bottle-store owners and hoteliers who have invested considerable sums of money. According to Dr Deacon's computations, this would involve an annual sum in the order of R26m over 10 years — which suggests the strategy is feasible.

At the same time, the perverse barriers which operate against licensed retailers — such as those which prevent them from selling food in association with liquor — must be removed. What is needed, in short, is less regulation and more free market.

be, the logical framework for collecting information, assessing assumptions in the light of this information, and for the suggestion of the consequences of decisions, remains. The task would be made easier if there was greater interdisciplinary co-operation in the health sector, particularly in the administration of health services. In South Africa, economists have not played any official role in health sector analysis, nor have many other disciplines apart from medicine. As Fein has commented "and all of us, I believe, have paid a price for this underrepresentation."(3)

FOOTNOTES

I) Pole (I968) p.I57.

2) Klarman (I974) p.374.

3) Fein p.2I2.

SBDC (30) FM 20/2/81

Momentous day

Calling it a "momentous day for Southern African businessmen," Rembrandt's Anton Rupert last week convened the first meeting of the Small Business Development Corporation's "preliminary" board of directors at Pretoria's Volkskas Centre.

The joint private sector-government effort to boost small businesses was registered earlier this month and Rupert announced at last week's gathering that 82 companies have already pledged R63m and paid R17 560 000 to date. A total of R75m remains as the expected target figure. If government decides to match it on an equal basis, as Rupert is pressing it to do, the SBDC will come into being with R150m.

Not surprisingly, the mining houses, banks and insurance companies are the biggest investors. Gencor, Union Corporation and Gold Fields have each pledged to buy R5m worth of "A" class shares, while De Beers and Anglo American are chipping in R2,5m each.

Dr Anton Rupert's own Rembrandt Group is giving R5m and Sanlam has pledged R4m.

A number of SA subsidiaries of multinational companies are also investing. BP, Caltex, Mobil and Shell, for instance, are each giving R1m.

Each group that promises to buy R1m or more of the "A" class shares is entitled to representation on the board.

Last week's meeting was of most of the 27 emissaries from these million-plus donors.

Rupert stressed that it was only a "preliminary" board as an unspecified number of people will be "co-opted" on to the board.

Already, three non-white leaders have been voted seats. They are the African Bank's Sam Motsuenyane, Indian leader Jagaram Reddy, chairman of the New Republic Bank, and Fred Harris from the Development and Finance Corporation, formerly the Coloured Development Corporation. Further "co-opting," as Rupert called it, will be used to increase non-white participation on the board.

Meanwhile, the government, which controls the "B" class shares by virtue of its transfer of various assets to the SBDC, is represented on the board by seven members. These include the Prime Minister's economic adviser Simon Brand, Professor Jan Lombard of the Reserve Bank, and Abie van den Berg, chairman of the Industrial and Development Corporation.

The board, in its first moves, decided to proceed with the call for tenders to construct 40 factory flatlets in Soweto, with an estimated tender price of R900 000. It also asked the country's banks to institute training schemes for their branch managers in order to facilitate the SBDC's loan guarantee programme, and confirmed that the Trust Bank will hold the bulk of the corporation's funds, at 9%, until the further plans are developed.

Rupert, meanwhile, lashed out at criticism in some press reports that the SBDC would be ineffectual. "Our futures depend on what our peoples do to diffuse the racial problem," he said. "Whatever we can do to foster small businesses will be of advantage."

(50)

Table 5.I

Perinatal Mortality Rate per I000 deliveries

I967	45,9
I968	46,5
I969	44,2
I970	4I,I
I97I	38,6
I972	42,0
I973	45,2
I974	39,2
I975	33,3
I976	34,0

(Source: Reports of the Depart[...] Gynaecology UCT/CPA

Table 5.2

Deliveries in Institutions as [...]

Whites	98%
Coloureds	73%
Blacks	74%
Asians	83%

(Source: Medical Officer of Health Report, Cape Town, I976.)

Home deliveries are thus still carried out by private midwives and non-medical staff - firends, family or traditional midwives.

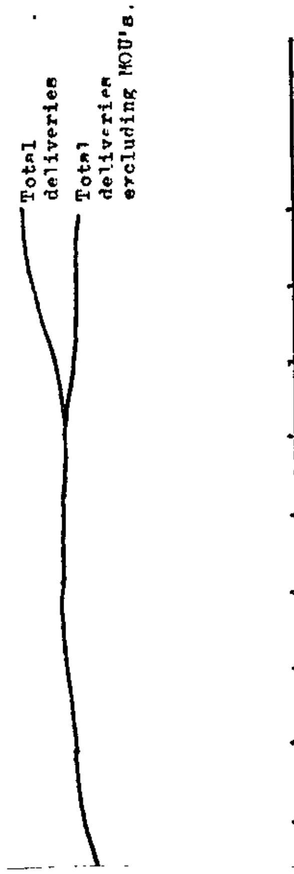
The success of the MOUs in achieving their aims can be seen in the following. In Graph 4, can be seen that while the total number of deliveries carried out by the Peninsula Maternity Service has increased since I973, the number of deliveries excluding MOUs has declined. The pressure on the

./...

(5I)

als has thus been reduced. Furthermore, no normal ries are now conducted at Groote Schuur. This reduc- n workload has created 'breathing room' so that all isk cases can now receive the necessary care.

ıo transport is provided for the patient to the MOUs ı-natal clinics, these are closer to the patients' ınd thus less travelling expense is incurred in travelling cl.



eports of the Dept. of Obstetrics and Gynaecology, UCT/CPA
ospital deliveries, district deliveries, born-before-arrival t hospital, born-before-arrival at district
..liveries: applies to all hospital up to 1970
applies to St Monica's and Somerset up to 1974

SEAN ARCHER

9. ALLOCATING AND FINANCING HEALTH CARE: A CHOICE OF ISSUES FOR SOUTH AFRICAN DISCUSSION

"He who would do good to another must do it in minute particulars.
General good is the plea of the scoundrel, hypocrite and flatterer,
For art and science cannot exist but in minutely organised
particulars". *William Blake.*

1. INTRODUCTION.

The allocation and finance of health care, in the sense of decisions about resource use, about implementation and methods of payment, connotes a wider field than is covered in this paper. From the secondary literature I have selected questions I judge of interest to the South African debate of which this conference forms part. A predisposition to choose as important certain issues over others should be acknowledged. Clearly such a ranking must attend any serious thinking about an area of enquiry like health care and its social priority. The subject has a political economy dimension integral to it, and to presume that choice is dictated entirely by non-normative considerations is gravely misleading.

It will be useful to think of health sector allocation as falling under three headings: (1) "the place of the health care system in the total economy.../and its/ appropriate share of national resources... (2) the allocation of resources within the health care industry itself... /and/ (3) the distribution of output between consumers" (Scotton 1974:5). This is not a complete categorisation but the middle sections of this paper are arranged around similar topics. I make no attempt to describe the allocative and financing system in our own country on the understanding that it will be treated in other papers presented at this conference. However, the last two sections deal with certain broad issues of policy which need intensive debate in South Africa. To gain an initial perspective we should look at evidence concerning the historical role of health measures in their widest sense.

2. HISTORICAL PERSPECTIVES

Although "health care" and "medical care" tend to be used interchangeably, the former denotes a much wider range of goods and services which contribute to the maintenance or restoration of the healthy state. Medical

care as such comes from the professional providers - hospitalisation, doctors' services, dental care, drugs and public health facilities - symbolised in the flow chart below by the M - H connection. These commodities form a subset within the category of all inputs into health. The distinction is simple enough and a commonplace for participants at this conference. But for clarity about priorities, it is fundamental and underlies an argument developed later in this paper.

For anyone born into the antibiotic age, it is salutary to look at the
historical record concerning the efficacy of ... here seems
provisional agr... tions as
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effect until the ... spectacular
decline in death... ths in the
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And the causatio... nts in
nutrition, water ... ication.

"The lessc ... e
was large
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(Hartwell

Coming down to our
notoriously ambigu... ave
do indicate for de... s cen-
tury, particularly ... for
these advances occu... with a transformation in the methodology of medicine itself. The habit of "treating everything with something" was supplanted round about the 1830s by the realisation that certain diseases were self limiting, and that "meticulous, objective, even cool observations of sick people" were necessary to learn the natural history of disease (Thomas 1977: 164). What resulted a century later was "the development in medicine for the first time of a 'decisive technology'" in the antibiotic period, 1930-1960 (Fuchs 1973: 183). Recalling what went before conveys the novelty and revolutionary nature of what occurred in our own lifetime.[1]

C7 25/2/81

US chickens failed to make the grade 30

Staff Reporter

EIGHTY tons of American chicken which arrived in Cape Town last week, imported by a local supermarket chain, failed to meet the A-grade requirements of the Inspection Services Division of the Department of Agriculture and Fisheries.

After negotiation with the merchandise manager of the supermarket chain, the director of the division decided to withdraw the chickens from the retail market and make them available to businesses which sell cooked chicken, according to an article in the latest edition of Agricultural News.

Although the absorbed moisture content of the sample carcases fell within prescribed limits and no feathers were found, the consignment did not make the grade.

It fell short specially in meat content, plus fineness and suppleness of skin. A large number of the birds were underweight.

The article said the US chickens imported by a supermarket chain in November last year had met all South African A-grade requirements.

Durban's CBD will tend to cater more for blacks

NM 25/2/81

(30) (283)

Finance Reporter

DURBAN'S CBD will tend to cater more for the blacks, while whites will patronise increasingly sophisticated suburban shopping centres, says Dr Roger Blackwell, an American marketing expert.

Dr Blackwell, in South Africa at the invitation of the National Development and Management Foundation to conduct a series of marketing seminars, said the Durban CBD would become 'more orientated towards ethnic groups that don't have access to their own suburban shopping malls.'

Although suburban shopping malls had reached saturation point in America, they still had a big role to play in the South African context.

'But they must not just be smaller versions of downtown shops. They must be more sophisticated, catering for leisure and recreational activities, people's service requirements and medical needs.

White area

'More important, they must be matched to the area they serve. Naturally, the services offered by a mall in a white area would differ from those offered by one catering for other groups.'

Dr Blackwell said shopping was rapidly becoming a recreational activity for the whole family and it was important that shopping become a more exciting experience.

Another trend was that

Dr R Blackwell

people had a decreasing amount of leisure time because of the added responsibilities they were assuming, and as a result they tended to concentrate their spending on time-saving devices and fast foods.

At the same time, they were tending to spend more on their leisure time pursuits in order to get the most enjoyment out of the limited time that is available to them.

'In the post-war years, people improved their life styles by making more money, but with inflation running at an annual rate of 15 percent and taxes increasing steadily, it is easier to improve your living standards by buying more wisely and using what you buy more judiciously.'

The changes in purchasing patterns had led to a polarisation of shopping into two distinct categories — the mass merchandiser with a wide range of lines and the speciality store with narrow lines and a more specific marketing concentration.

Store displays were going back to the former vertical emphasis on goods in the show rooms rather than eye-level, horizontal displays because of the 'free space' that stacking goods higher afforded.

'One thing is certain: the conventional store is doomed. Modern shopping precints have to be exciting and atmospheric in order to compete in a highly competitive market.'

Pep Stores plans big expansion in W Cape

Argus 26/2/81 (30)

Financial Editor

FINANCE

PEP STORES, one of the country's major retailers and manufacturers of clothing, is planning a big expansion of its manufacturing facilities in the Western Cape.

In an interview the chairman, Mr Renier van Rooyen, said buoyant demand for clothing had made it necessary for the group to increase production.

Sales had been rising strongly since last June and turnover figures for 1980-81 were likely to show an increase of around 30 percent.

The company was hoping to buy one or two well-established clothing factories in this area and possibly later open a factory at Atlantis.

The company operates about 500 stores in all parts of the country. It has two factories in Cape Town and factories at Butterworth in the Transkei and in Durban.

Altogether the group employs about 10 000 people.

Mr van Rooyen said the extra production facilities would help the group attain some of the targets it had set for the early 1980s. These included stepping up exports as well as selling more branded goods in the group's stores.

The company had been investigating the export market for a year and was now taking orders.

OVERWHELMING

African more clothing was overwhelming. For every order the company had accepted it must have turned away eight or nine.

The reason was that South African clothing was highly competitive on quality, price and style.

Overseas orders were often substantial. The company was working on one from Britain for 1,5-million pairs of women's panties.

Pep was geared for mass merchandising and could handle the volumes demanded by European buyers. But he did not think the company would yet be able to supply the large quantities American buyers wanted.

LARGER SHOPS

The company had begun resiting its Pep Stores into larger shops in central business districts. This had had a substantial impact on turnover. Such a move was not made unless it would double sales.

Hand in hand with this, the company intended establishing more of its own house brands.

Part of Pep Stores' success had been in giving value for money. Now the group was planning to improve quality further even if it meant trimming margins.

Pep's Student Prince line had been extremely successful as had its efforts to get schools to accept a more limited range of school uniforms and so help keep down prices.

Any voids left by Pep's move to central business districts would not be left for the competition. The lower end of the market was still large and the group's other chain, Half Price Stores, would move in.

The group's latest development, the Shoprite food chain, of 13 stores, was going well and was certain to exceed its budget. It planned to open in Kuils River and Somerset West.

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G L Cragg

prevent or treat. The skills required to diagnose and treat any of these four conditions can be taught to almost anybody quite quickly. If all our hospital cleaners, pharmaceutical representatives, ambulance drivers, nurses, clerks, physiotherapists and doctors knew how to prevent and recognise and treat these four conditions (things that could be taught and re-emphasised in one week every year) then our childhood mortality rates would drop dramatically. The other four priorities are all rather more difficult to deal with, but major preventive programs mounted by all our health care workers could certainly reduce the prevalence of these

care team. They must learn to work together with other team members and they must learn to delegate without ordering other people around. Finally they must learn to work with, and to listen to, their patients and other members of the community and to come to joint decisions with them.

This brings us back to a point that is central to any understanding of Illich's criticisms. When we ask, "What do we need to do?" the answer is that the first thing that we

need to do is to realise that the answers must come from society and not from health care workers, all of whom have preconceived ideas and vested interests. Doctors for example are members of society and must participate in the discussions as citizens. It is important that they assist with any factual knowledge that they have, but their opinions are no more or less valuable than those of any other citizen.

Besides drawing attention to the visible failures of our health care system and what we see as medical priorities, we must also try and increase the awareness among the public of some of the less visible effects of health care workers.

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We must try and persuade society to take back responsibility for deciding on priorities and ~~for~~ making moral decisions. It is not for doctors to decide what proportion of available resources should be devoted to transplantation research and what proportion to providing water and sewerage systems for squatter camps. Doctors may have strong opinions on the matter but they can give factual information in favour of either, and it is society that must give its opinion and decision. Society must decide whether unlimited medical care

GENER

STAR

28/2/8

(30)

Prices not in favour of public: Minister

By Hannes Fergusson
Farming Correspondent

BOTHAVILLE — Supermarket chains were overcharging the public, but at the same time they pretended to be the consumer's champion, according to the Minister of Agriculture, Mr du Plessis.

Speaking yesterday in Bothaville at the congress of the National Maize Producers' Organisation (Nampo) he said that his department had, a fortnight ago, made a survey of vegetable prices at supermarkets and greengrocers. He had chosen vegetables because this was a totally uncontrolled product.

In most cases the supermarkets charged higher prices than the greengrocers.

At both, the consumer price was about twice the price the farmer had been paid at the produce market.

In view of the prices supermarkets charged for vegetables and meat, it was clear why they wanted control boards to be abolished.

They were the champions of their own pockets, not the consumers' champions, Mr du Plessis said.

He acknowledged that export losses on maize were partly caused by the high price of the South African rand on foreign money markets.

In the case of industrial products, the Government had assisted exporters by generous export subsidies but agricultural products did not qualify.

For this reason, he was prepared to consider a separate export subsidy scheme for maize. It should, however, be realised he did not want such a scheme to become permanent.

Minister's criticism enrages supermarkets

30 STAR 27/2/81

By Charlene Beltramo

Supermarket chains at each other's throats in recent months during the chicken price war have united to condemn the Minister of Agriculture, Mr du Plessis, who this week accused them of overcharging the public while pretending to be the consumer's friend.

Mr Raymond Ackerman, head of Pick 'n' Pay — who has in the past said "make the consumer queen and she will make you king" — was angry.

"I am absolutely boiling. Food inflation is so serious at the moment all supermarkets are trying to do something dramatic about it; we don't need mud-slinging at this critical time.

"Chain stores are making three percent net profit on food, 1,7 percent after tax."

Mr Ackerman demanded an apology from the Minister and called for urgent talks with the Prime Minister "to prevent this escalating into a major war between businessmen and the government — it's directly contrary to what the Prime Minister spoke of at the Carlton conference."

Mr du Plessis said a survey his department had conducted comparing prices of vegetables and meat charged by supermarkets with those charged by retailers showed supermarkets charged higher prices in most instances.

Mr du Plessis said it was clear why supermarkets wanted control boards abolished. "They are the champions of their own pockets, not the consumer's champions."

Mr Ackerman said he had never criticised the control boards, as he had long championed the cause of the farmer. Although, he said, when prices of certain products went up despite good crops and exports were made at a loss, investigations sh[ould] be ma[de].

"Supermarket chains are fighting like cat and dog to keep prices down. We don't fix prices, we don't have the Government helping us, we fight it out."

Mr Ralph Horwitz of the OK Bazaars said margins were kept low — particularly on meat and produce." "Our books are open for inspection by the Minister at any time," he said.

Mr Rex Glanville of Checkers said supermarket profits were in the region of 2,5 percent and had been declining since 1975. "We are certainly not profiteering."

3.1 Cost Effectiveness

Cost-effectiveness [...] data to arrive at a [...] merely adding up th[...] methods, a large pa[...] of alternative metho[...] most health program[...] ations of objectives [...] is rare. The types [...] listed above do sli[...] advantages will dif[...] and promotive care [...] patients is referre[...]

In order to compare [...] for policy-makers t[...] precisely. However [...] in the quality of c[...] strict comparison i[...]

Both groups are means whereby values can be systemati[...] brought to bear on policy decisions.

3. Choice of Techniques : Efficiency Decisions

The choice of means of approaching a given health pr[...] is dealt with first because it is here that economist[...] are most precise in their contributions, not because [...] is logically prior.

To discuss the relative efficiency of alternative approaches, three types of data must already be known :

i) the precise objective (e.g. provision of a primary health care facility to cope with a given number of patients annually);

ii) the technical details of the processes considered: what inputs and manpower are used and what outcome can be expected from each. (e.g. the alternatives of : GP only; GP plus clinic run by nurses; GP plus district sister; clinics or day hospitals employing all types of staff; clinics run by nurses only and hospital outpatient departments);

iii) the relative value of resources used up in each process.

Economic efficiency differs from technical efficiency in that it requires not only the best technical standards so that the lowest ratio of inputs to outputs is used, but also that this ratio is at a minimum in value terms[...] entails using the least cost method, or obtaining th[...] maximum output for minimum resources.

If more benefits can be achieved without additional expenditure of resources, or the same results achie[ved] at lower expenditure, resources are not being used efficiently. This in turn requires that all funds [...] should yield the same benefits on the margin; i.e. a

Dr. Lucy Wagst[...] 9

By DAVID CARTE
Deputy Financial Editor

Wholesaling and retailing separated

Kirsh empire revamped

RDM 27/2/81

30

THE KIRSH Group is to be reconstructed to separate its wholesale and retail activities in the wake of its acquisition of 54% of Russells and 30% of Dion's.

And to finance its R35-million Russells acquistion, Metro Cash has raised R25-million through the issue of new shares and R10-million through the issue of prefs.

Metro has issued a million new shares at R25 each to Kimet and various institutions and has issued 10-million R1 variable rate redeemable prefs to a member of the Barclays group.

Kimet took half the new shares to maintain its 50% stake in Metcash, and Tiger Oats and institutions, including Liberty Life, African Eagle Life, Legal & General Volkskas, and pension funds took the rest.

Dion's and Russells are to go, by means of a share swop at cost, into Coki Corporation, the listed cash shell. This is to become the group's retail arm and will head the Kirsh Group's major drive into retailing. Coki will sell its 25% stake in Constantia Insurance to the Kirsh Group.

Metro Cash & Carry is to change its name to Metro Corporation. This will own 100% of Metro Cash & Carry, the wholesaling arm, and 95% of Coki, the retailing arm (see diagram).

Mr Natie Kirsh, chairman of the Kirsh Group, said the Russells takeover and the group reconstruction would benefit the earnings and assets of Kimet, Metro Corporation and Coki.

The deal would theoretically lift Kimet's earnings from 32c to 44,3c a share, Metro Corp's from 290c to 399c and Coki's from 7,5c to 33,7c.

Because its stake in Metro Corp remained constant, Kimet's net assets would be constant on 300c, but Metro Corp's would rise from 563c to 996c and Coki's from 134c to 160c.

The figures are theoretical because the companies have different year ends. These are to be brought into line.

After the deal, Coki will emerge as a large scale retailer with expected sales of R350-million and pre-tax profit of R20-million next year. It has no borrowings.

Metro's cash and carry wholesale sales are expected to beat R650-million, so Metro Corporation is budgeting for sales of R1 000-million next year.

Mr Mervyn King has been appointed chairman of Coki, which, according to Mr Kirsh, will forge its own way independently from the wholesaling arm.

Mr Kirsh said Metro Corporation's 95% stake in Coki could be reduced through the issue of shares for acquisitions, if and when these arose. Coki could expand without recourse to Metro.

The public could participate in the Kirsh group's growth through Coki, Metro or Kimet.

Mr Kirsh said he was delighted with his Russells purchase, which he had obtained for only 3,6 times earnings. He was mystified how a company which had increased earnings seven times in 10 years could have traded at such a large discount to true worth for so long.

As good as Russells performance was, he said, Dion's made it look "pedestrian". Dion's, he felt sure, would be "the retailing name of the 80s". Dion's, through high-powered, brilliant marketin

but thanks to large tax savings, would add immensely to cash flow. He would like to see Russells switch to lifo, but this depended on the Russells board.

He confirmed that Metro was investigating with SA Brews, Cape Wine & Distillers and other liquor producers the concept of wholesaling liquor on cash and carry lines.

"We would like to be able to do for the liquor producers what we are doing in Metro for the food companies — low cost distribution. The idea is to set aside a part of certain Metro stores for liquor.

"Hotels, clubs, restaurants and small independent bottle stores, or even shebeens, when they are legal, could find a wide range of liquor at competitve prices. And the liquor companies would be saved the hassle of distribution."

The project was in its infancy and would have to be approved by the liquor majors, then by the authorities.

Asked whether Metro would make an offer to Russells minorities, he said: "No. The only people who are demanding an offer to minorities today are those who did not sell to us when they could. They were holding out for a higher price from another bidder. I have brokers' notes to show that we bought every share we have through the market".

Mr Kirsh said the new Metro shares had been privately placed as a rights issue was out of the question with the market so soft.

The reconstruction is to be

shares at 100c, the current market price.

The Kirsh Group will pass on its 16 194 000 Coki shares to Metro for R25 910 000 to be satisfied by the issue to the Kirsh Group of 1-million new Metro shares at R25 a share and the balance in cash.

The Kirsh Group will place these privately as described. Kimet will pay for its 500 000 new Metro shares by the issue of 4 500 000 Kimet shares at 278c.

Metro will sell its interest in Dion's to Coki for R11 500 000 or 7 188 000 Coki shares at 160c.

These arrangements are subject to ratification by shareholders.

At the end of these transactions, Kimet will have an issued share capital of R31 559 492 divided into 20 995 000 shares of no par value and 9-million redeemable cumulative prefs of R1.

Metro will have an issued share capital of R2 413 500 divided into 4 712 000 ordinary share of 50c and 5 750 000 redeemable convertible cumulative preference shares of R1.

Russells issue share capital will remain at 24 753 000 shares less 6 572 000 shares held by a subsidiary — in other words 18 181 000 shares of 10c.

Coki will have an issue share capital of R15 125 000 divided into 30 250 000 shares of 50c.

All the new shares will rank equally with the old, but the new Metro and Kimet shares will not rank for dividends for the financial year to February 1981. All the financial years will be brought into line with Metro's, which ends on the last Saturday of February.

had established a strong presence in the home goods market nation-wide. All it needed for dramatic expansion was to open branches.

Mr Kirsh said Coki would need to buy another 3% of Russells to maintain a 50% holding after holders converted their convertible debentures in 1982.

Metro would soon switch to the lifo method of stock valuation. This would reduce declared earnings substantially,

achieved as follows:

Metro will acquire from the Kirsh group 5 221 000 Coki shares at 140c a-share.

Coki will acquire from the Kirsh Group 9 826 000 Russell shares for R35 039 000, the cost of these shares to the Kirsh Group. Payment will be by 16 194 000 Coki shares at 160c, the current market price, and R9 129 000 in cash. Coki will sell to the Kirsh Group 1 030 000 Constantia Insurance

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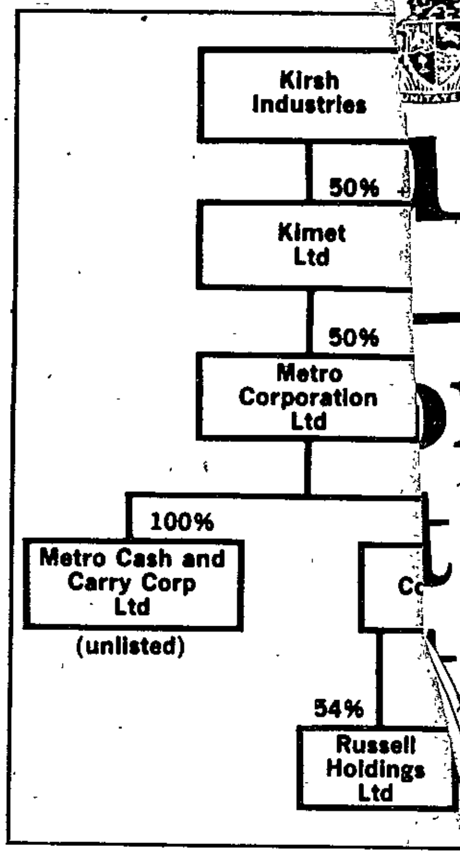


SUPERMART ROW OVER 'SLAP IN FACE'

Argus 28/2/81 30

Mr Raymond Ackerman

THE chairman of Pick 'n Pay, Mr Raymond Ackerman, said this week that he would demand a meeting with the Prime Minister to avert a major 'war' between businessmen and the Government.

He was reacting to a statement by the Minister of Agriculture and Fisheries, Mr Pietie du Plessis, that supermarkets were profiteering, and at the same time ascribing the high food prices to the existence of control boards.

Describing the attitude as a 'slap in the face', Mr Ackerman has demanded an apology.

By JOHN FENSHAM

'Mr du Plessis's threat that he will "hit the supermarkets hard" is abusive and contrary to what the Prime Minister spoke of at the Carlton conference. I am absolutely furious that a Minister should resort to abusive mud-slinging at this critical time.'

'This is an unwarranted and vicious attack on a group of retailers who have done more to fight inflation than any other body in the country.

'Statements like this are designed to polarise the producer-marketing factions in South Afric

CONT...

Africa '77: Official Yearbook of the Republic of South
a, p.650.
land 'Some Aspects of the 1912-1914 Tuberculosis Commission,
Honours Essay, University of Cape Town, 1978. p.70.
p.70.
p. 42.
p. 37.
culosis Research Institute, MRS, 1976 Annual Report, p.3.
arriet Ngubane 'Body and Mind in Zulu Medicine', Rev. I.A.
and 'Zulu Thought Patterns and Symbolism', Monica Wilson
tion to Conquest'.

10.2 Economics of the Drug Industry

Brodie (Vol.2) shows that a large part of the ethical drug indust
South Africa is controlled by overseas firms. He discusse

(a) Increasing Benefits

Sundgren (*24) pointed out that the benefits of medical treat exceedingly hard to estimate. However, *increasing patient* c was an obvious area for improvement. He noted in this conte doctor/patient communication is often inhibited by the 'clin which medical students acquire early in their training. Th detached scientific approach more suited to the laboratory, interaction. He therefore recommended a course on dealing early in the medical curriculum.

Patients should be better informed of the purpose and requi prescribed treatment. Doctors, nurses and the media shoul in public education, which was said to be particularly impo from rural under-developed backgrounds.

He recommended, further, that itinerant district nurses sho visits to ensure that prescribed treatment was being adhere noted, however, that the last two points would involve ext

(b) Reducing costs

Sundgren further notes that indirect costs of illness (los for example) are also extremely difficult to estimate. T direct costs must start with an analysis of their composit

(i) Hospitalisation
This, the largest single cost factor, could be reduced hospital services and by subsidising home care (as occ for maternity patients).

(ii) Doctors' remuneration
The group which discussed these papers thought it woul view of the likely increase in emigration, to attempt income of doctors. Measures should be taken, howeve use of paramedical personnel and the responsibilities Every attempt should be made to increase the supply c ing the medical schools and their intake. (This poin disputed by T.Wilson, Vol.2 - See section on Health I In view of the large state subsidy involved in train suggested that graduates of medical school should ha of some years' state employment, after graduating. this would, for a time, reduce the emigration of doc

camps, to undermine and doom efforts towards mutual understanding and co-operation and to exasperate those determined to do something about the intolerable inflation in this country,' Mr Ackerman said.

Mr du Plessis, speaking in Klerksdorp, accused chain stores of ascribing high food prices to the existence of control boards, and then creating a furore.

'I am going to hit them hard,' he said, 'and they are going to be badly hurt.'

'Scapegoat'

He arranged an investigation into greengrocers and supermarkets in Pretoria, and concluded that in six cases out of ten the supermarkets charged more for vegetables than greengrocers.

'I refuse to stand still and be made a Government scapegoat,' he said.

'Inflation, an international bugbear, is a major culprit in our present food crisis — there are many reasons for price rises, and no sensible man would blame only the control boards.

'Very busy executives from marketing groups throughout the country have offered to sit on control boards to assist, I repeat and stress, to assist in stabilising food prices.

'Mr du Plessis's statement is almost guaranteed to make these men, myself included, lose faith and abandon our efforts to fight inflation.'

Mr Ralph Horwitz of the OK Bazaars said he disagreed completely with the Minister.

'We pass on every little saving to the consumer, and we keep our profit margins particularly low on meat and produce. Our books are open for inspection by the Minister at any time.'

Mr Rex Glanville of Checkers denied that supermarkets were profiteering, and added that profits were in the region of 2,5 percent and had been dec...

i) Drugs

lb (Vol.2) shows that medicines and pharmaceuticals account for 7-10% the Cape Provincial Hospital Services annual vote and a substantially rger proportion of private expenditure on health. He also notes in uth Africa, as in other countries, tendencies for medicines to be stefully and inappropriately used.

lypharmacy is rife. Hedden and Corbett (*75) note that 25-30% of spitalised patients suffer complications as a result of adverse drug teractions. They find that the number of adverse interactions was ntained at a reasonably low level for prescriptions of 2-5 drugs but se dramatically thereafter, particularly for more serious interactions. was recommended that:

(a) doctors should be better informed about the hazards and wastefulness of drug interaction;
(b) a feedback system could be introduced whereby pharmacists check prescriptions of more than 5 drugs and report back to doctors concerned the incidence and types of interactions expected;
(c) a maximum number of drugs per prescription be established. Those exceeding five drugs would have to be vetted by a pharmacist or pharmacologist. This was thought to be less practicable, and that
(d) further research should be carried out.

lb noted that numerous medicines with equivalent pharmacological action re available on the South African market and in the coding lists of spital services. This duplication is wasteful, especially since price fferences are considerable.

lb also argued that often patients are given drugs who do not need them all. Among his recommendations were:

1. Improvement in the quality of promotional activities of the pharmaceutical industry (with continued monitoring by the Medicines Control Council);
2. Improvement in the quality of the decision-making of state and provincial coding committees.
3. Government encouragement of a local pharmaceutical industry, though with caution to prevent disincentives for international pharmaceutical companies.
4. Steps to improve knowledge at all levels within the medical profession, to improve therapeutic procedures and to encourage research.

S. Times 1/3/81

Stores hoard sugar for fear of price hike

30

By RAY JOSEPH

MAJOR chain stores throughout South Africa have begun stockpiling sugar in anticipation of a price hike, which could be as high as 15 percent.

But informed sources believe that the Government will block the increase until after the April general election.

Mr Alan Gardiner, Natal director for Pick 'n Pay, said yesterday: "I am aware the Sugar Association has made aplication to the Government for a price increase in the region of 12 percent.

"I understand an increase will be granted immediately after the election but anything is possible."

Mr Peter Sale, general manager of the Sugar Association, said:

"There must be a price increase in the pipeline. There is an increase every year to keep the domestic price in line with the cost of production."

Stockpiling

Mr Sale, who said he was aware of stockpiling, could not say when the price increase would come. He added his association did not stipulate a percentage increase in its representation to the Government, but "only laid our figures before them to decide.

"The first I will know about any increase is when it is announced in the Government Gazette."

Pick 'n Pay, Spar and Checkers have all begun stockpiling sugar in anticipation of the hike — and all three have undertaken to hold down their prices throughout the country while these stocks last.

Mr Robin Burnhill, the group marketing manager for the Spar group, said he had "heard" the sugar price would definitely go up at the end of February and his organisation had been stockpiling since the middle of January.

Election

"I understand the Sugar Association has made strong recommendations for a 12 percent increase in price — and I have no doubt this will go through. I can say for certain that the increase will not be less than 7,5 percent.

"The only thing that makes us doubtful that the price increase will go through soon is the announcement of the general election."

Mr Gardiner said his group had built up stocks in anticipation of the price rise.

Pick 'n Pay managing director, Mr Raymond Ackerman said he understood a price increase had been turned down "because the election is a sensitive time".

Mr Brian Holmes, Checkers' divisional buyer for Natal and Border, said he had been warned about a month ago prices would go up and advised all stores under his jurisdiction "to keep levels of sugar high.

"A week ago I received a telex from our head office in Johannesburg saying that all stores should buy extra stock because the price was going up.

The former chairman of the Natal Indian Canegrowers Association, Mr Y Chinnsamy said the Cane Growers' Association had no knowledge of an impending rise in the price of sugar."

SUNDAY TRIBUNE, MARCH 1, 1981

METRO IS CASHING IN ON NEIGHBOURS

S. Tribune 1/3/81 (30)

Special Correspondent

METRO Cash and Carry, the largest South African grocery wholesaler is rapidly expanding its operations in Botswana, Lesotho and Swaziland.

Group executive director Cecil Robertson, says his company was planning to build its second Botswana outlet on a site just acquired in Francistown. The other store is in Gaborone.

Metro's Botswana operations are 100 percent owned by the South African company, which is part of the Natie Kirsh Group and whose turnover could top an estimated R550 million this year.

Metro has five stores in Lesotho, where it is in 50-50 partnership with the Lesotho National Development Corporation (LNDC). A cashbuild outlet — wholesaling building materials — was opened in Maputso last year.

The Maseru store, built in 1975, has outgrown its size, Robertson says, and will be rebuilt on a new site.

Metro's Swaziland operations were recently expanded, with a doubling of the size of the Mbabane store. The Manzini outlet is to be expanded as well, while the Hlatikulu store will be expanded and shifted to Nhlangano.

The National Industrial Development Corporation of Swaziland (NIDCS) has a 50 percent share in Metro's Swazi operations.

Group merchandising manager Reg Halperin says company policy is to support local manufacturing where possible. Candles are thus purchased locally in both Lesotho and Swaziland, while the maize for the Lesotho stores is milled in Lesotho.

Polyplas (Pty) Ltd, a plastic buckets factory in Swaziland in which Metro has a small stake, supplies buckets to Metro stores all over Southern Africa, according to Halperin.

Robertson said Metro's wholesale outlets supplied 60 000 small traders in Southern Africa.

Some of these have joined a new division called "Lucky Seven" whose aim is to help the independent small trader by providing promotional advertising, assistance with shop design and layout, and training in shop management.

About 80 traders in Lesotho and Swaziland have so far joined Lucky Seven, which has yet to be launched in Botswana.

"We see Lucky Seven as providing very necessary education for the small independent trader to be able to compete with the big shops," says Robertson. "Lucky Seven members have shown a phenomenal increase in turnover."

According to an LNDC publication, turnover of the cashbuild store in Maputsoe will rise from about R1,2 million this year to R3,2 million in three or four years time.

Lesotho Interior Minister Morena Maseribane said the store would provide many of the building materials needed for a new town being planned in Maputsoe.

In a further development at the Maputsoe Industrial Estate, a Durban firm — Phoenix Clothing Industries — is to establish Lesotho's second export-orientated clothing factory, according to an LNDC announcement.

Du Plessis firm on profiteering

Argus 2/3/81

30

Political Staff

THE Minister of Agriculture and Fisheries, Mr P T C du Plessis, said today he stood by his criticism that supermarkets were profiteering — in spite of angry reaction from supermarket bosses.

Speaking from his farm near Lydenburg, he said he was prepared to have talks with supermarket representatives to discuss the issue of food and vegetable prices.

'The supermarkets are reacting angrily because they have been exposed,' Mr du Plessis said.

He was replying to comments from the chairman of Pick 'n Pay Mr Raymond Ackerman and others who rejected his criticism as 'unfair' and 'unwarranted.'

FAIR

Mr du Plessis said he was satisfied that a recent survey of vegetable prices made by his department at supermarkets and greengrocers' shops had been conducted fairly and that all essential factors had been taken into account.

The survey, made in Pretoria, had shown that, in six cases out of ten, the supermarkets charged more for vegetables than greengrocers.

Asked whether he was considering any action against supermarkets, Mr du Plessis said no action was envisaged at present, but he would again have prices investigated 'to put the matter into perspective.'

Mr du Plessis said the point he wanted to make in his criticism was that supermarkets were not keeping prices down in an area free of price control.

ATTACKS

Supermarket spokesmen had for a long time attacked control as being the cause of high prices, and yet their own prices for vegetables were often higher than those charged by greengrocers.

Food store clamp on credit urged

RDM 3/3/81 (30)

By MARIKA SBOROS

MAJOR supermarket groups should stand together and refuse to accept credit cards, the executive director of Spar said yesterday.

Mr Sid Matus was speaking on areas of inefficiency in the food supply and distribution chain at the Consumer Mail conference on the food price crisis, held in Sandton yesterday.

Mr Matus said this was one way of bringing down prices. Credit cards represented a cost to the supermarkets which was passed on to the consumer.

This was compounded by the fact that credit card companies which do not do their own processing pay a fee of 1% which was possibly going up to 2%.

Supermarkets did not enjoy the immunity of garages, and faced a cost of up to 4% for accepting credit cards.

Food stores in other countries did not accept credit cards, he said.

Mr Matus attacked municipal legislation which increased costs. He cited milk as an example, in that bottles were cheaper but could not be sold in supermarkets, cafes of stores.

This meant people in Soweto who had a greater need, could not get the cheaper milk in bottles.

"Surely this is a consumer decision and if the consumer elects to buy milk in bottles, the trade must service this want," Mr Matus said.

The Johannesburg municipality had said it would look into changing the regulation if there were a demand for milk in bottles from supermarkets and stores.

"The resistance comes from milk distributors,who are not prepared to deliver to supermarkets and stores. They are hiding behind municpal regulations," he said.

There was nothing to prevent the industry from putting a deposit on milk bottles to ensure their return, he added.

On the subject of distributing costs, he criticised the Railways for providing an inconsistent and inefficient service.

This led to greater stock holdings, greater interest charges and storage costs which had to be absorbed by commerce and industry and eventually passed on to the consumer.

He appealed to the Railways to "get off our backs and let us decide which is the cheapest method of delivery".

Goods delivered by road did not have the inordinately high breakage rate that was experienced with the Railways.

He said manufacturers had been so hungry for sales they had not paid sufficient attention to the cost of getting goods into the store. "We must take stock of ourselves and switch to deliveries to warehouses in full loads," he said.

Dr A J V Rorich, of Imperial Cold Storage, said the problem with milk in bottles was the expense involved in bottles which were not returned.

"It has been our experience that you don't get bottles back," Dr Rorich said.

Mrs Joy Hurwitz, president of the Housewives' League said it was the affluent housewife who benefitted from cheaper milk by getting home delivery.

She supported Mr Matus' call for credit cards not to be accepted in food stores.

Mr Rex Glanville, managing director of Checkers, said his company had been encouraging the distribution of goods through central warehousing.

"We have had great difficulty persuading the suppliers to use that warehouse as a central distribution point," he said.

This was gradually being overcome.


MR ACKERMAN
... chairman, Pick 'n Pay

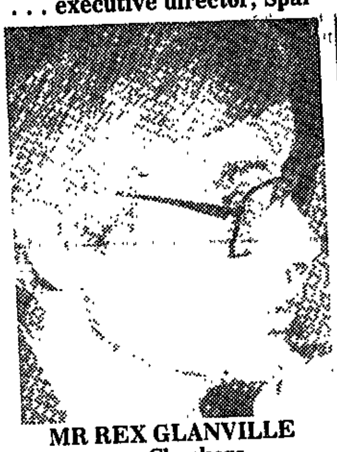

MRS JOY HURWITZ
... Housewives League


MR RUDOLPH GOUWS
... economist, Nedbank


MR SID MATUS
... executive director, Spar

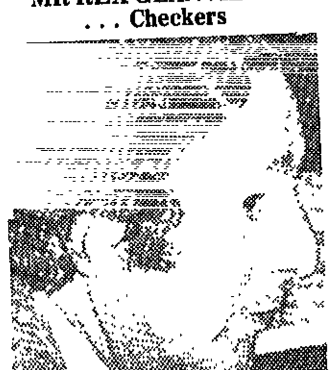

MRS SALLY MOTLANA
... black housewives

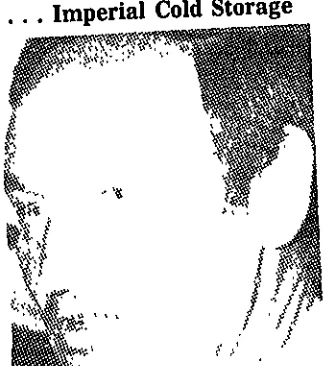

MR TONY BLOOM
... Premier Group

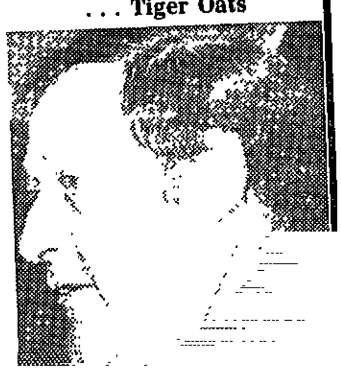

MR REX GLANVILLE
... Checkers


DR A J V RORICH
... Imperial Cold Storage


MR JOHNNY FRANKEL
... Tiger Oats


MR ROD BRITTON
Grocery Manufacturers


MR J J WILLIAMS
... Irvin and Johnson


MR MEYER KAHN
... OK Bazaars

Leading manufacturers and retailers in South Africa's food industry, at Consumer Mail's conference on the food price crisis yesterday where ways of reducing the food inflation rate, which ran at 30% last year, were discussed.

Picture: JUHAN KUUS

Agent leaves man in dark

5/3/81 (30) SOWETAN

By MONK NKOMO

AN Atteridgeville coal merchant claims to have paid a total of R285,56 in assurance policy premiums over 11 months without being issued with an official receipt by the agent.

Mr Thomas Ramonyenyioa, a Metropolitan Homes Trust policy holder, said the company's agent, who promised he would issue a receipt for all the payments has disappeared.

Mr Ramonyenyioa took up a 10 year policy with the company three years ago, for which he pays a premium of R25,96 per month. He claims that since he took up the policy in 1977 the agent used to issue him with a receipt each time he paid but stopped doing so in January last year.

The only documentary proof of payments Mr Ramonyenyioa has is a Metropolitan Homes Trust inter-office memo on which these payments reflect from January to November 1980 totalling R285,56. Dates of payments and signature attributed to the agent reflect on the memo. He said before his disappearance in December, Mr Mathosa promised to issue him with one official receipt for all the payments.

Mr Ramonyenyioa could not tell if the payments were credited to his policy or whether the policy had lapsed as a result.

He said the agent had not called to collect the instalments for the last three months. "I plan to cancel this policy and claim my money back because I am no longer interested in working hand in glove with unreliable people in a business of this nature," said Mr Ramonyenyioa.

Mr P J Sinclaire, an executive of the company at the head office in Pretoria, said that it was highly irregular not to issue policy holders with receipts. He promised, that the matter would be investigated.

RDM 5/3/81

30

30
5/3/81

Egg promotion plan slammed

Mercury Correspondent

JOHANNESBURG—Retailers and consumer watchdogs have slammed the Egg Control Board's 'incongruous' R512 000 campaign to promote egg consumption in South Africa.

They believe that, with the present serious egg shortage, a demand situation that could not be met would arise. This would result in unnecessary price increases.

The announcement of the Egg Board's decision to spend R512 000 in a massive advertising promotion was made this week by its general manager, Dr A H Olivier.

Yesterday he said that in past years egg consumption had declined because 'eating habits had changed' but that there had been an increase following a good economic year last year.

'We would like to keep the level of consumption high, not because of economics, but because of the egg itself,' he said.

Pick 'n' Pay's chairman, Mr Raymond Ackerman, has called the campaign 'crackers' and a waste of money.

'The campaign was obviously planned when there was a surplus. But now there is a ghastly shortage. To have a campaign now is just a terrible waste of money. The money could be used to cut prices or at least contain the increases which have come in the wake of the shortages.'

Not good

He added that with another increase in the pipeline it was 'not good marketing'.

Mr Clem McLeish, Metro Cash and Carry's director of merchandising, called the campaign incongruous.

'We feel that to advertise eggs when there is already a shortage would stimulate consumer demand. The natural law of supply and demand means there would be another price increase which is what we are trying to avoid,' he said.

Mrs Joyce Hurwitz, president of the Housewives' League, said it made housewives flaming mad to see basic foodstuffs advertised when they could not afford them.

'Any money spent to advertise eggs could be better used to offset price increases and bring down costs. And presently we would welcome any assistance to cut costs and price increases.'

The director of the Consumer Council in Pretoria, Mr Jan Cronje, said he could not understand why the board would want to advertise during an egg shortage.

'If it is going to stabilise the market then the campaign has a use. But the demand is going to increase. As it is there is talk of importing eggs.'

But Checkers said that although they welcomed the campaign, and would encourage the board in this direction they did not feel the timing of the promotion was right.

Miss Peta Lomberg, spokesman for the group, said: 'While we do welcome it we would have preferred them to run the campaign toward the beginning of summer when egg supplies improve. We feel they have their timing wrong.'

Dr Olivier countered that if a demand situation arose which could not be matched by the supply, the Egg Board would consider importing eggs from the United States.

KDM 6/3/81 (28)

Black co-operation a 'way out of poverty'

By J S MOJAPELO

BLACK businessmen had to form partnerships and companies to overcome their poverty hurdle, said Mr Llewellyn Mehlomakulu, business development manager of Barclays Bank, when speaking at the Inyanda Chamber of Commerce conference at Pinetown yesterday.

Mr Mehlomakulu said current developments like the elimination of restrictions and the establishment of the Small Development Corporation were bringing unprecedented challanges to and opportunities for black businessmen.

And black businessmen stood to benefit from the increase in black earning power and rising levels of sophistication.

"Black disposable incomes, which presently stand at R9 000-million, are expected to increase to R19 000-million by the turn of the century. With this rise in the disposable incomes there is an increase in black levels of sophistication, which accounts for blacks being major consumers of a large range of goods and services," he said.

He said there was a time when blacks did not support township stores to the same extent as city stores.

But the support blacks are giving to establishments like the Black Chain Supermarket and others shows that blacks will support businesses owned by their people provided they are competitive.

To overcome the poverty hurdle, blacks have to pool their resources.

It has often been said that farmers always complain of a labour shortage. The farmers interviewed in this survey are a notable exception :

> of 31 farmers, 15 said outright either that there was no shortage at current wages or that they personally did not suffer from a shortage; one said simply that there were fewer people asking for work then than there had been 10 years ago; 7 said there were plenty of surplus workers around but either they were not prepared to work or they were not 'suitable' (sober, reliable, responsible and hard-working); 4 were not prepared to commit themselves and only 4 said they noticed a shortage, of both skilled and general workers.

Asked how long it would take to double their labour forces (at current wage rates), 3 farmers said it would be impossible, 8 did not know and 19 gave replies ranging from a few days (to find 5 workers) to 3-4 months (to find 17 workers). However, several farmers added the rider that it would take cor ... worthy' workers.

One farmer sai ... workers at all.

When the quest ... n - 'How many additional wor ... the replies were :

TABLE 42.

Distribution c ... ers available at current wag

Addi	rmers
'more	

Fourteen farm

Again, some o ... nat the extra workers would not nec ... nted out that their ability to in ... n the plans of other farmers - ask ... iate vicinity could simultaneousl ... initely not, 10 did not know, ... nless labour was drawn off fro

Liquor price war shaping up

NM 6/3/81

~~14~~ — ~~27~~ 30

Finance Reporter

LIQUOR retailers in Durban are shaping up for a liquor price war which cou... ...being offered on wines and spirits until after Easter.

The new price increases on liquor announced recently — 6.4 percent on brandy, 6 percent on white spirits and 7 percent on wine — come into effect on Monday.

Under the new price structure brandy will be up R3.28 a case and white spirits by R2.76 a case an average of 30c a bottle. Wines are up an average of R1.77 a case.

A spokesman for a major liquor wholesaler in Durban said yesterday that retailers had been laying in massive stocks at the old prices in anticipation of the increases.

'I estimate that they have at least two months stock in hand at the old prices which they will be letting go at very competitive prices. There could even be a price war.'

He said indications were ... for several months as retailers vied for market position.

Shoppers had already begun buying supplies at the old prices to beat the new price deadline on Monday, but spending had not been as free as expected and retailers said the real rush would probably start this weekend.

'I regard these as pretty big hikes but I don't think the public has realised just how big they are yet because we haven't experienced a real rush so far,' said Mr Ken Heneke of Liberty Liquors.

'But we expect it to start this weekend when it's dawned on people just how much more they will have to pay on new stocks which we'll be getting in from Monday.'

Type of work	Hours a week	Cash wage (weekly, R)	Payment in kind (daily)
Unknown	?	1,50	?
	?	2,31	?
	?	3,46	?
	?	3,46	?

In addition to meals, many women get other items of payment in kind - working clothes, food, materials for dresses and other 'presents' at Christmas. Except for working clothes, these payments are included - with the cash wage of the women - in estimates of 'total family income' above.

Hourly cash wages of the 43 women whose working hours

etween

, earn

e %

, cents an hour

Change 'too slow' for blacks

6/3/81 (30) ~~(176)~~

Mercury Reporter

BLACKS in South Africa have become intolerant and impatient with slow-moving change, the president of the Inyanda Chamber of Commerce, Mr P G Gumede, said at Pinetown yesterday.

Mr Gumede was delivering the opening address at a one-day conference of Inyanda designed to promote Rotanda councils — a joint venture between the chamber and the Rotary movement to bridge the gap in the development of between 35 000 and 40 000 black businessmen.

Favourable

Mr Gumede said development in the existing circumstances in South Africa could no longer continue at the pace of an ox.

'A more favourable climate for black educational, professional and business development now exists in the country. The problem that will have to be solved is the problem of time,' he added.

Mr Gumede said it was essential that blacks should become a part of the expanding South African market, not just as consumers but also as suppliers.

'Business will in future be more and more compelled to ignore existing colour bars and to adjust to a new climate of true partnership based on freedom, mutual respect and equality of opportunity for all.'

Challenges

He pointed out that, at the present rate of training, South Africa would be faced with a shortage of 100 000 skilled workers by 1981/82.

'The 4 000 000 white people in South Africa cannot on their own cope with these challenges,' Mr Gumede said. 'More blacks should become involved as job creators.'

Prof Selby Ngcobo, economist and former economic advisor to the KwaZulu Government, criticised the recently-established Small Business Corporation, established last month by Dr Anton Rupert, on the grounds that there was very little black participation.

Difficulties

Consultation on a matter such as this was not sufficient and it was all very well for the Government and big business to get together and mobilise capital.

'It underlies the difficulties created by South African Government policy in taking blacks out of the free enterprise system so that they do not have access to their own resources. Even now we have to borrow from the KwaZulu Development Corporation.'

Prof Ngcobo said that black businessmen were now becoming interested in a wholesale-type of enterprise.

Kickbacks alleged in 'Grocery War'

S. Tribune 8/3/81 30

STOP IT, OR WE'LL GO INTO MANUFACTURING, WARNS PICK 'N PAY

By TICKS CHETTY

MAJOR food suppliers this week disclosed details of their claim that they are being forced into paying kickbacks to supermarkets.

The charge is the latest salvo in the Grocery Shelf War, which has become the subject of a Competition Board inquiry. It involves some of the country's biggest names in manufacturing and the supermarket business.

The manufacturers claim they will be forced out of business by supermarket boycotts of their products unless they pay the discounts. They say these payments are not passed on to the consumer.

Supermarket entrepreneurs deny this, saying they are out to secure the best deal possible for the housewife by pushing for lower supply prices.

The commissions for high sales figures paid by suppliers to supermarkets are referred to as confidential discounts or "target discounts" as supermarkets prefer to call

Ackerman . . . not taking insults

Mr Stevens added that supermarkets regarded the obtaining of confidential discounts or target discounts as a right.

Food manufacturers contacted this week said they had to give these discounts if they wanted to continue doing business with the supermarkets.

Central figure in the row is Johnny Frankel, deputy chairman of Tiger Oats.

"The reason why people like Raymond Ackerman of Pick 'n Pay don't want to lose the discounts is that they will lose as much as R7,5 million a year," he alleged.

The allegation has so angered Mr Ackerman that he threatened this week to take Mr Frankel to court.

"I regard this as a disgusting smear campaign by certain suppliers," Mr Ackerman told the **Sunday Tribune**.

A director of a major Natal food manufacturing company said target discounts paid to supermarkets could range from one percent to eight percent of a manufacturer's turnover.

Another said it ranged from one to five percent.

Mr Ackerman said the discounts amounted to two-and-a-half percent of the turnover.

Food manufacturers said supermarkets also forced them to pay for things such as advertising of items, shelf space, and for prime display spots in supermarkets.

One food manufacturer said he paid R600 for two weeks to rent a prime spot at a supermarket. And the advertising of say four lines on a national scale in newspapers could cost him between R7 500 and R10 000.

Russell Stevens, chairman of Tongaat Food and Feeds, said the claims by some supermarkets that they bought at the best possible price with the best discounts primarily in the interest of the consumer was a load of nonsense".

"The most important factor concerning supermarkets is their skill at purchasing from their suppliers. Their success depends largely on this.

"They have to buy cheaper than their supermarket competitors.

"And I won't accept the claims it's being done just for the consumer," Mr Stevens stressed.

He said the methods used did not necessarily help to bring down the price of items for the consumer.

According to Mr Stevens the "most dangerous weapon" the supermarkets had was what he termed as the power to delist a supplier.

He explained a supplier became delisted when he refused to agree to certain terms asked by the supermarket. When this happened the supermarket stopped dealing with the supplier or cut down on the volume of trade between them.

"The supermarkets will tell you if you can't give them target discounts, for instance, they'll go elsewhere. Delisting happens all the time," Mr Stevens said.

Both Mr Ackerman and Meyer Khan, managing director of OK Bazaars, denied this week they delisted firms.

They said they never threatened or forced any supplier to give them the kind of discounts the supplier didn't want to.

Food manufacturers said with Checkers, Pick 'n Pay, OK and Spar groups of supermarkets handling between 60 and 70 percent of food sales they've no choice but to do business with them or give them the kind of discounts asked.

Mr Ackerman said his duty was to obtain the best possible discounts to help curb inflation.

"Every discount we get goes to the consumer and some people, by claiming that we pocket the money, are only trying to start a scandal."

He said the "biggest curse" in South Africa was price-fixing. He alleged that some manufacturers colluded to fix prices.

"We don't regard ourselves as angels but our task is to buy at the best possible prices and with the best discounts so that we can pass the benefits we derive to the consumer."

He warned if suppliers continued with their smear campaign his company would go into the manufacturing business itself.

"This is not just a threat. We will not go on taking insults from people."

COMMENT

POLITICAL comment in this issue, unless otherwise stated, is the responsibility of Ian Wyllie. Political headlines and posters by John Hendry. Both of 83 Field Street, Durban.

Merger move by two SA clothing giants

Argus 9/3/81 ~~D32~~ 30 ~~184~~

TWO of the country's clothing giants, Woolworths and Truworths, plan to merge.

If the deal goes through, it will result in the creation of a company with assets of more than R130-million.

Joint annual sales are more than R300-million.

Both companies are Cape Town-based and are market leaders.

Woolworths has branches throughout the country selling clothing and some foods.

Truworths, is one of the top two in the women's fashion clothing business with more than 400 stores.

It is also one of the biggest manufacturers in the country of women's wear with a number of factories scattered around the Western Cape.

The two companies announced today that they had agreed in principle to merge.

However, the merger would be subject to undisclosed conditions and another announcement would be made on March 16.

The stock exchange listings of the two companies have been suspended until that date.

The shares of Bonmore, which controls Truworths, have also been suspended.

Outlook bleak for domestic coal burners

9/3/81 STAR (30)

A bleak winter is forecast for those who must rely on anthracite heaters to cook and keep warm in the chilly months to come.

The domestic coal shortage in 1980 was described as the worst in years, but Mr Wilfred Stoloff, chairman of the Transvaal Coal Marketing Association, believes 1981 will be even worse.

"If you can, stock up on your fuel supplies now," he said.

"Although the supply of anthracite from the collieries has improved from the drastic situation at the beginning of the year, it is still not sufficient — even for present demand.

"And it is certainly not possible for the merchant to stock-pile."

Mr Stoloff said the collieries had indicated they would get sufficient stocks to the merchants before winter, "but I am not optimistic."

"Look at the facts. There are no new collieries on stream, and industry is at full production with the economy still booming.

"At the same time the domestic consumer is a little more affluent and many people have bought anthracite heaters or switched from oil to coal-fired heating systems.

"The demand is certain to increase — and no factors have changed to improve on last year's situation."

He said the railways would be facing the same problems again, with truck shortages, flu epidemics and having to cope with a heavy industrial demand, as well as the short-notice requirements of coal retailers all over South Africa.

"The householder has to order coal, but they should do it now, before the rush," he said.

The prices of all types of coal have increased this year already — at the production and retail ends.

"But the pithead price of anthracite has not been increased, and it is impossible to say if it will be," said Mr Stoloff.

Mr Richard Bird, managing director of the Transvaal Coal Owners' Association said: "We are telling people to stock up now."

RDM 10/3/81 (30)

Second clothing merger looms

By DAVID CARTE
Deputy Financial Editor

A HUGE retail clothing group, with sales of about R350-million and pre-tax profit of more than R50-million, will come into being if Woolworths and Truworths clinch merger talks, it was announced yesterday.

The merged group would vie with Edgars as the country's biggest clothing retailer.

Merchant bank, Union Acceptances Limited, said the parties had "agreed in principle" to the merger. But terms of the deal are still being negotiated. Both companies refused to make any comment yesterday.

Woolworths is valued by the stock market at R169-million and Truworths at R25-million.

This is the second proposed merger in the clothing industry in less than a week. On Friday, the country's largest clothing manufacturer, Seardel Investments, announced negotiations with Dubin, which could form a manufacturing giant, with sales of R250-million and pre-tax profit of R22-million.

Mr Fred Kossuth, financial director of Woolworths, said the negotiations may be completed this week. The merger represents a major change of direction for two highly dissimilar companies.

See Page 12

Woolworths, Truworths talking

10/3/81

30

184

R350m turnover clothing colossus

By DAVID CARTE
Deputy Financial Editor

A HUGE retail clothing group with sales of about R350 million and pre-tax profit of more than R50-million will come into being if Woolworths and Truworths clinch merger talks, announced yesterday.

The merged group would vie with Edgars as SA's biggest clothing retailer.

Merchant bank Union Acceptances says the parties have agreed in principle to the merger. But terms of the deal are still being negotiated and both companies refused to comment on any aspect of it yesterday.

Woolworths is valued by the stock market at R169-million and Truworths at R25-million.

This is the second proposed merger in the clothing industry in less than a week. On Friday, the largest clothing manufacturer, Seardel Investments, announced negotiations with Dubin, which could form a manufacturing giant with sales of R250-million and pre-tax profit of R22-million.

The shares of Woolworths, Truworths and Bonmore, which holds 49% of Truworths, were all suspended by the Johannesburg Stock Exchange for the duration of the talks.

Mr Fred Kossuth, financial director of Woolworths, said the negotiations might be completed this week.

The merger represents a major change of direction for two highly dissimilar companies.

Woolworths operates 67 large stores all over South Africa and sells basic, non-fashion clothing, stressing value for money, cash only.

Truworths, on the other hand, has 372 smaller stores and boutiques, trading under the names of Truworths, Topic, Top Centre and Harmells and sells fashion clothing mainly on credit.

While Truworths has been a ...

Truworths, in the year to June 30, 1980, had sales of R118 500 000 and pre-tax profit of R11 800 000 before inflation adjustment. In the six months to December 1980 sales rose 29% and pre-tax profit 77%.

Analysts were looking for a 25% sales and 50% pre-tax profit increase for the year, suggesting sales of R147-million and pre-tax profit of R13 500 000.

This means combined sales could be R380-million and pre-tax profit R51 500 000.

Edgars, the combined group's major rival, last year had sales of R296 500 000 and pre-tax profit of R33 143 000. At the interim sales were up 35% and pre-tax profit 51%. If this pace is maintained, sales in the current year will be nearly R400-million and pre-tax profit nearly R50-million.

Mr Adrian Bellamy, managing director of Edgars, said he was "not surprised" that Woolworths and Truworths were getting together.

Edgars, he disclosed, had had a look at Truworths more than two years ago and knew it was looking for a partner. Edgars had decided parts of Truworths' activities were too similar to its own. Edgars was not interested in boutiques.

He believed a merger between Truworths and Woolworths was "very sensible" and would result in a formidable group. He was not perturbed at the threat to Edgars' No 1 position.

"It just gives us a higher target to aim at," he said.

COMMENT: There should be major benefits to both companies. Both will no doubt retain their identities, images and philosophies. But each can clearly gain from the other.

Woolworths has been a bit stodgy financially and in the fashions it sells. It could use some of Truworths' flair in these regions, as well as in

Another warning on slowdown of car sales

S.A. Industrial Week 10/3/81

(30)

By Fred Roffey

MORE warnings have been given about a sales slowdown in the motor industry.

Industrial Week, on its Transport Page of February 3, gave a warning by the chief group economist of Barclays National Bank, Dr Johan Cloete, that the substantial increases in sales of cars and other durable consumer goods are unlikely to be repeated in the year ahead.

Now the Standard Bank and the Bureau for Economic Research at the University of Stellenbosch have said new car sales are expected to taper off later this year.

A report in the Standard Bank Review says new car sales until mid-year will continue to be bolstered by a delayed purchase factor, a replenishment of dealer inventories, and the current backlog of unfilled orders which are estimated at some 20 000 unit.

"However, from mid-year in line with an anticipated slowdown in the overall rate of economic growth, higher credit costs and a reduced delayed purchase factor, sales are likely to slow noticeably," says the report.

"In total, car sales of just over 300 000 units are likely to be achieved in 1981 — an increase of roughly 9 % over last year.

"Since investment spending is likely to continue at a high rate throughout 1981, commercial vehicle sales growth can be expected to exceed that of passenger cars by a wide margin.

"An increase in sales of light and heavy commercial vehicles to a new record level of 146 000 units — a 14 % increase — seems likely this year.

"This figure may be higher if users of heavy commercial vehicles make pre-emptive purchases of those vehicles before the introduction in 1982 of the locally produced, but as yet unproven, and more costly, Atlantis diesel engines," says the bank.

The latest consumer survey report by the Bureau for Economic Research at the University of Stellenbosch says sales of new cars are expected to taper off sharply towards the end of the year.

"The expectations of sales of new and used cars strongly

• To Page 3

Business optimism down by a notch

S.A. Industrial Week 10/3/81 (30)

OPTIMISM among manufacturers about current business conditions is still running high, but has shown first signs of faltering, according to a survey by the Bureau for Economic Research at Stellenbosch University.

Expectations of sales by value has dropped a notch compared with a year ago, primarily because of evidence of the high level of stocks now held by retailers.

Ironically, at first glance, manufacturers expect that production as measured by volume still has room to increase, but with a dip in production as measured by value.

The BER concludes it can only mean a slight swing to production and selling of goods of lesser quality.

The researchers find that most factors point to a deceleration in consumer spending in the next few months, especially towards mid-year and beyond.

The possibilities of a repeat of recent fast increases in the pace of real private consumption expenditure is seen as "very low indeed".

However, retailers who are operative in the consumer goods sector still expect a repeat of the buoyancy they enjoyed a year ago — at least in the first quarter.

They put their expectations of first quarter sales to be higher by both value and volume and the business mood remains fairly exuberant.

But here specifically comes evidence of large stocks which causes the BER to forecast a levelling off in the production of consumer goods.

Wholesalers, on the other hand, find themselves understocked, in the pipeline from the manufacturer to the ultimate consumer, and so anticipate filing fatter order books from the factories.

All in all, the BER researchers, weighing all the pros and cons, come to the prediction that business will come to plateau in the first few months of 1981.

Car sales

From Page 1

~~suggest that the~~ sharp rates at which sales increased in 1980 have come to an end," says the report.

However, it points out that while consumer confidence is waning, it is still at a high enough level not to dampen spending significantly.

"Consumers rather seem to be in the mood to advance purchases of goods because of expected high rates of inflation and future rises in interest rates."

The report says the advanced spending by consumers will lead to significant curbs only later this year.

Vehicle sales in the first quarter of 1981 are expected to be about the same as in the corresponding period of last year, when sales were well up on the last-quarter of 1979.

"The latest reaction from motor traders suggests a fairly sharp levelling off in the number of new vehicles to be sold," says the report.

worked on the railways, three for building or cartage contractors and three for divisional councils (building roads). Only one worker had ever worked outside the Cape, at Coronation Collieries in Natal.

TABLE 29

Distribution of workers according to previous job, by employer and area.

Employer	Area	Number of workers
Other farms	'Karoo'	24
	Worcester	1
S A R & H	Beaufort West	4
	Renosterkop station (between Beaufort West and Nelspoort)	1
	Middelburg	1
Building Contractors	Beaufort West	1
	Murraysburg	1
Cartage contractor	?	1
Divisional councils	Beaufort W[illegible]	1
[illegible]	[illegible]	1
[illegible]	[illegible]	1
Household (as [illegible]	[illegible]	1
Vegetable mark[illegible]	[illegible]	2
Farmers' Co-o[illegible]	[illegible]	1
Nelspoort San[illegible]	[illegible]	2
Coronation Co[illegible]	[illegible]	1
[illegible]l		44

Note: This [illegible] sted more than one p[illegible] . the workers liste[illegible] han farm work had a [illegible] o the farm where they

Business Mercury

Woolworths to merge with Truworths

NM 10/3/81 (30)

Financial Editor

WOOLWORTHS and Truworths are to merge into a retailing giant with a turnover of over R200m, Union Acceptances announced yesterday.

A formal statement said yesterday that the two companies, through the Truworth-controlling shareholders, Bonmore Investments and Bonmore, had agreed in principle and would announce further details on March 16.

The agreement is subject to 'the fulfillment of certain conditions' but these were not specified.

The shares of all three companies were suspended yesterday, and until March 16, on the Johannesburg Stock Exchange.

In the six months ended November 1980 Woolworths reported a rise in pre-tax profit to R14,92m from R11,33m in the same year ago period. Turnover rose to R108,36m from R 83,63m.

Truworths in the half year to December 31 recorded pre-tax profits of R11,5m, against R6,48m and turnover increased to R81,02m from R62,59m.

COMMENT: Both companies are highly regarded by the stock market and by consumers as they deliver sound earnings and growth while the discerning consumer is pleased by the high standards of quality control.

A merger is more likely to be at investment level as the store names are too well-known in the market place to submerge into a new operation.

Thorny questions and absent answers

To protect black businessmen could be very tough on black buyers, but without protection black business hasn't got a snowball's chance — or has it? BERNARD SIMON takes a look. . . . .

THE choices facing South Africans are fairly stark on most race issues. You either like the Immorality Act or you don't. You either want Transkei to be part of SA or you don't. But on the question of black business vs white business, there are few easy answers.

Can black-owned businesses compete with white chains? If whites can profit from businesses in the townships, why can't blacks own shops in the cities?

Do black entrepreneurs need protection from white magnates? If black business is protected, doesn't this badly hurt the black consumer? Would free competition kill off black business? If so, who would be the losers?

The issues are both thorny and far-reaching, and there is no such thing as a simplistic "white" or "black" attitude toward them.

Despite some significant easing of business apartheid in the past few years, black entrepreneurs are still hamstrung by a number of severe restrictions.

Blacks can now operate any kind of commercial or service undertaking in the black urban areas and the Industrial Development Corporation is for the first time now to help finance black-run industries outside the homelands. Black businessmen can form partnerships and the size of their premises is no longer restricted. They can mobilise white capital and expertise for their businesses, while still retaining (nominal?) control.

But black businessmen remain subject to all the laws which put any black at a disadvantage. The Group Areas Act cuts them off from access to the real commercial action in particular. "It's no use using an economic argument when the issues are political", says H.S Majola, managing director of the black-run supermarket, Blackchain. Black traders are still not allowed in downtown areas. "I must be able to move as a free person, and be able to set up business anywhere."

Blacks' inability to own land in urban areas makes setting up a business a lengthy and frustrating affair. For a start, the prohibition on freehold title means that blacks are frequently unable to provide adequate security for bank loans. The allocation of trading sites is at the whim of administration boards and community councils. Blackchain waited three years for approval to build a supermarket in Jabulani, Soweto. Last year, the site was suddenly given to the Soweto Development Company, which is believed to be negotiating a joint supermarket venture with Checkers. "SDC was a better proposition," says the Council's chairman David Thebehali, adding that Nafcoc, which sponsors Blackchain, "want to grab everything for themselves."

The legacy of past restrictions added to constraints which still remain, explains why most black businessmen — while claiming they believe in free enterprise — insist that they cannot compete with white-owned companies.

Black merchants cannot keep prices as low as their white counterparts, many of whom have the advantage of country-wide distribution networks, massive turnovers and close relations with suppliers. Blackchain has managed to match some Johannesburg supermarket prices by cajoling some suppliers into giving the same bulk discounts as they grant white supermarkets. "It's in their interests to do so," explains Majola, though he concedes that many black shoppers still patronise white stores "because of the image that black stores are inferior."

In addition, shopping downtown has its own attractions. Catching the train to Johannesburg is easier for many Sowetans than getting from Naledi to Blackchain or Afribank. A Saturday morning jaunt into town will provide the best window-shopping opportunities for many years to come, and will remain an "occasion" which cannot be matched by Soweto's facilities.

Given the city's magnetism for consumers, one would have expected black businessmen to be chafing at the bit to set up shop in Hoek Street or Prinsloo Street. Blacks insist that the ban on black businesses in the cities must be lifted before whites are allowed to profit from township enterprises. But if the law were changed tomorrow, very few blacks would take advantage of the new openings. "We are like infants", says Majola, echoing the pervasive fear among black businessmen that white competitors will drive them into the ground. "I would never open in central Johannesburg," adds Thebehali.

African Bank is one of the handful of black businesses which is not scared. "If I had my way, we'd open offices in the cities. It's in the cities where the money is," says the bank's managing director, Mark Tapping (who is due to be replaced by a black soon). He notes that the bank's only mid-town branch, in Umtata, is its most successful. "I'd jump at the chance of opening opposite Barclays or Standard," Tapping reckons. "We feel we're fully competitive."

Some argue that black consumers will patronise a black-run shop even if its prices are higher and selection less varied than its white competitors. One young administrative officer argues that "I make a point of buying a scone from the hawkers at Park Station each morning, rather than going to Fontana." But this sort of loyalty is clearly confined to a small minority of politically aware and relatively wealthy people. A Johannesburg domestic servant echoes what is undoubtedly the majority view: "I go to town because it's cheaper." Bargains come before black consciousness.

Many black entrepreneurs, apparently thinking of themselves rather than the consumers, are also dead set against allowing white capital into the townships. Majola's reasoning is typical: "The whites have had 300 years of protection. We would like to be given protection until we can compete on equal terms. We don't want 300 years."

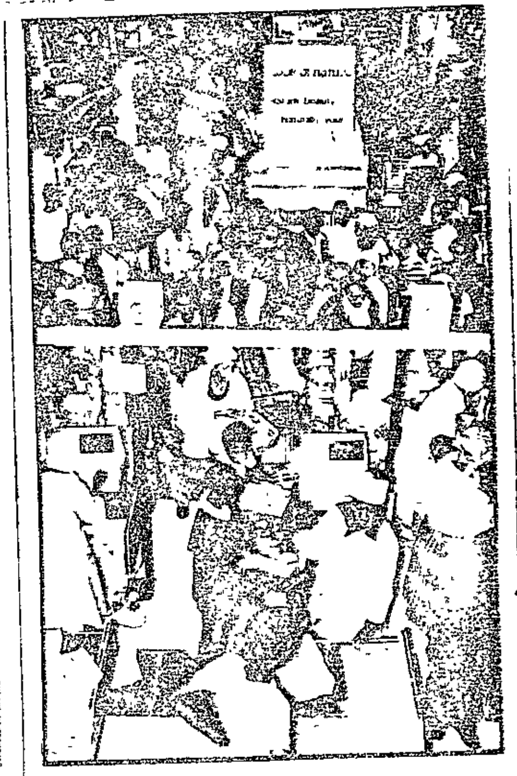
Agnes Moncho, a Soweto garage owner, reckons "white businesses would really swallow us up." More philosophically, Kraai argues that "all nations have risen from supporting themselves."

In his recent annual policy statement, Nafcoc's president Sam Motsuenyane said that "black businessmen would only accept partnership in those areas of business where they completely lacked expertise, for example industry." Moncho agrees: "We wouldn't mind if whites came in purely to provide know-how."

Motsuenyane, Kraai, Majola and others reject the government's "51-49" policy, which allows whites up to 49 per cent of the equity in a township enterprise. They argue that the white partners would pull the strings, exploiting the blacks at every turn. Whites would be able to buy their equity stake outright with ready cash,

30

Majola



Blackchain in action

Kraai

while blacks would have to resort to borrowings. "I would have to battle and pay half my profits back to the bank, while my partner reaps the fruit," says Moncho.

The "51-49" proportion seems to be negotiable, however. At some point, it seems, white participation would be tempting. Says Kraai: "If Checkers offered 80 per cent (of its Soweto operation) to blacks we would be open for discussions."

The Nafcoc men are even more strongly opposed to blacks who "front" for whites, acting as the owners of township businesses when white interests are in fact the beneficial owners. The Soweto Chamber of Commerce has urged traders to boycott a white-backed bakery, and will soon turn its attention to a Soweto dry cleaning business which it suspects is also supported by white money.

This opposition seems a little odd, considering that even Blackchain relies on white finance, from the retail group Frasers. And, claims Thebehali, "members of Nafcoc bank at Standard" rather than Afribank. The Nafcoc men concede the Frasers connection, which takes the form of both an equity stake and a consultancy agreement. "But", insists Kraai, it's stupid to say that Blackchain is a front. They went to Frasers only after (fund-raising) efforts among blacks had failed."

Blackchain has run into criticism from other quarters too. Many of Soweto's small traders, with the same fears as their white counterparts, are nervous that Blackchain's effect on them will be no different from being crushed by the white-owned groups. And as the more sophisticated black businessmen start opening bigger and better operations in Soweto, these fears are likely to surface with increasing frequency.

Blackchain is well aware of the criticism, which is one reason why it tried to sell shares to small traders in the urban areas. To counter their objections, it is giving top priority to a cash-and-carry wholesale operation á la Metro, which it hopes to have in business by the end of the year.

Having the townships to themselves doesn't help black businessmen much. Some 80 per cent of Soweto's money is spent in Johannesburg, and the proportion is unlikely to drop appreciably for a long time, even if shopping facilities in the townships are improved.

One couldn't find a better example than Soweto anywhere of a dormitory town. A big slice of the population, and thus of shoppers, leaves early in the morning and returns after sunset. A high proportion of women works outside the township.

The problems in protecting black business, whether small or large, are the same as any other bureaucratic controls. First, once the protection is given, it is difficult to remove. At what point will black businessmen concede that they are ready for competition with white companies? Probably never. Like other entrepreneurs the world over, they will want to have the market to themselves as long as they can. Poor expertise and the inability to compete could eventually become no more than good excuses for an oligopoly and high prices.

Second, controls are always discriminatory because there always have to be exceptions. Frasers' involvement in Blackchain proves it.

Third, black businessmen need to consider consumers as much as themselves. No matter how many black businesses are set up in Soweto, it's going to be a long time before the locals switch a sizeable chunk of their purchases from white-owned shops.

Thebehali has a point when he asserts that "this thing that blacks will support anything black is nonsense." Surely it makes more sense for blacks to be able to buy "white" in the townships, than have to trek into town?

In any case, who says that whites will want to rush into the township? In the US, many white businessmen have been hesitant about setting up in predominantly black areas. The cynics will answer that their worry is not white managers but white owners. Well, what's wrong with white owners who employ and train black managers? Chances are that blacks will for some time have a better chance of becoming managers in Soweto than in Johannesburg, partly because they will not have to compete against white applicants. And today's black managers have a better-than-average chance of becoming tomorrow's black owners.

What black businessmen need is not protection, but encouragement. For a start, there should be a special development corporation for black businessmen whose job would not be to buy equity, but to help predominantly black enterprises in the cities with cheap loans, training programmes, advice centres and bursaries. It could help black businessmen identify and arrange white capital and expertise when needed. Government and local authorities should be obliged to give additional preferences on tenders submitted by black contractors.

Black pleas for whites to be kept out of the townships merely perpetuate apartheid, paternalism and their own inefficiencies. They, like white businessmen and the government, should be aiming not at black or white monopolies but at competition among equals. ●

DAILY DISPATCH, TUESDAY, MARCH 10, 1981 — 7

Major clothing firms hold merger talks

(30)

JOHANNESBURG — A huge retail clothing chain, with sales of about R350 million and pre-tax profit of more than R50 million, will come into being if Woolworths and Truworths clinch merger talks which were announced yesterday.

The merged group would vie with Edgars as the country's biggest clothing retailer.

The merchant bank, Union Acceptances Limited, said the parties had "agreed in principle" to a merger. But terms of the deal are still being negotiated and both companies refused to comment on any aspect of it yesterday.

The shares of Woolworths, Truworths and Bonmore, which holds 49 per cent of Truworths, were all suspended by the Johannesburg Stock Exchange for the duration of the talks, which may be completed this week.

The merger represents a major change of direction for two highly dissimilar companies.

Woolworths operates 67 large stores all over South Africa and sells basic, non-fashion clothing for cash only.

Truworths has 372 smaller stores and boutiques, trading under the names of Truworths, Topic, Top Centre and Harmells, and sells high fashion clothing mainly on credit.

While Truworths has been a large borrower, Woolworths has been traditionally conservatively financed and has generally kept large cash balances.

In the year to May 31, 1980, Woolworths reported sales of R194 million, pre-tax profit of R30 500 000 and taxed attributable profit of R18 317 000.

At the recent half year to November 30, sales were 29,5 per cent and pre-tax profit 32 per cent better.

Analysts were expecting both to improve by at least 25 per cent on the year, suggesting sales in the year to May of R242 million and pre-tax profit of R38 million.

Truworths, in the year to June 30, 1980, had sales of R118 500 000 and pre-tax profit of R11 300 000 before inflation adjustment. In the six months to December 1980, sales rose 29 per cent and pre-tax profit 77 per cent.

Analysts were looking for a 25 per cent sales and 50 per cent pre-tax profit increase for the full year, suggesting sales of R147 million and pre-tax profit of R13 500 000.

This means combined sales could be R389 million and pre-tax profit R51 500 000.

Edgars, the proposed combined group's major rival, last year had sales of R296 500 000 and pre-tax profit of R33 143 000. — DDC.

TABLE 24

Distribution of people in houses according to area available per person (square metres)

Area (m^2)	Number of people	Cumulative %
0 - 2,50	49	11,09
2,51 - 5,00	199	56,11
5,01 - 7,50	96	77,83
7,51 - 10,00	44	87,78
10,01 - 12,50	35	95,70
12,51 - 15,00	8	97,51
15,01 - 17,50	0	97,51
17,51 - 20,00	0	97,51
> 20	11	100,00
total	442	
unknown	34	

BUSINESS

30 STAR 10/3/81

Woolworths-Truworths reach agreement

500-store chain envisaged in big clothing merger

By Mervyn Harris

Agreement has been reached in principle for a merger of Woolworths and Truworths which will result in a giant retail-clothing chain of about 500 stores.

Union Acceptances Limited says in a statement that the parties are still negotiating the terms of the deal.

The listing of the shares of Woolworths, Truworths and Bonmore were yesterday suspended by the Johannesburg Stock Exchange at the request of the companies and will be reinstated on Monday when further details will be announced.

Fifty percent of the share capital of Truworths is held by Bonmore in which the directors hold a 49 percent interest.

Truworths manufactures and retails women's wear, and retails men's wear. Its stores programme envisages about 410 stores by the end of the year against 372 last year.

TURNOVER

The stores operate under the Truworths, Topic, Top Centre and Hamells names.

Woolworths is a national cash-retail chain operating 64 stores. Turnover comprises about 80 percent clothing and 20 percent food.

In the year to May 1980 Woolworths had a turnover of nearly R200-million. Truworths notched up sales of nearly R119-million in the 12 months to last June.

In the six months to mid-December, turnover of Truworths rose 29 percent to R81-million and pre-tax profit rose from R6,5-million to R11,5-million.

STRATEGY

This was a big improvement over the patchy performance of Truworths during the last few years.

Woolworths, too, had a relatively sluggish performance for a few years before surging ahead in its first half to the end of November when pre-tax profit climbed 31 percent to nearly R15-million.

Woolworths has been criticised for its ultra-conservatism in financial policy and merchandising but its strategy has been geared to sound, rather than outstanding, results.

It repaid in June the last of its borrowings and has since embarked on an expansion of outlets. The expansion is being financed from its own resources.

COMPETITIVE

The more aggressive expansion stance of Woolworths should fit in well with Truworths in today's highly competitive markets.

Financing is also no problem for Truworths as cash flow is strong.

The biggest rival of the newly merged group will be Edgars which failed in an attempt to embrace Russells last month.

10/3/61 STAR 30 232

500-store merger of retail giants?

Financial Staff

A giant retail clothing chain of nearly 500 stores could result from the proposed merger of Woolworths and Truworths.

The companies are negotiating the terms of the deal after agreeing in principle to the merger, Union Acceptances has announced.

The listing of the shares of both companies, and Bon-more — which has a 50 percent stake in Truworths — have been suspended on the Johannesburg Stock Exchange.

They will be reinstated next Monday when further details are expected to be made known.

● See Page 22.

Distance and Cost

Nearly 37% of consultations in the sample (excluding facilities to which patients were later referred) required a journey of over 20 km, although the modal group was the one which travelled less than 5 km to the point of primary health care (34% of the sample).

Table 8: Distance travelled to consultations*

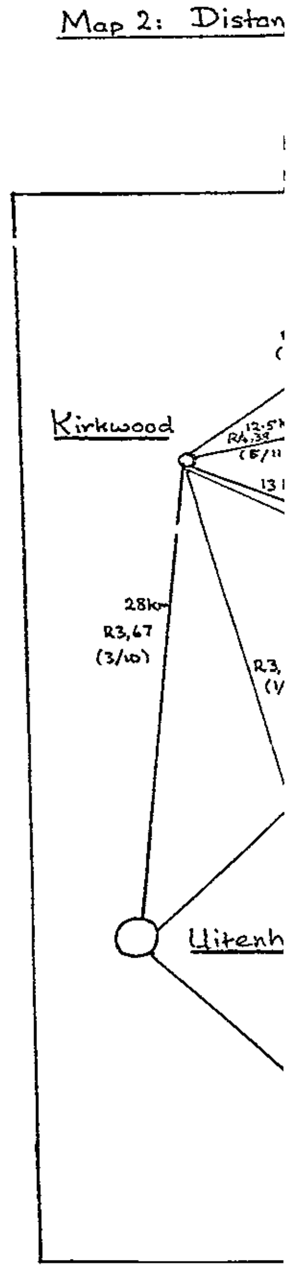
Km	0-4,9	5-9,9	10-14,9	15-19,9	20-29,9	30-39,9	40+	Total
Addo	15	24	3	-	6	5	-	53
Kirkwood	16	1	6	-	6	1	-	30
Suurberg	5	-	-	-	-	21	6	32
Bersheba	13	-	9	-	4	2	2	30
Total	49	25	18	-	16	29	8	145

* Consultations to indigenous practitioners were included but not home treatment.

The disadvantages of Suurberg and Bersheba are again evident, but these can only be understood in terms of the cost of travelling without aid from white employers. Map 2 shows the average amounts paid for journeys to health care facilities over the most common routes. The amount shown depends of course on what method of travel was used; Addo to Port Elizabeth is relatively cheap at R1.50 to R1.75 (about 4,5c per km) as most people were able to travel by train. Nothing was paid for trips from Addo or Sunland to Kirkwood as all these trips were the result of referral and were by ambulance or taxi hired at the expense of the authorities. However public transport is poor in the area; those at Bersheba, Suurberg and Zwelitsha, if they hired transport, had to pay private cars, though most from Zwelitsha walked. The cost of transport would of course be greater at night, and this was important for

. / ...

Map 2: Distan



Distances give
excluding those who travelled free or on foot. Figures in brackets - (2/3) - show what proportion of journeys were paid for. The denominator shows the number of journeys for which information was available.

Anger over shops for council leader

By CHARLES MOGALE

30

THE Evaton Community Council has allowed its chairman, Mr Sam Rabotapi, to open four shops in the township, but residents have been told that no business application will be considered until planning has been finalised. SOWETAN 11/3/81

The decision to let Mr Rabotapi trade was reached at the council's monthly meeting in Evaton last week, and it follows the granting of permission last month to another ruling party councillor, Mr Dutch Diphoko who was allowed to open a bottle store in the township.

The council gave its blessings to Mr Rabotapi's application to open a butchery, general dealer's, groceries and fish and chips shops. All these businesses were not advertised.

The meeting which considered Mr Rabotapi's application was chaired by deputy chairman, Mr J Twai, after Mr Rabotapi had been asked to recuse himself. Councillors in support of the application said it was not necessary for the businesses to be advertised because no other residents had shown interest.

In June last year, the council turned down an application made by Mr Simms Mokoena, a resident who wanted to open up a filling station. The application was turned down on the grounds that "the community council of Evaton is not prepared to permit any further new businesses in Evaton until finality has been reached in regard to the overall replanning of Evaton."

Reacting to the permission to let Mr Rabotapi trade, Mr Mokoena said his own application was turned down "maybe for personal reasons."

Local businessmen Mr Tom Nhlapo said it was unfair on all residents that the businesses were not advertised. "When issues like the forthcoming Putco increases are discussed, the council tried to make mileage out of it by expressing sympathy for the residents. But these undercarpet deals prove otherwise. It is a disgrace," Mr Nhlapo said.

Men wanted R10 000 bribe for Constantia hyper — Ackerman

Argus 12/3/81 (30)

MR Raymond Ackerman . . . 'threw them out'.

THE chairman of Pick 'n Pay, Mr Raymond Ackerman, said last night that two men attempted to obtain a R10 000 bribe from him to get the controversial Constantia hypermarket scheme approved.

'I shouldn't say this, but I'm going to,' said Mr Ackerman.

'Two people came to my office and said they would get Constantia through for me if I paid them R5 000 each.'

The Constantia hypermarket scheme was turned down in December by the Administrator, Mr Gene Louw, on the grounds that it would be unsuitable in that environment.

Plans for the multi-million rand hypermarket to be built by Cleghorns Constantia for Pick 'n Pay were initially rejected by the Divisional Council.

The Constantia issue was raised last night after Mr Ackerman addressed the Wildlife Society of Southern Africa on 'a businessman's view of conservation.'

After his speech a member of the audience asked Mr Ackerman what he thought of ethics in business.

Mr Ackerman replied that under no circumstances would be accept a bribe. He then mentioned the incident involving the two men.

'NO PRESENTS'

He would not say who the men were or who they represented. 'I threw them out of my office immediately,' he said.

Mr Ackerman added that he would accept 'presents only from my friends' and that he would return gifts from any other quarters.

The proposed Constantia hypermarket caused such a controversy that the MPC for Constantia, Mr Roger Hulley, appealed to the developers to negotiate a different kind of development elsewhere.

And the chairman of the Cape Divisional Council, Mr Ivan Hampshire, said there had never been such an outcry from ratepayers during his term of office.

In his speech, Mr Ackerman made a plea to South Africans to conserve the principles of human rights, dignity and goodwill.

He called on the authorities to grant the right of home-ownership to blacks in the Western Cape.

'I went to Langa a week ago and I was shocked to see the horrible, dusty streets and the lack of pride. You can't have pride if you don't have your own home,' he said.

It made him think that conservation of human rights and dignity was just as important as it was in any other context.

INFLATION

Mr Ackerman said food prices went up by 30 percent recently and taht inflation was corroding the value of money.

This affected the quality of life of many people, particularly pensioners and undermined society.

'There is no doubt whatever in my mind that to let inflation run unchecked is totally anti-conservation in every respect.'

Mr Ackerman also called for the conservation of agricultural and marine sources and the conservation of natural heritage. He emphasised that children should be educated in schools to understand nature.

BUSINESS

Motor industry expects further records in 1981

JMM 23/3/81

30 ~~42~~

By Mervyn Harris

Record sales of between 280 000 and 290 000 passenger cars and about 135 000 commercial vehicles will be realised this year as the motor industry struggles to meet the demand for vehicles.

This is the view of Mr Peter Moss, Sigma sales and marketing director, provided the local component industry can meet manufacturers' needs.

Sales of passenger cars totalled 277 658 and commercial vehicles 127 298 in 1980.

He was commenting on the company's February sales figures released today which shows a four percent rise over the same month last year.

Last month's sales were also higher than for January this year.

Passenger car sales rose to 4 544 units and commercial vehicle sales to 864 last month, giving a total of 5 408 units.

The Mazda 323 remains one of the most popular cars in the country with sales last month of 2 389 cars.

The Colt Galant range sold 953 units and the supply still cannot meet the high demand. In the Peugeot range, the 305 sold 372 units, the 504 sold 518 units and the 505 recorded sales of 290.

Other models sold 22 units.

Sales for the motor industry as a whole are due tomorrow and are expected to show an increase over the same period last year.

Total car sales in February 1980 were 20 349 and indications are that they should jump by nearly 4 000 in the same month this year.

This should make total car sales in the first two months of the year about 16 percent higher than those for the same period last year.

Total commercial vehicle sales are also expected to show an increase although the percentage rise will not be as high as for car sales.

positive correlation

negative correlation

71.

13. FACTORS INFLUENCING MEMBERS' COMMITMENT TO PROJECTS.

While small scale production groups seem by their nature, more likely to inspire participation and committed involvement than bigger community projects, they too, face Galgart writes "People who are conscious bind are likely to act collectively. The their association meets is that of degree darity is the willingness to sacrifice (t readily forseeable material remuneration) nefit of others." (58)

I include his diagram of variables which He explains in the text that:

I. Those variables which help to make dividual member that he cannot hope to through association.

II. Variables which measure the propa

IV. solidarity, creating values. II IV cognitive orientation.

III. Social control, i.e., the possibi. asses and to raise the quality and quant others.

(See diagram - Page 72)

I have already discussed the improbability of solidarity creating values (i.e. II and IV) operating as a general force in the reserves under the present system in No.9 under "Response."

I. As regards No. I, it is obviously very important that projects run efficiently if they are to benefit members, if they don't, members will leave. Mr Gidimi, the extension officer who set up the 6 very successful communal gardens at Keiskammahoek (successful in terms of drawing membership, being a focus for group activity and inspiring others to start gardens) (59), outlined a pattern of project development.

72.

CT 13/3/81 30

'Bribe': Ackerman won't disclose names

Staff Reporter

MR RAYMOND Ackerman, chairman of Pick 'n Pay, said yesterday afternoon that he would "certainly not" disclose the names of the two men who had attempted to obtain a R10 000 bribe from him, to get the controversial Constantia hypermarket scheme approved.

"I only mentioned the incident as an example when someone asked me what I thought of ethics in business after an address to the Wildlife Society of Southern Africa on Wednesday night," he said.

"At the time I was so utterly disgusted that I just wanted to get them out of my office as soon as possible, and I do not want to pursue the matter".

"But I would like to make it absolutely clear that these two men were not from the Divisional Council.

"One of them was a very influential man I had met once before. He thought the approval of the scheme would be a good thing. I can't even remember the name of the second man," he said.

Mr Ackerman said that he could not remember exactly when the incident had taken place but that it had been right in the middle of the furore.

When asked if there was a possibility that police might investigate the incident, Mr Ackerman said: "I suppose I could have pursued the matter at the time and informed the police, but I did not want to then, and I do not want to now."

Mr Roger Hulley, MPC for Constantia and PFP parliamentary candidate for the area, said yesteday that he was "shocked and concerned at Mr Ackerman's startling disclosure".

In the "public interest" he made an urgent call on Mr Ackerman to name the two men concerned immediately.

"I welcome the fact that he has partially exposed the incident, but it has such serious implications that it cannot be left as it now stands," he said.

"Such corruption simply cannot be tolerated in public affairs and I believe it is Mr Ackerman's civic duty to expose them.

"The public has a right to know what kind of despicable person would attempt to trade in a priceless public heritage (in this case the rural atmosphere of Constantia) for personal enrichment," Mr Hulley said.

The public furore about the Constantia hypermarket development began in February 1979 when the project was announced.

After a prolonged battle, it was finally turned down in December last year by the Administrator, Mr Gene Louw, on the grounds that it would be unsuitable in that environment.

DFC

Good year

FM 13/3/81

(30)

The Development and Finance Corporation (formerly the Coloured Development Corporation) last year financed loans for new and expanding coloured businesses in SA to the value of R5,21m.

This, says GM of the corporation, Michael Pentz, is the highest amount it has ever advanced and is 32% higher than loans approved in 1979.

Of the 94 business projects supported by these loans (of which 61 are new businesses), several are in new fields. Entrepreneurs received loans for establishing an ice-rink, two discotheques, a precision engineering company and a manufacturing jewellery company, to name a few.

"The engineering company, in Bellville, is one of the most technologically advanced businesses we've ever financed," a DFC spokesman notes, pointing out that this is a clear indication of the higher skills levels operating.

The record year in 1980 can be attributed to the general favourable economic climate in SA, says Pentz.

A total of 295 applications for loans were received by the DFC last year, mainly in the Western Cape, compared to 227 the previous year.

In addition to loans granted, the DFC made a further R1,14m available as guarantees and approved R3,07m for its own projects.

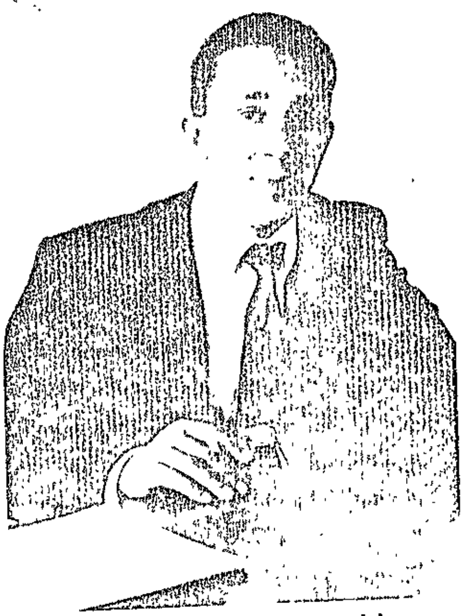
Among its current projects is a business and commercial complex in Atlantis. The complex will include a supermarket, shops and offices and property is available for the construction of an hotel, when a licence has been granted.

"It's going to cost approximately R3,7m, excluding the hotel," Pentz says. Workers are already on site and "hopefully businesses there will be trading by Christmas."

It is expected that Checkers, which has established a mixed company with Cape Town supermarket man Peter Swartz (whites trading in black areas may only do so with a minority shareholding), will operate the supermarket.

To date the DFC has received no indication of its future role as part of the Small Business Development Corporation (SBDC).

It is clear, however, that of all the existing corporations — including the Indian Industrial Development Corporation (IIDC), the Industrial Development Corporation (IDC) and the Economic Development Corporation (EDC) — it is contributing the biggest cut to the government's coffers for redistribution through the SBDC.



Swartz . . . in business with Checkers

Pentz gives the following breakdown of anticipated contributions of assets as follows: DFC — R48m, IIDC — R6m, IDC (its small industries section) — R20m, EDC — R4m.

This totals R78m, the amount pledged by government to match the contributions of private enterprise, apart from its initial investment.

It is envisaged that when the non-racial SBDC absorbs the DFC, more coloured people previously deterred for political reasons — especially the younger businessmen — will come forward for financial aid.

26	L.C.G. DouwesDekker	The Process of Collective Bargaining and its implications for Industrial Relations Policies. (R0,75)
27	Marc Best	The Scarcity of Domestic Energy: A Study in Three Villages (R1,00)
28	Jonathan Myers	Asbestos and Asbestos-Related Disease in South Africa (R1,00)
29	Dudley Horner/ Alide Kooy	Conflict on South African Mines: 1972-1979 (R0,75)
30	George Ellis	The 'Quality of Life' Concept: An overall framework for assessment schemes (R2,00)
31	Don Pinnock	Telona : Some reflections on the work of a private labour recruiter (R1,00)

BOOKS

Farm Labour in South Africa. Francis Wilson, Alide Kooy and Delia Hendrie (eds.). David Philip, Cape Town, 1977. (R9,00)

Economics of Health in South Africa Volume I : Perspectives on the Health System. Gill Westcott and Francis Wilson (eds.). Ravan Press, Johannesburg and David Philip, Cape Town, 1979. (R4,00)

Economics of Health in South Africa Volume II : Hunger, Work and Health. Francis Wilson and Gill Westcott (eds.). Ravan Press, Johannesburg and David Philip, Cape Town, 1980. (R4,00)

Car sales are still climbing

DD 14/3/81

30

PORT ELIZABETH — Sales of cars and commercial vehicles for February were higher than for February last year and the totals for the first two months of this year are ahead of the comparative figures for last year.

Volkswagen headed the list for car sales, followed by Sigma, Ford and Toyota. Top of the list for commercial vehicles was Toyota, followed by Datsun and Ford. The VW Golf and the Mazda 323 remained first and second on the car list.

Total car sales in February this year were 24 311 as against 20 349 last year.

Total car sales for January/February this year were 44 679, as against 38 323 last year.

Total commercial vehicle sales for February this year were 11 590, as against 9 581 last year.

Total commercial vehicle sales for the first two months of this year were 20 938, as against 18 740 last year. — SAPA

FINANCE

R60-m for Truworths takeover

Argus 16/3/81 30 ~~184~~ ~~232~~

WOOLWORTHS is to pay just under R60-million for the Truworths group, according to details announced today.

After five days of negotiations the two Cape Town-based groups and leaders in the retail clothing trade agreed at the weekend to merge.

It is proposed that Woolworths will acquire the entire issued capital of Truworths and its pyramid company, Bonmore.

OFFER

Woolworths is offering R674 in cash and 55 Woolworths voting ordinary shares for every 200 Bonmore shares and R3 702 in cash and 330 Woolworths voting ordinary shares for every 100 Truworths' shares.

This will cost Woolworths about R37,5-million in cash and require the issuing of ordinary voting shares worth about R19-million at their pre-suspension price of 575c each.

A new holding company will be formed with Mr David Susman, managing director of Woolworths, as chairman, and Mr Tony Williamson, managing director of Truworths, as vice-chairman.

Mr R S Sonnenberg will continue as chairman of Woolworths and will also be on the new board, as will be Mr L Shawzin, founder and present chairman of Truworths.

Commenting on the merger today Mr Susman said that both companies were good at what they did. The merger would help both to do even better.

Mr Williamson said the group tremendous merger gave the new strength in many areas. It would also offer excellent career opportunities for its 11 000 employees.

Some people have expressed surprise at the merger of two groups with quite different methods of operations. Woolworths sells mainly staple goods for cash while Truworths sells mainly fashion goods on credit.

But this overlooks the fact that the merger is creating a large group with tremendous resources of cash and management ability.

Thus it should be better able to take advantage of any opportunity that might occur in the future than either group could have done in the existing situation.

The Woolworths/Truworths group looks like it has an exciting future ahead of it.

Soweto trio to open a second fast food outlet

(36) SOWETAN 16/3/81

By LEN MASEKO

THREE Soweto businessmen have joined forces to open a second fast food outlet.

The outlet, reported to have cost R70 000 to build, is in the Blackchain complex in Diepkloof. The first fast food shop was opened by soccer maestro Jomo Sono last year.

The franchise to build Soweto's first Wimpy Bar was bought by three brothers, Truman, Franklin and Eisenhower Nguni and a friend, Mr France Boy Madikoe. All own businesses around the township.

The shop's manager, Mr Truman Nguni, said a food shop of the same sort would soon be built in one of the townships. The shop was opened officially at a function held in Diepkloof last week.

"Plans to build another food shop are at an advanced stage," said Mr Nguni. "We intend to build a number of such outlets in other black areas in the next five years. In fact, this is just the beginning".

Opening the shop, the marketing manager of the company which sold the franchise to the men, Mr Dave Dittmer, said he was confident the restaurant would make up for the lack of restaurants in Soweto.

Mr Nguni brothers are no newcomers in the business world. They opened one of the first outfit shops near Baragwanath a few years ago. They have since built a self-service greengrocery and provisions store in the complex.

Their partner, Mr Madikoe, owns a coal-yard in central White City Jabavu.

r France Boy Madikoe and Mr Truman Nguni.

Soweto trio to open a second fast food outlet

30

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Their partner, Mr Madikoe, owns a coalyard in central White City Jabavu.

Clothing store merger is on

CT 16/3/85 (184) (30) ~~22~~

By GORDON KLING

THE merger between two of South Africa's biggest clothing retailers, Woolworths and Truworths, is on.

Details of the scheme were hammered out at the weekend and the shares of both companies are to be relisted on the Johannesburg Stock Exchange today.

The new Cape-based retail giant will be the largest of its kind in the Republic comprising 438 stores with a turnover in the region of R400 million this year.

In a statement released in Johannesburg last night, the managing director of Woolworth Holdings Ltd and chairman of the new company, Mr David Susman, said: "The merger creates opportunities for greatly improved quality, value and style in the goods of both organizations.

"Each business has unique expertise which will be of benefit to our customers, staff, suppliers and shareholders. The operations of each company obviously complement each other in so many ways that the opportunities for the future are almost without limits."

He emphasized that the various chains in the group would continue to operate separately and maintain their own character and identity.

The managing director of Truworths, Mr Tony Williamson, who will be vice-chairman of the new company, said: "The merger gives our new group enormous strength in many areas — and at the same time offers excellent career opportunities for its 11 000 employees."

According to an announcement yesterday by merchant bankers UAL and Senbank, the name of the new group will be changed from Woolworths Holdings Ltd to "more accurately reflect" the nature of the new company.

Mr R S Sonnenberg in his continuing capacity as chairman of Woolworths will continue on the new board and Mr L Shawzin in his continuing capacity as chairman and founder of Truworths will join the new board. The remainder of the board will be announced soon.

The merger will be implemented by Woolworths' acquisition of Truworths shares and those of its holding company, Bonmore, in exchange for Woolworths shares and cash.

Woolworths and Truworths to keep separate identities

30

STAR 16/3/81

Giant merger chains will go their own way

By Mervyn Harris

The various chains in the new South African retail giant resulting from the merger of Woolworths and Truworths will continue to operate separately and maintain their own character and identity.

This was stated today by Mr David Susman, managing director of Woolworths Holdings who will be chairman of the new company.

Final details of the merger were hammered out at the weekend and the shares of both companies were relisted on the Johannesburg Stock Exchange today.

The new group will comprise 438 stores with a turnover this year in the region of R400-million.

Details of the share and cash transaction involved, announced today by merchant bankers UAL and Senbank, note that the name of the new group will be changed from Woolworths Holdings to "more accurately reflect" the nature of the new company.

Mr Susman said the merger "creates opportunities for greatly improved quality, value and style in the goods of both organisations.

"Each business has unique expertise which will be of great benefit to our customers, staff, suppliers and, of course, our shareholders.

"The operations of each company obviously complement each other in so many ways that the opportunities for the future are almost without limits."

Mr Tony Williamson, managing director of Truworths who will be vice-chairman of the new company, said the merger "gives our new group enormous strength in many areas — and offers excellent career opportunities for its 11 000 employees".

Mr R S Sonnenberg in his continuing capacity as chairman of Woolworths, will continue on the board and Mr L Shawzin, in his continuing capacity as chairman and founder of Truworths, will join the new board.

The remainder of the board will be announced shortly and will be a mix of experienced retailers and businessmen.

The merger will have integration benefits for the two parties involved.

Truworths, in business for 45 years and a leader in fashion for women of all income groups, does some 75 percent of its business on credit through 373 stores, 327 of which are in South Africa.

It designs and manufactures much of its own merchandise and expects turnover this year to be about R150-million.

Woolworths, celebrating its 50th anniversary this year, is expecting a turnover of about R250-million this year through its 65 stores.

It is a cash business with a strong cash flow and has close associations with the Marks and Spencer chain of Britain.

Main terms of the proposals are:

- The merger will be implemented by the acquisition by Woolworths of all the ordinary shares of Bonmore and the issued ordinary share capital of Truworths (other than those Truworths ordinary shares held by Bonmore).
- Shareholders in Bonmore will receive for every 200 ordinary shares held R674 in cash plus 55 Woolworths voting ordinary shares.
- Shareholders in Truworths will receive for every 100 ordinary shares held R3 702 in cash plus 330 Woolworths voting ordinary shares.

94.

part of working hours, especially where the worker is restricted in his choice of both working and living place. The farm worker, on the other hand, walks perhaps 500 metres to start work - although in the course of the day he may be required to walk much further).

Working hours on Karoo farms differ considerably between summer, when the day begins earlier and ends later, but with a long break in the middle, and winter, when the working day, and the break, are shorter.

The following table is an attempt to list the distribution of workers according to average (i.e. throughout the year) working hours.

TABLE 5

Distribution of workers according to working hours (weekly):

Hours worked per week	Number of workers	Cumulative %
0 - 46	1	0.92

NM 12/8/81

Merger creates new S A retail giant

JOHANNESBURG—The Truworths-Woolworths merger has been finalised.

Final details of the merger were hammered out at the weekend and with the relisting of the shares at the JSE today, two of the leading figures in the merger spoke out on how they see the future of the new South African retail giant — 438 stores with a turnover this year in the region of R400 million.

Mr David Susman, managing director of Woolworth Holdings Limited, who will be chairman of the new company said.

'The merger creates opportunities for greatly improved quality, value and style in the goods of both organisations.

The managing director of Truworths, Mr Tony Williamson, who will be vice-chairman of the new company, said: 'The merger gives our new group enormous strength in many areas — and at the same time offers excellent career opportunities for its 11 000 employees.'

Details of the share and cash transaction involved, announced by Merchant Bankers UAL and Senbank, note that the name of the new group — which has not been decided yet — will be changed from Woolworths Holdings Limited to 'more accurately reflect' the nature of the new company.

Mr R S Sonnenberg chairman of Woolworths, will continue on the new board and Mr L Shawzin, chairman of Truworths, will join the new board. — (Sapa)

Woolworths more than generous

RDM 17/3/81

~~232~~ ~~184~~ 30

By HAROLD FRIDJHON

THE offer which Woolworths is making to the shareholders of Bonmore and Truworths in terms of the merger mechanism for amalgamating the two groups looks very much like an offer that cannot be refused.

Based on the pre-suspension prices, the terms to the Truworth group shareholders are, to say the least, generous.

For every 200 Bonmore shares held, shareholders will get R674 in cash and 55 Woolworths voting ordinaries. This would have given R990,25 for shares which were priced at R840.

In the case of Truworths, the offer is R3 702 in cash and 330 Woolworths voting ordinaries worth R5 599,50 for 100 shares priced at R4 200.

It was to be expected when trading opened yesterday that the profit gap would be eliminated — and it was.

Woolworths was bid up to 660c, as well the share should have been because the combined resources of the two groups should generate greatly increased profits, with Woolworths cash flow financing the Truworths book, thereby eliminating the cost of borrowed money.

Bonmore rose from 420c to 520c, which means that 200 shares would be worth R1 040 while the offer, with Woolworths priced at 660c, would be worth R1 037.

Truworths went up to R57,50, which is higher than the offer, currently worth R56,65.

This means that shareholders in the two Truworths companies can either accept the offer and not pay brokerage, or go to the market and pay brokerage.

My advice is to accept the offer because it is unlikely that the Woolworths price will fall back. But if you have any doubts about Woolworths holding its price, sell now.

Details of the merger suggest that the welding of the two groups will be total and that there will be a meshing of the executives of both groups which will retain their identities and yet will come together at the top where planning and budgeting and financial management decisions will be made.

When the merger is complete, the old guard will hand over control at the top to younger men, Mr D R Sussman of Woolworths will be the chairman of the new top company and Truworths Mr A G W Williamson the vice-chairman.

The Woolworths trading company, however, will not lose the touch of the man who built up the group, Mr Dick Sonnenburg He will remain chairman. And the same will go for Truworths. Mr Len Shawzin who, with his late brother Mr Jose Katzenellenbogen, steered the Truworths group to the top will continue as chairman of the Truworths trading group.

CT 17/3/81

Woolworths/Truworths merger terms

(30) (18/4) (232)

JOHANNESBURG. — Agreement has been reached between Woolworths Holdings Ltd, Truworths Ltd and Truworths' 49,24 percent shareholder Bonmore Investments Ltd on the merger terms between the three companies, a joint statement said.

The terms are that shareholders in Bonmore will be offered R674 in cash plus 55 ordinary Woolworths shares for every 200 Bonmore held and Truwrorths shareholders will be offered R3,702 and 330 Woolworths shares for every 100 Truworths held.

The acquisition of Bonmore will not take place if Truworths shareholders reject the offer and vice-versa, it said.

On March 9, Union Acceptances and Central Merchant Bank said agreement in principle had been reached between the boards of the three companies.

The result of the merger will mean Woolworths controls the entire issued share capital of Bonmore and the issued ordinary share capital of Truworths, other than those shares held by Bonmore.

This will produce a new group, the name of which has yet to be determined, operating 438 stores in South Africa and producing an annual turnover in the 1981 fiscal year of around R400m, it said.

The proposals will have a beneficial effect on Woolworths earnings, but will initially result in a reduction in net asset value.

In the six months ended November 29, Woolworths reported a rise in pre-tax profit to R14,92m from R11,33m in the year-ago period, while turnover rose to R108,36m from R83,63mn.

Truworths, in the half-year to end December, earned pre-tax profit of R11,5m against R6,48m on turnover of R81,02m against R62,59m.

Woolworths shares opened yesterday at 620c against 575c before suspension last week, Truworths were untraded but bid up at 4 500c against 4 200c, and Bonmore opened 80c up at 500c. — Reuter

RDM 18/3/81

Hectic buying threat to Kirsh-Pickard deal

By DAVID CARTE
Deputy Financial Editor

THE proposed retail liquor deal between Kirsh Industries' Coki Corporation and Mr Jan Pickard's Union Wine and Picardi Hotels appeared threatened yesterday by hectic dealing in the shares of Union Wine and Picotel shares.

In panic trading that lasted most of yesterday, nearly 1-million Union Wine shares and 461 000 Picotels changed hands.

The Union Wine share price more than doubled from 230c to 475c during the day, while Picotel gained 43c or 16%, rising from 227c to 270c.

The 985 185 Union Wine shares that traded yesterday, on the face of it, represented 23,5% of that company's issued shares and no less than 58% of the 1 673 000 shares not in the control of Pickard Group companies.

The 461 400 Picotel shares that traded represented 9,17% of that company's issued shares or 46% of the 1-million shares not owned by Pickard Group companies.

But stock market observers were doubtful that these proportions of the companies' issued shares actually traded, noting that in many cases the same shares were traded several times.

Three broking firms appeared the most active buyers of Union Wine and Picotel shares — Max Pollak and Freemantle, Fergusson Brothers, Hall Stewart and Co and Simpson, Frankel, Hern, Kruger Inc. All were tight lipped on their principals.

Most brokers not involved in the buying speculated that a buyer was accumulating a strategic position in the two companies, virtually regardless of price, to block the proposed deal between Coki, Union Wine and Picotel.

Some dealers who read the situation this way were said to have bought shares at 265c and more and sold at higher levels only hours later.

Several uninvolved brokers speculated that one or both of the liquor majors, SA Breweries or Cape Wine and Distillers, or even the Rembrandt Group, were moving to block the deal, which would make Union Wine the biggest liquor retailer in the country.

They speculated that the liquor majors would not relish the Kirsh group exercising the sort of power over them that it does over certain suppliers to Metro Cash.

They pointed out that the liquor majors have felt peeved at Union Wine's Government permission to operate 130 retail outlets, while they have been told by the authorities to sell their bottle stores.

At this stage it is not clear whether an opponent of the deal would need 10% or 25% of the equity to block it.

Despite repeated attempts by Business Mail, none of the directors of SAB, CWD or Remgro could be reached for comment yesterday.

The Johannesburg Stock Exchange put out a statement saying that the boards of Picfin and Coki had no idea who was buying the shares or why. Both Mr Jan Pickard, chairman of the Pickard companies, and Mr Mervyn King, chairman of Coki told me they were completely mystified by the buying.

Mr Pickard said it was possible that a large investor had taken a view on the company's bright prospects and was prepared to move the share price to get aboard as a significant minority — or that investors were buying Union Wine to get into Coki, whose shares were virtually unobtainable.

Assocom is against clamps on media

RDM 18/3/81 30 243 133

By PATRICK LAURENCE

INTERFERENCE by the Government in the freedom of the media would harden foreign attitudes towards South Africa and trigger disinvestment at a time when it was needed, Assocom (the Association of Chambers of Commerce of South Africa) told the Steyn Commission of Inquiry into the Mass Media yesterday.

"Past experience has shown that any action on behalf of the authorities which can be regarded as an intrusion into the rights of individuals or the free enterprise system has hardened the attitudes of foreign governments and businessmen toward the Republic," Assocom said in a written submission

One outcome was withdrawal of foreign capital, on which South Africa's sustained economic growth and continued social stability depended — and through these, resolution of black unemployment

"In view of past experience, Assocom is convinced that any direct interference by the authorities in the 'free' mass media will have similar consequences "

Assocom, which has about 20 000 members, accepted the principle that "power must be matched by responsibility", but advocated self policing by the media to ensure fair and balanced reporting.

It said that would be in line with the "expressed belief of the Prime Minister that the demands of our time require that private initiative should be utilised wherever possible to seek solutions to any problems within the framework of the private enterprise system".

In an earlier submission, the Afrikaanse Calvinistiese Beweging, represented by Professor P G du Plessis and Dr As de Beer, of Rand Afrikaans University, recommended that attention be given to the establishment of an "Institute for Press Ethics"

It should be attached to a university to facilitate "primary research" as a means to improve standards in the news industry and equip it to investigate specific problems within its own ranks.

Journalists should be trained to face the moral questions posed by war, violence, revolution and change, especially as it affected South Africa, Prof Du Plessis said in oral evidence

Dr De Beer, a former journalist, argued for a formal training scheme and entrance qualification for aspirant journalists.

Asked by the commission chairman, Mr Justice M T Steyn, if he would settle for a professional diploma course, Dr De Beer said: "At least a diploma, but preferably a university training."

He said there was no agreement among journalists on the definitions of "news" and "objectivity", and referred to a project in which he asked 20 senior journalists to define news — and got 20 different responses.

Union Wine share price trebles

Argus 18/3/81

30

IN one of the most startling stock market developments for some time, the price of Union Wine shares soared 325c to 800c on the Johannesburg Stock Exchange today.

Union Wine is a Cape Town-based company in the Jan Pickard group.

Market sources report that frantic bidding by two large buyers and a number of stockbrokers was responsible for the steep increase in the price.

OPENED

Union Wine shares opened at 230c on the stock exchange yesterday and thus have trebled in price in 24 hours.

The heavy buying of Union Wine shares is believed to be due mainly to someone wanting to stop the company being taken over by Mr Natie Kirsh's Coki Corporation.

It was announced last week that Coki was to acquire half of Union Wine's shares and the balance would go to Mr Pickard's Picardi Finance.

VALUABLE

Union Wine is a valuable investment as it has been given the right up to operate 130 bottle stores.

Under present regulations no other company will be able to operate more than five bottle stores.

Companies such as SA Breweries and Oude Meester, which operate major bottle store chains, are having to sell off their holdings.

'FRIENDS'

It is surmised that the Rembrandt Group, which formerly controlled Oude Meester, might be the buyer which is trying to stop the takeover. But no confirmation of this has been forthcoming.

The Pickard-Kirsh group, or their 'friends,' are also believed to be heavy buyers of Union Wine shares as they try to secure their position.

Other buyers are brokers who are reported to have sold many thousands of Union Wine shares 'short' yesterday.

They sold these shares which they don't hold in the expectation of buying them at a cheaper price today and handing these to the seller.

But with Union Wine shares becoming increasingly scarce they are finding they have to pay a high price for them.

Argus 18/3/81 ~~87~~ 30

Plain needs bottle store – traders

BUSINESSMEN in Mitchell's Plain town centre said yesterday they were losing trade because many people preferred to shop in other areas where there are bottle stores.

A professional man said that although they were attracting many shoppers from outside the Plain, business would be brisker of there were an off-sales.

There seemed to be no immediate solution because the proposed hotel would be a few kilometres away in Westridge and it was not known when it would be completed.

The Development and Finance Corporation — formerly the Coloured Developmest Corporation — called for tenders for the hotel site. Applications close at the end of March.

'It will then be a long process before the applicants are chosen and building operations start,' said a corporation spokesman.

The delay in providing a bottle store in the area is mainly due to a 'keep Mitchell's Plain dry' stance adopted by residents in 1977.

A public meeting of the Westridge Ratepayers' Association refused to support the idea at that time.

However, this decision has been rescinded since shebeens started mushrooming.

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19. For a general discussion, see Charles Simkins, Unemployment, Employment, Growth in South Africa, 1961 - 1979, SALDRU Working Paper No. 4.

20. Report of the Commission of Enquiry into Matters affecting the Coloured Population group (Theron Commission Report) R.P. 38/1976, pp. 141-2.

Pickard, King meet

RDM 19/3/81 (30) 232/169

By DAVID CARTE
Deputy Financial Editor

MR JAN Pickard, chairman of Picardi Finance, Union Wine and Picardi Hotels, and Mr Mervyn King, chairman of Coki, met last night to discuss strategy in the light of possible resistance to their plan to get together in liquor retailing.

The two propose a liquor retailing partnership in Union Wine, which, with a 100% stake in Picotel and 130 outlets, would be the biggest liquor retailer in South Africa once SA Breweries and Cape Wine & Distillers have sold their retail outlets in accordance with a Government instruction.

Heavy buying of Union Wine and Picotel shares yesterday and on Tuesday, led market watchers to believe that the liquor majors, SA Breweries, Cape Wine and Distillers and the Rembrandt Group, were buying shares regardless of price to block these proposals.

Mr King told me that a liquor retailing deal between Coki and the Pickard interests would not necessarily be blocked even if opponents of the deal obtained the 25% holding required to block the present deal.

He said Pickard interests still had 60% of Union Wine and 80% of Picotel.

Market watchers said it was doubtful that any single buyer had accumulated as much as 25% of Union Wine, even though about 1 400 000 shares had traded in the past two days out of only 4 200 000 shares in issue.

They pointed out that many bears had sold shares they did not own and many shares had "churned", having been sold several times.

Wynberg open plan welcomed

Argus 19/3/81

30

Consumer Reporter

AN official notice that the Department of Community Development is considering proclaiming part of Wynberg a mixed trading area was welcomed by the Cape Town Chamber of Commerce and by city councillors today.

Copies of the notice, showing the proposed mixed trading area on the eastern side of the main road, have been sent to the City Council and the Chamber of Commerce but the matter has yet to be discussed.

But the director of the Chamber of Commerce, Mr Brian MacLeod, said the chamber's official policy was that all trading areas including the city centre should be open to all races.

Mr MacLeod said the proposal would be discussed in detail by the executive committee of the chamber next week.

In the meantime, the proposal was to be welcomed as a step in the right direction.

ONE SIDE

'But we are somewhat puzzled that it should be confined to only one side of the main road,' he said.

'This is supposed to be a country of free enterprise and in that case every businessman should be free to invest and compete in any area. Segregated trading areas should not have any place in this country.'

The Town Clerk, Mr H G Heugh, said it was the City Council's policy that there should be no hindrances in the way of mixed trade.

Ward councillor Mr 'Dick' Friedlander, a former president of the Chamber of Commerce, said he would press for the proposed mixed trading areas to be extended down to the railway line and possibly to include the whole of Wynberg village.

'The proposal is a very favourable and positive development,' he declared, 'but it does not go far enough.'

Mr Friedlander said he could not understand why a narrow ribbon proclaimed for white occupation should be left between the proposed mixed trading area and the railway line, particularly as much of it was already in coloured occupation.

'And I don't understand why it should be confined to one side of the main road,' he added. 'The while of Wynberg village could easily be opened for trading purposes to the whole community.'

SECURITY

Another city councillor, Mr I L Kendal, said he thought the proposal a step in the right direction.

Pointing out that the area was already being used for multiracial trading, he said this would give coloured businessmen a sense of security.

Mr Kendal said he would also like to see multiracial residential areas proclaimed in Wynberg, Salt River and some other areas.

Ward councillor Mr Clive Keegan said he was 'delighted' by the proposal.

FINANCE

UNION WINE GOES TO 1900c: SUSPENDED

Argus 19/3/81

~~282~~ ~~103~~ 30

Derek Tommey, Financial Editor

THE listing of Union Wine, the Cape-based liquor company, was suspended by the Johannesburg Stock Exchange this morning soon after the company's shares had soared to 1 900c.

The suspension was at the request of the stock exchange president, Mr Richard Lurie.

However, by the time the suspension was announced the price of the share had fallen to 1475c.

Union Wine closed at 1360c last night, at 475c on Tuesday and at 230c on Monday. Eleven days ago it was 115c.

The sharp rise appears to be the result of a takeover battle and a bear squeeze becoming mixed up together.

Union Wine has sprung into prominence in the past few days as it is to be the vehicle through which the Pickard group and Mr Natie Kirsh's Metro Cash and Carry group are to link up.

Mr Kirsh's Coki Corporation is proposing to acquire a 49.9 percent interest in Union Wine, with the balance being held by Mr Jan Pickard's Picardi Finance (Picfin).

The link-up should lead to an injection of capital into Union Wine, enabling it to expand its operations more rapidly.

130 STORES

Union Wine has apparently been given the right to operate a total of 130 bottle stores while all other groups, in terms of a new agreement between the Government and the liquor industry, can operate only a maximum of five.

The initial demand for Union Wine shares this week is surmised as being due either to someone trying to block the link-up or to wanting to get in on the deal.

The takeover of Union Wine is being effected by a scheme of arrangement, so anyone who holds more than 500 000 Union Wine shares out of its total issued share capital of 4,2-million shares, could disrupt the deal with the Kirsh group.

It appeared that this buying immediately triggered counter-buying by the Kirsh interests and as a result almost a million Union Wine shares changed hands on Tuesday with the price rising from 230c to 475c.

It now seems, however, that many of Tuesday's transactions were not genuine ones but were 'short' sales by professional jobbers. This means they did not have these shares but agreed to deliver at an named price.

LOWER PRICE

This is because they later expected to be able to buy them from other shareholders at a lower price.

However, when they did their homework on Tuesday evening they discovered that there were hardly any Union Wine shares available to be bought.

So when trading opened yesterday, a mad scramble for Union Wine shares developed.

END MASSACRE

The suspension of Union Wine shares should, at least for a while, end the massacre of the 'bears' that has been taking place on the stock exchange since yesterday morning.

On recent trading it would seem that a number of jobbers who went short facing serious financial difficulties.

The suspension will give the stock exchange a chance to investigate the outstanding short position and devise a scheme which will enable the jobbers to meet their commitments without incurring too great a loss.

Pep offer for Hotline

(30) CT 20/3/81

By ALEX PETERSEN

PEP STORES have made an offer for Teleshopper Hotline, which was placed under provisional liquidation at the end of last month.

Pep Stores have offered R51 240 for the total shares in the company, which sets the price at 35% of their paid-up value

The terms also include an offer to buy the claims of the creditors under terms of a scheme of arrangement. The purchase price of the claims will be equal to an aggregate of the value of the stock at cost, plus R15 000, plus 90 % of the amounts due by debtors, the values to be calculated on the day of takeover.

The provisional liquidators, Mr David Rennie of Syfrets Trust and Mr Andre Joubert of Cape Trustees, are applying today for leave to convene meetings of creditors and shareholders to consider the offer. They hope to hold the meetings early in April.

When Hotline was placed in provisional liquidation, the company's liabilities were put at R450 000, while the assets totalled 230 000.

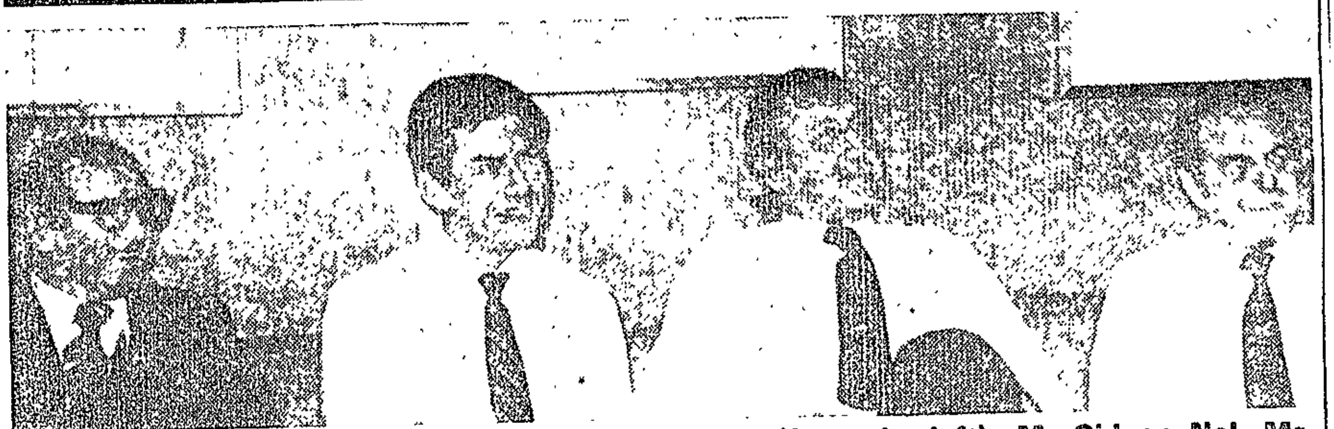
When Hotline began trading just over 18 months ago, it introduced Cape Town to a new concept in food retailing, with consumers telephoning their orders for delivery.

The managing director of Pep Stores, Mr Thomas Ball said yesterday that if the offer was accepted, Hotline would continue to trade under the current style of operation.

"The concept will continue. It certainly holds potential," Mr Ball said.

Pep Stores already trade in groceries through their Shoprite division, which has 13 stores selling groceries, hardware and clothing, with 70% of the turnover in the food sector.

Mr Ball said that if they acquired Hotline, it would form a useful complement to the existing food sector of the group.



The Kirsh-Pickard team after yesterday's meeting (from the left): Mr Gideon Nel, Mr Natie Kirsh, Mr Jan Pickard and Mr Mervyn King.

RDH 20/3/87

30

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23a

But there's no way they can stop us, says triumphant Kirsh

Cape Wine tries to block the deal

By DAVID CARTE
Deputy Financial Editor

CAPE Wine & Distillers was the mystery buyer of Union Wine and Picardi Hotel shares that triggered the biggest bear squeeze on the Johannesburg Stock Exchange.

The chairman and chief executive of Cape Wine and Distillers, Dr A J du Toit and Mr Gys Steyn, were seen leaving the offices of Volkskas Merchant Bank in Johannesburg yesterday with Mr Natie Kirsh and Mr Mervyn King, of Coki, and Mr Jan Pickard, chairman of Union Wine and Picardi Hotels.

The parties had been negotiating for most of the day.

Mr Kirsh told me: "Kirsh and Pickard interests have more than 75% of Union Wine and 90% of Picotel and there is no way anyone can block us".

On Tuesday and Wednesday, Cape Wine & Distillers bought heavily into Union Wine and Picotel, apparently regardless of cost, in an attempt to block a liquor retailing partnership between Mr Pickard, the last of the liquor independents, and Kirsh Industries' Coki Corporation.

This caused a frenzy of trading in the shares.

On Tuesday nearly 1-million Union Wine and 461 000 Picotel shares traded and the price more than doubled from 230c to 475c. On Wednesday 475 000 Union Wines and 198 000 Picotels traded and the share price rocketed to 1 360c as bears rushed to cover themselves.

In 22 minutes before the share was suspended yesterday, the price once rocketed to 1 900c and finished at 1 475c.

With permission to operate 130 outlets and the right to expand these, the proposed partnership will become South Africa's biggest liquor retail group.

Cape Wine & Distillers and SA Breweries, at present the biggest liquor retailers, have been instructed by the Government to sell their bottle stores.

Stock market observers said the large bear position in Union Wine shares meant that Kirsh-Pickard interests could have 76% and Cape Wine 26%, adding up to more than 100%. Their true stakes at the end of the day would depend on bears delivering the stock they had sold.

Mr Kirsh acknowledged that because of the big bear position in Union Wine, there could be no certainty about the precise stake the Kirsh-Pickard camp held but, he said: "I know they haven't got 25% and that's what counts."

Mr King, chairman of Coki, the retail division of Kirsh Industries, said even if Cape Wine had obtained 25% of Union Wine and had blocked the scheme of arrangement by which Union Wine proposed to do its partnership deal, there was "no way" Cape Wine could have stopped the Kirsh-Pickard partnership.

He said there were at least 10 other ways of putting together the partnership without reference to a 25% minority.

"Let's face it, the CWD boys have wasted a helluva lot of money for nothing," he said.

Mr Kirsh, who had flown back from a skiing holiday in Switzerland on hearing of opposition to the bid, said: "I've lost less sleep over this than I did on the plane".

No comment was forthcoming from Cape Wine & Distillers.

SOWETAN
20/3/81
80

Loans to traders depend on 99-year leasehold

By MONK NKOMO

BLACK TRADERS would only be able to secure loans from financial houses, for expansion after the 99 year leasehold scheme had been put into effect.

This was said by Mr P W Modise, liaison officer of the African Bank, at the Mamelodi Traders and Industrialists meeting held at the Mamelodi Community Centre this week.

"African Bank will be able to offer financial assistance to the black traders as soon as they qualify for the 99-year-leasehold scheme and are allocated business sites," he said.

He said that South Africa had one economic main stream which involved both black and whites.

"But in the end, it seems only the whites are allowed to drink from that stream," Mr Modise said.

He urged the more than 40 traders who had attended the meeting, to consider their bases and unite. The African Bank, he said, had brought salvation to the black people. He promised that the bank would help in the development of the traders, provided they had a sound financial background.

"You sell your goods in the townships to the black community and thereafter bank the money in town at white institutions," he said.

He told the meeting to support his bank because it was their bank.

Mr E J Smith, sales manager of Maizecor, said that it was in the interest of the South African people of all races to work together towards a common goal.

"Let us unite and be forceful in our economic struggle. We cannot have two divisions of

(30)
FM 26/3/81

FEBRUARY CAR SALES

	1981 Feb	% of Market	1981 Jan-Feb	% of Market	1980 Jan-Feb	% of Market
VW	4 765	19,60	9 455	21,16	8 618	23,20
Sigma	4 544	18,69	9 026	20,20	8 491	22,86
Ford	3 636	14,96	6 286	14,07	4 460	12,01
Toyota	3 012	12,39	5 153	11,53	4 312	11,60
Datsun	2 753	11,32	4 448	9,96	4 314	11,61
GM	2 742	11,28	5 213	11,67	2 349	6,32
BMW	1 198	4,93	1 929	4,32	1 655	4,45
Alfa	761	3,13	1 456	3,26	1 002	2,70
UCDD	469	1,93	871	1,95	1 314	3,54
Leyland	388	1,59	781	1,75	637	1,71
Other	43	0,18	61	0,13	—	—

February total .... 24 311 (19,47% up on 20 349 last year)
Jan-Feb total .... 44 679 (20,26% up on 37 152 last year)
January total 20 368

COMMERCIALS

	1981 Feb	% of Market	1981 Jan-Feb	% of Market	1980 Jan-Feb	% of Market
Toyota	3 575	30,85	6 313	30,15	5 124	27,34
Datsun	2 430	20,97	4 131	19,73	4 357	23,25
Ford	1 526	13,17	2 859	13,65	2 474	13,20
GM	1 468	12,67	2 822	13,48	2 554	13,63
Sigma	864	7,45	1 771	8,46	1 599	8,53
VW	585	5,05	1 030	4,92	718	3,83
UCDD	439	3,79	772	3,69	649	3,46
Leyland	334	2,88	580	2,77	709	3,78
Alfa	121	1,04	206	0,98	260	1,40
Int Harvester	78	0,67	128	0,61	86	0,46
MAN	58	0,50	111	0,53	70	0,37
Oshkosh	31	0,26	60	0,29	53	0,28
ERF	26	0,22	40	0,19	15	0,08
Vetsak	25	0,22	45	0,22	11	0,06
Malcomess-Scania	16	0,14	31	0,14	21	0,11
Fodens	8	0,07	19	0,09	18	0,10
Magirus-Deutz	5	0,04	18	0,09	15	0,08
VSA	1	0,01	2	0,01	7	0,04

February total .... 11 590 (20,96% up on 9 581 last year)
Jan-Feb total .... 20 938 (11,72% up on 18 740 last year)
January total 9 263

FM 20/3/81 (30)

TRUWORTHS

Merger implications

Contrary to speculation, Woolworths will not make use of Truworths' manufacturing facilities in the immediate future.

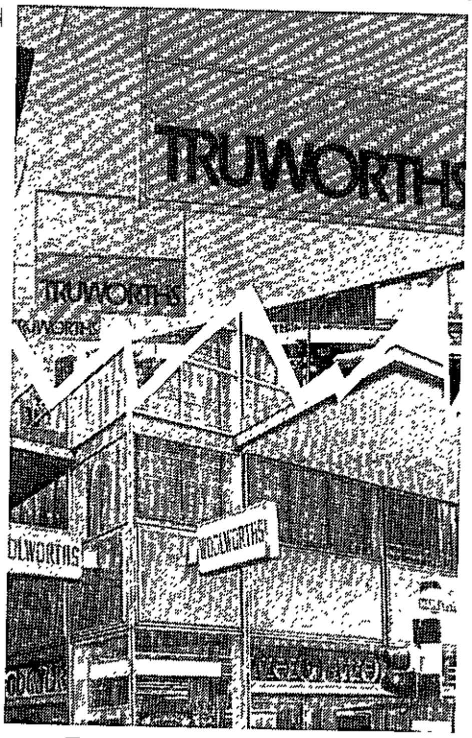
Says David Susman, Woolworths' MD and chairman of the new company formed by the merger of these two companies: "We have not yet looked as far as a joint manufacturing operation. Woolworths will always want to deal separately with outside manufacturers."

Truworths MD Tony Williamson notes that, in any case, Truworths' manufacturing facilities are fully used for its own stores at present.

Consumers will also not feel the effects of the merger.

Each company will retain its own store image and trade exactly as before. Susman says the big difference will be the merger of skills — Woolworths' technological know-how and Truworths' design capabilities — which should result in improved quality and value at both chains as well as an upgrading of Woolworths' fashion.

The plan is to set similar specifications as far as quality is concerned and eventually standardise at least part of their operations.



Truworths/Woolworths . . . bolstering each other

Williamson also lists certain Woolworths' assets — cash, buildings, good trading in a bad economy — and balances them with those of his company — stocks, debtors, good trading in a good economy.

Both companies, with a combined staff of 11 000 and expected turnover for this year of R400m, have strong expansion programmes on the go.

In the past 10 years Woolworths has increased store footage by 5% a year and Susman expects this figure to increase to 8% — as a result of new stores and the expansion of existing ones.

Truworths has had expansion plans, but before the merger didn't have the cash. However, its new partner's cash surplus should now make the plans viable.

Susman concludes: "I think this was a very good time for the merger. Things are very buoyant at the moment and I believe we'll be able to withstand any downturn that follows."

Cape Wine the mystery buyer in bear squeeze

CT 20/3/81 (~~169~~) (30) (232)

By DAVID CARTE

JOHANNESBURG. — Cape Wine and Distillers was the mystery buyer of Union Wine and Picardi Hotel shares that triggered this week's biggest-ever bear squeeze on the Johannesburg Stock Exchange.

The chairman and chief executive of Cape Wine and Distillers, Dr A J du Toit, and Mr Gys Steyn, were seen leaving the offices of Volkskas Merchant Bank in Johannesburg yesterday with Mr Natie Kirsh and Mr Mervyn King of Coki and Mr Jan Pickard, chairman of Union Wine and Picardi Hotels.

The parties had been negotiating most the day.

Afterwards, Mr Natie Kirsh told me "Kirsh and Pickard interests have more than 75% of Union Wine and 90% of Picotel and there is no way anyone can block us".

On Tuesday and Wednesday, Cape Wine and Distillers bought heavily into Union Wine and Picotel, apparently regardless of cost, in an attempt to block a liquor retailing partnership between Mr Jan Pickard, the last of the liquor independents, and Kirsh Industries' Coki Corporation.

This caused a frenzy of trading in the shares.

On Tuesday nearly 1-million Union Wine and 461 000 Picotel shares traded and the price more than doubled from 230c to 475c.

On Wednesday 475 000 Union Wines and 198 000 Picotels traded and the share price rocketed to 1 360c as bears rushed to cover themselves.

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With permission to operate 130 outlets and the right to expand these, the proposed partnership will become the country's biggest liquor retail group.

Cape Wine and Distillers and SA Breweries, at present the country's biggest retailers, have been instructed by the Government to sell off their bottle stores.

Stock market observers said the large bear position in Union Wine shares meant that Kirsh-Pickard interests could have 76% and Cape Wine 26%, adding up to more than 100%. Their true stakes at the end of the day would depend on bears delivering the stock they had sold.

Mr Kirsh acknowledged that because of the big bear position in Union Wine, there could be no certainty about the precise stake the Kirsh-Pickard camp held but, he said, "I know they haven't got 25% and that's what counts."

Mr Mervyn King, chairman of Coki, the retail division of Kirsh Industries, said even if Cape Wine had obtained 25% of Union Wine and had blocked the scheme of arrangement by which Union Wine proposed to do its partnership deal, there was no way Cape Wine could have stopped the Kirsh-Pickard partnership.

He said there were at least 10 other ways of putting together the partnership without reference to a 25% minority.

"Let's face it, the CWD boys have wasted a helluva lot of money for nothing", he said.

Mr Kirsh who had flown back from a skiing holiday in Switzerland on hearing of opposition to the bid, said: "I've lost less sleep over this than I did on the plane".

No comment was forthcoming from Cape Wine and Distillers.

FINANCE

PICKARD-KIRSH LIQUOR PLANS TO GO AHEAD

Argus 20/3/81 ~~169~~ 30 ~~232~~

Derek Tommey, Financial Editor

THE Pickard group and Mr Natie Kirsh's Coki Corporation are to go ahead with their plans to develop Pickard's bottle store interests in spite of what seemed a blocking attempt by an unnamed organisation this week.

In a statement today Volkskas Merchant Bank, which is acting for the two groups, said in a reference to the heavy buying of Union Wine shares on the stock exchange this week, that an attempt had apparently been made to thwart these plans.

However, the two groups were still proceeding with their arrangements.

This suggests that the groups are confident that they have picked up enough shares on the Johannesburg Stock Exchange to ensure they have a 75 percent stake in Union Wine.

130 STORES

Alternatively, they could have a scheme to transfer the right to develop 130 bottle stores to another company in the Pickard group.

It appears that the right to operate this number of bottle stores was not given to Union Wine directly, but to the Pickard group.

MYSTERY BUYER

On Tuesday and Wednesday this week a mystery buyer, believed to be Cape Wine and Distillers, launched a campaign to buy up all Union Wine shares on offer.

At present Union Wine is to be the vehicle through which the Pickard and Kirsh groups are to develop the bottle store interests.

The Kirsh group retaliated and in heavy trading Union Wine shares rose from 230c on Tuesday morning to 475c at the close. On Wednesday they soared to 1 360c and on Thursday before being suspended reached 1 900c.

It appears that the mystery buyer had to secure more than 25 percent of Union Wine's shares if it wanted to stop this company being used as a vehicle for the bottle store development plan.

For if the Kirsh and Pickard groups hold 75 percent or more of Union Wine's share they can by special resolution manage the company's assets as they wish.

Meanwhile, the Johannesburg Stock Exchange is still unravelling the problem of what to do when more shares are sold than actually exist.

Although final figures are not available, it appears that this may have happened in Union Wine's case when brokers hastened to short the shares on Tuesday and Wednesday.

On top of this there is a question of how may shares have been sold short in undisclosed bear sales by people outside the stock exchange. This is a criminal offence, but it is believed that a number of individuals may nonetheless have been involvel.

Cape Wine breaks silence on share buying spree

CT 21/3/81 30 222

By DAVID CARTE

JOHANNESBURG. — Cape Wine and Distillers launched its aggressive share buying spree this week to protect a pre-emptive right it had to the shares of Mr Jan Pickard, says the managing director of Cape Wine, Mr Gys Steyn.

Breaking his silence for the first time since the drama began on Tuesday by means of a telexed press release, Mr Steyn said Cape Wine paid an average of about R4 a share for Union Wine shares to "protect its rights".

Mr Jan Pickard, chairman of Union Wine, said he did not accept that this was the reason CWD opposed him.

"They just don't want us to be in liquor retailing", he said.

If CWD paid an average of only R4 a share, it must have withdrawn from the bidding long before the share price reached its high of R19 on Thursday morning as bears rushed to cover, virtually at any price.

Mr Steyn did not disclose how many shares CWD had obtained, or if its stake was big enough to stop the liquor retailing partnership.

He did stress, though, that CWD does not own retail liquor outlets, even though its main shareholders, Rembrandt and SA Breweries did.

The Kirsh-Pickard camp is confident it has more than 75% of Union Wine and 90% of Picotel and that it cannot be blocked.

Adamant

The Kirsh-Pickard camp is adamant that CWD's pre-emptive rights were not threatened by their proposed partnership in liquor retailing.

"Until January 1983, they have first rights to my shares, if I sell," said Mr Pickard, "but I haven't sold a single share in Union Wine, so what's all the fuss about?"

Market observers were mystified why, if it thought its pre-emptive rights were threatened by the proposed partnership, CWD did not go to the Supreme Court for an interdict, rather than launch an expensive counter-attack in the market.

CWD has been widely criticised for "acting like a bull in a china shop in order to put down a threat to its wine and spirit monopoly" but, apart from its telex, has been impossible to reach for comment for four days.

Rights

The pre-emptive rights to Mr Pickard's shares in Union Wine date back to talks he had with SA Breweries two years ago. He gave these rights to SAB, which passed them on to Cape Wine, when the latter was formed in October 1979.

One broker alleged that two brokers acting for the principals in the dogfight for shares had gone through the Union Wine share register and phoned holders before the market opened on Tuesday offering them 240c a share — 10c more than the Tuesday close.

He said these brokers must have known that the principals were prepared to pay far more than 240c but because this sort of trading did not take place on the floor, he said, sellers could not have known.

Upset

Several brokers were upset that Union Wine had not been suspended on Tuesday, when its price more than doubled from 230c to 470c.

"What's the Undue Fluctuations Committee for, if not to prevent this king of thing?" said one irate broker.

Suspended

Mr Doug Gair, head of the listings committee, said the Undue Fluctuations Committee had decided not to suspend because it was felt there was a free-dealing market in the shares. Union Wines' request for suspension on Tuesday was also turned down for this reason and also because the market would not have had grounds to relist the share, had it been suspended.

The share was eventually suspended, he said, by presidential prerogative. The president, Mr Richard Lurie, decided the share was "cornered" and suspended it. Some critics said the share was clearly cornered on Tuesday and should have been suspended then.

Another critic said to prevent a short-selling orgy of the kind that developed, the major buyers should have warned all sellers it reserved the right to call up scrip.

Meanwhile, it has been impossible to determine the extent of the outstanding bear position in Union Wine.

The stock market should have its first indication on Monday when "overs and unders" are settled. On Monday brokers, who are "under" are required to write out cheques for the amount by which they are under.

"This week some balances are bound to be large and there are no doubt some anxious discussions going on between brokers and their bankers", said one broker.

The JSE committee is expected to meet once the outstanding bear position is known to determine a "make-up" price. Bears who have "sold" shares they have been unable to obtain will have to settle with buyers at this price.

This means buyers will receive cash but no scrip. This could be important to the balance of voting power, at the end of the day, in Union Wine.

Why Cape Wine paid R4 a share

RDM 21/3/81

(30) (169)

By DAVID CARTE
Deputy Financial Editor

CAPE Wine & Distillers launched its aggressive share-buying spree this week to protect a pre-emptive right it had to the shares of Mr Jan Pickard, says the managing director of Cape Wine, Mr Gys Steyn.

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but, apart from its telex message, it was impossible for four days to obtain comment from Cape Wine's Stellenbosch headquarters.

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Several brokers were upset that Union Wine was not suspended on Tuesday when its price more than doubled from 230c to 470c.

"What's the JSE's undue fluctuations committee for, if not to prevent this king of thing?" asked one broker.

Mr Doug Gair, head of the listings committee, said the undue fluctuations committee had decided not to suspend because it was believed there was a free-dealing market in the shares.

Union Wine's request for suspension on Tuesday was also turned down for this reason and also because the JSE would not have had grounds to relist the share.

The share was eventually suspended, he said, by prerogative of the president of the JSE, Mr Richard Lurie. He decided the share was cornered and suspended it.

Some critics said the share was clearly cornered on Tuesday and should have been suspended then.

Another critic said that to prevent a short-selling orgy of the kind that developed, the major buyers should have warned all sellers it reserved the right to call up scrip.

It has been impossible to determine the extent of the outstanding bear position in Union Wine.

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This means buyers will receive cash but no scrip. This could be important to the balance of voting power, at the end of the day, in Union Wine.

Not so, says Mervyn King

COKI Corporation's chairman, Mr Mervyn King, last night rejected the statement by Cape Wine & Distillers chairman, Mr P G Steyn, that its buying of Union Wine shares was to protect a pre-emptive right over Union Wine shares.

He said the pre-emptive rights extended only to the 60% of Union Wine held by Picardi Finance, and that this right had in no way been breached.

The Coki deal concerned only the minority shareholders in Union Wine and Picardi Hotels, 80% owned by Union Wine.

There was no doubt that Picfin's holding in Union Wine had been left intact, Mr King said. the pre-emptive right remained until April 1, 1984.

Mr King said no further discussions were taking place between Coki, the Pickard group and Cape Wine.

Although it was Cape Wine's policy to achieve a separation in the liquor trade between manufacturing and retailing, one must look at the hundreds of retail outlets held by shareholders in Cape Wine.

He said neither South African Breweries nor the Rembrandt Group had shown any urgency in disposing of their retail stores. In fact, they had repeatedly rejected offers to buy them.

mean that living on the farm and working in the town is practically impossible, even if jobs are available, so the women are faced with the choice of working for the farmer

ey are a captive labour force

) and this is reflected in wage

ver even than those of most

The big punch-up

5. Tribune 22/3/81

30

By GEOFF SHUTTLEWORTH

CAPE Wine Distilleries (CWD) has broken a four day silence, revealing that it was the aggressive buyer in Union Wine shares, but it has not revealed its holding in the company.

Several observers point out that the Kirsh/Pickard camp on the other hand is confident in has more than 75 percent of the issued share capital.

They believe the CWD holding has considerably more bear sale shares than the Kirsh/Pickard camp and these disclosed sales were 232 282 shares. In addition commentators believe the total of undisclosed bear sales could approximate those disclosed. Nominally that means about 11 percent of the 4,2 million share capital.

CWD managing director, Gys Steyn, could not be contacted even after his telex message which said that CWD had paid 400 cents a share for the Union Wine shares and that the buying was to protect a pre-emptive right it has on Jan Pickard's shares in Union Wine.

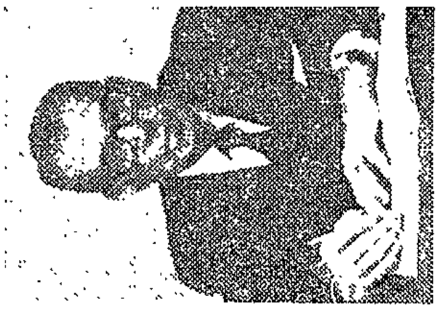
Coki Chairman, Mervyn King, and Jan Pickard rejected this explanation. CWD's pre-emptive rights only extend to Jan Pickard's 60 percent stake and these have not been sold.

Commentators pointed out that if Union Wine's unissued share capital were issued and Jan Pickard did not take up his stake, this would dilute his holding nearer the 50.1 percent level originally proposed in the scheme of arrangement.

As it stands there are a number of permutations which could be used to push the deal through and a joint statement by the Kirsh/Pickard camp said that the procedure to be adopted may be changed but the effect will be the same."

They are still mystified however as to why CWD embarked on such an expensive buying spree when all it could do was delay or cause a restructuring of the Union Wine/Picotel/Coki deal.

Liquor industry sources said the CWD failure to stop the deal and the intensity with which that objective was pursued points to the possibility of the November 1979 liquor agreement coming under pressure.



JSE president David Lurie . . . now the make-up price?

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of the farmer in taking on men

arger male labour forces, there

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farmer's wife employs two

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nd any other women on the farm

ucrative work than, say, cleaning

a few hours.

, hours worked per week, cash

57 women workers is listed

)

week, cash wage and payment

) Payment in kind (daily)

		'food'
		'left-overs'
4	1,20	2 meals
4	1,25	1 meal
3	1,50	?

in 1916 of the Miners' Phthisis Medical Bureau, which examined African patients referred to them by the mine doctors or those from the WNLA. Cases of simple tuberculosis had dropped from 1 103 in 1916 to 746 in 1929, this being a constant feature for the whole period.(167) However, the figures were based only on cases referred to the Miners' Phthisis Medical Bureau. From 1903 to 1916 doctors consistently reiterated their beliefs that Africans either were incapacitated and voluntarily decided to go home, or if they had been hospitalised and on 'recovery' were thought well enough to travel, returned to their kraals - if they managed to reach them - and died there.(168) Thus the figures quoted above may have completely obscured the mortality figures for tuberculosis. The answers to some of the problems of incidence and prevalence of tuberculosis and silicosis, and to the compensation awarded, hinges to a very large extent on the procedures for the medical examination of miners, and particularly Africans.

During this entire period, references to silicosis amongst Africans are isolated and fragmentary. There is no mention of silicosis amongst Africans in the Report of the Government Mining Engineer of December 1901, when it was first recognised as a serious problem amongst white miners, nor in the report of 1902, when its severe impact on rock drillers was stressed.(169) Although Dr L. Irvine testified before Milner's Commission of 1903 that

> if you went round the kraals, you would find a fairly large number dying of this disease, for undoubtedly one does see amongst the natives cases of the type of fibroid phthisis as among white miners

no mention was made of this in the commission's report.(170) But appended to the report is an interesting appendix concerning African silicotics compiled by H. Rosenberg, the Medical Officer of the Lancaster West Goldmining Company. In the period August 1902 to April 1903 he found five cases of silicosis, three of whom died under his care, while the remaining two had returned home.(171)

In 1903 the Committee of Doctors reported that silicosis with coexistent tuberculosis was 'sometimes seen' amongst Africans who had been working underground for considerable periods, and that a reduction in the prevalence of the disease would hinge on improvements in mining conditions.(172)

The Mining Regulations Commission which thoroughly investigated silicosis amongst Whites found that 'true miners phthisis' was not very common amongst Africans, and in those cases which came under notice there was coexistent tuberculosis.(173) The importance of understanding the terminology used must be stressed once again. Certain present-day

writers, already referred to, have misunderstood the meaning of the word phthisis in its context, and therefore have made the highly erroneous statement - based on published government material - that 'the largest category of suffers from phthisis (they understood this to mean silicosis) in 1909 were so called 'coloured males' - 1 027 of whom died of the disease.'(174) The minute books of the City Deep Mine, dating from 30 September 1910 to 12 June 1911 and from 23 May 1913 to 5 September 1913, make no mention of silicosis in their wage returns to the Government Native Labour Bureau for deceased African miners, although pneumonia and phthisis are frequently mentioned and one African is even reported to have died from emphysema.(175)

In 1915 the total number of silicotic cases reported from the entire African mining compleme[...] a prevalence of 1,34 p[...] that there had been a [...] but that the figures, [...] estimation because of t[...] homes.(177)

From 1916 to 1917 to 19[...] improving steadily, and [...] amongst mineworkers, th[...] silicosis coexistent wi[...] 252 to 397 respectively, [...] of 0,047 to 0,108 and 0,[...] already discussed, these [...] silicotic cases sent to [...] likely that when the exam[...] may be drawn that they were not wholly accurate, and may have been underestimated.

Small firms multiplied

By Elizabeth Rouse

THE number of new small companies blossomed in South Africa's boom conditions last year, in contrast to the disappearance of small enterprise in the recession-ridden Western world.

A total of 11 643 companies were registered over the past year with a total nominal capital of R[illegible] million, an average capital of almost R8 051 per company, according to Department of Statistics figures.

This compares with 7 449 companies registered in 1979 with a total nominal capital of R153,159-million, or R20 5[illegible] per company, and 5 050 companies with a nominal capital of R130 041-million, or R25 750 per company, in 1978.

In spite of the economic boom, the number of liquidations rose — hopefully the new companies were not among the victims. Companies which went under totalled 1 441 against 1 291 in 1979 and 1 343 in 1978.

All the evidence however supports the conclusion that whatever the incidence and prevalence rates for silicosis amongst Africans were, they appear to have been considerably lower than those for pneumonia and tuberculosis, unless the latter diseases were diagnosed as the cause of death, and that silicosis was masked by them and other diseases, especially in the earlier period when dust conditions underground were at their worst. The reasons always given for the theory, in support of this low incidence-prevalence rate for silicosis amongst Africans, is the intermittent and short periods of service worked by Africans.(179) However, intermittency of service - especially when service periods are frequent, as was the case of African miners 'who returned to their kraals for a season before re-engaging for a further contract' has not con-

CRASH!

S. Times 22/3/81

Now politics storms into liquor battle

~~169~~ 30 ~~232~~

By Elizabeth Rouse and Stephen Orpen

THE Johannesburg Stock Exchange reeled this week under arguably the greatest corporate power struggle it has ever known.

There was near hysteria as brokers, speculators — and even institutions — were drawn into a monumental bear squeeze.

The full cost has yet to be counted.

But millions seem likely to be lost by the opportunists who sought to make a quick buck in the battle for control of the Pickard liquor interests

A situation which started off as the normal sort of bear operation when there is a takeover bid turned into mayhem when:

- A mystery buyer, which turned out to be Cape Wine, one of South Africa's largest wine and spirit producers, moved in to block the Pickard-Kirsh groups' proposed link-up.
- Later Cape Wine, which had apparently failed to block Mr Kirsh and Mr Pickard in the marketplace, began a political campaign to prevent these two entrepreneurs wrapping up the retail liquor outlet business countrywide.

Thus Cape Wine declared late on Friday:

- That the reason for their entry into the foray was to "achieve the objective of creating a free and unfettered retail trade.
- That from the date of its formation it has held a preemptive right in respect of the Union Wine shares held by its controlling shareholder (Pickard)
- That when the Kirsh-Pickard deal was announced steps were taken to protect the rights of Cape Wine and consequently Union Wine shares were bought at an average price of 400c.
- That Cape Wine's (that is, the Government's?) declared policy is to achieve a complete separation in the liquor trade between producer wholesalers on the one hand and retailers on the other.
- That Cape Wine as such has no financial interests in the liquor retail trade In the spirit of this policy, SA Breweries and Rembrandt, both shareholders in Cape Wine, are disposing of their bottle stores over a period of time.
- That *"should Union Wine come under the control of Cape Wine"* the Union Wine bottle stores will also be sold to independent entrepreneurs in accordance with this policy".

The telling phrase, of course, is the suggestion that Cape Wine might yet get control of Union Wine.

This implies that, far from being cut and dried, the eventual outcome could be a negotiated compromise between the Kirsh, Pickard and Cape Wine interests.

That may seem far-fetched and a blatant interference in the free-market mechanism. Also, Mr Kirsh and Co have denied any such possibility.

But, long-term, it cannot yet be ruled out.

Earlier in the week, seasoned brokers watched in horrified amazement as speculators started shorting Union Wine shares, in the first instance, because of the limited amount of shares available for trading.

Older brokers remembered the Finbro bear squeeze after the war and the Metlife bear operation about 10 years ago, but these were mild affairs and not like the current suicidal debacle.

The damage might go beyond money It any undeclared bear positions are discovered the culprits face severe disciplinary action by the JSE and possible prosecution.

With almost 2,5-million Union Wine shares in the hands of Jan Pickard, only 1,687-million shares were available for trading Once Cape Wine moved in to block the deal, the speculators were well and truly trapped.

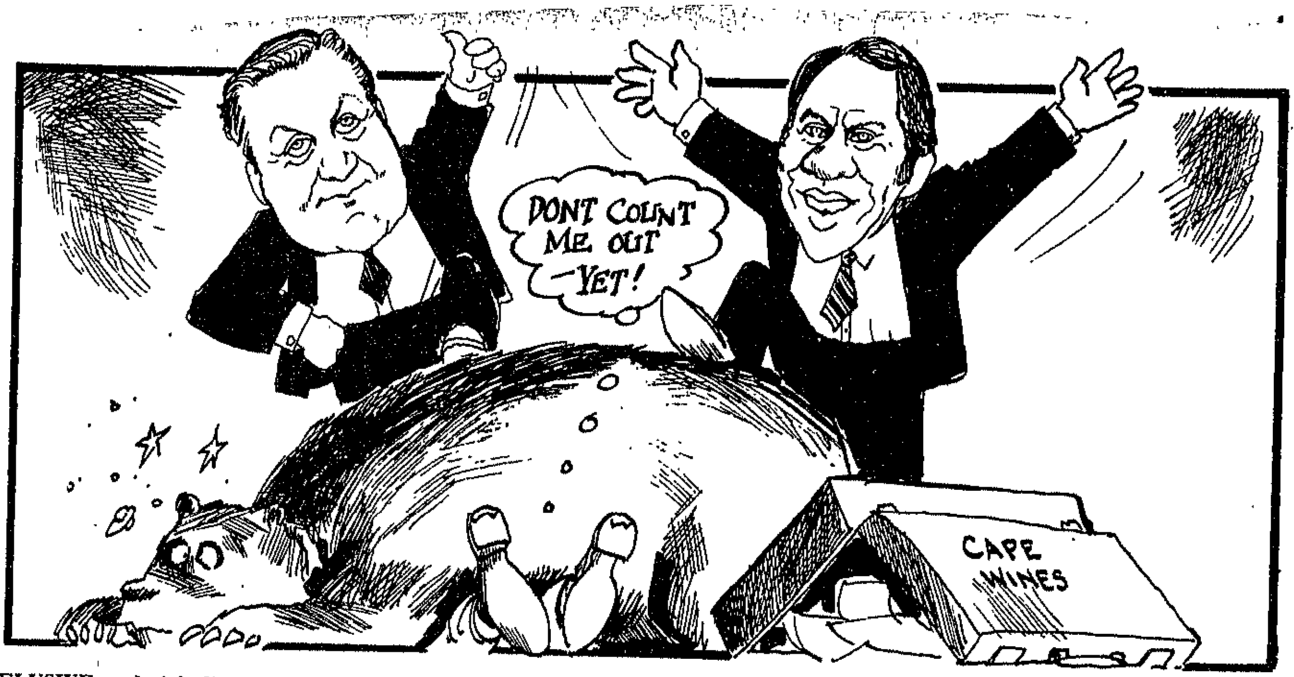
Officially 1-million Union Wine shares were traded on Tuesday and 475 000 on Wednesday. But scrip changed hands so fast when bears had bid virtually any price for Union Wine to cover themselves, that the figure might well be higher and those who "sold" shares will be unable to deliver

The cost to just one speculator who shorted 50 000 Union Wines at 290c could be R592 500 if the JSE committee puts the make-up price at the suspension level of 1 475c.

While brokers, their clients and even institutions may have to pay up millions of rands, Jan Pickard must have watched in fascination as the worth of his holding was pushed from R5 739 988 at Tuesday's opening price of 230c to R47 417 293 at the high of R19 before suspension of the share on Thursday.

The saga, which led to the slaughter on the JSE floor, started just after midnight on a Wednesday earlier this month when Jan Pickard, the last of the liquor independents, and Natie Kirsh, the current takeover king, put together the

To Page 3



Behind the scenes with the actors

S. Times 22/3/81 ~~(169)~~ (30) (232)

By Stephen Orpen

ELUSIVE and tight-lipped as they raced from one closed meeting to the next late on Friday, the big names in the liquor epic nevertheless told me enough to build a useful picture of dirty dealing by rich speculators, of the sudden intrusion of politics — and of what lies ahead for the Kirsh-Pickard package. If it is not stymied by Cape Wine.

Staccato intimations in hurried whispers marked my first conversation with one of the principals.

"Certain things," he said, "are acceptable even to me in this sort of battle. But when some very rich and highly placed men . . . (a long pause) . . . behave like desperate wolves . . . (a longer pause) . . . and when political forces are rolled in . . . I can say no more than that . . ." — and the line went dead.

Further brief discussions indicated that a fully fledged Kirsh-Pickard deal is still not certain. Lobbying by Cape Wine with the principals and others — plus share sorting — was still very much alive as BT went to press.

However, if Mr Kirsh and Mr Pickard have their way, it seems that the current relationships between Picfin, Union Wine and Picotel will be restructured to give Picfin about 75% of Union Wine, which in turn will hold about 90% of Picotel, using share swaps.

As described in the accompanying main story, Kirsh's cash assets vehicle, Cokicor, will inject more than R8-million cash to match loans and advances Union Wine has already received from Picfin.

Union Wine will then be the one to watch. Apart from those already there, all Pickard Group bottle stores will be injected into Union Wine, eventually giving UW at least 130 outlets.

UW will also be the main predator for other expansion, using scrip and cash to buy itself into new ventures.

Sufficient shares for this will be made available through capital increased by rights issues and by drawing on the revamped group's mouth-watering liquidity.

As for this week's drama, one of the key participants told me while meeting a large firm of stockbrokers that 250 000 Union Wine shares had been sold short at a price "averaging above 400c a share."

If a "make-up" price of, say, 1 475c is agreed by the stock exchange to save the bears from utter disaster, they and other speculators could still have to cough up amounts running to six figures — "and that's just on the deals that went through the books in the proper way".

Clearly, the tigerish Natie Kirsh, risen from malt miller's son to multi-millionaire controlling companies with sales likely to top R1 400-million this year, has proved at last that he is willing to match the most telling weapons that even the country's largest groups can bring to bear on his efforts.

In close association with that other new fast-moving heavyweight, Jan Pickard, the man who failed to snare the huge Tiger Oats group but in a trice has landed control of Dion's and Russells, seems finally to have proved he can drive to victory through the roughest battles, involving both big battalions and merciless in-fighting — not excluding national politics.

But it's not over yet. Sooner or later, there may be some surprising new revelations. . . .

ing richer people
: resources
how the dairy projects tend to benefit
th more security and capital. There
al of literature on the Green Revolution
his is a general trend.
n inequality in rural areas stems in
om the fact that small, poor peasants
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dies of small areas in India which
this trend.
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farmers
In all the homelands the policy is to help the

for a difference of this size.

The survey average is drawn upwards by the inclusion of four workers on a horse-breeding farm in the Nieuwveldt mountains near Beaufort West who earn more than R25 a week in cash.

(b) Bonus:

The table below shows the distribution of workers according to annual bonuses received.

TABLE 9

Distribution of workers according to bonus received, R per year.

Bonus,	...er of workers	Cumulative %
	22	16,92
5,	11	25,38
10,	23	43,08
15,	14	53,85
20,	12	63,08
25,		80,00
30,		85,38
35,		95,38
		100,00

no

category received

Inc ... on four farms, whose

Used-car sales reviving

RDM 23/3/81

30

By SIMON WILLSON
Industrial Reporter

USED-car sales are showing signs of a revival after dropping steadily throughout last year — in direct contrast to 1980's rocketing new-car sales.

The Department of Statistics says 41 164 used cars were sold last September.

But in March last year 53 004 used cars were sold, and the figures for the rest of 1980 showed a steady sales decline, even as new-car sales leapt each month by about 30% on a year earlier.

The cumulative total of used-car sales for 1980 is recovering in relation to the total for 1979.

The January-March total in 1980 was 156 271, 14,1% down on the 1979 first-quarter total of 181 826.

Last year's January-September aggregate had narrowed this gap to 4,9% over the nine months at 408 375 against 1979's 429 504.

Monthly used-car sales descended to a 1980 low of 40 636 last August when the January-August aggregate stood at 367 211 — 5,9% down on the 1979 sales total for the same period of 390 042.

□ □ □

COMMENT: With the September used-car sales recovery, this looks like being the trough of the cycle, and used cars now appear to be set to follow new cars on a steep upward sales course.

Last year's salary boom (triggered by competition for scarce skilled labour) and the Budget's tax cuts and loan levy repayments combined to stoke up the demand for new cars at the expense of the used-car market.

Now that new-car demand — and supply capacity — is showing signs of having encountered a ceiling, disposable income is returning to the used-car stands.

PROFIT UP 26 pc FOR GRANBAZ

AN/NO 24/3/81

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~~249~~

GRAND BAZAARS' profit topped R3-million in the 12 months to February, fuelled by a surge of almost 31 percent in the second half.

Profit rose 11,8 percent in the first six months and the second half profits, boosted by Christmas trading, raised the year's average to 23.2 percent.

Net profit rose almost 26 percent to R1,6-million, equal to earnings of 77,3c (62,4c) a share. The final dividend will go up 31 percent to 17c (13c), making 27c (22c) for the year.

The improved results were achieved in spite of no new branches being opened during the year, says the chairman, Mr Manual Sachar.

GROUP SALES

Group sales reached R67.8-million, a rise of R13-million or 27 percent.

Profits went up more slowly than turnover because of rising expenses, particularly wages, and a curb on margins by competition.

Mr Sachar says the group looks forward to another year of growth and substantial increase in profit from its six ultramarkets and 10 supermarkets.

The results of the converted Wynberg store exceeded all expectations, while the Claremont ultramarket will come on stream this year.

Negotiations have also reached an advanced stage for new stores in Rosettenville near Johannesburg and Diep River, Cape Town.

Tom Hood

UNIT TRUSTS

	Buy	Sell	Yield
Old Mu	382.75 (378.84)	357.93 (354.30)	4.11 (4.15)
NGF	223.89 (221.11)	209.36 (206.75)	4.87 (4.93)
Sage	404.79 (399.11)	375.42 (371.14)	3.16 (3.24)
Ual	394.42 (390.22)	372.74 (368.68)	5.48 (5.54)
Sats	170.07 (167.70)	158.83 (156.61)	5.41 (5.49)
Sanlamtr	355.48 (350.94)	332.24 (327.98)	4.56 (4.62)
Trust	110.15 (108.21)	102.91 (101.09)	6.43 (6.56)
Santam	160.31 (157.97)	150.35 (147.57)	5.22 (5.32)
Intergro	114.95 (113.59)	108.97 (107.69)	6.61 (6.69)
Guardbnk	339.58 (336.99)	338.79 (336.33)	4.84 (4.88)
Standard	236.98 (234.96)	223.59 (223.66)	5.55 (5.58)
Std Incm	91.02 (91.07)	88.64 (88.08)	10.85 (10.85)

RDM 24/3/81

Lucem gets Merton for R1m

By HAROLD FRIDJHON

LUCEM, the David Lurie conglomerate, has acquired the Merton group, a large wholesale distributor of motor spares with effect from July 1, 1980. The consideration will be R1-million through the issue of Lucem shares. Through a reverse shareholding transaction Mertons will take up 42,2% of Lucem's ordinary capital.

This effectively makes Merton the controlling company, but in a further share sales arrangement a consortium headed by Mr David Lurie has sold 5-million Lucem shares to Merton in exchange for 17 100 000 new Merton shares which will rank equally with existing Merton shares.

Mr Monty Lasovsky and his associates who hold a controlling interest in Merton have agreed to convert 500 000 Merton ordinary shares into 500 000 7½%, redeemeable preference shares, redeemable at the company's option.

This will give the consortium a dominant interest in Merton, which will change its name to Lupus Holdings.

The transactions will have no material effect on Lucem's assets and earnings for the year to March 31.

Mr Lurie says the principal advantages flowing from the transactions are that control of Lucem will be consolidated while retaining the ability to make further acquisitions through share issues.

"With the consortium's dominant share of Mertons we can turn that organisation into an acquisitive company without losing control and with the flexibility to carry out more acquisitions as and when suitable."

Discussing Lucem's minorities, Mr Lurie says Merton shares will be made available to the other shareholders of Lucem on the basis of one Merton share at 70c for every five Lucems held.

Mr Monty Lasovsky, deputy-chairman of Mertons, has been invited to join the Lucem board and will head the new Lucem motor division. The Merton board will be reconstituted with Mr David Lurie as chairman, Mrs A M Lurie, Mr I G McPherson, Mr G B Rubenstein, Mr E Ellerine, Mr M M Lasovsky, Mr A C Isabelle and Mr H Flekser.

The Lurie consortium will make a stand-by offer to Merton shareholders, other than Mr Lasovsky and his associates, at 70c a share.

All transactions are subject to the approval of Merton shareholders and the listing of the new Lucem and Merton shares.

Nafcoc meet in TP on Sunday

Sowetan 27/3/85

By Z B MOLEFE

THE Southern Transvaal region of the National African Chamber of Commerce (Nafcoc) will hold an important meeting in Pretoria on Sunday morning. (30/3/85)

The meeting, at the Boulevard Hotel in Struben Street, will among other matters discuss the forthcoming Nafcoc conference to be held in Port Elizabeth from July 6 to 11.

Mr Sy Kutumela, the region's general secretary, told the **SOWETAN** yesterday that in addition to this, some matters on the agenda will be the regional industrial exhibition to be held at Johannesburg's Milner Park showgrounds on May 26 and 27; branch activities and projects and the regional annual meeting to be held at the Jan Smuts Holiday Inn on May 25.

The regional beauty contest on May 30 and Nafcoc's training programmes will feature prominently at the meeting.

For the sociological-cultural assessment, only mothers and female guardians with children of their own were included. The total sample size was 746. In the urban areas 36% of these subjects were never married compared to 14% in the rural areas. Of those who were married, the husbands of 8% in the urban and 14% in the rural areas were not economically active. It is, however, interesting that the general nutritional state of the children in the urban areas is somewhat better than in the rural, in spite of the much higher illegitimacy rat

30

Table IX summarises the number of live children in each family in relation to the total number of births as well as their concept of an 'ideal' number of children. There are, therefore, not only more children per family in rural areas compared to the urban, but also a vast difference in the concept of an 'ideal' family size. This is not surprising when seen in relation to our finding that 61% in urban and 80% in rural areas did not use contraception, and that family planning was never [illegible] females in

Workers strike at store

Rom 27/3/81

DURBAN. — About 100 workers at the West Street branch of the OK Bazaars went on strike yesterday in protest against alleged racial discrimination by the management

The strike started after talks between management and workers broke down.

The workers allege management does not treat Africans the same way as workers of other groups.

Mr Vivian Mtwa, branch secretary of the Commercial, Catering and Allied Workers' Union of South Africa, said there had been fights between OK workers recently.

When African workers were involved they were dismissed, but this did not apply to other races, Mr Mtwa said. — Sapa

'Ideal' number children	6,8	4,4

Colour photographs of patients with kwashiorkor and pellagra were shown to all mothers and guardians to establish whether they recognised the disease by name and whether they had any concept of its nutritional origin. These results are summarised in Table X. As far as kwashiorkor is concerned, not only did 87% of subjects in the urban and 89% in the rural areas not recognise the disease, but only 22% could give an indication of a nutritional relationship. To a large extent the same applied for the recognition of pellagra, although a much larger proportion recognised pellagra correctly in the urban areas. In spite of this, only 40% in the urban and 14% in the rural areas indicated a nutritional origin for the disease.

TABLE X

CISKEI: RECOGNITION OF KWASHIORKOR

	Rural	Urban
No recognition	89%	87%
Nutritional association	23%	21%

RECOGNITION OF PELLAGRA

	Rural	Urban
No recognition	90%	63%
Nutritional association	14%	40%

About two-thirds of the subjects interviewed could give no indication whatsoever as to the possible causes of gastro-enteritis (Table XI). A large variety of possible causes were given including [illegible], infection, lack of hygiene, intercourse by mother while breast-feeding and witchcraft. However, 57% of subjects believe that a child with gastro-enteritis should be given additional liquid to drink.

TABLE XI

CISKEI: KNOWLEDGE ON GASTRO-ENTERITIS

What causes gastro-enteritis? Do not know.		64%
If a child has gastro-enteritis, must he be given a lot to drink? Yes.		57%

It is thus obvious that in the Ciskei population, there is a very poor recognition of diseases of nutritional origin as well as any form of nutritional association with health status.

There is, however, a strong awareness of the nutritional benefits of breast-feeding, with 9[illegible]% of subjects indicating that breast-feeding is best for the baby and protects against infectious disease. This is borne out by the fact that 9[illegible]% of these mothers and guardians indicated that they had breast-fed their last baby. In contrast, 1[illegible]% of subjects in the urban and 13% in the rural areas indicated that the first fluid which they gave to their newborn baby was a herbal mixture, isicakathi, which is a powerful diuretic.

Currently, nutrition guidance is given in terms of body building, protective and energy providing foods. However, only 23% of subjects could name two possible substitutes for meat correctly, and 10% two vitamin-containing or so-called protective foods

Row over Diep River complex

CT 27/3/81 (30)

Municipal Reporter

A MAJOR row has erupted in Diep River over the proposed building of a shopping complex along the Main Road there by Grand Bazaars.

But there seems to be little residents can do to stop the development as Grand Bazaars is the owner of the business-zoned site fronting on Main Road and flanked by Eton and Geyer roads, and in terms of the town-planning scheme, it is quite legally entitled to establish a department store which will contain a scaled-down supermarket.

Objectors say that this will cause an influx of people and traffic, disruption of the residential nature of the area and a decline in the value of residential properties in the vicinity of the store.

Now the battle has moved to 11 residential plots at the back of the proposed shop. The developers have applied to the City Council to have these residential erven rezoned for general business use to allow for parking-space development in conjunction with the new shopping complex.

The town-planning committee has already approved this rezoning — against the wishes of the city engineer — and the issue will come before the full council meeting on Tuesday.

Objecting residents have now formed the Diep River Action Committee and have briefed a firm of attorneys which has rushed off a letter to the City Council's town-planning department voicing strongly worded grievances against the shopping complex as such — and further against the rezoning of the residential sites for parking.

The letter also asks for an opportunity for residents to voice their opposition before council takes a decision.

"But," said Grand Bazaars chairman Mr Manual Sachar yesterday, "whatever the council decides about the parking lot, we will put up the store.

"The people who are objecting are working against their own interests. If the zoning is passed, everything will be orderly. We want to wall in the area, surface it, light it up. Once the shop is there, people will park there regardless, and it will be dusty and dirty."

Meanwhile, much of the anger of residents stems from the fact that they have been told by their city councillors they can do nothing to stop Grand Bazaars from establishing its complex.

One of the councillors for the area, Mrs Bronnie Harding, said yesterday: "I would dearly want to keep away from Diep River any major commercial development which would cause distress. Because Grand Bazaars cannot be stopped, it is only logical that the rezoning for the parking lot be passed, otherwise surrounding streets will become clogged with traffic."

Mrs Harding pointed out that Grand Bazaars was not compelled to provide parking as the complex will not contain a full-scale supermarket.

● Mrs Valerie Tipping, one of the organizers of the Diep River Action Committee against the Grand Bazaars plan, has asked residents to telephone her at 72 8510.

with the system of farming-on-the half".[21]

"Tomlinson records (p. 84) that in 1938 a scheme for the subsidised purchase of ploughs, harrows, planters and cultivators by black farmers was introduced 'and considerable use was made of it until it was discontinued in 1947'. Among those who objected to such schemes was former Prime Minister Strijdom who complained in Parliament that, 'If the Government went on in this way, blacks would soon cease to be labourers and become farmers, with disastrous

FREE TRADE AREAS 30 (84)

Wynberg opens

FM 27/3/81

The business area in Wynberg, Cape Town, is the latest to be earmarked for free trade in terms of Section 19 of the Group Areas Act. The announcement by the Department of Community Development has been well-received by the local chamber of commerce. However, director of the chamber Brian MacLeod feels that the intended area of deproclamation is not extensive enough.

Says MacLeod: "Only the eastern side of the Main Road is mentioned by the department as falling into the area designated for dezoning. And since the principle that's meant to be operative is the free market one, we believe that the department hasn't gone far enough."

MacLeod notes that when the department approached local authorities in Cape Town for recommendations on which areas should be deproclaimed, the Cape Town municipality said the entire municipal area should be open for trade to all races. "The Cape Town Chamber of Commerce's view is that of the municipality," he adds.

Apart from Wynberg, the business areas in Woodstock and Salt River are also at present under consideration for deproclamation. A spokesman for the Department of Community Development says that nothing has yet been finalised.

5) There being no investment in black areas (lack of credit and capital).

The early period when some blacks became good farmers was a period of rapid class differentiation. "(The) success of a large stratum of peasants is not only compatible with, but it is a predictable feature of,

the underdevelopment of the society as a whole".[25] This process of differentiation was accelerated by specific government legislation and also by the restrictions which, while they applied to all blacks, tended to affect the poorest most quickly.

Discussing the class of successful farmers that emerged, Bundy writes, "The Glen Grey Act contributed to the definition of that class; to the overlapping of the categories of bureaucrat and well-to-do peasant, to the enjoyment by the headmen and their favourites of the choice land, to the circulation of funds and skills at the upper strata and to the heightened pressure on the young and landless to sell their labour."[26]

Differentiation continued: "In 1936, Councillor Ntlatla from Idutywa in the Transkei told the Bunga that 'the people who are landless in the surveyed districts are equal to these who have land. if not more ...'"[27]

"In one location 3 out of 1000 stock owners held 70% of the sheep and 50% of the cattle. Some of the councillors had as many as 3000 sheep and most had 200 sheep and 50 cattle." (This was in 1953)[28]

Edward Brett outlines the process of class formation in East Africa: the pattern he describes is equally applicable to the South African reserves. "The indigenous bourgeoisie emerged initially on a regional basis, within each area this group was recruited from the rich peasant families which had been able to afford secondary education; this generation was then able to move into positions in the bureaucracy, the co-operative movement and petty trade. It then became the leadership

CREDIT CARDS FM 27/3/81

Here to stay (30)

There appears to be a fight brewing over credit cards. But it is one based on crass ignorance: namely that the use of these cards, especially in supermarkets, is adding to the price spiral

Proposals to ban credit cards in supermarkets have come under attack from bankers, economists and some chain store executives. They describe the proposals as "ridiculous" and "irrelevant."

Yet Spar executive director Sydney Matus, who suggested a few weeks ago that credit cards contributed to SA's 28% annual food inflation, insists that he has indications from most of the other chains that they would like to go along with his idea

Matus says consumers charging some R350m of food purchases last year pushed costs up as stores have to raise their prices to cover the 2%-3% commission kept by the credit card companies.

For Spar, with a turnover around R400m a year, the commission charges amount to about R900 000 or 0,225%

"We have to do everything we can to hold down prices This cost — small as it is — has to be added on to our retail prices, and that causes inflation," Matus says. But in terms of most agreements between retailers and credit card banks, retailers are unable to pass on these costs to customers and if they do so they risk losing the card facility This cost amounts to no more than a modest factoring charge.

But OK Bazaars MD Meyer Kahn, expecting a turnover of around R1 billion when financial year statistics are released later this month, insists that "we believe in all sincerity that the abolishment of credit cards will do nothing to lower prices."

Less than 10% of his customers charge their purchases, Kahn says, so "any impact would be minimal. We are not prepared to go along with any ban.

"Besides that, we're living in an age when consumers are bombarded by controls. This idea is just another example. Nobody needs it."

Standard Bank's card division GM Dennis Matfield agrees: "The fundamental question is the individual's right to choose." He points out that for stores a credit card transaction is guaranteed, decreasing the risk of money handling.

Some economists argue that credit cards add to inflation by increasing the velocity of circulation of money

Matfield disagrees. He says that cards help gross turnover, and thus economies of scale, making prices cheaper in the long-run as stores have a smaller per unit overhead.

Nedbank economist Rudolf Gouws argues that the impact of credit cards on inflation is "at best indirect." The total money supply causes inflation If the quantity of money in circulation gets "out of control, then you have inflation. But then interest rates would head up as money became more expensive to borrow — and consumers would be dissuaded from more debt.

The real point is that one of any instrument of settlement — be it a cheque or a bank note — is capable of increasing the velocity of circulation, not just credit cards.

Taken to its logical conclusion, the argument against credit cards is simply that by reverting to a barter economy, inflation should be removed.

In fact, the case against credit cards is so nonsensical that it is impossible to believe that any ban by retailers could be seriously contemplated.

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production to 12 gallons and then beyond it, but ir
and there is no way that people with so few and suc
of dairy members will be able to substantially incr
production.

From N.M.'s point of view, the very small benefit t
towards reaching the quota in winter is cancelled o
to sell the extra milk in summer. (At the moment
also a director of the Umhlaba Trading Company, make

Before the co-operative was established, no individu
to secure a stable market. It seems that the co-ope
to N.M. in slowly building up production so that first
be established, then a town market and now a definite

It has ceased to be useful to her however, because most members have too few resources to expand production further or even keep it stable all year round. The main advantage of participation in a co-op for someone like N.M. is the access to resources allocated by the government (or other external agency) on the grounds that "the project benefits the community". I have mentioned all the external resources given by the government and at the moment very few people apart from N.M.'s trio are using these resources and even when the co-op was working, the richer members obviously gained much more from the resources than the poorer.

An interesting d ... Inkomo since I did my research.
The government h ... sting dairy co-ops in pastoral areas
to buy good cows ... The scheme brings the dairy
under much close ... ting all members to assess
whether they can ... members first heard of it,
they said that it ... t their milk again.
Sure enough, afte ... ed, N.M. called a meeting and
said she would tr ... t all members must finish
paying the R135.6 ... 20 cows under the scheme,
the next highest

The internal orga ... in such a way that people with
more cows benefit ... Costs are always per person,
i.e. all members ... building, salaries, transport,
fodder, plots etc. ... s pays the same overheads
as someone with one cow, even though the ten cows take ten times as much labour, eat ten times the amount of green fodder and ten times the amount of milk has to be transported.

The story of the dairy fits into a pattern occurring in other areas of the underdeveloped world. Edward Brett (5) says that the communal strategy has worked best in some of the least developed areas of Tanzania. "In such areas we may assume that the differentials between rich and poor peasants may not be so great (though this too should be subjected to closer examination), and, more important, that the benefits of the richer elements to be obtained from being incorporated in the programme may outweigh the losses stemming from communalisation of production." He goes on, however, to cite the problems of establishing an efficient project in such under-developed regions and writes "... there is a danger that these elements in the less-

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Shebeen owners plan liquor stores boycott

STAR 29/3/81

30

By Themba Khumalo

In a bid to pressure the authorities to legalise shebeens, 1 030 Soweto shebeen owners will not buy liquor in West Rand Board bottlestores from next Monday.

According to Mr Lucky Michaels, chairman of the Soweto Tavern Association, the move will be backed by all members of the association with shebeeners who are not members being asked to co-operate.

He said the decision was taken at the association's meeting yesterday at the Pelican Night Club.

The main reason for the move was the "deliberate delay by Wrab authorities in legalising shebeens," Mr Michaels said.

He warned that uncooperative shebeen owners would be blacklisted and eventually boycotted themselves.

"We felt that boycotting Wrab's bottlestores will force the authorities to hasten the legalisation of our businesses," said Mr Michaels.

He pointed out that almost every other business in Soweto had been made legal.

If the boycott doesn't change the situation, Mr Michaels said, the association would extend it to its 6 000 members nationwide. "The action in Soweto will serve as a yardstick to test the response of our people," he said.

He said the bottle-stores were "soft targets" as they were very profitable for the authorities.

proportion of available labor to them at the expense of those that were less labor intensive, less demanding in terms of the timeliness of attention, or of less importance to the family. Tobacco and cotton were given priority over corn, corn over manioc , and manioc over the small subsidiary crops.

ound for developed countries using three types of data (cross ...n countries, cross section among countries, and sometime ...t the negative association between mortality and per capita ...isappearing. However according to Fuchs "The marginal ...n of medical care to life expectancy, holding the state of the ...t, is also very small. Current differences in mortality within developed countries are primarily related to 'life-style', ...se, smoking and psychological stress".

Investment By DEREK TOMMEY

Bear operations best left to professionals

Argus 28/3/81

989

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THE scramble for Union Wine's shares in the past two weeks has made people aware that there is more than one way of making money on the Johannesburg Stock Exchange.

THE scramble for Union Wine's shares in the past two weeks has made people aware that there is more than one way of making money on the Johannesburg Stock Exchange.

Most people know that money can be made through buying shares for a rise in price.

But the well publicised plight of the dealers who beared Union Wine's shares has helped highlight the speculative possibilities of selling shares for a fall — that is to sell a share short.

You do this by selling a share you do not own in the hope that when you deliver it you will be able to buy it at lower price.

The profit is the difference between the price at which you agreed to sell the share and the (hoped for) lower price at which you buy it in.

IMMORAL

Some people feel that making money this way is a little immoral. They claim that selling a share short depresses its price. This could upset a holder and cause him to sell the shares unnecessarily at a lower price and so lose money.

Measures were enacted in South Africa a few years ago to overcome this situation — but more of this later.

Not all bear operations are bad. They are a useful control measure and help stop unduly big share price fluctuations in active markets. They are not embarked on lightly.

When you buy shares for a rise your maximum potential loss is limited to your initial investment.

If the price of the share you have invested in suddenly falls to nothing you cannot lose more than the money paid for the share.

But in a bear operation your potential loss can be almost unlimited.

Some of the people who had beared Union Wine shares at R4 a share, in the hope of making R2 a share profit, have bought in the share at R19. Their loss thus was R15 a share or seven-and-a-half times the profit they expected to make.

Losses of this nature can mount alarmingly, even when you bear say only 1 000 shares.

However, Union Wine shares have subsequently dropped to around R12,50 each, so the losses of the bears who have not yet covered in should not be as great as in the example quoted above.

Having spelled out some of the hazards of being a bear, let us look at how an ordinary investor becomes one.

SHORT SALE

According to market sources, the first difficulty to overcome is to find a stockbroker who is willing to accept your order for a short sale.

After the Union Wine operation there is, understandably, a great deal of nervousness around the share market about this style of trading.

But assuming you find a broker who will execute your order, you must th[...] 'up-tick' which was introduced after the 1969 share market collapse to prevent the bears from ever again wrecking the way they did then.

The 'up-tick' is supposed to prevent a 1969 collapse from ever happening again and will probably do so. But when an investor sees a share he is holding being traded say at 600c, then at 610c, then 620c, and then at 612c, which is an obvious 'up-tick' indicating a bear sale, he often has second thoughts on whether to hold on to that share.

EXPENSIVE

The final step in becoming a bear is depositing with the broker a sum of money equal to the price of the share being shorted. Furthermore, if the share price rises instead of falls as you are expecting, you must increase your cover accordingly. This makes short-selling an expensive business.

The ordinary investor has to have strong nerves and a deep pocket if he wants to become a bear. As a result few do, especially as the rewards are rarely large.

Bear operations are best left to the professionals. These people make their money by bearing a share when it is temporarily in short supply, as can happen when large orders are placed for it.

They thus prevent the price of the share from

Shops in bid to secure discount

CT 28/3/8 (30)

Staff Reporter

THE Spar organization is negotiating with leading food producers to ensure that independent retailers in the Western Cape are granted discounts similar to those recently made available to at least one major chain store.

The chairman of Grand Bazaars, Mr Manual Sachar, announced this week that his company would reduce food prices by up to 10 percent through a "double discount" system. He said many of Grand Bazaars' food suppliers were cutting prices by up to five percent and his company would match this, slashing costs by as much as 10 percent.

Inflation

Fuelled by soaring food price inflation this year, Mr Sachar's announcement has sparked off a price war, with other major chain stores promising similar price reductions to avoid being undercut.

The regional marketing manager of Spar, Mr Tony Rose-Mathew, said in a statement yesterday: "Some food suppliers are indiscriminately cutting prices to assist certain major chain stores. But what about the independent retailer battling to maintain market share, yet still offering good prices and personal service."

'Benefits'

He said Spar would ensure that independent retailers "reap the same benefits and pass it on to their loyal customers".

Spar is part of the world's largest voluntary independent retail organization and has 70 stores in the Western Cape comprising the Spar Foodliner, Spar Foodmarket and Kwiksave stores.

Mr Rose-Mathew said his company was also negotiating with the South African Railways and other transport authorities for special railage rates to cut transport costs — one of the major causes of higher food prices in country towns.

Pick 'n Pay gallops to final 200c

ROM 28/3/81

~~249~~ 30

By HOWARD PREECE
Financial Editor

PICK 'n Pay surged strongly in the second half of the year to February 28 to record a 49% increase in net taxed profit to R16 804 000 from R11 209 000 in the 1979-80. A final dividend of 200c has been declared against 112c the previous year.

This takes the total to 256c compared with 160c before.

Earnings a share rose to 717c from 481c.

The group has reduced the dividend cover, in line with previously declared policy, from 3 to 2,8.

Turnover for the year was up 34% at R745-million from R555-million.

At the interim stage net profit was 32% higher, so there was clearly an enormous boom over the September to February months.

The chairman, Mr Raymond Ackerman, says the full annual results are "a reflection of the huge growth in consumer spending during the latter half of the year complimented (sic) by the penetration of the company into the non-food market".

He says the net profit percentage before tax increased by 0,28% "which was achieved largely through increased non-food sales, particularly in the hypers, which carry a larger margin of profit than food".

"As a result of the increased non-food sales the company was able to maintain food margins, notwithstanding rapidly escalating costs."

Mr Ackerman says: "The economy has been particularly strong during the year just ended and the trend is continuing, although it is difficult at this stage to forecast the duration of the present vigorous economic climate.

"Nevertheless I am confident that the year as a whole will be strong."

COMMENT. The results yet again confirm Pick 'n Pay's remarkable growth record and are far better than the rather cautious interim projections by Mr Ackerman suggested.

Because of worsening inflation, however, real growth is not as spectacular as the money values suggest.

At 4600c the share offers a historic dividend yield of 5,6% with earnings of over 15%.

For a company of Pick 'n Pay's record those are generous on conventional assessments.

Admittedly the high rates of inflation and interest rates in South Africa make comparisons with previous bull markets deceptive, but the figures for Pick 'n Pay do illustrate the underpinning strength of today's market, subject to the general performance of the economy and the gold price.

Mr Ackerman does make one rather odd claim.

This is that "it is my intention to maintain, and if possible reduce, our existing margins of profit in food, to assist hard-pressed consumers in making ends meet."

As it stands that is a trifle absurd. There is nothing to stop Pick 'n Pay from drastically cutting profit margins, or indeed giving food away, to assist the needy if that is what is really wants.

What Mr Ackerman presumably means is that it is the hope that efficiency can be even further improved, in the whole field of food supplies, so that Pick 'n Pay can increase profits even more by reducing margins and thus boosting sales.

Hypers in van of Pick 'n Pay surge

CT 28/3/81 (30)

THE HUGE growth in consumer spending, and a strong venture into the clothing and hardware fields has pushed the turnover of Pick n' Pay Stores Ltd for the year to February to R745 m, a R190 m, or 34% increase over the previous year.

By ALEX PETERSEN Finance Reporter

After-tax income for the group rose over 47% from R11,8 m to R17,4 m, and earnings per share rose 49% from 481 c in 1980 to 717 c this year.

The bonus for shareholders is that dividend cover, following the earlier stated intent, has been reduced from 3 to 2,8, thus helping to push the total dividend from 160 c to 256 c.

The final dividend for the year to February, 1981 is 200 c (1980: 116 c).

Chairman, Mr Raymond Ackerman, said that growth from the hypermarkets, in particular as a result of increased sales in textiles, clothing and hardware, which carry a larger profit margin than food, had played a major role in the growth, which greatly exceeded forecast results.

He said that "as a result of the increased non-food sales, the company was able to maintain food margins, notwithstanding rapidly escalating costs". The directors said yesterday that the group currently maintains profit margins of 3,5% — or about 2% after-tax — on food.

Mr Ackermans said that during the year the group opened two hypermarkets as well as four supermarkets, "all of which have traded successfully".

"Our Port Elizabeth hypermarket, notwithstanding fierce competition, has exceeded expectations".

Mr Ackerman said that the Mitchell's Plain store had recorded sales 15% above budget in the few months that it had been open. The share issue to the community for the store had been oversubscribed.

Plans for the group in the coming year include a hypermarket in Klerksdorp, a superstore in Witbank, and supermarkets in Kimberley, Bloemfontein, Durban, Nelspruit, and Claremont, which, says Mr Ackerman, are practically all areas not presently served by Pick 'n Pay stores, and he anticipates that they will all show succesful trading.

While the group leases most of its stores, following the original group policy, there had been a departure from this in that two of the group's supermarkets, and two hypermarkets were in premises owned by the group.

This policy change had helped to guard against rising rentals, Mr Ackerman said.

He added that during the coming year, the group was hoping for further 25% increase in profit, and this estimate could be on the conservative side, but turnover by the end of next year could be reaching the one-billion rand level.

How Picbel keeps glowing, growing

S. Times 29/3/81

30

By Andrew McNulty

ONCE LOWLY CONGLOMERATE NOW SOUND GROWTH STOCK

LAST week's furious trading in Uniewyn shares is only the latest of a series of remarkable events that have transformed Jan Pickard's Picbel group from a lowly rated, cash-strapped conglomerate to a highly liquid operation with wide-quality interests in consumer markets.

Until the wild take-off last week, the share price suggested that the market had not yet digested fully the extent of the change and adjusted the share's rating accordingly. With the share price at current untoward levels, no proper judgment can be made.

Annual turnover of the growing Pickard giant to June 1980, as the consumer boom was taking off, was R500-million compared with the previous year's R391-million.

As the ultimate holding company of Uniewyn and Picotel, Picbel could gain much from the deal with Coki, which would lead to the creation of the country's biggest liquor-retailing partnership, giving Picbel an interest in 130 outlets.

The Coki/Uniewyn deal would also create an alliance of dynamic entrepreneurs in Jan Pickard, Natie Kirsh and Mervyn King.

The turnabout in the group over the past 14 months has been so dramatic and effective that some analysts say Mr Pickard has a shrewd mastermind behind him in Volkskas Merchant Bank (VMB), which has played a strong role in the new course.

VMB has been in the background since 1979, when it reviewed the group's organisational and financial structure before coming up with complex reconstruction proposals.

In November 1979, Picardi Finance, a subsidiary of Sagit, which is wholly owned by Picbel, took over Picbel's total food and liquor interests. These were represented by Picbel's 59% stake in Union Wine, its 86% holding in Picardi Canners and its 62% interest in Asokor.

The net result was for the Pickard group to sell off companies and divisions no longer fitting into its area of expertise — effectively also getting rid of duds — enabling emergence of a financially sounder group with defined targets.

In June 1980, there came the rationalisation of Picbel's meat interests, which resulted in a 40% interest in the Kanhym subsidiary, Karoo, and left the Picbel subsidiary, Asokor, with R18-million in cash.

In September, Mr Pickard built up a strategic stake in Tollgate Holdings which has interests in property, transport, insurance and finance.

Early this year Piccan sold its canning assets to Langeberg for R7-million. Also, Katz International, a 100% Picbel-owned, profitable wholesale distributor of white goods including Hitachi, Indesit, Proctor Silex and Whirlpool, was to be fed into Piccan, thereby obtaining a JSE listing.

Although figures are no longer strictly comparable, net asset value of Picbel leapt by more than 400% from 110c to 416c, in the 12-month period ending June 30 1980.

The successful conclusion of the proposed deal with the Kirsh Group's Coki will raise Picbel's NAV by a further 41c a share.

According to a joint statement on Friday, the liquor deal will go through, even if "the means are changed". This will make Pickard the only really large liquor retailer within a few years.

A market analyst (who has a position in Picbel) estimates that NAV must now be close to 750c a share, including at least 340c in cash.

He forecasts earnings of 140c a share and dividends of 20c in 1981, compared with earnings of 80c and dividends of 8c last year.

The logical progress of the restructuring could be to split the group into two main arms: manufacturing and marketing, and a retailing arm.

The cash and the expertise are now available to forge rapid growth in areas such as liquor, hotels and perhaps completely new sectors.

1) Number of rooms.

The number of rooms in a house is related to its

ves as a measure of

of rooms, average

house.

number of people in house:

eek at weekends and

during school

holidays

3,4

5,0

5,7

6,2

6,3

nclude the worker-

e lived at weekends

tion of the people

rding to square metres

30 29/3/81

Industrials get boost from U.S.

LEADING South African industrial shares received an unexpected boost from the US this week. The prestige weekly, Barron's, tipped blue chips as a good buy.

Smart local investors with eyes not riveted on the bear-squeeze debris left on the JSE floor after the Union Wine-Cape Wine battle should have looked up at the industrial board, where good advances were chalked up.

Shares tipped included Barlows, Sasol, SA Breweries, Hiveld, Samancor, Abercom and Fedvolk.

Some of these, such as Sasol, Hiveld, Barlows and Samancor, are probably being punted because they produce some of the strategic metals on President Reagan's proposed stockpile list.

The industrial holding index climbed by over 40 points as Barlows rose to more than 1 100c before succumbing to some profit-taking.

Interest in SA Brews sent the beverages index soaring while the steel index surged on Hiveld. Sappi was strong in papers while Sasol (off a shade) and Sentrachem boosted the chemical sector index.

Collieries were also given a fillip by favourable renegotiation of Japanese contracts. Also, astute institutional investors climbed into Tavistock as they stand to reap tax advantages by taking the cash offer of R35 a share, plus a R50 special dividend.

Gold rallied mainly on heightened tension in Poland, which elicited a strong hands-off warning from President Reagan.

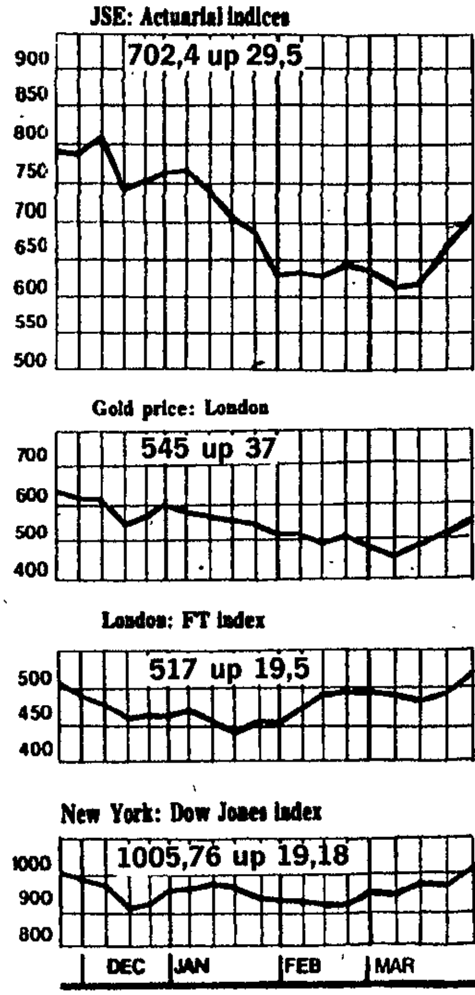
A technical reason for the gold-price rise this week was a quick covering-in of bear positions by bullion dealers who believed that the price would sink to $450.

Gold shares were intermittently marked up over the week and seemed set to go up on Friday morning, spurred by the overnight US spot price of $550.

But the underlying caution about gold holding up at this level and fears of another sudden sharp reversal brought gold shares off their highs of the day.

Elizabeth Rouse

Three months trend



Pick 'n Pay's R100-m on

S. Times 29/3/81 30

By Elizabeth Rouse

PICK 'n Pay is involved in a R100-million shopping centre expansion programme, with personal capital commitments in land and buildings, fixtures and stock totalling between R65-million and R70-million.

The group's ambitious plans were spelt out to me late on Friday by chairman Raymond Ackerman, who says he is confident that the group will maintain its supergrowth record in the coming year.

The expansion programme includes a hypermarket in Klerksdorp, a superstore in Witbank and supermarkets in Kimberley, Bloemfontein, Durban, Claremont (Cape) and Nelspruit.

Practically none of these areas is at present served by a Pick 'n Pay store, and Mr Ackerman is confident that they will all show successful trading.

Going by the record, the group should equal its achievement ... Steeledale operation.

which became profitable in less than three months. It takes European supermarkets one to two years to turn profitable.

The secret of Pick 'n Pay's brilliant results for the past year — which are way beyond analysts' expectations — has been the tremendous jump in trading volume by R190-million, says Mr Ackerman.

Otherwise he admits that it will not be easy to maintain a supergrowth rating from such a large base. Nevertheless, prospects look buoyant and the policy of keeping margins low should keep luring more customers.

Pick 'n Pay's turnover rose by 34% to just under R745-million, earnings jumped by almost 50% to R16,804-million, and, with earnings a share up at 717c from 481c, the dividend total has been lifted by 60% to 256c from 160c. As promised, cover has been reduced to 2,8 times from three times.

Pep is the top of the pops

S. Times 29/3/81

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~~249~~

By Elizabeth Rouse

PEP Stores, the Cape-based manufacturing and retailing group, has burnished its image, both with its customers and investors, by producing brilliant February year-end results.

Pre-tax profits are up 85% at R20,368-million (the figure predicted by Business Times at the interim stage last year) on a 27% rise in sales to R201,8-million from R10,986-million in the 1979-1980 year, when turnover was R158,5-million.

The final dividend has been raised by 15c to 55c bringing the year's total to 80c, three times covered by earnings, against 60c paid in the previous year.

Taxed profit growth is slightly lower because of a high tax rate — net income is up at R13,991-million from R7,814-million, making earnings growth 79% to 249,8c from 139,5c.

Pep's profit growth has been outstanding over the past decade, except for a lapse in 1978, when earnings declined a shade for various reasons, one being a slower start to economic recovery in black trade.

Over the past decade compound growth rate has averaged 33,8% a year with the pretax profit level up from barely R1,5-million in 1972 to this year's mark of almost R20,4-million.

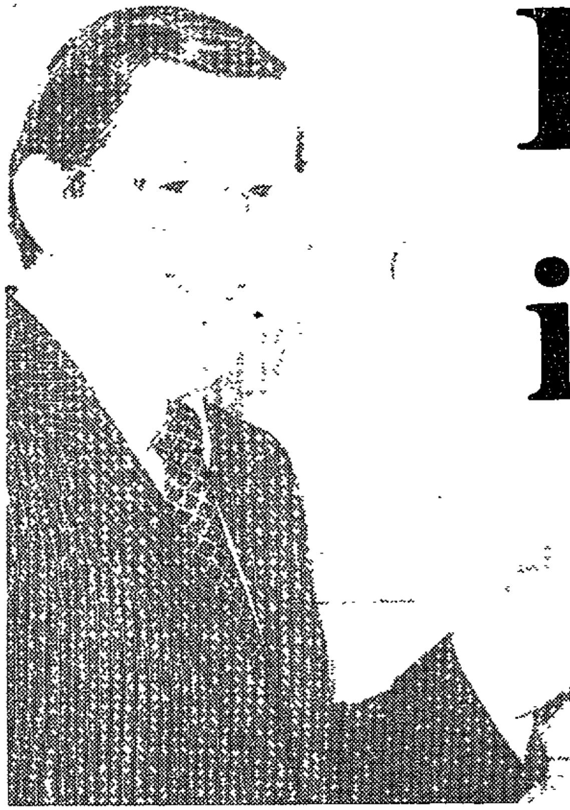
Earnings and dividend growth over the same period have also been impressive, rising on a compound basis of 32,2% and 27,5% respectively.

Chairman Renier van Rooyen is confidently expecting further material profit growth in the current year.

Pep's price has since risen above 1 000c, which puts Pep on a dividend yield of around 7,7% and an earnings yield of 24%, compared with the store sector's average dividend yield of 4,9% and earnings yield of 11,6%.

Kirsh and Herber in head-on clash

S. Times 29/3/81 30



BRUCE HERBERT . . . "They just cannot wait for us to open"

METRO's Natie Kirsh and Gresham Industries' Norman Herber are heading for a major clash in the increasingly fiercely contested cash-and-carry consumer goods field.

At present, with R404-million in turnover, Metro is the largest wholesale cash-and-carry operator.

But Gresham, via its subsidiary, F & S Cash and Carry, plans to spend no less than R270-million on developing nine major outlets in areas close to the homelands

First shots in the battle will be fired in Pietersburg this year when F & S opens its first store in direct competition with Metro, which is also building in the town.

The F & S store will cover 14 000 sq m and cost R30-million, while the Metro operation is 9 000 sq m and will cost around R3-million. They will carry an almost identical line of goods. It is also Metro's first "jumbo" store and the first to carry soft goods and other non-food items.

If successful, Metro, which has won the Sunday Times Top 100 companies award three times, plans to build more jumbo stores at a later stage

The Gresham project is significant in that until now the company has concentrated its expansion on acquisitions. This is the first major project to be launched from within.

The scheme will be partly financed from internal sources and partly via leasebacks on the buildings.

Gresham Industries has had a somewhat chequered career, starting off life as a dress manufacturer in which the Greatermans group had an interest Through a complicated series of deals it wound up as the apex of the Greatermans pyramid.

By Tony Hudson

When Federale Volks bought control of Greatermans late in 1978, Norman Herber, who was chairman of the store, acquired 50% of Gresham shares, which he still holds. When the holdings in the group by the rest of the Herber family are taken into consideration, he effectively controls over 60%.

F & S chief executive Bruce Herbert tells Business Times that he is hoping for a turnover in the region of R15-million in the first year of operation, increasing by about 20% a year thereafter

Working on a margin of about 5%, this would give the operation a trading profit in the order of R750 000 for its first year With Gresham's after-tax profit in the region of R1.3-million last year, the impact on earnings for the first full year of operation could well be an increase in the order of 30% or more.

Mr Herbert says that the whole project has been extensively researched by both Gresham and the University of South Africa The results, he says, are very positive He points out that in neighbouring Lebowa there are 4 000 independant small traders

These people, he says, have a supply problem in that they must buy from other traders or direct from the supplier This means quantity problems, delays and having to truck the goods from the railhead to their store

"We have spoken to them, and they just cannot wait for us to open."

An interesting sideline is that the food side of the operation is going to be run by Score.

Blood may still flow in wine war

S Times 29/3/81

(32) (168) (30)

By Elizabeth Rouse

THE Union Wine-Cape Wine saga is by no means over.

Blood may still flow both in company confrontation and in the aftermath of the bear squeeze.

The news from Cape Wine headquarters in Stellenbosch is that the position is unchanged at present, but there is a "possibility of an announcement coming".

All that can be said is that top Cape Wine executives are in constant meeting. Probably security is strict enough to exclude a satellite probe.

Meanwhile, rumours are buzzing in Johannesburg broking circles with various loss figures being pinned on to the principal bears. It is now believed that Rand Merchant Bank's loss will be R100 000 after tax.

But a broker who has been heavily involved in the principal buying operation says that the position will remain unclear until this coming week at least.

Since reinstatement of Union Wine shares this week, trading appears to have been restricted to operators covering short positions through buying from small investors wanting to take profits.

But, of necessity, the amount of shares coming on to the market has been in small lots of around 100. Only 13 050 shares were traded on Thursday.

Unless one of the major shareholders decides to make shares available, there is a possibility that the JSE committee will have to decide on a make-up price.

But who is going to sell shares now if Cape Wine promises to return to the fray?

Spectacular stores results reflect '80 boom

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57MM

20/3/81

By Ann Crotty

The economic boom of 1980, which saw the rate of real growth at 8 percent and effected a high level of economic activity in all sectors of the economy, is reflected in the excellent annual results which are being announced by the stores sector.

Record profit for PEP

PEP, the Cape-based manufacturing and retailing group, announced record pre-tax profits of R20,4-million for the year ended February 1981.

Earnings per share totalled 249,8c (139,5c) and the directors have declared a final dividend of 55c a share (40c) which means that the group will have paid a three-times covered total for the year of [illegible]c a share (60c).

Since 1972 pre-tax profits have grown at a compound growth rate averaging 33,8 percent a year.

Over the same period earnings a share and dividend growth have risen on a compound basis of 32,2 percent and 27,5 percent respectively.

Apart from improved trading conditions the group has benefitted from strong cost controls and from no calls on resources by the former loss making operations of Papillon. — Ann Crotty.

An increase of 8,5 percent in real private consumption expenditure in 1980 has helped to boost the profits of this sector. The increase was the highest recorded in any single year during the post-war period and was based on a further rise in real personal disposable income and the ready availability of consumer credit.

The rate of increase in real private consumption expenditure remained high throughout the year and accelerated somewhat in the fourth quarter. More outstanding results are published today.

Announcing a 44,8 percent increase in the pre-tax profits of Pic 'n Pay chairman, Mr Raymond Ackerman said that the economy had been particularly strong during the year, and that the trend was continuing.

That the increase in consumption was spread across all population groups is reflected in the excellent results produced by PEP stores. Announcing an increase of 85 percent in pre-tax profits, chairman, Mr Renier van Rooyen, attributed much of the record results to the generally favourable trading conditions.

Also published today are the Foschini results which show an increase in pre-tax profit of 56,4 percent (not allowing for the lifo based adjustment).

Earnings per share was 1 079c (782c) and total dividend of 483c a share (same) has been announced.

200c final dividend from Pick 'n Pay

Pick 'n Pay has announced pre-tax profit of R28,1-million (R19,4-million) for the year ended February 28, 1981.

This 44,8 percent increase was achieved on a turnover of R745-million, which was only 34 percent up on the previous R555-million.

After tax income was R17,4-million (R11,8-million) and earnings were R16,8-million up from the previous R11,2-million.

Earnings per share was 717c (481c) and in accordance with the company's declared intention to reduce the dividend cover and in the light of the results the directors have decided to declare a final dividend of 200c per share, making a total dividend for the year of 256c a share (160c) which is 2,8 times covered (3,0 times). — Ann Crotty.

Big advance in

Pep record

RDM 30/3/81

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(249)

Financial Reporter

PEP Stores, the Cape-based manufacturing and retailing group, had record pre-tax profits of R20 400 000 in the year to February 1981 — 85% above those of the previous year.

Earnings a share totalled 249,8c (1980: 139,5c).

The directors have declared a final dividend of 55c (40c), which means the group will have paid a three-times covered total for the year of 80c (1980: 60c)

Since 1972, Pep's earnings and dividends have grown at an average annual compound rate of 32,2% and 27,5% respectively.

Mr Renier van Rooyen, the chairman, says the group's annual report, to be published early in May, will contain a specific earnings forecast for the current year.

After the three lean years from 1976 to 1980, the group has returned to a better than 10% margin on turnover.

Mr Van Rooyen attributes the latest improvement in margins and profits to generally favourable trading conditions, strong cost controls and no further call on resources by the former loss-incurring operations of Papillon.

Further profit growth also flowed from the total integration and restructuring of the group's Half Price Store outlets and the total use of its factories.

Campaign aimed at black consumers

RDM 30/3/81

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Pretoria Bureau

Members of the Southern Transvaal Chamber of Commerce (Soutacoc) were encouraged yesterday to launch a "buy-at-home" campaign to encourage the black consumer to buy in black markets.

Chamber members said at a meeting held at a Pretoria hotel yesterday they could encourage black consumers to buy from black traders by ploughing their profits back into their communities.

Soutacoc's secretary, Mr S P Kutumela, said this could be done by establishing bursaries and by rendering good service to old age pensioners.

Mr V L Kraai, a committee member, said there was a battle between black and white traders to win black customers. Black traders should launch a buy-at-home campaign aimed at discouraging blacks from buying outside the black markets.

Other members felt they should stop being "individualistic" and "money-mongers" by forming community upliftment projects to make the community realise the value of black traderZ.

The campaign could also be enhanced by traders' involvement in various community activities, members said.

Soutacoc is to take part in a regional industrial exhibition to be held at Milner Park from May 26 to May 27.

(30) SOWETAN SOW

31/3/81

22 blacks graduate in business course

By NORMAN NGANI

PROFESSOR George Marais of the Unisa School of Business Leadership spelled out problems confronting black traders in his speech during a graduation ceremony at the University of South Africa at the weekend.

Twenty-two successful candidates of the small business management programme were presented with their diplomas.

They are Messrs S M Bodibe, L Ditshweni, R Hlongwane, L T Kekana, D Khoza, P Kutumela, T Lesolang, Modisane, S Mohlaba (the only woman), P Molopyane, L Mosiko, W Motloung, V Naidoo, A Ndebele, K Neswiswi, M Rampeng and M K Tlakula.

Prof Marais, the guest speaker at the function said the problems included the effects of advertising, inflation squeeze, the burden imposed by the increase in Government laws, effects of taxation on capital formation and monopoly of larger firms.

These factors, Prof Marais said, were detrimental to the development of black business. "It would appear that these problems are more harmful to black business than that of whites."

He said on the other hand black traders were confronted by the problem of ownership of land and were excluded from ownership of certain physical facilities in white metropolitan areas.

Mr Mashao, spokesman for the graduands said there had never been a greater need for black participation in the economy of South Africa.

He said Unisa, in running business courses, was making a worthy contribution towards equipping blacks for the challenges which faced them.

SA Industrial Week 31/3/81

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Drop obstructive laws, says chamber

By James Lodge

LEGISLATION that is obstructive to business should be reviewed and where necessary scrapped.

This suggestion has been put forward by the Cape Town Chamber of Commerce as a necessary step in the campaign to encourage the development of small businesses.

"The whole question of the legality of businesses in terms of statutes, ordinances and bylaws should be reviewed," it says in its latest information circular.

The chamber has also appealed for established companies to give active support to what it calls "informal sector business men" with orders.

It says some companies in the Transvaal are already doing this and the principle ought to be extended.

It suggests that the Small Business Development Corporation should act as an agent in the promotion of the products and services of small businesses.

"Chamber of commerce and industries could be invited to assist by publishing lists of products and services available from informal sector producers."

In another recommendation, the chamber says: "Because small businesses rarely make a taxable profit, there would be merit in applying a tax concession in respect of interest on business loans to small enterprises, allowing a double deduction of loan interest paid."

1/4/81

Sowetan

STA calls for Wrab boycott

THE SOWETO Tavern Association issued thousands of pamphlets urging the people of Soweto not to buy liquor at Soweto bottle stores.

By Elliot Makhaya

The boycott on the Wrab owned bottle stores started on Monday with members of the STA standing at bottle stores distributing pamphlets urging people to boycott the bottle stores. The reason given in the pamphlet is police harassment and the delay by Wrab to legalising shebeens.

The boycott yesterday was effective at some places and less so at others. At Phefeni and Diepkloof there were no sales at all but in other places the boycott only started gaining momentum late in the afternoon.

At Merafe bottle store police were called in when shebeeners barred a policeman from entering the premises.

A Public Relations Officer of the STA, Mr Bails Buduza says the boycott will go on until their demands are met. Mr Buduza says shebeeners will not stop selling liquor "but will definitely not buy from Wrab owned stores."

Shebeeners say they will buy from bottle stores outside the township. This means that they will be charged for "introducing liquor into the township," a fine of not less than R50. Shebeeners say they are well aware of the risk and are preparing themselves against it.

"We have more than R3 000 reserves to pay fines for those who will be arrested," said one shebeener.

Major O P Mazibuko stationed at Protea says police will continue raiding shebeens until they are legalised.

"We are law makers and we will go everywhere to stamp out crime," he said. He added that police will arrest all people bringing liquor into the township.

care of their own mothers, of whom one was spastic and partially sighted due to tuberculous meningitis as a child, one a 15 year old and one destitute because the father was in a TB hospital. Four mothers were dead, one a defective epileptic and nine were working, seven because their menfolk had deserted them.

Of the nine fathers who had not deserted their children, one was a cripple, one in gaol and one in a TB hospital, so that only six in the whole group contributed at all towards their children's care and in none of the cases was this more than R3/month, so that poverty was universal.

Children not in the care of their mothers were mostly with relatives too old to provide adequate care for young children. Four were known to have old-age pensions, two were frankly senile and one died while the baby was in hospital. Other guardians were young children and teenagers.

Under these conditions of desertion, unsuitable guardians and poverty, it is likely that most children had suffered poor nurture and severe emotional deprivation before admission.

(c) Adequate convalescence. Malnourished children were not discharged until they were gaining over a reasonable period as it was felt that if trained doctors and nurses could not initiate recovery it was unreasonable to expect untutored guardians, living under conditions which originally caused the condition to be able to do so. In hospital malnourished children who survive and have no other diseases often show convincing weight gain and socialisation within a month and may be considered medically fit for discharge. However the relapse and mortality rate after such apparently adequate hospitalisation is very high.

Thus, of fifty children who were cheerful and gaining on discharge, five had died of another episode of malnutrition, twenty were losing weight, twenty were stationary and only five were thriving at follow up at three months.

It seemed necessary from these findings to keep children longer and thoroughly to investigate the conditions into which they were to be returned before they were discharged. This leadsto a policy of prolonged convalescence, which of course leadsto overcrowding in the ward. This was solved by accommodating children in huts in the local

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Appeal for multiracial CBD

S Tm 14 4 81

By James Clarke

The Central Business District Association (CBDA) of Johannesburg and the Johannesburg Chamber of Commerce have asked for the entire extended CBD of Johannesburg to be opened up for all races for trade, industry, commerce and the professions.

The area stretches from the M2 motorway in the west, to Doornfontein in the east, and "should logically include Braamfontein."

The plea is contained in the CBDA's chairman's report to be delivered at a meeting next Tuesday.

The chairman of the CBDA, Mr Nigel Mandy, said there are now several non-racial restaurants in the city and nearly all hotels now accept all races — "with no signs of friction apparent."

The report rejects the recent Government suggestion that specified areas of the city be declared multiracial.

The association has also appealed for the establishment of a metropolitan authority for the "inner Witwatersrand" (Johannesburg and the towns clustered around it) with its seat in Johannesburg.

"This should include not only white municipalities but also the coloured and Indian areas and the black community council areas."

The authority would take over the functions of the Transvaal Provincial Administration and would be entitled to direct supplementary funding from the central Government "to whose coffers this area makes large contributions."

The second tier of metropolitan government would be local councils.

In the report the CBDA also states it has misgivings about certain trends in the central core, including the fact that "downtown trading, although powerful, is undoubtedly in a state of flux."

It views Johannesburg "as the sun around which satellites like Randburg, Sandton, Germiston and Soweto revolve" and the state of its economic health affects the entire region.

Johannesburg, the report states is the central core of an area which is one percent of South Africa's land surface but which employs 41 percent of economically active whites, 30 percent of blacks and produces 45 percent of the gross national product.

"Adding five percent per annum compounded to the assets and the productive capacity of Johannesburg will achieve far more than creating a new city in the veld. It will be easier, faster and will cost far less capital."

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ing years and two orphanages, St. Francis Home and St. John's Hostel, were opened mainly for "epidemic orphans".

Gratitude among 'flu victims for this relief and that which had preceded it during "Black October" was overwhelming. Between late October and December 1918 the Cape Times was filled with notices and letters expressing gratitude to firms, Welfare Organizations and relief-workers. Help had been given irrespective "of all caste or race distinctions" declared the Mayor proudly, while Dr. Abdurahman, a leading Coloured spokesman, stated that, "No coloured man who witnessed what took place in October...would ever forget the self-sacrificing labours of those...who ministered to the coloured community in its hour of need."[72] Indeed, in 1919 the Wesleyan Synod was told that the relief-activities of its Coloured Circuit during the epidemic "...had made a lasting impression on the minds of those who might otherwise have been left to perish. Congregations had increased, and the circuit was embarassed by the work spreading beyond the scope of existing means of work."[73] Sixty years later, in 1978, the

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vealed by the 'flu. Certainly, even at its height, the 'flu had difficulty in competing with war-news for the headlines. Secondly, the end of the war let loose old problems which had been contained for the duration; it produced a crop of new ones as well. Of these, the continuing spiral of costs was a particular obstacle to carrying out new plans and reforms. Thirdly, though the 'flu recurred elsewhere in the Union, it never returned to Cape Town in any significant form. This may have helped speed the waning of the sense of urgency which had characterized the calls for reform in 1918. Finally, people who had experienced the horrors of death on such a scale during the epidemic were probably anxious to put the event which had caused these resources allocated to health services, since the growth rate of the supply of hospital beds was considerably slower than the growth rate of per capita incomes.

When, however, the racial distribution of hospital services is examined a bias in favour of Whites becomes clear; in 1960 there were 100 Whites per bed, against 186 Blacks per bed; and in 1975 the White ratio

4. The Racial Distribution.

In 1970, Blacks accounted for 83 per cent of the population, and Africans accounted for 84 per cent of all Black people. At the same time Whites received approximately 72 per cent of personal income, and Africans 19 per cent, resulting in a disparity of 15:1 in the ratio of White to African per capita incomes, and 5,1:1 and 6:1 for the ratios of White to Asian and White to Coloured per capita incomes[15]. Rural African incomes

...amies are

had incomes below their Poverty Datum Line.

The relatively low incomes of Blacks have two immediate effects on health. The first is the lower level of health which results from poor diet and environment and this is clearly illustrated in Table 8.

(15) M.D. McGrath, Racial Income Distribution in South Africa, Black/White Income Gap Project, Report No. 2, University of Natal, 1977.

(16) Calculated from National Accounts of the Bantu Homelands 1969/70 to 1973/74, Department of Statistics, Report no. 09-17-01. Table 1.1 and 2. Incomes of commuters are included, as well as one-third of the incomes of migrants.

(17) G. Maasdorp and A.S.B. Humphreys (eds), From Shantytown to Township, Juta, 1978, pp. 109 and 110.

Kirsh, Pickard get Uniewyn

RDM 3/4/81

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By HAROLD FRIDJHON

THE Kirsh-Pickard team has won control of Union Wine. A laconic statement by Mr Mervyn King, chairman of the Coki Corporation, says that the Coki Corporation/Picardi Finance camp holds 75,1% of the issued share capital of Union Wine.

Mr King would make no further comment, but earlier market speculation suggested that the bid by Cape Wine & Distillers to block the Coki/Picfin scheme had been successful enough to get more than 25% of the "victim" company.

The reason why the Cape Wine rumour gained some credence was because of the highly fluid state of Union Wine dealing on the Johannesburgh Stock Exchange. Shares were owed to the market as a result of all the bear selling, but until these shares were delivered neither party in the market tussle could be sure whether it had bought real or phantom shares sold by bears.

Mr King's statement puts an end to all this speculation because, I believe, Coki/Picfin have physical share certificates in their possession to leave no doubt that they hold considerably more than 3 500 000 of the 4 474 600 shares in issue.

The market is suffering from a physical shortage of scrip. This is the result of delays in the postal service. There is a possibility that a large number of share certificates might be in the company's office awaiting registration or, perhaps, splitting.

The brokers who acted for Cape Wines are now calling in shares and this could cause distress to market operators because if they are unable to deliver when called on to do so, the buying brokers might demand that a make-up price be declared.

If a broker who covered in his short position by buying shares at, say, R10 a share and who is awaiting delivery of scrip is then forced into a make-up price situation, he would suffer a double loss.

It is believed that Mr King made his statement in an endeavour to alleviate the acute market situation by declaring his position. It has been suggested that the Coki/Picfin camp might even sell any excess shares that they hold to assist the market.

If this is so, it would be reasonable to expect the Cape Wine camp to make a similar gesture. If it has lost the battle, it could offload some shares — at a profit.

Brokers said last night that a supply of scrip would assist the market and save many brokers — and others — from further financial loss.

Methods of economic analysis generate questions which may at present be unanswered ; the techniques may be inapplicable due to lack of data. Thus the approach of health economics which stimulates the collection of information in the form required for policy making, and which seeks to define the real nature of health problems, may be a more valuable contribution than specific techniques, at this stage in the history of the health systems of Southern Africa.

3/4/81

Soweto bid to end bottle-store boycott

STM

Behind-the-scene moves are taking place to try to end the five-day-old boycott of Soweto bottle-stores owned by the West Rand Administration Board.

Wrab chairman Mr John Knoetze said today he was doing everything possible to defuse the matter.

The board was not the only body involved in the solution of the problem. The Government was also involved, he said.

The bottle-store boycott started on Monday when members of the Soweto Tavern Association called on the board to hasten the legalisation of shebeens in the area.

They accused the board of frustrating their efforts to get legal recognition and claimed police were harassing shebeeners and arresting those who bought in bulk.

Mr Lucky Michaels, chairman of the shebeeners, said he had met Wrab officials yesterday, and was meeting the police today to try to end the boycott.

APPENDIX I

INDICATORS OF HEALTH STATUS

Different measures of 'health' are appropriate for different purposes. Some of the functions which indicators can serve are:

a) to measure changes in public health status over time or difference between regions;
b) following from the above, to estimate the impact of health services over time and in different areas;
c) to provide an overall measure of health for public discussion and debate;
d) to provide a measure for the evaluation of specific expenditures according to the results each is expected to produce.

A single indicator obviously has advantages of convenience for all of these but more than one indicator could be used. Only for the last function, evaluation of health expenditure, is there a fundamental need for a single indicator.

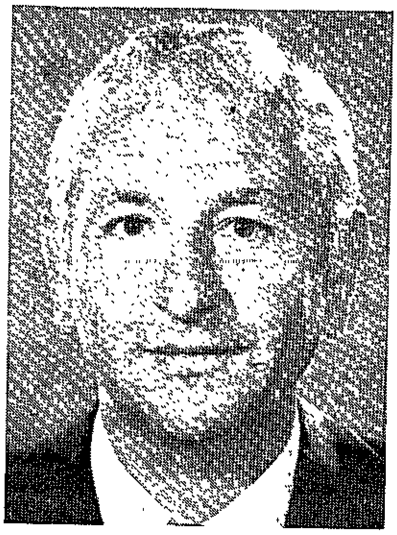
The use of a health measure to indicate relative need for health programmes in different areas is an important related issue, but measures of 'need' normally depend on other factors - population, density of settlement, existing services, etc. - beyond simply health status. These are discussed in Appendix II.

1. Simple Indicators

Ideally it is deirable to have indicators relating to at least two dimensions of health: length of life and quality of life, the latter including a measure of the impact of health impairment on individuals.

a) Length of life: this can be measured by:
Crude mortality: but this reflects the age structure of the population as well as the mortality experience of each age group.
Adjusted mortality: a standard age and sex distribution is used to weight a set of age-specific mortality

(30) FM 3/4/81



CHAIRMAN'S STATEMENT

This is the 44th Annual Report of the Foschini Group and, once again, it is my pleasure to welcome you to Lefic Centre, Parow.

1980 proved to be a year of particular success in which all previous performance records achieved by the group were exceeded and significant milestones reached. Assets grew by 30,2%; sales increased by 29,0%; and net operating income by 51,2%. Trading area, for the first time, now exceeds 150 000 sq. m. (1 600 000 sq. ft.) and the number of people employed is in excess of 5 000 and productivity is, clearly, satisfactory. As the year drew to a close, the opening of the Pages shop in Maseru increased the number of Pages shops to 100, and the total number of shops in the group now exceeds 500.

Markhams, in particular, has made its presence felt in the menswear market with the opening of large shops of international standard in Eloff Street, Johannesburg, Adderley Street, Cape Town and Main Street, Port Elizabeth.

The splendid occasion, last September, which marked the opening of our Northern Headquarters and Distribution centre at Lefic Centre, Isando, in Johannesburg, heralds the advent of a new era in our development in the Transvaal, Natal and O.F.S.

Each of the four trading companies, being a viable, effective profit generator and having a clear, independent trading identity in the market for which it caters, has planned expansion for 1981 substantially in excess of that achieved in any previous year.

At the time of writing, trading results in the two months, which have elapsed, proved to be satisfactory and, subject to unforeseen circumstances, the planned growth and development in 1981 should be achieved.

However, the reduction in the price of gold and the current increases in interest rates, together with inflation and the erosive effect which it has upon the wealth of the nation and the disposable income of the people, may impede the growth of the economy and therefore, the optimum performance of your company.

In our planning for 1981, due regard has been accorded these facts and the view expressed by the Minister of Finance, namely, that 1980 was an exceptional year of economic growth and that 1981, in national terms, has been planned at a lower level.

It is hoped that effective corrective action is being prepared, particularly in the area of food and allied industries, where the proportionate price increases substantially exceed those related to other commodities, thus aggravating the inflationary process and more particularly, adversely affecting the living standards of the less privileged in our society.

The buoyancy of the current economic environment in S.A. affords development opportunities in every area of commerce and industry. Furthermore, the technology and science of retailing is rapidly developing. To be able to take advantage of these factors, retail organisations, such as ours, require people of versatility, intellect and creative talent in ever-increasing numbers which substantially exceed existing resources. A national climate of equal opportunity of employment, and education for all sectors of the population is essential to the production and development of such people, and the need for the proliferation of educational and training facilities in schools, technicons and universities is of paramount importance.

While the private sector must fulfil its responsibility in this regard in that labour and management must combine to provide job opportunities and earning capacity needed to improve the quality of life of all sections of our community, nevertheless, the contribution of the private sector can be, at best, sectionally influenced and insufficiently co-ordinated to be of total effectiveness. Determined steps at Government level in legislature, organisation and administration are essential to provide what is required to support the economic opportunity which lies ahead. Change is now a matter of urgency. The essential ingredients of the changes which are required have been well ventilated. Timeous action is now required to ensure that the opportunity, so readily recognisable, is utilised to the full.

Your group purchases over 95% of its inventory from suppliers in S.A. In common with trade in general, we have experienced a serious problem arising from late deliveries and inability to fulfil orders placed. There is every indication that this problem will be aggravated in 1981. The retail trade has grown to be highly diverse and sophisticated. These characteristics need to be retained if the industry is to realise its full potential with regard to the demands of the market and the volumes created by variety. These demands necessitate the availability of a wide range of fibres, yarns, fabrics and garments, which cannot be supplied entirely by local production, other than through the production of fragmented and uneconomic ranges.

Whilst we appreciate the need for a measure of protection of local industry, the need for extensive protection of local supply against importation appears to be unwarranted and detrimental to the industry as a whole.

The subject of people and their impact upon the business hardly needs emphasis. Your company, in order to implement its policy of promotion from within, has developed custom-built programmes for training and development of its personnel at all levels. Performance-skill courses are held throughout the country, and specialised management development programmes take place in appropriate training environments. These programmes have received official recognition and rank for special taxation consideration.

As a further tangible expression of recognition of the contribution which our people make to the group, the directors have decided to allocate the sum of R750 000 to the Group Pension Fund as a special additional company contribution, which will substantially enhance staff benefits and security, and here I wish to record my deep gratitude to all those who, through their diligence, dedication and application, have brought about the satisfactory results contained in this report.

The requirements of management information and the need for improved customer service dominate the systems programme to which your company is committed. Current developments are directed at optimum automation of merchandise and store operation by mid-1983.

In respect of the year under review the LIFO method of stock valuation has been applied to gold and diamonds in the American Swiss Watch Company Ltd. The effect of this will be to reduce profits by R1 682 000, taxation by R706 000 and to improve the cash flow by R706 000. Further research to apply the LIFO method of valuing stock in the other sections of the group is being undertaken.

It affords me much pleasure to record our appreciation of our many suppliers who have, with a great deal of ingenuity and ability, assisted us to produce merchandise of quality and appeal that continue to find favour amongst the consumers of our land. We thank them and assure them of our continued appreciation, support and close co-operation.

In conclusion, I wish to extend my gratitude to my colleagues on the Board for their invaluable support and co-operation

S. LEWIS, Chairman

Time bomb ticking in liquor industry

S. Times 5/4/81 30

Metro won't chicken out on liquor

GOVERNMENT meddling in the liquor industry has lit the fuse of a time bomb following the Pickard-Kirsh alliance and its potential to gain a major footing in South Africa's R1 700-million wine and spirits market.

By John Spira

Natie Kirsh's Coki Corporation (which publishes its transmuted listing statement today) has announced that, together with Picardi Finance (Picfin), it has physical control of more than 75,1% of the issued share capital of Union Wine.

This blocks the attempt by the giant Cape Wine & Distillers (CWD) to acquire a 25% stake in Union Wine.

As a result, Union Wine now has access to Metro Cash's 115 countrywide outlets (Metcash is 50% owned by Natie Kirsh's Kimet), suggesting that it will not be long before Coki-Union Wine acquires a major slice of the country's liquor market.

The chances of this happening are enhanced by competitor CWD's undertaking to the Government to reduce its number of outlets as a quid pro quo for the sanction of a monopoly situation whereby SA Breweries and the Rupert empire separate their respective activities into beer production on the one hand and wine production on the other.

The explosive nature of the developing situation is heightened by speculation that CWD will refuse to honour its undertaking to the Government. Should it toe the Government line, it would be wide open to the distribution muscle of the Kirsh-Pickard interests.

Now, it seems, the Government's chickens are coming home to roost. Market forces, in the form of the Kirsh-Pickard foray, have made nonsense of Pretoria's recent intervention in the shape and ownership of the liquor industry.

If, as seems likely, CWD reneges on its undertaking to trim its outlets, the Government will lose face over an issue which is legally unenforceable.

SA Breweries, too, is in the same invidious position, with Metro Cash poised to garner a significant portion of its distribution points.

That the Kirsh-Pickard team will shortly develop into a telling factor in the liquor industry can hardly be questioned. It now has the financial muscle to develop the market and the necessary distribution framework on a countrywide basis.

As Metro chairman Lionel Katz tells Business Times: "Metro will become a major force in the country's liquor industry. Two years ago, we started selling chickens. Today we sell more than 20-million birds a year. This is the sort of potential at which we are looking."

Coki's R55-m for acquisitions

By John Spira

COKI Corporation will have R55-million worth of unissued shares at its disposal when the proposals outlined in today's transmuted listing statement are approved.

A portion (around R8-million worth) of these shares will obviously be used for a rights issue to raise funds to pay for the company's successful bid, together with the Pickard group, for a 75%-plus interest in Union Wine.

The balance will no doubt be used for further acquisitions and to aid the group's drive into South Africa's liquor market.

Chairman Mervyn King tells Business Times that future acquisitions will be confined to the consumer sector of the economy and would probably be in areas related to Coki's existing fields of activity, which now comprise furniture (Russells), white goods and electrical appliances (Dions) and liquor (Union Wine).

He does not rule out the possibility that Coki will increase its 30% stake in Dions. Coki has a pre-emptive right over the remaining 70% of Dions shares.

Although the efforts of Cape Wine & Distillers (CWD) to acquire a 25% stake in Union Wine have upset the Kirsh-Pickard plans for making Union Wine a 100%-owned subsidiary, Mr King says CWD's intrusion will not affect the end result.

CWD is now a minority shareholder in what will be a private company. If Kirsh-Pickard cannot buy the shares from CWD at a reasonable price, it could have a succession of rights issues (pitched at ridiculously high prices) which will have the effect of diluting CWD's interest.

If CWD take up the rights Union Wine could use the fu[nds] to expand its liquor outlets.

Although only 6% of Coki' issued shares are currently [in] the hands of the public, th[is] proportion will rise as Cok[i] uses its paper for additi[onal] acquisitions.

Mr King adds that Uni[on] Wine's potential is "enormous", bearing in mind th[e] countrywide Metro Cash outlet now available to it, the pending legalisation of black shebeens the likelihood that blacks wi[ll] shortly be granted liquor li[c]ences and the hitherto undeveloped promise of Union Wine's hotel interests.

Book traders claim: we have been made censors

R S. Tubine 5/4/81

30

By TONY SPENCER-SMITH

MANY booksellers are furious at being made into "censors" by a new system of control over imported books.

The system — on trial for a year — has split the book trade and its introduction has caused immense confusion.

A senior spokesman for the Customs authorities in Pretoria said the system had been in force since March 1 — but the Director of Publications, Prof Braam Coetzee said he was unaware of this, despite an agreement that customs inform him beforehand.

Even the president of the South African Booksellers' Association, Mr Harry Fagan, said he did not know it was already operative.

Basically, the system means booksellers will have to ferret through their imports for books which might need to be referred to the censors.

In the past, this task was performed by Customs officials.

While booksellers agree the new system will put books on the shelves faster, many object to having to perform a censorship function and feel they will be exposed to a greater risk of prosecution and could even lose their trading licences.

Mr Benjamin Trisk, managing director of a national chain of bookstores, described the new system as "appalling."

"What the Customs are basically saying to us is that they haven't got enough staff to make the old system work.

"I don't see why booksellers should have to maintain the system for the authorities.

"How are booksellers supposed to know what books are undesirable? One has enough to do already keeping track of what has been banned, embargoed and so on, without this as well

"And an unfair part of this whole fiasco is that someone can come into a bookshop and complain about a book which is being sold in the quite legitimate belief that it is innocuous.

"It may then be embargoed and banned and, as I understand it, the bookseller would then be culpable."

Mr Trisk said: "We are being made the first line of censorship."

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the twentieth century, and with it went an impetus towards political expansion. Previously resisted by groups concerned with internal structural change in South Africa—notably those associated with Afrikaner nationalism—this political and economic expansionism acquired a new momentum during the 1960s.

The momentum of the 1960s resulted from the exigencies of continued economic growth in a forced labour economy. The low wages of blacks make South Africa's domestic market comparatively small, so that capital seeking to reinvest must either move itself outside South Africa or must develop an export market large enough to produce economies of scale. For minerals and raw materials Europe provided the markets, but in the manufacturing sphere the metropolitan market is hard to penetrate. (Though South African-made trousers may now be bought in Britain.) For South African capital it is tropical Africa, with its colonially distorted economies, which is South Africa's 'natural' outlet.

The value of penetration of the continental African market had been emphasized by white South Africans as early as the 1920s, but it has only been over the last two decades or so that it has been a conscious aim of policy. And, significantly, this has been in the context of increasing penetration of overseas capital with domestic capital in South Africa, and hence a growing congruence of interests. In 1958 the Viljoen Commission argued for the encouragement of 'overseas firms that at present export to African territories to establish their factories in the Union, in order to be in closer proximity to their markets'.[39] The events of Sharpeville in 1960 and their national and international repercussions delayed implementation to some extent, but by 1965–6 the South African government was beginning to embark on an 'outward-looking' policy: careful cultivation of allies elsewhere in Africa was designed to destroy the united front of sanctions against South Africa which newly independent African countries were erecting. The current phase of this policy in the 1970s involves the extension of economic, inducing infrastructural, relationships throughout Southern Africa. The extent to which South African political and economic expansionism furthers the interests of multinational corporations is shown in the remarks of American businessmen who were hoping 'to be in on the ground floor when the political climate eases and South African exports can move freely in Africa'.[40]

The consequences of this South African economic expansionism can be assessed in the light of the history of South Africa. Economic growth brought a concentration of industrial activity around limited geographical areas, the Witwatersrand, Durban, Cape Town, and Port Elizabeth-East London. Both inside and outside the formal borders of South Africa, other areas became peripheral satellites of these growth poles, supplying to them labour (or at most primary commodities such as cattle),[41] under coercive conditions which maintained that labour cheap. Within South Africa itself it was the

We're stronger now than ever—Parsons

S Tribune 5/4/81

~~133~~ 30 ~~330~~

Finance Reporter

SOUTH Africa is in a stronger position than ever to shrug off the imposition of economic sanctions, says Raymond Parsons, chief executive of Assocom.

Addressing the Witbank Chamber of Commerce and Industries, Parsons warned that while the threat was real, the successful implementation of sanctions was another matter.

Boycott threats were not new. But many African and other countries outwardly boycotting South Africa were unable to avoid either the temptation or the need to do business with this country.

South Africa is the world's 15th most important trading nation, has a powerful economy and possesses strategic minerals, exports food and is flanked by two oceans. It has contingency plans against sanctions and might retaliate.

"To the extent that trade and investment sanctions could be implemented against South Africa," Parsons said, "the major negative impact would fall on the lower income groups, consisting mainly of blacks in our population.

"In view also of the dependence of neighbouring states on the South African economy, they can hardly afford to apply sanctions against South Africa and certainly cannot afford to see sanctions applied against it. These states were more vulnerable than South Africa itself and include some of the poorest countries in the world."

Parsons explained that among the spheres of self-interest in which the country's neighbours would be at risk were food, employment, foreign trade, transport, oil and foreign aid. It was unlikely certain African states would do much harm to South Africa if they applied sanctions.

Against a background of a "constellation of states," South Africa might deem it wise not to retaliate, but it might be compelled by the logic of events to adopt a similar policy.

In such an economic war, South Africa would probably be the winner.

"Yet," Parsons pointed out, "ultimately with sanctions there are no winners — only losers. All, to a greater or lesser extent, are impoverished."

While Parsons felt it would be wrong to conceal the real difficulties of the situation here in the interests of idealism, he said he saw no reason to decry the concept of the "constellation", which offered challenges and advantages domestically, regionally and internationally.

This policy, he stressed, faced severe tests, but it did focus pertinent attention on what the priority should be in Southern Africa — peaceful and prosperous co-existence.

development of the white South African centre and the underde-

Liquor giants get set for war

S. Times 5/4/81

30 ~~49~~ ~~232~~

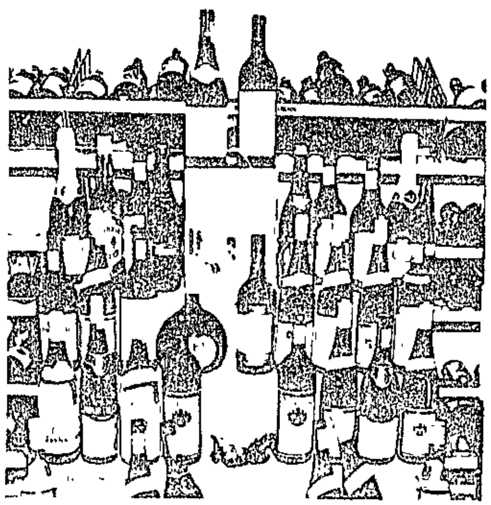
THE lines for a titanic struggle in South Africa's R1 700-million-a-year liquor distribution industry were drawn in Johannesburg this week.

Two tough independent operators combined to tackle the virtual monopolies which were created with Government sanction last year.

For South Africa's drinking men and women the forthcoming battle holds out the promise of cheaper liquor.

Taking on the giants are whizzkid wholesaler Natie Kirsh and the only major independent in the trade, former Springbok Jan Pickard.

After a fortnight of high drama on the Johannesburg Stock Exchange they headed off a blocking manoeuvre by the giant Cape Wine and Distillers group and obtained a minimum 75,1 percent stake in Union Wine — the vehicle they will use in the struggle.



They heard it on the grapevine . . . bottles of wine line up, waiting for the outcome

The scene for the battle was set when the Government sought to create two tidy monopolies — one virtually controlling wine and spirit production, the other beer — on condition that they divested themselves of retail outlets.

SA Breweries (SAB) obtained the sole rights to produce beer while Cape Wine & Distillers (CWD), which combined SAB's wine and spirit operations with those of the KWV and the Rupert interests, enjoyed almost exclusive privilege in wine and spirit production.

As a quid pro quo the State obtained an undertaking that SAB and CWD would significantly reduce the scale of their retailing activites. The aim was to ensure that the two mammoths did not control the industry from top to bottom — that is from production through to the point of sale to the public.

And the battle may result in price reductions

By JOHN SPIRA

Vulnerable

Enter Mr Kirsh and his Metro Cash and Carry, the country's largest wholesaler of its kind.

Combining with Mr Pickard, the biggest independent in wine and spirit manufacturing who also owned a string of bottle-stores and had rights to many others, they obtained control over Union Wine — and will now use Metcash's outlets to distribute liquor to the public.

Now industry sources are speculating that SAB and CWD may refuse to withdraw from retailing.

Spokesmen for the two companies were not available for comment at the weekend but industry sources said compliance with their undertaking to Pretoria to get out of retailing would leave them wide open to attack by the Kirsh-Pickard alliance.

CWD (which in any case stands to lose a good deal of money as a result of its abortive attempt to obtain a 25 percent stake in Union Wine) is more vulnerable to the new alliance than SAB because unlike the latter it is not the country's sole manufacturer of its product.

Pretoria's dilemma, say industry sources, is the impossible prospect of trying to achieve a retail divestment arrangement which may not be legally unenforceable.

Meanwhile, Metro Cash chairman Lionel Katz is making plans to gear up his 115 stores nation-wide to sell liquor.

"Obviously," he says, "we shall carry the lines of all manufacturers. But it will be difficult for Metro to overlook the close links which it now has with Union Wine.

"I am confident that in the course of time we shall come to a distribution arrangment with CWD and SAB.

"We have for some months been negotiating with CWD and SAB along these lines. Obviously a distribution agreement with us would make good economic sense.

"Metro believes it could save CWD many millions of rands in distribution and administration costs — and the same goes for SAB."

Mr Katz added that because of Metcash's huge warehouse network, retailers in remote areas would in future have no need to carry vast liquor stocks.

"Clearly," he adds, "our warehousing strengths will reduce the cost structures of many retailers."

⊕ See also page 1 of Business Times.

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Glitter, high spirits as 1980 cash flowed

S. Times 5/4/81 (30)

BUT LUXURY-LOVING SOUTH AFRICANS PAID DEARLY FOR THEIR MEAT AND MEDICINES

SOUTH Africans are still a predominantly cash-oriented society, judging by a breakdown of 1980 retail sales figures released by the Department of Statistics.

Out of total retail sales of R15 961-million — up 25,2% on 1979's R12 753-million, hire-purchase sales accounted for a mere R1 142-million while other credit sales amounted to R2 804-million.

However, there was a marked increase of 33% in hire-purchase sales from 1979's total of R858-million while other credit sales increased by 20% from almost R2 337-million in 1979.

The Cape let loose its purse strings more than other provinces. Its total spending was up by over 27% to R4 748-million from R3 733-million in 1979.

The Transvaal was by far the biggest spender. Here, retail sales rose by 24,5% to R7 791-million from almost R6 260-million.

Natal spent 25% more last year at R2 467-million against 1979's R1 974-million; while the Free State spent 21,5% more at R955-million against R786-million.

By Elizabeth Rouse

South Africans have once again proved that, if there is cash to spare, they will spend it on cultural pursuits. Book stores' sales climbed by the largest percentage of 45% to almost R264-million last year from just under R182-million in 1979.

Homes have been spruced up — spending was 33,3% more at R1 633-million compared with R1 225-million in 1979.

Everyone should have looked better dressed — customers forked out 30,5% more at R2 265-million for clothing, shoes and textiles against R1 736-million

General department stores pulled in more customers and made 21% more at R1 441-million compared with R1 190-million in 1979.

Jewellers shared in the glitter image of South Africans, pulling in over 28% more at R172-million compared with R134-million the previous year

Buoyant spirits lifted liquor stores' sales by 18,8% to R1 557-million from R1 311-million.

Unfortunately, the sharp rise in food prices does not necessarily mean that South Africans ate better. The 26,5% increase in butchers' sales to R1 030-million from R814-million is largely attributable to high meat prices.

Grocers and other dealers in foods must have kept their margins low, as the sales rise was not spectacular at R3 974-million from R3 077-million.

Chemists did not do badly, as more people developed ailments because of increased workloads and women bought more expensive cosmetics Their sales were up by over 17% to R606-million from R517-million

Trador takes on giants in wholesaling

S. Times 5/4/81

(30)

BIG BATTLE LOOMS IN R2 500-m WHOLESALE GROCERY MARKET

By Andrew McNulty

A GATHERING storm in the R2 500-million wholesale grocery market is to intensify with the opening during the next two months of new stores by Trador Cash and Carry Holdings.

Trador was established last October by four former top Metro Cash and Carry men, led by Carlos dos Santos and Joe Sargo, who went on their own 14 months ago to set up a limited-assortment retail chain, Score Discount Stores.

Score is the major shareholder in Trador with 50%. Others are David Tabatznik and Richard Lurie.

The R500-million Metro Cash and Carry group — already facing a siege from Gresham Industries' Norman Herber (Business Times, March 29) in the wholesale market it has dominated for years — will be under growing attack.

Score and Trador operate as separate entities, with no working relationship. Mr Sargo, Trador's managing director, says the company is aiming for a public listing within five years.

He projects annualised turnover of R60-million from the first three stores.

The initial two, for which stocks have been ordered, are in Bloemfontein — opposite a Metro store — and in Pietersburg.

Both Metro and Gresham's F & S Cash and Carry are building new "jumbo" stores in Pietersburg. Trador's store will be space leased inside Gresham's new complex.

By the end of 1981, Trador aims to have at least eight stores in the Transvaal, Free State and Northern Cape. It will employ assets of about R12,5-million.

The company has acquired control of Arthur Goldberg and Sons, a conventional wholesaler on the East Rand whose store will soon be converted to the Trador concept.

Another two stores are under construction on the Reef and should be trading in three to four months.

"We are negotiating for another six sites for stores. At least three of these should be trading before the end of the year," Mr Sargo says.

About 7 000 lines are carried in Trador stores — unlike the limited-assortment Score stores, which carry about 500 lines — and floor space ranges from 3 000 sq m to 4 000 sq m, considerably smaller than the rival jumbo stores to be opened in Pietersburg.

The F & S store will cover 14 000 sq m and cost R30-million, while the Metro operation is 9 000 sq m and will cost a lot less. Trador stores are the same size as larger existing Metro stores, although Mr Sargo says no jumbos are planned.

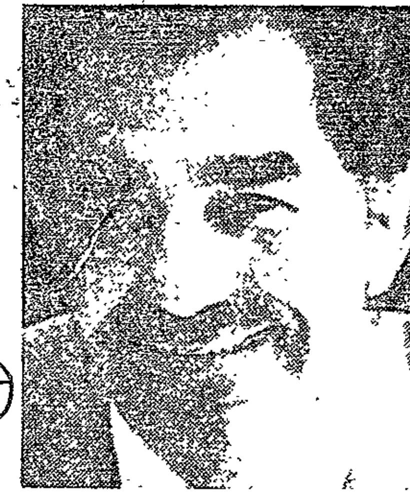
After exactly a year in business, the Score stores are the country's biggest limited-assortment chain, now operating 26 outlets in the Transvaal.

The latest — in Alrode and Phalaborwa — were opened last week, bringing the total to six more than the target for the first year.

Supermarket boss in bribe claim row

S. Times 5/4/81 ~~267~~ 38

MR RAYMOND ACKERMAN



MR EUGENE LOUW

Administrator Louw rejects apology, calls for police probe

By BENNIE VAN DELFT

A ROW over "bribery" claims by supermarket boss Raymond Ackerman has erupted in the Cape.

The province's Administrator, Mr Eugene Louw, has ordered a full-scale probe, and he has rejected an apology from Mr Ackerman, chairman of Pick 'n Pay, who now claims that he was reported in the Press "out of context".

The police investigation requested by Mr Louw is nearing completion and will be forwarded to the Attorney-General soon.

At the centre of the dispute is a recent statement by Mr Ackerman, that he had been solicited for a bribe at the height of the furore over his plans to build a hypermarket in Cape Town's elite garden suburb, Constantia.

Mr Ackerman told a public meeting in Cape Town that two men had approached him and allegedly offered to get his controversial hypermarket scheme approved — "if I paid them R5 000 each."

Mr Ackerman was addressing a meeting of the Wildlife Society of Southern Africa on March 11.

In reply to a question about business ethics, Mr Ackerman was reported to have said:

"I shouldn't say this but I am going to.

Disgusted

"Two people came to my office and said they would get Constantia through for me if I paid them R5 000 each."

Asked the next day to elaborate on the incident, Mr Ackerman told two newspapers that he was so utterly disgusted with the men that he just wanted to get them out of his office.

Although declining to reveal their names, he described one of them as a "very influential" man whom he had met once before. He could not remember the name of the second man.

Mr Ackerman's startling disclosure caused a stir in the Cape Provincial Administration and the Divisional Council.

In a later Press report, Mr Ackerman pointed out that the two men were not from the Divisional Council.

This prompted the Administrator, Mr Louw, to have the case investigated as he felt his administration had become the prime suspect.

This week Mr Ackerman blamed newspapers for taking the incident "totally out of context."

He also now denies that there was any money involved.

"The two men approached me quite legitimately and wanted to know whether they could lobby on my behalf in an effort to get the hypermarket scheme approved," Mr Ackerman said this week.

"No money was ever mentioned, but as their offer could have been construed as bribery by certain people, I declined their offer.

Telephoned

"I would only be delighted to reveal the names of the men if it was, in fact, a matter of bribery."

Mr Ackerman said the men merely wanted to support his case without any financial gain.

"I have told the investigating police officer exactly what happened and I don't expect that the matter will be pursued."

Mr Ackerman said he had phoned both the Divisional Council of the Cape, and the Administrator to apologise for any inconvenience and possible suspicion cast on the divisional and provincial councils.

Mr Louw, however, said this week that Mr Ackerman's apology was "not acceptable".

He said: "Mr Ackerman alleged that certain people wanted to bribe him.

"As he has said specifically that the men were not from the Divisional Council, I believe that can only mean that the men are in the employment of the Provincial Administration.

"This implies that either the tribunal — consisting of myself and four members of the executive council — which had to decide on the hypermarket project, or the heads of the local management, were involved.

"The only other possibility is that the incident did not happen at all. If the incident did not take place, Mr Ackerman should say so.

"But Mr Ackerman has confirmed the incident and has not denied so far that the men concerned are working for the Administration.

"As Administrator of the Cape, it is my responsibility to keep the Administration clean, and I will not hesitate to ask for a criminal prosecution if it is found that any of my men, irrespective of who they are, were responsible for the bribery attempt."

Upset

Mr Louw said he was "very upset" about the matter.

"I want everything to be above board and I will only be satisfied with a thorough investigation."

The public furore about the Constantia hypermarket development began in February 1979 when the project was announced, amid bitter opposition by conservationists.

After a prolonged battle, it was finally turned down in December last year by the Administrator, on the grounds that it would be unsuitable in that environment.

Under the Criminal Procedure Act, Mr Ackerman can be summonsed to reveal the names of the culprits.

Colonel Dries van den Heever, Divisional CID chief for the Western Cape, confirmed this week that a report on the police investigation would be sent to the Attorney-General within the next couple of days.

Col van den Heever declined to say whether Mr Ackerman made a statement to the police

Louw: Ackerman must clear CPA of bribe slur

(30) (26T) CT 6/4/81

Staff Reporter

THE Administrator, Mr Gene Louw, has called on Pick 'n Pay chairman Raymond Ackerman to state publicly whether any official in the Provincial Administration had solicited him for a bribe.

Mr Louw said Mr Ackerman had a "public duty" to clear the Provincial Administration of suspicion that officials were involved in an alleged attempt to solicit a R10 000 bribe from the Pick 'n Pay chairman.

The Administrator's call was prompted by reports that Mr Ackerman had been asked by two men for R5 000 each if they obtained approval for his controversial plans for a hypermarket in Constantia.

The Administrator said yesterday that statements by Mr Ackerman on the bribe claim had made the Provincial Administration the prime suspect.

He said he had rejected an apology offered by Mr Ackerman till the Pick 'n Pay chief had publicly cleared the name of the Provincial Administration.

"In a system of clean government I cannot allow any cloud to hang over the heads of officials in the Provincial Administration," he told the Cape Times

"I just want one sentence to appear in the press, that no member of the administration was involved."

He said he would demand prosecution if any member of his administration was said to have been involved in the alleged bribe attempt.

The Administrator has requested a police investigation into the bribe claims.

Mr Ackerman had a "public duty", he said, to do one of the following:

- Disclose publicly in the press whether any official of the Provincial Administration was involved in the alleged bribe;
- To disclose the name to Mr Louw or the police;
- To disclose details to the police even if no member of the Provincial Administration was involved.

This week Mr Ackerman was quoted as blaming newspapers for taking the incident out of context and as denying that money was involved in the approach by the two men, who had offered to lobby on his behalf to get the hypermarket approved.

The public furore over the Constantia project began when it was announced in February 1979.

Mr Louw pointed out yesterday that Mr Ackerman had stated publicly that the two men were not from the Divisional Council.

This implied that the culprits came from the Provincial Administration. The implication was that the two men who allegedly made the bribe attempt would have been able to influence members of the tribunal, consisting of Mr Louw himself and members of the Executive Committee.

At the time of going to press yesterday Mr Ackerman could not be reached for comment.

UK expert finds Soweto trading highly profitable

30 8/4/81 Star

By Mervyn Harris

The swarming informal sector of competitive manufacturing and trading enterprises, a feature of most poorer countries but almost absent in South Africa, must be encouraged, says an international consultant in the field of small-business development.

Professor Malcolm Harper said that the most obvious contrast between Soweto and a similar community in any other part of Africa was its space in that it was not full of people in the same way.

The British expert told a workshop on social pressures for business that areas were not full of people who were busy hawking, selling, peddling, making, repairing and so on.

This sort of activity was valuable in terms of service and the employment and competition if provided.

The workshop was organised by the University of the Witwatersrand's Graduate School of Business Administration. Professor Harper's visit was sponsored by the British Council and the Urban Foundation.

His perception of trading enterprises in Soweto was that their whole mode of operation, their scale, the neatness, and goods stocked was typical of a corner grocery store in a working-class suburb in London or Detriot rather than of a similar operation in Nairobi or Lagos.

COMPLICATIONS

"They are not using accounts to make every or any decision but what operator of a corner grocery store is? They may not have the most neatly kept or up-to-date books but take me to a corner grocery store in a working-class suburb of London or Detroit and show me one that is," he said.

"The implications from this is that it is not appropriate to apply standard developing-country solutions to any problem, including black, in this country.

"Because of the schizophrenic nature of this society, you can't say that the black community is another developing country to which we can apply that which works in Kenya, Tanzania or India."

Professor Harper said that black-owned businesses were quasimonopolistic and highly profitable. He had heard of an average 20 percent gross mark-up with 15 percent mark-up items viewed as something that had to be sold because the customer needed it.

MANIPULATION

In other developing countries one and two percent gross margin items were the rule. But a person doing simple but competent manipulation of wire into springs at a manufacturing enterprise in Soweto was able to sell the finished product for eight times the cost to him of the coil of wire.

"That proportion of added value to so simple an operation appears extremely generous. This is because there isn't as much competition as there ought to be," said Professor Harper.

There was a need to create new business to provide competition and to lower prices. There was no need for heavily subsidised loan schemes, provision of premises or other services.

These services were needed but the return of capital possible in small ventures in South Africa made it unnecessary to subsidise rates of interest.

Store and staff in 'theft' pact

8/4/81 STAR

(35) (136) (34) (30)

Labour Reporter

An agreement has been reached between a staff union organisation and a major chain group over the problem of "shrinkage".

The OK Bazaars has drawn up a number of guidelines relating to the surveillance of employees in respect to the loss of goods — shrinkage — in their stores.

The guidelines were drawn up after talks with the Association of Distributive and Allied Workers Union. The major points include:

- No employer has the legal right to search an employee against his wishes.
- Staff parcels must be examined in accordance with existing procedures.
- Physical searching of all staff is not to be conducted on a routine basis.

The guidelines were drawn up as a result of continued theft of company property, a statement said.

Government move awaited in battle over liquor outlets

~~49~~ 30 ~~332~~ Argus 8/4/81

FINANCE

SPECULATION is mounting about what the Government intends to do about the explosive situation developing around the Coki-Union Wine alliance.

Now that Cape Wine and Distillers has failed to prevent a takeover of Union Wine by Coki Corporation, the latter two seem set to achieve a dominant position in the country's R1 700 - million wine and spirits market.

Union Wine has Cabinet permission to acquire a financial interest in an additional 75 retail liquor store licences, while Coki has as its dominant shareholder Metro Cash which has 115 countrywide outlets.

BUILD UP CHAIN

Rembrandt and SA Breweries have come to an agreement with the Government to divest themselves over a period of all their retail liquor store outlets as part of their rationalisation scheme.

Asked about Union Wine being allowed to build up a chain of 129 bottle stores while the other two were being compelled to sell off their retail outlets, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, told the Argus permission regarding the liquor licences had been given to Union Wine in 1979, before the Rembrandt — SA Breweries rationalisation.

He pointed out that the Competition Board was conducting an inquiry into the liquor trade.

However, Dr D J Mouton, who heads the inquiry, said evidence was still being received and it was unlikely the inquiry would be complete before the end of the year.

Whether the Government will take any action to defuse the situation before the end of the year remains to be seen.

Meanwhile there is speculation that Cape Wine will now refuse to reduce its outlets, or that the Government will withdraw permission granted to Union Wine for its additional outlets.

A Cape Wine spokesman was not prepared to comment today Mr Jan Pickard, chairman of Union Wine, told The Argus he could not see the Government reneging on the question of the additional 75 retail liqour store licences.

Vincent Leroux

MR C G Murdoch, above, has been appointed managing director of Mobil Refining Company from May 1. He replaces Mr W B England, who is retiring.

Mr C Richardson

Mr H N L MacLachlan

Mr D S Stevens

Mr K F Symonds

Mr C J Williams

Record 288 000 car sales forecast

RDM 9/4/81

30

By SIMON WILLSON
Industrial Reporter

SIGMA Motor Corporation predicts another record year for car sales this year. But it will be followed by two years of car sales below the 1981 total.

Sigma came into the open with its industry projections yesterday after four years of silence, and published a wide-ranging document giving the company's views on the major contemporary issues in the South African motor industry.

Sigma expects national car sales to reach a record 288 000 this year after last year's all-time high of 277 000.

But it predicts that sales will drop to 267 000 next year and recover to 285 000 in 1983. Sales should then resume steady growth through 305 000 in 1984 and 327 000 in 1985.

The projected drop in sales is ascribed mainly to the tightening credit squeeze after years of comparatively cheap money. Shortages of skilled manpower and capacity ceilings on the motor industry's assembly lines are the other restrictions the company sees on the car market's growth.

In the commercial vehicle market, Sigma expects a wave of "panic" buying this year by businesses trying to beat the Atlantis Diesel Engine (ADE) project's effective monopoly on commercial vehicle engines.

It says commercial sales will hit 134 000 this year against last year's 128 000, dropping to 118 000 next year. Economic growth will restore commercial sales to 130 000 in 1983, 143 000 in 1984 and 157 000 in 1985.

The high number of models in South Africa's relatively small car market is spotlighted as a possible source of higher costs which are eventually passed on to the consumer.

Working on the internationally accepted yardstick that an assembly-line production car model has to sell 50 000 units to break even for its manufacturer, Sigma stresses the "extraordinarily high" model-volume ratio on the South African market.

By the international yardstick, South Africa's 277 000 annual sales can support slightly more than five car models. But buyers have 185 models to choose from this year against more than 200 two years ago when the overall market was smaller.

At a news conference yesterday Sigma's chairman, Mr Chris Griffith, said the possible demise of the United States-based Chrysler Corporation, holding 25% of Sigma's equity, would make no difference to the fortunes of Sigma in South Africa.

Chrysler recently received a large injection of Federal Government aid to avoid liquidation and the laying off of thousands of workers in the American Mid-West, and is expected to apply for more from an unsympathetic Reagan Administration.

"If Chrysler goes out of business then the only difference will be that somebody else will own the 25% stake in the company. We will go on paying dividends to whoever owns the scrip," Mr Griffith said.

"A Chrysler closure will not affect investment in Sigma or the availability of its spare parts, and there are no Chrysler models in our present line-up, nor are there likely to be in the near future."

He said it was also unlikely that any new Citroen model would yet be marketed by Sigma.

"We have looked at the Citroen range and there is no model with enough life left to amortise any capital expenditure we may make on parts and tooling. But we have distinct hopes for a Citroen model in the future."

Sigma's managing director, Mr Fred Butler, says the company aims to capture 30% of the South African car market by 1985 against its present share of nearly 19%.

A five-year extension programme is being undertaken at Sigma Park, involving construction of a 20 000 m² paint shop with a capacity of 50 units an hour, to be completed by October 1982.

By the same date a total of 45 000 m² will have been added to the factory's warehousing space.

Table 5.I

Perinatal Mortality Rate per 1000 deliveries

1967	45,9
1968	46,5
1969	44,2
1970	41,1
1971	38,6

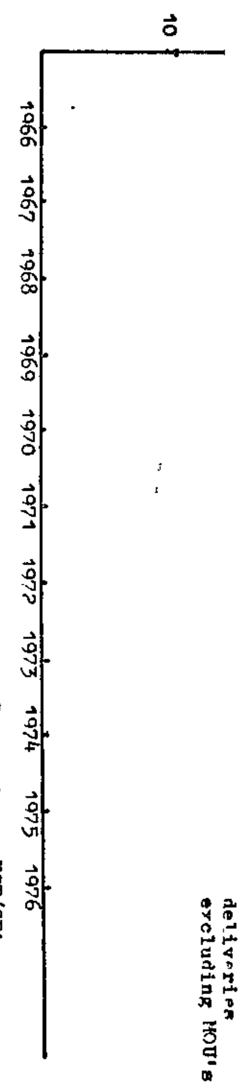
wives and non-medical staff - firends, family or traditional midwives.

The success of the MOUs in achieving their aims can be seen in the following. In Graph 4, can be seen that while the total number of deliveries carried out by the Peninsula Maternity Service has increased since 1973, the number of deliveries excluding MOUs has declined. The pressure on the

./...

hospitals has thus been reduced. Furthermore, no normal deliveries are now conducted at Groote Schuur. This reduction in workload has created 'breathing room' so that all high risk cases can now receive the necessary care.

While no transport is provided for the patient to the MOUs or ante-natal clinics, these are closer to the patients' homes and thus less travelling expense is incurred in travelling



Source: Annual Reports of the Dept. of Obstetrics and Gynaecology, UCT/CPA
includes: hospital deliveries, district deliveries, born-before-arrival at hospital, born-before-arrival at district
District deliveries: applies to all hospital up to 1970
applies to St Monica's and Somerset up to 1974

MAIL, Thursday, April 9, 1981

Whites urged to join blacks

RDM 9/4/81

30

By DIAGO SEGOLA

WHITE businessmen should join forces with black counterparts in their fight for "humanitarian treatment" and to direct the course for their future development, a black businessman has said.

Writing in the latest issue of African Business, the official journal of the National African Federated Chamber of Commerce, Dr A Makunyane, Nafcoc's vice-president, says:

"Only a persistent and relentless effort to right the wrongs of the past as quickly as possible, and with as much effect internally as possible, would save the South African economy from sinking into another recession spiral."

The white private sector, "which has to carry a larger portion of this challenging job", must appreciate the magnanimity of the task

"The white sector should perceivably and consciously join the blacks in their fight for humanitarian treatment, in the hope to direct the course for future development," he said.

Dr Makunyane said despite obstacles placed in their way, blacks had evolved and created organisations such as Nafcoc, which represented all black business in the country, and had 17 regions spread all over South Africa and South West Africa.

"Nafcoc is a vehicle through which contact and consultation can be maintained with all white-organised commerce, the central and local governments, and through which all desired consultation with the black communities can easily be arranged," he said.

"It militates for peaceful and orderly change in South Africa; for efficient round-the-table negotiations with interested parties.

"It has encouraged blacks to take up arms against poverty and ignorance," Dr Makunyane said.

7

Negev, which aims at producing doctors wh... community has developed the following selection ...

Firstly, it demands that a student obtain a University Pass ... high school with B grades in at least two subjects. ... candidates then take a written psychometric ... end of which 300 candidates are interviewed for the approximately 50 posts. At the interviews the following characteristics are assessed:

INTELLECTUAL CHARACTERISTICS:
The capacity to master extensive and complex material, the capacity for self-learning, intellectual flexibility, problem-solving capacity, and intellectual curiosity.

VALUE CHARACTERI...
The desire to ... in distress and ... to work in the ... health sciences.

PERSONALITY CHA...
Personal Integr... sensitivity to ... of ambiguity, capacity ... clear stable self-identity and a capacity for enthusiasm.

It is still too early to know whether this involved and time consuming system will succeed. It is comforting to know, however, that the University of Cape Town has a standing committee to examine the selection of students. Another ... medical curriculum would involve the teaching of social sciences. I hope that from what I have said, it will be obvious that this change could only be for the better.

I have taken the liberty of including a third possible change, that is, the teaching of African languages. It is inexcusable that because of the language barrier, many of us are forced to practise medicine at the level of a veterinary surgeon. The need for the inclusion of a course in African languages is highlighted by the fact that this year some 200 medical students have enrolled in a voluntary course in Xhosa, given during the lunch hour or

It has been argued however that there are no rules to enable us to show that one distribution is better than any other. In view of this we may conclude that people who hold strong views in either of these two areas are simply expressing a personal preference for one particular distribution of suffering over another.

FINANCE

GM REPORTS RECORD FIRST QUARTER

Argus 9/4/81

30

THE boom in the motor trade is continuing, with sales of new cars and commercial vehicles reaching new highs, figures issued by General Motors South Africa show.

The company reports that it has just completed its most successful first quarter since it started business in Port Elizabeth 55 years ago.

March sales of 4 303 passenger cars and commercial vehicles lifted the number of General Motors vehicles sold in the first three months of this year to a record 12 338, the director of sales and service, Mr Jim Fry, says.

Altogether 2 831 cars were sold in March, making it the company's best third month since the fabulous boom year of 1969 when 2 851 cars were sold.

88 PERCENT

Car sales in the first quarter totalled 8 044, up 88 percent on the 4 278 sold in the same period last year.

First quarter car sales were the company's best since 8 196 were sold in the first quarter of 1966.

The Opel Kadett accounted for 47 percent of the company's first quarter sales and the Chevrolet Rekord for 26 percent.

COMMERCIAL

Commercial and truck sales in March totalled 1 472, the highest for this month since 1974 when 1 648 were sold.

This brought first quarter commercial vehicle sales to 4 294, the highest figure since the 4 447 sold in the first quarter of 1976.

First quarter truck and commercial vehicle sales totalled 4 294 which is 669 or 18,5 percent higher than a year ago.

Footnotes

In preparing this paper I received helpful suggestions from Dennis Gerrity, Gill Raine and Jonathan Brodie. The responsibility for the result is entirely mine.

1. Myhre and Goldstein, p.1

2. "Health care has several characteristics which is their degree and combination make it "different" from other goods .... and itemization of its characteristics tells us nothing about the most efficient method of producing and allocating it". Culyer, p.208.

3. Graaff, pp. 26-27.

4. "While it is easy to raise objections to the use of the concept of consumer surplus for providing answers to policy formulation, it is difficult to find any workable alternative". Currie et. al., p.791.

5. In a world of zero transactions costs and transferable property rights it would not matter whether we gave money to poor people to pay for health care or actually provided medical services. Trade is, however, usually impossible in the case of medical services.

6. See Pauly (1971) p.27.

7. "If the demand for medical care is greater than zero elasticity ... inefficiency may well be created if individuals are forced by taxation to 'purchase' insurance which indemnifies against some kinds of medical care expenses. For an efficient solution, at least some price rationing at the point of service may be necessary." Pauly (1968) p.534.

8. Shakespeare. Richard III V, iv.

9. This may help to explain why totalitarian regimes specialise in harsh person conditions. Since freedom to contract is (by

13. Involved here are legal problems, notably the "last clear chance" situation. The law is inconsistent in this respect. See Posner.

14. "Moral considerations aside, it is clear that a law that cannot be enforced is not a law but an aspiration". Laquer, p.30.

these structural differentiations, within a general theory about these systems and formations, from which it acquires its explanatory power.

As far as environmentalist approaches are concerned, therefore, this study argues in favour of a Marxist approach, and is a Marxist class analysis of a so-called 'race relations situation'.

This study is thus involved with certain general issues. Its approach to the study of phenomena associated with such concepts as 'race relations' involves a rejection of the conventional reification of such phenomena, and a subsuming of them into the general study of social inequality in its various forms and natures. And in the explanation of such phenomena, it reflects a rejection of both non-environmental determinism and of idealist and empiricist environmentalism in favour of dialectical and historical materialism.

I hope that it may contribute something of value to sociology and history, notably in the areas of South African, Marxist and so-called 'race relations' studies. Concerning the latter, there has been relatively little systematic scholarly work on South Africa, and in the 'race relations' area generally, taking a Marxist approach. Historically, the work is based on research into much important and original primary data (a note about which will be found in the bibliography), which has permitted a fairly informed and in-depth study of a vital historical period, which may hopefully shed some light on the historical development of social relations and racial domination in South Africa. As regards sociology, I hope in particular that my analysis of the system of racial discrimination, notably the conceptualisation of racial discrimination in terms of 'class colour bars', and the analysis of these class colour bars as a system of class instruments, extending and mediating class contradictions, may be useful. (3)

In attempting to shed more light in these various areas there is, of course, no question of searching for, or of claiming to have found, any perfect explanation or final account of things. All that can be hoped for is to travel some small distance along the difficult road of understanding.

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From: Murray, M
1979

Unpublished manuscript.
Chapter 1, pages 10 - 34.

Perskor-ABC battle has ended

The battle between Perskor and the Audit Bureau of Circulations (ABC) has ended with the readmission of Die Transvaler and Die Vaderland to the ABC.

Mr Marius Jooste, the Perskor chairman, who had warned he would take his entire group out of the ABC, said today his publications would remain in the bureau.

Die Transvaler and Die Vaderland were suspended from the ABC late last year following the discovery that circulation figures had been overstated. The Citizen was also suspended for a short period but was later re-instated.

Latest circulation figures (Monday to Friday) for the last six months of 1980 are:

The Star 165 751; The Citizen 52 321; Die Transvaler 44 686; Die Vaderland 40 803. Monday to Saturday returns are used by the Rand Daily Mail 107 709 and Beeld 62 395. March sales of The Sowetan are 62 003 and rising.

he European Settlement and Conquest

Dutch East India Company Rule and European

European settlement was founded in 1652 in Tabl

At this time, the general demographic panorama

the west, i.e., from the present territory of Na

to the Bashee River and beyond, Khoikhoi herders

San hunters held small pockets of territory, oft

their Khoikhoi neighbors. Groups of San

day Karoo) and large portions of the mountainous

the Bantu-speaking tribes and the Khoikhoi soon

into the arid semi-desert regions. The Nguni-spe

the eastern coast from north of the Zambesi River

Xhosa-speaking tribes, along with the Khoikhoi an

diversity between the Fish River and the Umzura R

were gradually being absorbed by the larger Xhosa

Nguni-speaking tribes gradually migrated in a sout

speaking tribes had settled in the interior (i.e.,

northern Transvaal and the Orange Free State) and

and the coast.

19 Monica Wilson, "The Sotho, Venda and Tsonga," in History, Vol. 1, op. cit., pp. 176-177. See Sentker, op. cit., p. 2?.

Tembisa traders meeting collapses

SOWETAN 30 10/6/81

By CHARLES MALOKO

A TRADERS meeting due to be held in Tembisa on Wednesday failed to materialise because most members did not turn up.

Mr S Mthethwa, a shopkeeper and assistant secretary of the Tembisa Chamber of Commerce, expressed dismay and concern because members of the chamber did not turn up for the Annual General Meeting and General Elections were not held. Elections are held every two years.

Mr Mthethwa said it is important that the chamber be supported in order to gain recognition and to fortify its activity in future but he has also openly admitted that there has been lack of support from the over hundred members of the chamber for some time because in several meetings attendance was poor.

He said: "The Chamber has been formed to look into trade problems in Tembisa and speak for legal and backyard traders such as mechanics, welders and so on. It is sad to think that the Chamber will now be weak through lack of support.

MEMBERS

"Perhaps it is because the interests of members are not attended to equally. If new members in the chamber are looked down upon by older members they back off from the Chamber as they may not have confidence in it any longer."

Mr Mthethwa again said a commission of inquiry into the lack of support from members of the Chamber has been set up and it will report back within 14 days. He hopes the chamber will preserve its standing and will advance thereafter.

He says he sees the need for the Tembisa Community Council to work hand in hand with the chamber in allocating businesses in Tembisa. The manner of allocating businesses in Tembisa has not been revealed. "A member of the Chamber should be included in the Community Council to guide it on trade in Tembisa. Perhaps the Council has not been well-versed in trade problems, so we expect the Council not to serve us satisfactorily," Mr Mthethwa said.

TRADERS

Mr Mthethwa explained that individual traders have direct dealings with authorities such as Erab and the Community Council and disregard the chamber when they have problems. All traders belong to the chamber.

Because the Council and Erab have greater control on trade matters now, they should get the assessed hints of the Chamber on trade matters for fairness, he said. Individual members should not have direct dealings with the Council or Erab because overlooking the chamber weakens it as such," he added.

SA GROUPS BUY BRITISH FASHION CHAIN

Argus 10/4/81 30

TWO stores groups, Foschini and Greatermans, have jointly acquired a British chain of 56 fashion shops for R1 112 500.

The chain, Irvine Sellars, includes four men's stores and is in the middle-income market.

Confirming the deal, Mr H A L Matthew, managing director of Foschini, said there was no link-up or relationship in South Africa between Foschini and Greatermans.

The takeover was negotiated by Prudential Shippers, the shipping arm of Greatermans, through Barclays Mercant Bank.

BROUGHT IN

They brought us into the picture to manage the fashion chain. Through our experience with Markhams we can also handle the men's fashion stores.

The takeover also created export opportunities for the two South African companies.

A statement by Foschini and Greatermans said the joint undertaking was completely independent of their interests in South Africa.

The transaction would have no immediate effect on either company's net profit.

PAS.	(12gm/day)	16,8c.
Z	(2gm/day)	13,44c.

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(1) Report of the Secretary for Health, 1977, Chapt. 2, P.7. "For the first time the Department is now in possession of reliable expenditure figures in connection with specific services .... ."

(2) Report of the Secretary for Health 1977, Ch.3, P.13, "The number of beds has gradually been decreased over the past few years and now stands at 12057."

(See also annexure 12, P.66.)

(3) Report of the Secretary for Health 1977, Annexure 6, P.55 Tuberculosis, Expenditure 1976/77 R20 842 521; 1977/78, R19 547 960.

(4) Overseas Report, Dr. H.H. Kleeberg, I.U.A.T., Annual Meeting, Instanbul, 24-28 Oct. 1977.

(5) I.U.A.T. Bulletin Vol. 52, Oct. 1977, P.41. Tuberculosis: Too many Hospital Beds. (Abstract from Press Release WHO/20 2-6-77 & World Health Statistics Report, Vol 30, No. 1, 1977).

(6) Amer. Rev.of Resp. Dis. Vol.112, No.6 Dec.75, P.757, Tuberculosis Care in General Hospitals: Arizona's Experience, Suzanne Dandoy & Roberta Hansen.

(7) S.A. Medical Post, July 1974, P.11. McMaster University Medical Centre, Professor David Sackett & Dr. R. Brian Haynes.

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Call to promote small businesses

C.T 11/4/81 (30)

Staff Reporter

A CALL for the promotion of small businessmen as a defence against communism was made yesterday by Dr S W van der Merwe, vice-chairman of the President's Council.

Promotion of the small business sector would enable other race groups to feel they were sharing in the benefits of free enterprise, Dr Van der Merwe told the Junior Rapportryers of Goodwood at a dinner in Table View.

He said small entrepreneurs with an interest in an orderly and peaceful country also had the potential to create thousands of jobs.

Dr Van der Merwe called for the removal of obstacles hampering the development of the small business sector.

The small business enterprise was capable in the short term of creating more work opportunities with given capital than big business could do with the same capital.

He pointed out that between 1970 and 1977 the American economy created 9-million job opportunities of which 5,5-million were created by small business enterprises.

Various initiatives — "which have nothing to do with political parties, ideologies or the domination urge" — had been launched during the past 18 months, he said. This was the "constellation initiative" of the Prime Minister, Mr P W Botha.

The programme to stimulate small business started with the founding of a Small Business Development Corporation in February, which aims to promote all small business enterprise irrespective of race.

The programme had been given further impetus by the creation of a Programme Advice Board consisting of nine people from the public and private sectors and representing all race groups The third leg of the programme was provided by the Advice Service given by the private sector throughout the country.

S. Times 12/4/81

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Union Wine plot thickens

By John Spira

THE Union Wine saga is far from over. Extraordinary developments could emerge from a section of the Liquor Act which obliges a producer to obtain Ministerial approval when acquiring a financial interest in a retail licence.

Since Commerce Minister Dawie de Villiers has gone on record as stating that Cape Wine & Distillers (CWD) failed to obtain his blessing for its recent purchase of a large minority stake in Union Wine, those who sold Union Wine shares on the market to CWD may have the right to invalidate such transactions.

Accordingly, a seller of Union Wine shares to CWD could demand the return of his shares sold at, perhaps, 300c and then resell them in the market at the current price of 775c. Those who sold at 1 900c would obviously fail to exercise their prerogative.

Speculation over the terms and application of the Liquor Act also has it that Coki Corporation's recently acquired interest in Union Wine may have fallen foul of the statutes.

Coki's chairman, Mervyn King, tells Business Times that, after consultations with two senior counsel, "there is no threat whatever that the Coki-Union Wine deal can be set aside under the Liquor Act".

A Press report this week posed the question: "Would the permission (of the Minister) be extended to Jan Pickard to acquire a maximum of 155 licences still be valid if the Coki-Union Wine deal was ever concluded?"

The answer is that the licences in question were not granted to Jan Pickard but to Union

● To Page 3

30 S. Times 12/4/81

Plot thickens

● From Page 1

Wine. Moreover, says Mr King, the authority was unconditionally granted, with the result that there can be no question of the deal being in jeopardy in terms of the Act.

Further, says Mr King, Coki's intention in acquiring a stake in Union Wine was not, as has been alleged, to obtain that company's retail liquor licences for the benefit of associate Metcash.

"Metcash is purely a wholesaling group, which has no desire to enter the sphere of retailing. Coki, on the other hand, is being developed with the express intention of acquiring interests in the consumer retail field.

"Hence our purchase of a stake in Union Wine, which we expect will develop and expand in tandem with Coki's other retailing interests.

"Union Wine also has several wholesale liquor licences and these will be acquired by Metcash on an arms-length basis to establish a countrywide wholesale network for the distribution of Union Wine products as well as those of other producers."

Metcash's Arnold Levy comments that, from his company's standpoint, relationships with CWD are in no way strained. He believes that CWD will eventually reach agreement with Metcash for the latter company to distribute its products.

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III The Concept of Race and the Taxonomy of Mankind

JEAN HIERNAUX

In: Montagu, A (Ed.) 1964 The Concept of Race. New York: The Free Press. Chapter III, pages 29 - 45.

Introduction

Race has been given numerous definitions. Many of them are similar in meaning, but several modes of thinking about race still persist. Within a single mode, the formulation of the concept may differ, and some vagueness in it is frequent. Moreover, application of the concept of race by an author to a classification of mankind does not always ... definition.

... literature on race and human ... will be cited as examples. I ... ners have failed, to reach the ... n, and this as a development ... (Hiernaux 1962) presented ... ss of Anthropological and ... Once this definition is ar... r it to current mankind, in ... apply the concept of race to a classification of mankind into races.

Curb on sales of exotic imported vehicles

S. Times, 12/4/81

(38) (~~34~~)

By HARVEY THOMAS
Motoring Correspondent

IF YOU are thinking of importing a used Lamborghini and then making a small fortune by reselling it — forget it.

The Government this week tightened the screws on exotic car importers who cannot offer proper after-sales service and back-up.

It means that the importation of many used vehicles — and one-off specials — has been outlawed.

But you will still be able to buy the car of your dreams — Rolls, Ferrari, Porsche — from an officially accredited dealer or manufacturer who can offer the necessary guarantees and service.

In January last year, the Department of Industries, Commerce and Tourism sanctioned car import permits.

Only the super-rich could take advantage, as all imported cars are subject to a duty of 100 percent plus freight charges and GST.

Unusual

By some estimates, more than R25-million has since been spent on imported exotica.

A percentage of that — nobody knows how much — went to what the Motor Industries Federation calls "hole-in-the-wall' operations which imported unusual used cars and sold them at big profits.

The MIF warned the Government early last year about imports for which there was no service or back-up.

And this week, Leyland advised potential MGB buyers to deal with official dealers as all Leyland imported MGs had been modified to comply with strict SABS standards and were backed by the company's comprehensive guarantee.

"It has become a status symbol to drive an expensive imported car." said an MIF spokesman.

Toyota top of the list

DD 14/4/81

PORT ELIZABETH — The National Association of Automobile Manufacturers of South Africa (Naamsa) has reported higher sales of cars and commercial vehicles in March than in March last year.

Car sales totalled 25 993 compared with 21 118 in March last year, and commercial vehicles sales totalled 12 828 compared with 10 140 in March last year.

Total car sales for the first three months of this year were 70 672 compared with 59 441 in the 1980 January to March period.

Total commercial vehicles sales in the first three months of this year were 33 776 compared with 28 880 in the 1980 first quarter.

Sigma topped the lost for car sales in March with a total of 5 086. Volkswagen was second with 4 838 and third was Toyota with 3 892.

Toyota headed the list for commercial vehicle sales with 4 279, followed by Datsun with 2 800 and General Motors were third with 1 472.

In combined car and commercial vehicle sales, Toyota was top with 8 171, Sigma second with 6 030 and Datsun third with 5 373.

However, Volkswagen has maintained its position as the top-selling car manufacturer for the first quarter of 1981.

The March car sales gave Volkswagen a total of 14 293 in the first three months of the year — 181 ahead of its nearest competitor.

Toyota's sales in March were an all-time record for a South African manufacturer and Toyota's share of the vehicle market was an unprecedented 21,04 per cent. One in every five vehicles sold in March was a Toyota.

The March figures mean that Toyota — the top vehicle manufacturer and seller in 1980 — is drawing even further ahead in the sales race with its rivals.

In the first three months of this year Toyota has sold 19 637 cars, bakkies and heavy trucks followed by Sigma (16 827), Volkswagen (16 009), Ford (14 224) and Datsun (13 952). — SAPA-DDR.

The results of the actions of people like these, that is in undermining the economic self-sufficiency and political power of black groups and ensuring their incorporation in the new white dominated society should not be confused with their liberal protestations.

People on "good terms" with Africans were often common since the "Trust". Various people said that since they were only given ten pounds[45] to move their houses, they had to sell their oxen to be able to re-establish themselves in the new villages, and so have nothing to plough with.

15/4/81

Clothing combine plans expansion

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By GORDON KLING

THE VAST Cape-based retail clothing combine resulting from the merger of Woolworths and Truworths can be expected to make further acquisitions as part of the deal based on "plain old common sense".

It would also create greater career opportunities for thousands of employees, according to the vice-chairman of the new holding company expected to be formed by a scheme of arrangements at the end of next month, Mr Tony Williamson.

Addressing the UCT Graduate School of Business Association yesterday, he said no strategy had yet been mapped for new acquisitions, but the merger offered a good financial base for expansion "and we'll certainly be looking". It was not borne out of the end of the boom or any weakness.

In a possible indication of senior staff concern over implications of the move, attendance at the lunch was several times the normal turnout.

Mr Williamson warned that mergers and acquisitions on their own had not proved viable in the past and that diversification out of familiar areas was also risky business. The course of South African mining houses moving into secondary industry, for example, was not one of plain sailing. The high flying conglomerates of the Slater-Walker era in the sixties had left a bad taste because they did not know their businesses well enough.

Analyzing the factors he said had been reconciled in the stores' merger, he noted that Truworths had a higher risk rating that Woolworths with a newer management. It was a speciality group doing 75 percent of its business on credit and comprising three distinct chains with operations in Zimbabwe and the UK, while Woolworths was a homogenous group dealing in a broader range of goods sold for cash alone.

9.2.2. Exploitation by local people.

In just about all the "community projects" I had experience of, the mass of people were very sceptical about whom the project would actually benefit. They often gave as a reason for non-participation that such things benefit a small clique only. This is apparently a general phenomenen. "Once a confidential relationship with the villagers had been established, they revealed their strong conviction that the sanitation project would not benefit them but would rather serve the local large landowner,..."[48]

People obviously have good reason for such scepticism. At Umhlambo, where a clinic project is underway, I found that many people would not get involved because of an experience in 1952. They were told that a school was being built and were asked to come and help. Only when the building got to roof height did the volunteers realise they were building a Methodist Church.

In a discussion with a group of men at Igusha about the agricultural co-op, they said they would never join. They said that all co-ops are the same, they benefit the educated people only because the educated people know how to run off with the poor people's money. They gave two examples where this had happened in Umhlaba.

People often cited examples of projects where the rich only benefitted as their reason for not getting involved in projects. "The usual defect of rural works programmes is that the deficit-farmer and landless-labourer families, as in settlement schemes, have to provide most of the (cheap, off-season) labour, and become increasingly reluctant to do so as they find that the benefits are steered towards the bigger and more powerful farmers. This arises from both the political power and the size of holdings belonging to these larger farmers; thus a road to market is of greatest benefit to those who sell most to market."[49]

People concerned with various projects involving a new way of life and re-organisation of the productive forces, have often stressed that a psychological and emotional committment is a necessary ingredient for the success of the project.[50]

Vast Cape combine likely to expand

NM 15/4/81

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Mercury Correspomndemt

THE VAST Cape-based retail clothing combine resulting from the merger of Woolworths and Truworths can be expected to make further acquisitions as part of the deal based on 'plain old commonsense.'

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Mr Williamson warned that mergers and acquisitions on their own had not proved viable in the past and that diversification out of familiar areas was also risky business.

Bad taste

The course of South African mining houses moving into secondary industry, for example, was not one of plain sailing.

The high-flying conglomerates of the Slater-Walker era in the sixties had left a bad taste because they did not know their businesses well enough.

Analysing the factors that had been reconciled in the stores' merger, he noted that Truworths had a higher risk rating than Woolworths, with a newer management.

It was a specialty group doing 75 percent of its business on credit and comprising three distinct chains with operations in Zimbabwe and the U K, while Woolworths was a homogenous group dealing in a broader range of goods sold for cash alone.

More profit

The merger was taking place because, 'strategically, there are long-term benefits,' including better quality for customers and better profits for shareholders.

Although there were also short-term 'synergistic' benefits in terms of rising share values, these were not the point of the merger.

Not the least of the benefits was the fact that both companies were Cape Town-based and the business generated could be expected to have an impact on the city as well.

Mr Williamson was aware that suppliers had viewed Truworth's manufacturing capability — it produced about 35 percent of its merchandise — with some unease, but they could rest assured that most would gain from the merger.

Page 6 SOWETAN, Wednesday, April 15, 1981

Training boost for business

By Z B MOLEFE

TRAINING and education in basic business skills for black businessmen received a boost when Durban's Musgrave Rotary Club presented the National African Federated Chamber of Commerce (Nafcoc) with a complete audio-visual training course.

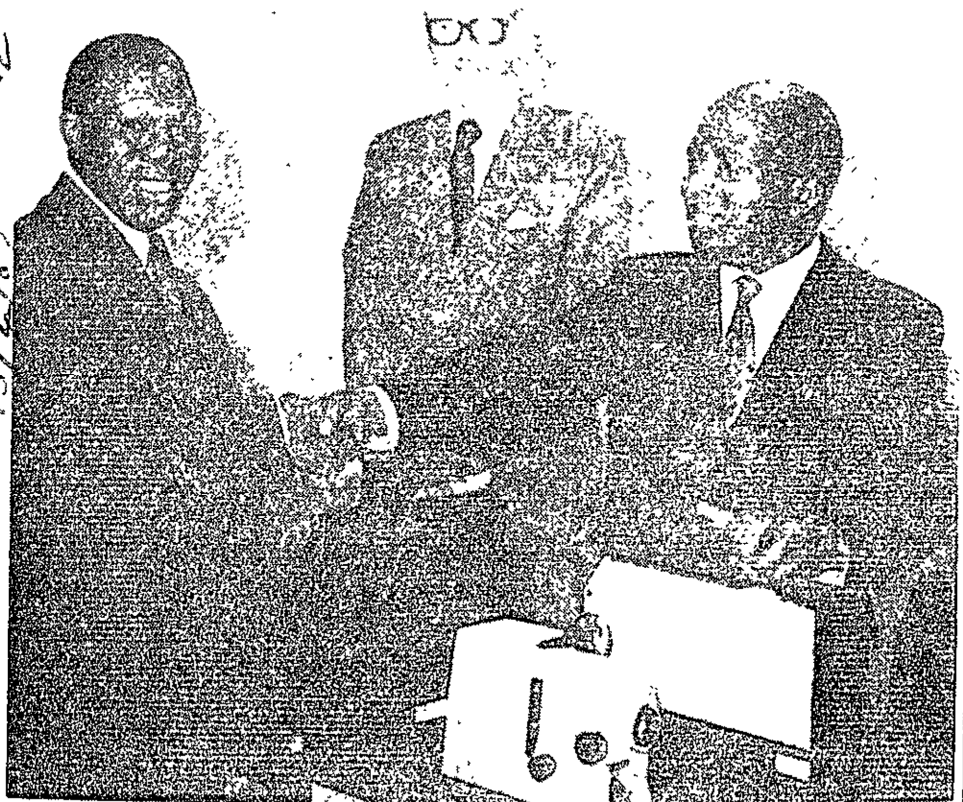
The presentation was made by well-known banker, Mr Llewellyn Mehlomakulu, on bahalf of the Rotary Club.

The project, approved by a multiracial committee, consists of a portable kit comprising a projector and 12 audio visual tapes with lectures covering the buying of goods, salesmanship, display, advertising, credit control, cash and stock control, staff training, recordkeeping and banking services.

Included are detailed instructions on how to promote and run a business course, comprehensive lecture notes for a course leader and follow-up notes for each participant.

"The aim of the project is to provide training and education in basic business principles for the black community which has not had a long tradition of trading and still has limited business experience and skills," said a statement after the representation.

• 1980 statistics show there are only 35 000 black business undertakings to meet the needs of a population of 24 million.



Chairman of the Nafcoc education committee, Mr Sy Kutumela (second from left) receives a training and education kit from Mr Llewellyn Mehlomakulu. Looking on are Mr Eleazer Maahlo, Nafcoc's education officer and Mr George Oram, chairman of Durban's Musgrave Rotary Club.

Sowetan 15/4/81

- 28 -

facilitation of motor vehicle accidents costs society thou
sands of rands annually. This applies for three basic typ
of accidents, i.e. fatal, personal injury and property dam
ge. The logical question arising from this is whether the
criterion of impairment set in South Africa at 0.08 percen
is realistic. Clearly it is not all that effective.

Although no accurate figures exist, cost of violent and a
social behaviour linked to alcohol-misuse must be conside
ble. A detailed analysis of the crime statistic of the C
loured population group, shows that in 95% of all the offe
ces of which Coloureds were found guilty, liquor and drug
played a role. Nearly 57% of all court sentences passed
Coloureds are for the misuse of liquor and drugs (Theron
port, 1974, p. 259).

Apart from the economic costs that problem drinking creat
it obviously has extremely detrimental effects on the soc
level, especially upon family life. Here the main areas a
are the husband and wife relationship and child socializ

It is quite apparent that the general widespread misuse o
alcohol by both the Coloured and white groups in South Af
ca is taking on unhealthy proportions.

If the extent and severity of the problem is seen in rela
tion to the money and services allocated by society to a
viate the problem, the inadequateness of the latter bec
very apparent and disturbing.

I would suggest a much greater emphasis on these problem a market some 40 times the size of the S.A. one. On a per capita basis, the U.S.A. is 4,8 times as large as the S.A. market. (3)

Diagram 2.2 indicates the size and composition of the S.A. drug market sales.(4)

<u>Total Drug Sales:</u> R272m
(2I% of Total Health Care Expenditure in S.A.)

<u>Non-Ethicals:</u> RI35m
(50% of Total Drug Sales)

<u>Ethicals:</u> RI35m
(IO,5% of Total Health Care Expenditure)

rapid growth recently. This is due to factors which increase the local market size (population growth, changes in age structure, increases in standards of living, increased use of medical aid and rising government health expenditures.) and to factors that allow the local industry to supply more of the market requirements (economies of scale, rise of local basic and fine chemical industry, etc.)

The total Pharmaceutical industry has grown rapidly and is expected to be one of the fastest growing in the future. According to the I974 - 9 EDP, it will grow at

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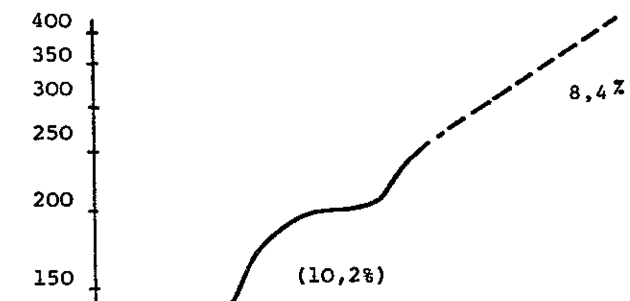
a rate of 8,4% p.a., exceeded only by Plastics at II,4% and Basic Iron and Steel at IO,2%. This is shown in Diagram 2.3. (5)

The relative growth of the industry is emphasised by the fact that in I954 the gross value of output in the industry was 0,86% of all manufacturing output and by I972, it was I,I3%. (6)

Index
(1963/4
= 100)

Semi-log
Scale.



p.a. (7) Such a figure, however, probably refers to growth at current prices. The recent commission estimated the growth rate for ethicals at I7% p.a. for the period I97I - I975 at current prices and at 8% p.a. for the period I970 - I976 at constant prices (i.e. in real terms) (8)

It seems clear that the market has experienced rapid growth even while the rest of the economy has not grown as rapidly. In contrast to the growth in GDP at current prices over the period I968 - I977 was II,I% p.a. while

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GENERAL N

Profit of 1 000% on some motor spares

RDM 30 15/4/81

Own Correspondent

CAPE TOWN: — The profits on some motor spares deserved a place in the Guinness Book of Records, Mr J F Bothma, the Automobile Association's technical services executive, said this week.

Dealers who had inflated profits "ripped off" motorists, he said, and in so doing did immeasurable damage to the South African economy.

Mr Bothma was commenting on the Board of Trade and Industries' investigation into "monopolistic conditions in the supply and distribution of motor vehicle parts, components and materials".

The board found, after choosing parts at random from various manufacturers, that motorists could pay as much as 1 285,19% more than the original cost to the car maker.

It found that high profits were due to several factors — the main one that parts manufacturers were willing to accept a very low profit, or even a loss, to sell their products as original equipment to car factories.

They then hoped the consumer would give preference to their products when it came to replacements, and that eventually they would make a satisfactory profit.

Though there was an agreement on profit margins between the Price Controller and the National Association of Automobile Manufacturers of South Africa (Naamsa), this was often disregarded.

The agreement limits the mark-up on basic parts to a maximum of 250%, and the profits of an entire operation of any firm dealing in spares to a maximum of 33,3%.

It also stipulates a profit margin of 100% on normal spares, 140% on engine spares, and 250% on slow-moving parts.

"A ripple of inflation in the transport section, whether private or commercial, sent waves of inflation over every other sector," Mr Bothma said, "and the culprits brought the other reputable groups of the motor industry into disrepute."

He said the AA was aware of the Board of Trade's recommendation to the Price Controller requesting him to:

- Investigate the allegations that the limits allowed in terms of his agreement with the industry were sometimes exceeded;
- To differentiate between various categories of parts and middlemen in respect of the profit margins and discounts allowed;
- Investigate once more the cost allowed in respect of parts and accessories, with a view to the reasonableness of such costs and allowable profit limits which may be determined on that basis.

The AA looked forward with interest to the implementation of the recommendation, Mr Bothma said. "It is time the Government showed its teeth in this sort of thing."

Schoeman trading site 'for all races'

RDM 5/4/81 30

By DON MARSHALL
Pretoria Bureau Chief

THE site which Mr Hans Schoeman — controversial National Party parliamentary candidate for North Rand — planned to develop on the BophuthaTswana-South Africa border would serve not only blacks living in the sprawling township of Ga-Rankuwa across the border, the secretary of the Transvaal Peri Urban Board said yesterday.

The secretary, Mr B G E Roux, said. "The complex — a clothing shop, grocery shop, cafe and eating house — would also serve whites living in the De Wildt area on the South African side."

However, in Mr Schoeman's application to the board on July 28, he made no mention of capitalising on white trade. He left no doubt that he wanted to corner the lucrative black trade from across the border.

"The site is the closest to Ga-Rankuwa and, consequently, it is also the only one," Mr Schoeman said in his application, on behalf of De Wildt Karee Beleggings (Pty) Ltd.

Mr Roux's statement to the Press yesterday added fuel to the controversy growing round the board's decision to grant Mr Schoeman the right to trade on a prime site.

The board's decision last July — when Mr Schoeman was MP for Witwatersberg — was in direct conflict with Government policy on homeland development, and black and white businessmen on both sides of the border protested.

A Transvaal Peri Urban Board spokesman confirmed yesterday that Mr Schoeman had not yet submitted his building plans, which he must do before developing the site.

He said that the value of the property would be enhanced if sold with business rights.

In another development yesterday, Mr Rob Conway, the Progressive Federal Party candidate opposing Mr Schoeman in North Rand, called on the Prime Minister and the Minister of Co-operation and Development to intervene.

"Why does Hans Schoeman appear to enjoy privileges which are not available to ordinary people?" Mr Conway said.

He asked if this was why Mr Schoeman had been hiding behind posters and was too scared to face him in a debate to discuss the issues."

Dr Koornhof's office yesterday re-directed inquiries about the controversy to his Deputy Minister, Mr J J G Wentzel, who was not available.

Mr Wentzel's secretary said the Rand Daily Mail should submit questions in writing, which has been done.

Mr Conway's challenge to Mr Schoeman came after a statement on Monday by the PFP leader, Dr Fredrik van Zyl Slabbert, in which he also called on the Prime Minister to investigate the granting of business rights to Mr Schoeman.

The "Mail" tried unsuccessfully yesterday to contact Mr Schoeman.

Though the Peri Urban Board has rejected several applications similar to Mr Schoeman's because they were in conflict with Government policy, no official move has yet been made to reverse the granting of business rights to Mr Schoeman.

Several businessmen from both sides of the BophuthaTswana border lodged an appeal against the Peri Urban Board's decision in favour of Mr Schoeman last year, but this was rejected on a technicality by the Townships Board, which heard the appeal.

Though they will not say so officially, several Peri Urban Board officials are dissatisfied with the board's decision and would like to see the matter re-opened.

Yesterday Mr Roux said there was no fixed Government policy at the time Mr Schoeman's application was heard. There were only guidelines.

"The board was only informed about one week ago that the guidelines had to be strictly applied as hard rules," Mr Roux said.

The Cabinet, possibly as a result of the outcry which resulted from the board's decision on Mr Schoeman's application, took the unusual step on October 21 of reiterating Government policy on the development of white-owned businesses within five kilometres of any homeland border.

It was this Cabinet policy statement which Mr Roux said yesterday had reached the board only about a week ago.

But Mr Roux also said that the board had been applying greater discretion in considering applications which could be affected by the Government's homeland development policy since last October.

Certain of the applications had been forwarded to the Department of Trade and Industries for comment beforehand, he said.

(Report by Don Marshall Van der Stel Building Pretorius Street Pretoria)

Checkers launch new generation of hypermarkets

CT 16/4/81 30

By PAUL DOLD, Financial Editor

CHECKERS is launching a new generation of hypermarkets designed to boost sales to well over the R1-billion mark, and these new stores will have a tremendous impact on the retail industry.

The hypers part of Checkers R230m expansion programme have been designed by Britain's highly successful Tesco group.

They introduce a new concept in hypermarket retailing offering the customer department store shopping comfort and design but at low prices. Each division of clothing and hardware is a self-contained department with carpeted floors and new look fixtures and fittings.

The first of these new giant stores was unveiled at Vanderbijlpark this week at a ceremony attended by the chairman of Tesco, Mr Leslie Roberts, and his wife Shirley who are visting South Africa as guests of Greatermans chairman, Mr Isaac Kaye.

Checkers has chosen its sites for the new hypers (with parking for some 1 000 cars) extremely carefully with most centred in almost the middle of town.

The Vanderbijlpark complex was developed by Retail Properties and financed by the Iscor ension fund. The cost of the project was R10m and Checkers are leasing the building.

These 16 000 sq m stores include satellite shops and are bound to be given an instant welcome by consumers. The old factory-like concept of hypermarkets is fast fading. Checkers has created an entirely new look in shopping and consumers will find it difficult to remember that they are indeed in a vast hypermarket and not a department store.

While the industry tends to place emphasis on the food segment Checkers is providing increasing attention to clothing, hardware and non-foods which have higher mark-ups than food.

Buying is vastly improved and the prices, particularly of clothing, are low by any standard. The carpeted clothing departments include change rooms .

In the record department an almost life-size colour video shows top recording artists performing.

There has been innovation in the food division as well. Grocery gondolas have been extended to allow storage for additional stocks and shelf packing and restocking is highly mechanized.

Checkers managing director, Mr Rex Glanville, belives the stores will set a precedent in hypermarket design and allow the consumer to enjoy the shopping experience.

This generation of stores is a sign of the increasing muscle behind Checkers' drive to gain an even larger market share.

A new high growth era has superseded the last when Checkers' huge cash flow provided a much needed prop to Greatermans ailing deparment stores. Under Greatermans new management team headed by Isaac Kaye chairman, and Harold Joffe, financial director, the department stores are now profitable with the result that Checkers' earnings are being ploughed back into the food chain itself.

The swing to growth can be seen, too, from Checkers' increased competitiveness with the lower margins resulting in huge rises in turnover.

Already boasting that it is South Africa's largest food chain, one can anticipate that the huge sales volume will subsequently lead to an entirely new administrative framework designed for the eighties and significant cost cutting. This, in turn, will substantially improve profit margins.

While the new stores are being opened, mainly on the high density Reef residential areas, it can only be a matter of time before the first new look hyper opens in Cape Town.

The Vanderbijlpark store brings the number of Checkers hypers to five. The hypermarket development is but a segment of Checkers' store plans with impressive super store and supermarkets to take place across the Transvaal and the Western Cape.

The group's strategy includes several projects which are top secret at this stage but the first could make its debut well before the year end.

Clearly, Glanville is determined to remain dominant in the sector and the plans to be announced will underscore Checkers all-embracing strategy.

The department store ambience in Checkers' new generation hypermarkets can be seen in this photograph with the fixturing, huge graphics and soft carpeting providing a strong contrast to the traditional austere hyper trading area. The women's fashion division above is on two levels.

I believe the enlightened new Health Act can be a catalyst to bring about dramatic changes in the health of the people of this country and to fight the enemy within disease and discontent.

What is health ? There are no known direct parameters to measure health status in general use. Usually health is measured and assessed in terms of certain negative indices: "negative", because they measure the absence of health, namely disease! This may well be the most practical, although over-simplified, view to hold in the coming years.

How we hope to implement the new Health Act has evoked many suggestions, but in the long run we must measure the benefits of any system against the birth rate, or even better fertility rates, perinatal mortality rate, infant mortality rate and life expectancy and at what cost. Unfortunately the basic requirement of statistical analysis for future planning - honest reporting has not been a characteristic of hospital annual reports. This basic epidemiological flaw has been of grave concern to many members of the medical profession including the Director of Hospital Services, Dr. R. Kotze, though some people prefer information which is plausible and pleasant rather than factual. Nevertheless inspite of opposition, it is hoped that from next year hospital statistics will be standardized, meaningful and comparable.

The super specialist and specialist levels of care do not come within the context of my talk, except to state that if we wish to achieve 'health for all by the year 2000' then the secondary and tertiary levels of health services, that is in the hospitals, should invariably be designed in support of the needs of community health centres rendering primary health care at the peripheral level and not vice-versa!

The Day Hospitals Organisation was started in 1969 - to-day we have 16 centres and our health teams carry out over one and a half million items of service a year, with a referral rate of only 2% and at a cost of only 4% of the C.P.A. Hospitals Services budget for the area, in other words a small proportion of patients utilise the major portion of health care expenses.

I believe I have been priviliged to have seen the effect, like a catalyst, of placing such a service as ours in our communities as the following statistics show. The birth rate which was one of the highest in the world in the coloured community, has dropped from 32 per 1000 in 1968 to 23 per 1000 today.

I believe our part has been to motivate our patients of the importance of family planning at such psychological times as during pregnancy and in the pre-school period, of stressing the importance of rearing this child as a healthy child, before thinking about the next one.

The present infant mortality rate for the white and coloured community which make up, nearly 90% of the population of Cape Town is 22 per 1000 and let me remind you that is in a society which only allows limited abortions. If abortions had been allowed for unwanted infants that died of slow infanticide the figure would have even been lower. The T.B. rate amongst the coloured community in Cape Town is lower than amongst the equivalent group in the U.K.

Sanlam, Edgars deal

RDM 16/4/8? 20

AGREEMENT has been reached between Sanlam and Edgars for financing of two branches of Edgars to be built at Brits and Tzaneen. Sanlam's outlay for the two schemes will amount to R1 800 000.

The development at Brits will have a lettable area of 1 040 m². Edgars will lease the premises from Sanlam on a leaseback basis for an initial term of 15 years with an option to renew. As the total area will not be occupied by Edgars initially, a portion will be available to sub-tenants.

A similar contract will apply at Tzaneen where the size of the premises will be 1 600 m², a part of which will also be sublet at first.

Both transactions have been negotiated on a package-deal basis, with Edgars appointing the professional people and concluding the building contracts.

Completion date for the two buildings is about April 1981.

In the next five years, Edgars plans to increase total retail space from 319 000 m² to 512 000 m². The group expects sales of R500-million by 1983 and R1 000-million a year well before the end of the decade.

5/ The Health team ....

Wrab won't sell bottle stores to STA

SOWETAN 30 16/4/81

THE chairman of the West Rand Administration Board (Wrab), Mr John Knoetze, this week denied reports that his board intended selling its bottle stores to the Soweto Tavern Association (STA).

By SAM MABE

Mr Knoetze was reacting to a report in a weekly newspaper where he was quoted as confirming that bottle stores under Wrab's jurisdiction operating in areas under three community councils in Soweto would be sold to blacks and to the STA.

He denied there was such an intention by Wrab and said he did not speak about such a possibility to anyone.

If at any stage the Government or Wrab intended selling or transferring the ownership of their bottle stores, such a step would be taken in consultation with the three community councils in Soweto, he said.

In fact, Mr Knoetze added, the councils would be given preference because they would be interested in running the bottles stores to raise funds for running the townships.

"What I did say was that I doubt if licences to open new bottle stores would be given to Wrab. Since we want blacks to run everything in their own areas, licences would rather be given to blacks if there was a need to open more bottle stores in black townships," Mr Knoetze said.

He also said he had no objection to STA negotiating for the legalisation of shebeens.

The statement on shebeens follows continued police raids on shebeens, despite STA's claim two weeks ago that they had reached an accord with the board on raids and the bottle store boycott, as a result of the agreement STA had called off their boycott.

Mr Lucky Michaels, chairman of STA claimed that a pledge had been broken.

The latest statement on bottle stores is seen by shebeen operators as another let down, as they had hoped they would be able to buy bottle stores.

Mr David Thebehali, chairman of the Soweto council, said any discussions about selling of Soweto bottle stores to private ownership was premature because it would still take a long time before it could happen.

"Those bottle stores cannot be sold now and even if they were sold, it would be the councils that would take such a decision and no one else," he said.

Also quoted in the weekly newspaper is Mr J van Schalkwyk, liaison officer for the Department of Co-operation and Development, as saying that the sale of the bottle stores would follow the legalisation of shebeens.

Mr Michaels said he would not talk much on the question of whom the bottlestores should be sold to. "We will tackle such issues when the time has arrived."

"For me to give you comment on this issue would be premature. We are now concerned with the issue of legalising shebeens and on-consumption premises."

Public servants get car discounts from firm

Education Reporter

All teachers, nurses, police and permanent members of the Defence Force in South Africa have been made an unbeatable offer by a major motor corporation — up to R1 000 discount on the purchase of a new car.

In an advertisement entitled "An important message to all members of the teaching profession," the Sigma Motor Corporation states: "In the nature of your work, you are providing an essential service to South Africa. Yet all too often your contribution is an under-appreciated and under-valued one.

"For this reason, we are making a genuine money-saving offer to all full-time members of the teaching profession."

The offer includes a reduced hire - purchase interest rate, a large discount and a servicing discount on a Mazda 323 1300, Mazda 323 1400 GLC and the 1600 GLC.

And just in case the general public thinks it can cash in on the deal, Sigma has stipulated that any teacher who wants to take advantage of the offer must produce his/her bona fides.

This includes a letter of identification from the teacher's association, proof of title and rank at school, an ID number or Book of Life.

The scheme was first instituted in August 1980 when feelings within teacher ranks reached fever pitch over the salary issue. Since then the scheme has proved incredibly popular, says Sigma's national sales manager Mr Gert van der Merwe.

Now the special deal has been extended to include nurses, permanent force men and members of the police force. The scheme is also multi-racial.

2. cont.........

(1) Plot this demand curve as accurately as possible, preferably using graph paper.

(2) Now suppose that over a period of ten successive years the annual
"crop" amour ... 80, 60, 50, 40,
and 70 milli ... nd tabulate the
gross value ... f the demand curve
scheduled ab ... ne ten years.

(3) Calculate th ... rop over the ten
years, and t ... this value.

(4) Construct ... e to be received

FOSCHINI/LEFIC FM 17/4/81 30

Growth plans

Activities: *Operates a chain of over 500 clothing stores, including Markhams and Pages as well as American Swiss Jewellers. Lewis Foschini (Lefic) holds 50% of the equity.*
Executive Chairman: *Stanley Lewis; managing director: H Mathew.*
Capital structure: *970 000 ordinaries of 50c; 200 000 cum prefs of R2. Market capitalisation: R61,7m.*
Financial: *Year to December 31 1980. Borrowings: long- and medium-term, R13m; net short-term, R10,3m. Debt:equity ratio: 64,5%. Current ratio: 2,1. Net cash flow: R9,7m. Capital commitments: nil.*
Share market: *Price: 6 357c (1980-81: high, 7 800; low, 4 750c; trading volume last quarter, 1 397 shares). Yields: 16,9% on earnings; 7,6% on dividend. Cover: 2,2. PE ratio: 5,9.*

	'77	'78	'79	*'80
Return on cap %	32,7	32,4	30,0	35,6
Turnover (Rm)	88	98	112	145
Pre-tax profit (Rm)	9,0	11,1	13,0	18,0
Gross margin %	11,7	12,4	13,2	13,7
Earnings (c)	529	659	775	1 071
Dividends (c)	216	270	321	483
Net asset value (c)	2 280	2 670	3 131	3 681

* Lifo accounting basis.

A buoyant economy and the related consumer spending spree during the past year undoubtedly contributed to Foschini's achievements in 1980. And future growth is certainly on the cards for 1981, with the group planning a record expansion of trading area.

During the year the group adopted the lifo stock valuation method, the effect of which was to reduce pre-tax profits by R1,6m and taxation by R706 000. More to the point, fifo-based figures show pre-tax profits up 51% to R19,7m (R13m) compared with a 17,1% rise in 1979.

Last year also saw significant expansion to the group's chain of stores, with the opening of 22 additional shops — in Johannesburg, Cape Town, Port Elizabeth and Maseru. This brought the number of stores to 490 at year-end — a total trading area of more than 150 000 m². Since December 31 the number of stores has increased to over 500.

The 22 new stores opened in 1980 compares with 40 brought on stream in 1979. This does not, however, take into account extensions of existing outlets during the year and, therefore, does not necessarily indicate a reduced rate of expansion. In fact, executive chairman Stanley Lewis says planned expansion for 1981 will substantially exceed that of any previous year.

Foschini recorded a 29% increase in turnover to R145m (R112m). But this was accompanied by a 46% rise in debtors, indicating that much of the additional activity was credit-based. Because of the seasonal nature of the business, a December 31 debtor figure is undoubtedly higher than the year's average. Indications are, however, that it could become increasingly difficult during the coming months to increase sales on credit, because of the degree to which consumers are already extended.

On lifo valuation, the value of stocks rose only 13% over the period, while on fifo the increase would have been 21%. In either case, this indicates tighter and more efficient stock control was excercised throughout the group.

To finance these additional stocks and debtors, total borrowings increased by over R7m, taking the debt:equity ratio from 52,4% to 64,4% — not unusual for this type of company. The balance sheet is, in fact, strong as the bulk of the additional borrowings came from a debenture issue redeemable between 1993 and 1997. Furthermore, annual cash flow of R9,7m is the equivalent of 41% of total debt.

Despite increased activity, the gross profit margin was little changed at 13,7% (13,2%). The main reason for this was the switch to lifo which reduced the ratio by 1,1 percentage points. But margins may also have been affected by new store openings and disruptions from the expansion of existing outlets.

Another effect of lifo was to reduce dividend cover from 2,4 to 2,2 times. Dividend policy was, in fact, unchanged as the fifo cover remained constant.

At 6 357c, the share yields a fairly attractive 7,6%, but that is largely academic because of limited marketability. Pyramid Lefic, with a yield of 7%, is an easier, if marginally more expensive, way into Foschini.

Chris Wilson

2. cont.........

(1) Plot this de ble, preferably using
graph paper.

(2) Now suppose ive years the annual
"crop" amoun 50, 80, 60, 50, 40,
and 70 milli te and tabulate the
gross value s, if the demand curve
scheduled ab of the ten years.

(3) Calculate th he crop over the ten
years, and t ield this value.

(4) Construct a have to be received
for each of e in order to make
the gross v l to the average annual
gross value paper as the demand
curve. (It y).

(5) From the de hich must be offered
on the mark scovered in part (4).
From these w much the government
would have ut.

(6) Draw up a s nment would have to
buy or sell rs of part (2). Would
the governm han the amount it would
have to buy swer mean that
stabilizati impossible?

CLOTHING

Retail complaints

30

FM 17/4/81

Although clothing retailers have sided with the industry's application for government protection against imports, they have voiced strong objections to protecting inefficiency.

At a meeting of knitted garment manufacturers and retailers, who are opposed to the excessive import duties on finished knitted garments requested by local manufacturers, the retailers said manufacturers are unable to deliver the goods.

Last September, the National Clothing Federation gazetted its proposals for tariff increases.

Ron Dyamond, company secretary of the Truworths group, says Truworths opposed the application the following month on the grounds that duty proposed for finished knitted garments was excessive — in most cases double existing duty — in spite of the fact that local suppliers couldn't meet demands.

"And since then the situation has deteriorated," notes Dyamond, who readily admits that if supply was in step with demand in this area, his company, as a retailer, would be fully prepared to go along with the manufacturers to some extent.

Outstanding deliveries

He attended the meeting, organised by Dennis Solomon, of the Textile and Clothing Advisory Council (Tacac), armed with lists of outstanding deliveries from knitters.

According to Dyamond, the garment knitters had ample warning that demand would pick up.

But, he says, they did nothing to equip themselves to meet it.

He says retailers place their orders, have them confirmed, but invariably the date of delivery is changed because manufacturers are not ready to supply on time.

"Our advertising campaigns coincide with confirmation of orders and when women come into our stores expecting to be fitted out and we haven't got the styles or the sizes, we have to take the blame," he says.

Tacac's Solomon confirms that retailers are to make certain proposals to the garment knitters, but as yet nothing has been resolved.

Financial Mail April 17 1981

Khan back in hot seat

C. Herald 18/4/81

DAWOOD Khan is back in the hot seat with his re-election last week as chairman of the Western Cape Traders Association (WCTA). 30

He has been the only chairman of the Association since its inception three years ago.

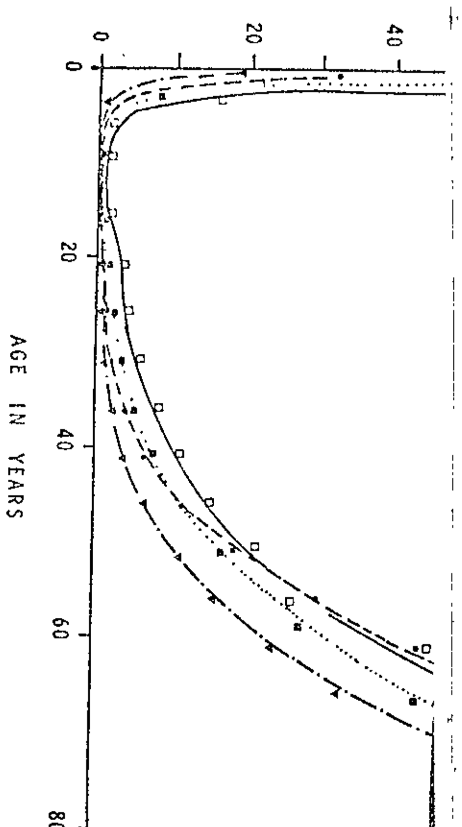
A former city councillor and ex-detainee, Mr Khan is a keen advocate of consumer boycotts in support of aggrieved workers and other groups.

'The WCTA's policy has been and will continue to be that blacks should use their economic and consumer muscle to force through changes.

'We have learnt through bitter experience that the age of moderate action is gone forever,' Mr Khan said.

He also called on WCTA members to boycott the Republic Festival.

THE ARGUS, MONDAY APRIL 20 1981



Challenge to PM on Areas Act

Argus 20/4/81 APR 30

MR DAWOOD KHAN, chairman of the Western Cape Traders' Association, said the Group Areas Act has prevented black entrepreneurs from becoming successful on a big scale.

Mr Khan was criticising a statement by the Prime Minister, Mr P W Botha, that the Act entrenched the rights of different race groups and had nothing to do with restrictions on free enterprise.

He said if a black trader and a white trader were doing business next to each other, and the black trader was then removed in terms of the Act, it made 'a mockery of the free enterprise system.'

100 000 MOVED

In terms of the Act, the largest part of the Western Cape was proclaimed 'white' and more than 100 000 blacks had been removed from District Six, Woodstock, Goodwood, Parow, The Acres, Bellville and Durbanville into the present black locations.

'It has been proved time and again that if a black man applies to open a business in an area, and a white man applies, the white gets preference every time,' Mr Khan said.

Several Indian businessmen were detained by the Security Police in 1966 for trading in coloured group areas. But white business concerns had traded freely in the coloured group areas long before the concept of central business districts was mooted by the Government.

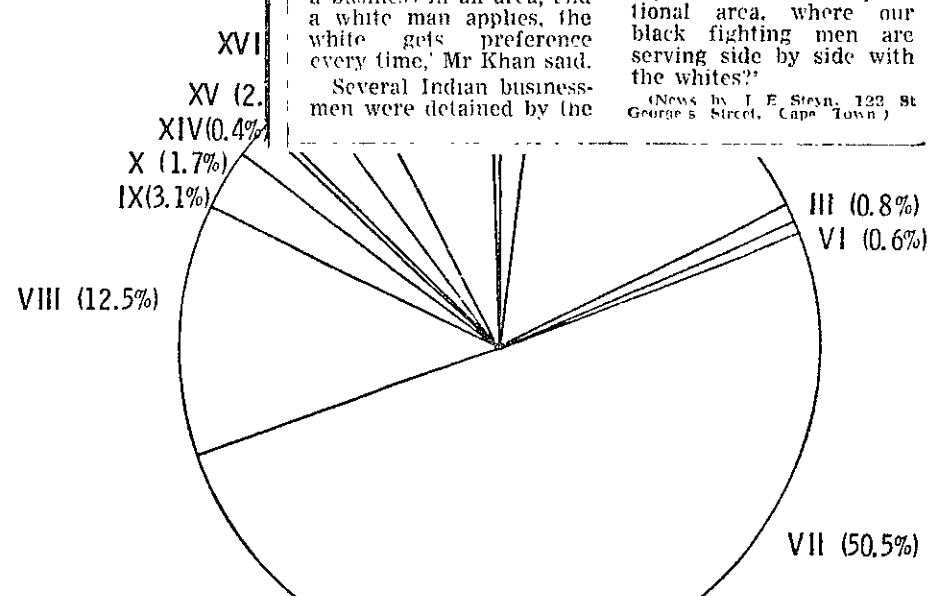
'I am not a racialist, but but if you are going to have group areas, we must be allowed to get rich in our areas, while the whites get rich in their areas,' Mr Khan said.

NAT PILLAR

He challenged the Prime Minister to deny the Group Areas Act was the main pillar of the National Party by which the black races were kept apart in legal residential compartments to prevent blacks from getting together to voice their disapproval of the Government's policy of race discrimination and oppression.

Mr Khan also asked: 'Will the Prime Minister apply the provisions of the Group Areas Act (race separation) in the operational area, where our black fighting men are serving side by side with the whites?'

(News by I E Steyn, 123 St George's Street, Cape Town.)



obtained from periodic dust sampling may be important in indicating the attendant risks in a given situation.(174)

In this paper the emphasis has been placed on understanding silicosis and its manifestations in a wider context than that of the Transvaal gold mines. There are several reasons for doing so. First, it is important to realise that, when the hazards of silicosis on the Witwatersrand were recognised, doctors in the Transvaal, the majority of whom were of British origin, had to draw on the limited experience and understanding of the problems of metal ore mining from Britain and the Empire, particularly Australia. From 1900 to 1911 four commissions on the topic of silicosis had been held in Australia, one in Cornwall and three in South Africa, including the medical commission on silicosis and tuberculosis.(175) It is interesting to observe that by 1911 in the United States of America there had been no official investigation into the incidence of occupational diseases, this despite the fact that serious conditions prevailed in some of the mines in Missouri, Utah and Nevada.(176) South African doctors had therefore to draw on the experiences of miners and engineers who had worked in metal mines elsewhere and to work out their own epidemiological

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by various commissions for its attempts to introduce dust allaying methods on the mines, Richard Barry, a mine manager, in private correspondence with his uncle John X. Merriman, a former Prime Minister of the Cape, denied this:

> ...even today the efforts to eradicate it on a great many mines are of the very flimsiest nature. We cannot entirely absolve the Miner from blame, but we who are supposed to know better should have started upon a serious campaign of education on practical lines long since. (178)

However, doctors practising in the Transvaal were to play a major role in bringing about an awareness and understanding of the problems of silicosis to the medical world at large. The first international conference on silicosis, organised by the International Labour Office at Geneva, was held in Johannesburg in August 1930. Here representatives of many nations converged to exchange their views with South African experts who had accomplished so much in the field of silicosis. At this conference South African medical and mining experts brought a wealth of experience to bear on the problem. Of the twenty-six papers read at the conference, nineteen were presented by South Africans who had examined many of the aspects of the problem encountered in the Transvaal.(179)

Group Areas impact recalled

CT 20/4/81

Staff Reporter

MR Dawood Khan, chairman of the Western Cape Traders' Association, yesterday criticized a statement by the Prime Minister, Mr P W Botha, that the Group Areas Act entrenched the rights of groups and had nothing to do with restrictions on free enterprise

In a statement to the Cape Times, Mr Khan said the association, which represented more than 2 000 coloured and Indian traders, saw the Group Areas Act as responsible for the mass removal of more than 100 000 black people from District Six, Woodstock, Goodwood, Parow, The Acres, Bellville and Durbanville into the present black locations.

In terms of the Act, the largest part of the Western Cape was proclaimed for occupation and ownership by members of the white group. An example was the removal of an Indian businessman who had traded in Newlands for 27 years.

Detentions

A number of Indian businessmen had been detained by security police for trading in coloured group areas in 1966, whereas white business concerns had traded freely in the coloured group areas long before the concept of central business districts was ever mooted by the government.

The association wanted to point out that the non-white businesses had not been full participants in the economic mainstream because of restrictive laws such as the Group Areas Act which made it virtually impossible for blacks in the country to become entrepreneurs on a big scale.

Mr Khan said he challenged the Prime Minister to deny that the Group Areas was not the main pillar of the National Party by which the black races were kept apart in legal residential compartments, in order to prevent blacks from getting together to voice their disapproval of the government's policy of race discrimination and oppression.

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Argus 21/4/81

Spending rate begins to slow

FIGURES issued by the Department of Statistics show that real growth in consumer spending, which has been increasing since the beginning of 1979, is slowing down.

Statistics show that the average monthly national retail sales figure for the past three months expected to increase only 2,4 percent in real terms. This is a substantial drop from the nine percent increase recorded from 1979 to 1980.

In spite of extensive pay increases in the public and private sectors this year it would appear that the consumer is having to tighten his belt.

CAR SALES

Reasons for this are not hard to find.

Record car sales in recent months mean that many people have committed themselves to hire-purchase contracts for the next few years, higher mortgage rates are siphoning off more of the homeowner's monthly cheque and, of course, spiralling inflation is taking its toll.

If interest rates on bonds rise further — and there is every indication they will — and inflation continues at its present rate, then consumer-spending could well continue to slow and even start falling.

Insurance takeover

JOHANNESBURG. — The Southern Life Association and General Accident Insurance Company South Africa have agreed to make Southern Insurance Association a wholly owned subsidiary of General Accident.

The purchase of Southern Insurance will boost General Accident's standing in the short-term premium income league from 12th to eigth in the industry.

As a result of the shares being issued to Southern Life plus other minority shareholdings, the holding of the British based parent in General Accident will be reduced to about 70 percent. — Sapa.

Sanlam, Edgars link for new development

36 STAR 21/4/81

By Frank Jeans

Insurance group Sanlam are linking up with Edgars for the establishment of two new branches of Edgars at Brits and Tzaneen.

Sanlam's total capital outlay for the two developments will be R1,8-million.

The Brits development will have a total lettable areea of 1 040 sq m, and Edgars will lease the premises from Sanlam on a leaseback basis for an initial term of 15 years with an option to renew.

A portion of the new building will be available to sub-tenants.

A similar contract has been agreed upon in the Tzaneen scheme, where the size of the new premises will be about 1 600 sq m, part of which will be sublet first.

Murcoms, the company in the Murray & Roberts group are to build both properties, with an expected completion date of April, 1982.

During the next five years Edgars plans to increase total retail space from 319 000 sq m to 512 000 sq m and the group expects sales of R500-million by 1983 and R1 000-million well before the end of the decade.

There were thus two groups which stood to gain from an attack on

Motsuenyane pleads for independent black Press

23/4/81 STAR (30)

MR MOTSUENYANE . . . image of an Afrikaner.

By Iain Macdonald

There was a need for an independent black Press in South Africa, but the Government had followed a policy of repression towards blacks, which had prevented this, the president of Nafcoc, Mr Sam Motsuenyane, said yesterday.

Testifying before the Steyn Commission, he said the lack of a free Press in South Africa was "the most serious problem confronting the meaningful involvement of blacks in the mass media market in the country.

"I see no way the Government could generate a favourable political climate by suppressing black dissent through the banning of newspapers like Post," he said.

He also said the image of the Afrikaner to blacks

Three-point plan by Nafcoc president

was that "of the police who are there to kick their backsides and to treat them harshly."

This impression also applied to the Afrikaans Press.

"I would be pleased if the Afrikaner could address himself to his image in the African context and make himself an African rather than a European in Africa," he said.

He added that the "white Afrikaans Press and black readership were "poles apart."

He put forward several suggestions on how a black independent Press could be started:

- Making money available through development corporations.
- Training of blacks by the white private sector on how to run and establish a black Press.
- Relaxtion of Government pressure on the freedom of the Press.

He warned that if blacks were not allowed to feature their radical and critical views through the existing mass media, the question arose: Where else should such views be expressed?

"As long as the Government acts as ruthlessly as it does to suppress freedom of thought and expression, so will we hesitate to become involved," he said.

He also expressed "distress" that Bishop Desmond Tutu's passport had been withdrawn "because he expressed criticism of the Government."

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still not a major factor. The availability in the cash economy of new products, such as guns, was probably also an important consideration. As population growth and lack of capital led to a declining per capita product in the African agricultural areas, there was probably a threshold point at which a target motivation was replaced by the survival motivation. For example, when the mine-owners drastically reduced wage levels at the end of the Anglo-Boer War, there was a virtual strike by African miners, and the supply of workers dried up. This 'strike' lasted for several years, and was only really broken by the large-scale importation of Chinese workers. At what point did African workers lose the alternative of withdrawing their labour in this way? Almost certainly such a threshold point would be reached at different times in different areas. Much light would be thrown on the whole questions by a comparative study of the factors underlying migration from different areas in South Africa, from places like Malawi and Tanganyika which were less affected by White possession of the land, and also from Mozambique, where the colonially-imposed 'obligation to work' was perhaps the most directly coercive factor found anywhere.

Associated with the fact of dispossession were the positive and negative steps taken which had as a consequence the discouragement of the growth of efficient cash-crop farming in the African areas. There is evidence that, in some areas at least, African peasant farmers reacted as efficiently as White farmers to the growth of markets for agricultural produce, (cf Bundy, 1972 and also Arrighi, 1970, for similarities in Rhodesia). The main motive behind the 1913 Land Act was to increase the labour supply but a secondary motive may well have been to protect White farmers against competition. In the ensuing period the relative 'underdevelopment' of African agriculture was brought about, whether intentionally or unintentionally, by the massive assistance to White agriculture and the virtual total neglect of Black agriculture (see Wilson, 1972). This assistance took the form of direct loans, the strategic location of transport routes, and transport subsidies. State intervention thereby provided the necessary capital for the development of White agriculture, and at the same time rendered African agriculture non-competitive.

It is most certainly true that not all African agriculturalists and pastoralists desired to attempt cash-crop production, since their tradition had been one of more or less adequate subsistence farming. However, a development of African agriculture from subsistence to cash production in pursuit of consumer goods was made difficult or impossible by the factors we have outlined. When, later, agricultural colleges, extension services and betterment schemes for African farmers were introduced, the development of the agriculture was severely hampered by the consequences of the earlier processes. High male absenteeism rates due to migrant labour, the destruction of the soil through erosion and overgrazing and high land-densities were and still are only some of the factors.

The Natal Mercury, 24/4/81

Business scene slackening

(30)

Financial Editor

THERE are clear signs that some of the vigour on the business scene is being lost and that the manufacturing and commercial sectors have probably entered the downward phase of the this business cycle.

This is stated by the quarterly survey from the Bureau of Economic Research at Stellenbosch University.

It says that the 'boom' phase of the economic cycle has come to an end and that this is reflected in the deterioration of the business mood of all the sectors surveyed.

Insufficient demand for products and rises in interest rates which hamper the availability of capital are cited as bottlenecks.

Wholesalers did not have a lively first quarter, probably because retailers were well stocked with goods.

Consumption

While private consumption played a major role in the eight percent GDP growth last year 'fears have arisen that growth might decelerate rapidly as from the first quarter of 1981.'

But retailers reported higher volumes of sales in first quarter 1981 than in the same period of 1980.

But they do not think that this will continue — the responses indicate that growth could slow down gradually during this second quarter.

The survey forecast that the growth rate in the GDP will 'probably be substantially lower than that of last year.'

Conflict arose over the issue of control over psychiatric services. The commission was to recommend that psychiatric services become the responsibility of the central Department of Health, thereby overriding that commission before it had published its report. A compromise was finally reached, with a policy of integration of psychiatric services at all three levels of government being accepted in principle. In practice, this policy has thus far only operated on two levels

1) the process of appointments of certain personnel
2) the streamlining of services for acute mental illness. The

...ely retained its pre-...es this.

Salesmen ask Govt for talks on guns

(30) KDM 25/4/81

Staff Reporter

THE Sales Representatives' Association of South Africa (Sarasa) has sent a letter to the Minister of Police, Mr Louis le Grange seeking an appointment to discuss with him the issue of granting members permission to carry firearms.

This was confirmed by the president of the association, Mr F A N Mohajane, who also said that salesmen and businessmen were being subjected to armed robberies while on duty.

The letter was sent to the Minister a fortnight ago, but no reply has been received yet.

"A lot of our members, including me, have been robbed of money and goods in the townships and this was done at gunpoint. Last Friday one was robbed of his car and money in Natalspruit," said Mr Mohajane.

Mr Mohajane said only three of the 500 members of his association had been granted permission to carry guns.

In a recent incident, a leading Klipspruit businessman was hit in the neck by two armed robbers — but lived.

"To stop this practice, we need to be protected and we are hopeful that law enforcement authorities will be sympathetic to our request," said Mr Mohajane.

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Licensed Institutions

The most significant development in licensed institutions was the emergence of the private company-run institutions. They entered the arena during the critical phase of the over-crowding crisis in the early 1960's. By 1976 over 12 000 beds were available. Nearly as many people were then being treated in private company hospitals as in state mental hospitals.

'Homeland' Hospitals

The mission hospitals formed the backbone of health care in the 'homelands'. The government began taking them over in the 1960's. In 1972, the Secretary for Mental Health, Dr J. Gilliland, outlined the comprehensive health system for the 'homelands'. Each 'homeland' was to be divided into wards (which do not coincide with the magisterial district). Each ward was to contain a central hospital. This would be a control point for surrounding 'satellite' clinics. More specialised services would be concentrated at the central hospital. The surrounding clinics would provide family planning, immunization, paediatric and follow-up services on an outpatient basis. Psychiatric follow-up services were included. The clinics would jointly drain the entire ward. Psychiatric facilities would therefore be available on all three levels of the three tier system, i.e. State mental hospitals, general 'central' hospitals and the satellite clinics. The emphasis is towards the management of psychiatric patients in the community, but Gilliland predicted that the demand on inpatient facilities would grow. Three institutions run by private companies were operating in the 'homelands' since 1973. The first 'homeland' state mental hospital opened at Umzimkulu in 1976. There was no available information on the progress of the satellite clinics.

Outpatient Services

The discovery of the psychotropic drugs in the late 1950's was the precondition for the development of outpatient and community services. They provided a means whereby patients could be managed without hospitalisation.

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In theory, clinic fees are worked out on the basis of income, but in practice, everyone, whites included, paid 50 cents for a visit. This fee included all medicines prescribed.

Assocom container plan

RDM 25/4/81 (30)

Industrial Reporter

A SIX-POINT container plan has been drawn up by the Association of Chambers of Commerce (Assocom) and submitted to the Department of Transport's committee of inquiry into the Reef's container-handling problem.

The inter-departmental committee of inquiry was set up last month in response to congestion at the Reef's container terminals earlier this year.

The Assocom plan, outlined in the Johannesburg Chamber of Commerce's newsletter, consists of six central recommendations:

- The Government should investigate import documentation. The terms of reference should include the simplification of documentation and other means of Customs-clearing imports.
- There should be more flexibility in the system by which FCL (full container load) containers arriving at the SAR terminal at City Deep are either loaded directly on road trailers for delivery, or left at South African Container Depots (SACD). There should be either a three-day holding period at City Deep or the Railways should establish satellite stacking areas for held containers.
- Communication between City Deep operators and the cartage contractors should be encouraged by an operations liaison committee.
- Urgent consideration should be given to extending warehouse facilities by licensing more private-sector warehouses.
- The Competition Board should be asked to investigate the cost-efficiencies of expanding SACD's facilities by allowing more competing depots.
- The Government should appoint a research body to study container movements in and out of South Africa, and the level of capacity use of the present facilities. This body should provide annual projections of container flows relative to handling facilities.

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... utilisation by whites and a low level by Africans.

During the same twelve month period

2 African women were confined in Bethesda		10%
19 'Coloured' women "	"	90%

For the post natal clinic attendances were as follows:-

18 white women	3%
29 African women	5%
573 'coloured' women	92%

Figures for family planning were not available.

These figures are interesting in that they show that this rural clinic was utilised to a high degree by white farmers in the area. This bears out my personal observation based on talking to the farmers, that they considered the clinic a valuable asset to their own families.

Of 167 pregnant women who were tested, 20 (12%) gave a positive Wassermans reaction.

The people attending the clinic came mainly from a 1 km. radius (i.e. Nieu Bethesda itself) but people from farms in a radius of 40 kms also attended the clinic.

The clinic also sells cheap milk powder supplements from the State Health Department for 23c/500grms; child nutrition has improved greatly over the last ten years and is described separately.

MUNICIPAL CLINIC

The Municipal Clinic H.Q. is located in the same building as the Day Hospital. It is a modern building with good facilities. It also has a sub-clinic in the African Location. The clinic in the location is housed in what was once the Location Isolation Hospital. It is an old building with about eight rooms and is equipped with an Xray machine and a dark room for TB chest Xrays. Visits to the clinic are free.

The clinic deals with:-

1. Minor ailments, including V.D.
2. Post natal care
3. Child immunisation and welfare
4. Tuberculosis
5. Family planning

Five banks to channel aid for small businesses

25/4/81

By Tom Hood

EFFORTS to help small business ventures with cash and know-how will receive a boost next month when five major banks link up with the new Small Business Development Corporation.

Once agreement is reached, the 3 500 branches of the banks will be able to bring financial aid direct to the 'small man.'

This will speed up the approval of loans to people who apply to the corporation.

Local bank managers are to get power to grant loans which the corporation will guarantee up to 80 percent.

Large amounts, however, will still need the sanction of the SBDC.

The corporation, formed on February 3, has already given more than R1-million in loans to small businessmen of all races. It has received well over 200 applications and is processing as many as five a week.

SPORTING CHANCE

'If a venture has a sporting chance we will support it but we are not giving away money', says Mr M J Oosthuizen, a member of the SBDC and a director of Rembrandt Group. 'We are helping those who want to help others.'

So far the private sector is committed to invest R65-million in SBDC shares and the Government has invested another R10-million.

The corporation is building three industrial areas in Soweto for small businesses. The first is to be ready on August 1.

WHOLE SPECTRUM

Requests for aid come from the whole spectrum of the population.

'But I am surprised at the large number of applications coming in from small villages throughout the country. Nafcoc has played an important part in getting the word across.'

SBDC has already financed an advocate, a fast-food partnership and a variety of industrialists to get started.

It will also run a professional advice service and act as consultant when anyone has difficulties about handling bookkeeping, purchasing, debtors, creditors and other matters.

Shebeen king Webster receives another blow

VAAL shebeen king Mr Ben "Webster" Raphutsi had his third taste of misfortune in three weeks at the weekend when a mysterious fire broke out in his storeroom and destroyed more than 40 cases of beer.

Two weeks ago Mr Raphutsi was attacked by two gunmen when he went to check on his generator in his Bates Road, Evaton backyard. Last week, while Mr Raphutsi was lying in Sebokeng Hospital with five bullets in his body, a group of armed men raided his shebeen and assaulted patrons.

Speaking from his home yesterday, Mr Raphutsi said he could not link the fire at his place with the recent attack on him. "I suspect someone might have started the fire by mistake, and the less said about it the better.

"I can't estimate what my losses are," he said, "but 40 cases is the minimum. Anyway, I'm just glad I always slip through. The other time eight bullets were fired at me. Six struck me, and two missed me by inches, but today I'm as fit as anything."

● Meanwhile, police have discounted rumours circulating in Evaton that an unidentified white man was burnt to death in his car after being caught in the rioting which broke out early this month following a rents meeting.

According to the rumours, the white man was killed in a hail of stones near the Indian shopping complex, which was gutted.

OK enters

(30)

big league of R1 000-m

Star 29/4/81

By Mervyn Harris

OK Bazaars has entered the big league of international retailers by becoming the first national retailing group to have achieved sales of more than R1 000-million.

Sales jumped 39 percent from R762,3-million to R1 061,9-million in the year to March.

Profit before tax rose 45 percent from R32,3-million to R46,9-million. Earnings attributable to ordinary shareholders increased by 45 percent from R18,9-million to R27,4-million.

A final dividend of 85c boosts the total payout for the year from 85c to 120c a share, an increase of 41 percent. Earnings a share were up from 159,1c to 230,3c.

The triennial revaluation of fixed assets at April 1 1980 revealed a surplus above book values in respect of the property portfolio of R21,1-million and R2,2-million for plant and equipment.

The managing director, Mr Meyer Kahn, told The Star that the national retail industry last year recorded its highest growth rate since 1973.

NEW STORES

Growth in money terms was about 26 percent compared with an increase in OK sales of 39 percent. "After taking inflation of 16 percent into account, we believe the market grew in real terms by about 9,5 percent.

"We expect a slowdown in consumer demand in the current financial year and the market should grow in real terms by about 4,5 percent.

Among stores planned to open this year was a new concept in retailing in Durban's West Street. New outlets would also be opened in Ladysmith, Brakpan and in Lehurutshe and Thaba Nchu in Bophuthatswana, at Maseru in Lesotho and Kwa Mashu in kwaZulu.

Mr Kahn said that black people now had nearly half of the country's spending power and on current trends he expected their expenditure to be more than white expenditure by 1985.

The OK philosophy — "a store for the people" — had always been to be as close as possible to its customers. This was why it had major expansion plans in Bophuthatswana and other states.

"THRILLED"

"Our view is that the retail industry is overtraded. This means it is vulnerable to a downturn in consumer demand. But our customers, with the exception of the hyperama division, are mainly in the middle and lower-income groups which are the growth areas in the country.

"With our size, financial strength and major market share, we believe we are less vulnerable than most other stores."

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RDM 1/5/81

Uniewyn, Picotel inquiry

By DAVID CARTE

Deputy Financial Editor

A JOHANNESBURG Stock Exchange investigation into dealing in Union Wine and Picardi Hotel shares has revealed that "certain transactions might constitute a breach of Section 233 of the Companies Act".

This finding, announced by the JSE committee yesterday, is the result of an investigation into dealing in Union Wine and Picardi Hotels shares between March 2 and March 11.

This was immediately before the proposed Kirsh-Pickard liquor retailing partnership was announced. Turnovers and share prices moved sharply ahead of the announcement.

Trading in Picfin and Coki Corporation, the other affected companies, was also investigated, but the JSE found no evidence of insider trading.

The JSE has sent its findings to the Registrar of Companies, who is empowered to refer them to the Attorney-General.

Section 233 of the Companies Act deals with insider trading.

Coki declares 3,5c special dividend

STAR 1/5/81

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Coki Corporation, the listed company which controls the Metro Group's interests in retailing, has declared a special dividend of 3,5c a share.

In rapid succession this year, Coki has bought a 30 percent stake in Dions, a 54 percent interest in Russell Holdings and has done a deal with the Pickard Group with regard to Union Wine.

Earlier this year Coki announced that as soon as the furniture group, Russel Holdings, had declared its final figures, Coki would declare a special dividend to shareholders based on the dividend income flowing through from Russels.

However, according to Coki chairman Mervyn King, "Coki decided that there was no need to wait for the Russels results which are due in June. We have a good indication as to what the Russells dividend will be and saw no reason to delay the declaration of the special dividend." — Sapa.

METCASH/KIMET FM 1/5/81 30

Solving lifo problems

Metcash's results for the 53 weeks to end-February are particularly interesting. This is not merely because of the 38% earnings growth — which does not reflect the impact of recent acquisitions Dion and Russell — but because of the lifo method of accounting which the company has adopted.

Lifo was developed to minimise the effects of inflation on the income statement. But for all its advantages in this area, the traditional lifo system held certain disadvantages as far as the balance sheet was concerned.

For one thing, it was contradictory to the extent that stock values were depressed by the amount of the annual pre-tax lifo adjustment. And as this effect is cumulative, the balance sheet value of stock over a period of time would end up unrealistically low. This was contrary to the growing trend for companies to revalue fixed assets to current cost, with the specific aim of showing the true capital employed in the business.

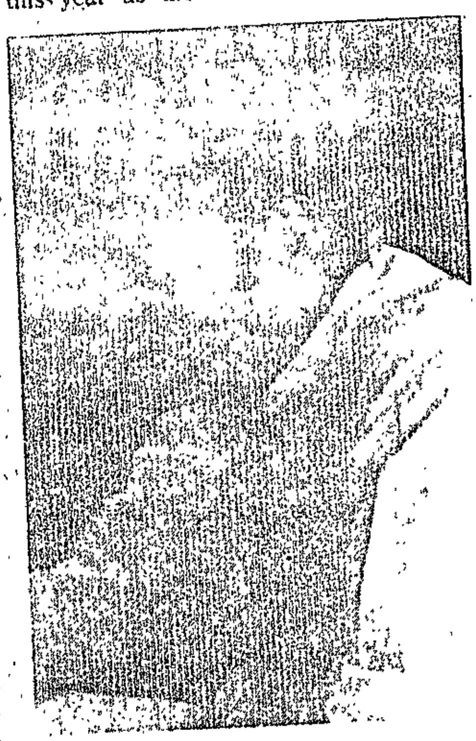
The other major problem was the impact on financial structure.

Because lifo reduces retained earnings, the capital base tends to grow more slowly than would be the case with fifo. Debt:equity ratios can, consequently, be distorted. A growing number of companies, including HLH, Tiger Oats and now Metcash, have solved these problems by introducing a lifo stock reserve account.

Quite simply, the new method involves transferring to this reserve the taxed lifo effect on profits. In Metcash's case, lifo reduced pre-tax profit by R5,9m last year, but there was a tax saving of R2,5m. Thus R3,4m was transferred to the stock reserve account which, together with lifo retained earnings, equals what would have been retained with fifo.

The significance of this is that the balance sheet remains fifo-based. Stock values are unaffected and, with the new non-distributable reserve classed as part of the capital base (as in the case of a fixed asset revaluation reserve) there is no adverse effect on financial structure either.

Kimet, which holds 50% of Metcash's equity, outperformed its subsidiary with a 48% earnings rise to R5,4m (R3,7m). Metcash, however, remained the largest profit source. Kimet's pre-tax profit was up 36% to R10,9m (R8m) and, like Metcash, it is looking for even better growth this year as the benefits of the recent acquisitions begin to be felt.



Coki's King . . . acquisition benefits

With Metcash owning 94,6% of Coki, the incorporation of its holdings in Dion and Russell will have a significant effect on both Metcash and Kimet. Had the acquisitions been effective last year, it is estimated that Metcash's earnings would have moved from 290c to around 399c a share — calculated on a fifo basis. On the same assumption, Kimet's earnings would have been up from 33c to approximately 44c.

The likely impact of the group's holdings in Union Wine cannot be measured yet, but Coki's chairman, Mervyn King, says an announcement will be made "shortly."

Chris Wilson

OK BAZAARS FM
A — OK 1/5/81 (30)

OK Bazaars' management has every reason to be pleased with group results for the year to end-March. The OK has become SA's first retailer to achieve sales of over R1 billion and has virtually doubled turnover, earnings and dividends in the past two years.

However, the results are no better than anticipated by the *FM* after the interim report, even though our forecast at that stage was more optimistic than most published estimates.

Our forecast was for earnings of 225c and a dividend total of 120c. We also expected that second-half earnings would approximate those of the full 1980 financial year and that food sales would continue to decrease their proportionate contribution to total group turnover by about two percentage points.

In the event, OK earned 230c and is paying 120c. Its second-half earnings of 161c were 2c higher than the 1980 total, while food sales dipped to 56% (58%) of group turnover.

More than anything else, this underlines the steady nature of OK's performance over the past year. After a first-half turnover gain of 42%, sales growth slowed slightly to 37% in the second six months. This was not unexpected, however, given that the two new hypers, opened towards the end of the 1980 financial year, were already contributing to results in that year.

There was a slightly larger proportionate pre-tax profit growth slow-down from 53% in the first half to 42% in the second — again not unexpected since seven new stores, including two replacements, were opened towards the end of the year. These, after writing off start-up costs, made no contribution to profits.

In fact, the effects of these new stores on the income statement was negative, as is indicated by a R336 000 loss attributable to outside shareholders. The minorities credit relates to the three partnership stores opened in Mitchell's Plain and Bophuthatswana.

Assuming these losses are representative of all the new stores, the pre-tax deficit must have been over R2m, reducing the second half growth rate by at least eight percentage points.

As was the case in 1980, results were enhanced by the continued move towards lesser proportional dependence on low-margin food sales. Furniture was again the leading growth area, with a 60% turnover improvement, followed by housewares (42%), clothing (39%) and food (33%). The furniture growth rate was steady throughout the year, but the other three divisions all improved on their interim gains.

The disproportionately large increase in furniture means that profits cannot be accurately related to sales, since heavy provision — 35% of the total debtors' book — is made for unearned profit and finance charges on HP sales. This reserve currently stands at over R35m and will provide a useful cushion should consumer durable sales decline.

Regarding the future, MD Meyer Kahn remains confident that the OK will stay competitive. He also believes that the emphasis on basic commodities will make the group less vulnerable to a slowdown of the economy. So while it might be unrealistic to expect the group to maintain its growth rate of the past two years, a 25% turnover improvement (compared with 37% achieved in the second half of last year) does not look an unreasonable prospect. With further possible margin gains, shareholders should, therefore, be able to count on an additional 30c-35c in dividends.

A possible 155c total payout would put the share, currently trading at 1 925c, on a prospective yield of 8%. This is probably more than one percentage point higher than the industrial market average, making the share good value at its present level.

Brian Thompson

CNA FM 1/5/81 (30)

Strong gains

As long as it is on the right side, a margin of error in earnings and dividend forecasts can make a board of directors look good. The secret, of course, is to under-estimate what shareholders are likely to get.

Last October, CNA Investments' directors warned: "We cannot promise shareholders a comparable 50% rise in the final dividend for the year." The interim payout had been increased from 5c to 7,5c a share, but the Zimbabwe subsidiary was to be deconsolidated and only dividends, possibly on a restricted basis, would in future be brought to account. Also, expansion of store space increased ploughback demands. So the directors' caution appeared well founded.

The market showed no foresight in anticipating the good profit growth experienced in the second half to end-February. In early March, the shares were trading at 490c but ran up to 550c ahead of this week's profit announcement. The results have added another 85c to bring the price to 635c — 30% up in the past two months.

The share price's knee-jerk reaction is well founded. In financial 1981, sales gained 29,3% to R90,5m. Gross profit improved by 66,3% to R9,7m and the interest charge was 17,8% down to R1m, leaving pre-tax profit 89,8% higher at R8,6m. The tax charge increased from 30,7% to 34,9%. One of the contributing factors for this appears to have been the deconsolidation of the Zimbabwe operation where CNA's effective tax rate had been lowered.

Attributable income was 79,6% up to 165,6c a share. The surprise for shareholders is that the final dividend has been increased by a greater margin than the interim. The final of 42,5c (28c) brings the annual distribution up to 50c for an increase of 51,5%.

Cover has been increased from 2,8 to 3,3 times. A company spokesman says, however, the target cover remains three. The higher cover provided now is to help fund not only an increase in floor space, but also a possible increase in stock holding costs. Management expects demand to slow down and this uncertainty calls for caution in budgets.

The retail division, of which household stationery is the largest profit centre, remains the major earnings contributor. The division improved market share and the profit contribution increased marginally. The computer marketing arm, Central Data Systems, was sold to Lucem late last year. CNA now has an equity stake in Lucem and a marketing agreement has been entered into with the Wardal computer division. This year could see the start of a sales programme for these products throughout the main CNA outlets.

The joint ownership, with Waltons, of stationery manufacturer Pirie Appleton means CNA has a fairly protected supply source. A company spokesman tells me the abolition of retail price maintenance has not affected margins in the book division.

For the short term the concern of the directors over the trend of consumer sales must be translated into a projection of earnings growth of the order of 30%. That would give a prospective yield of 10,2%, which makes the share one of the more attractive industrials.

Ian Muil

AMREL FM 1/5/81

Still growing

30

Furniture and shoe retailer Amrel had everything going for it in the year to end-March. Apart from a buoyant consumer market, results benefited from slightly reduced tax, a ten-fold increase in the contribution from associates and a smaller proportion of profits absorbed by minorities and pref. dividends.

Increased trading density and successful cost control improved the pre-tax margin on sales from 11,6% to 13,3%, translating a 38% turnover increase into a 59% profit gain. By comparison, the impact of the other three factors was minor, but they nevertheless added about four percentage points to the growth rate in net attributable profit. And this was sufficient to cushion the effects of a 3% increase in the number of ords issued, with the result that earnings per share were up 58% at 196c (124c).

With the balance sheet still sound despite the rapid increase in business, dividend policy remains unchanged and the total payout is thus 65c (41,5c).

MD Ronnie Cohen says there was very little difference in the growth rates of the two major divisions, furniture and shoes, so the profit breakdown presumably stayed at around 84%:16% in favour of furniture.

The cash nature of the shoe business, however, continues to be of considerable

Amrel's Cohen . . . opening new stores

benefit to the group in financing its furniture HP debtors' book, and Cohen says gearing remained unchanged at around 109% of permanent capital.

The group opened 20 furniture stores last year and about double that number of shoe outlets. Further expansion of both divisions is planned for the current year.

As part of this expansion, Amrel has acquired since the year-end an option to purchase the nine-store Modabelle chain, which mainly sells ladies' fashion shoes. No details have been finalised, but Cohen expects this deal to go through although he says the impact on earnings will be minimal.

The new year has started on a slightly less certain note with the Credit Agreements Act which came into effect on March 1. The main area of concern here is that a 10% deposit is now required on all new credit sales, whereas previously the deposit was waived for established customers.

The report comments that a new pattern of trading will have to be established in the furniture industry, although Cohen is hopeful that, once consumers get used to the idea, the overall effect will be slight. In any case, he adds, the main impact so far has been on the lower income groups, whereas most of Amrel's customers are in the middle and higher income brackets.

Over the past two years, earnings and dividends have risen 176%, a rate of improvement which obviously cannot continue indefinitely. Nevertheless, with turnover still growing at 36% during the second half, Amrel looks well placed to keep earnings moving ahead of inflation.

At this week's price of 770c, the new dividend total offers a historic dividend yield of 8,4% and the prospective yield is almost certainly in excess of 10%. The share thus remains an attractive income proposition.

Brian Thompson

CONTAINERS 30

Turnaround

FM 1/5/81

In an attempt to come to grips with the flow and handling of containers at SAR's City Deep terminal and SA Container Depot (SACD), the inter-departmental committee chaired by the Department of Transport is now considering evidence from interested parties.

The Association of Chambers of Commerce (Assocom) has submitted to the committee a six-point plan which could go a long way to smoothing operations at City Deep.

For the moment, the previously troubled SACD has no problems with the flow of container traffic. MD Tony Yuill says: "There's lots of slack holding capacity. Since March, operations have been totally fluid. Resources are, in fact, underemployed."

After the December/January container congestion, SACD, says Yuill, is working at no more than 35%-45% of capacity.

Container man Yuill . . . imports are sagging

Present tighter trading conditions have impacted on both demand and imports, says Yuill. He expects the second half of 1981 to show a 10% decline in imports compared to second-half 1980, and as much as 20% down on first-half 1981. "Depot facilities and depot demand for services obviously fluctuate very dramatically with the import situation."

To prevent a recurrence of the Christmas period crisis, Yuill says SACD is spending "in excess of R3m before the end of the year to develop an additional 4 000 m² of shed space and container handling gantry. The yard area will be further developed to accommodate hauliers."

Assocom's container plan recommends:

- ☐ A government investigation into how present customs clearance documentation can be simplified. It also suggests that alternative means of imports clearance should be found.
- ☐ A three-day holding period at the SAR container terminal for FCL (full container load) containers, or establishing satellite stacking areas to which containers could be transferred pending delivery instructions. At present, FCL containers arriving at the SAR terminal at City Deep are either loaded directly onto road trailers for delivery to the importer's premises or moved immediately to the SACD. Evidence suggests a major reason for the SACD chaos was the unprecedented year-end influx of undeliverable FCL containers.
- ☐ The establishment of an operations liaison committee to improve communications between SACD operators and cartage contractors.
- ☐ That warehouse facilities be extended and additional private sector warehouses be licensed. They should be equipped with adequate handling facilities to maximise space utilisation and reduce costs.
- ☐ A Competition Board investigation into the cost of expanding existing facilities. Some operators feel that the apparent SACD "monopoly" results in inefficiencies and high costs.
- ☐ That government appoint a recognised research body to provide regular statistics.

Even though SACD is experiencing no difficulty at the moment, certain users believe it is imperative to create "at least three additional mini-depots" in the short term, according to Pat Henegan, MD of Heneways Freight and chairman of the Surface Division of the Johannesburg Shipping, Forwarding and Clearing Agents.

Henegan considers that interests of the consortium that owns SACD — Rennies 25%, Freight Services 60% and Grindrods and Mitchell Cotts 10%-12% — are favoured. He claims that small agents are at a disadvantage and wants to see three depots (probable cost: roughly R2m per depot) built by a consortium of smaller companies.

"Competition is always good. We could provide a quicker, more efficient service. Alternatively, there could be agent-owned facilities in a large central depot."

But Gordon Canning, chairman of SA Shipping and Forwarding Agents Association (Sasafaa), points out that facilities cannot be overcapitalised at the expense of importers. Unless there is intelligent utilisation of facilities, handling costs must escalate.

Clothing plants

2/5/81 30

From Page 1

cut-off point for winter season deliveries of men's wear only 48 percent of orders had been received. The cancellation factor could be about 30 percent across the group.

'It plays havoc with budgets. If we don't have the merchandise in time it is too late to import for the season.'

Manufacturers gave priority to the big chains at the expense of the smaller retailers, he claimed.

'We are being forced to import more goods. But clothing was not affected by the relaxation of import permits in the last Budget and we get 60 percent of the permits we apply for.

'Only increased competition from imports will stimulate clothing firms to be more competitive.'

Imports vital

Mr Philip Krawitz, managing director of Cape Union Mart and Sparks and Ellis, said goods ordered last June and July from local manufacturers had still not been delivered.

Letters from 11 local manufacturers showed delays of as much as eight and nine months.

'The big chains are buying in vast quantities and obtaining prices lines that are unobtainable to the small retailer. Imports are vital for us in view of the overcommitted local market.'

Delays in deliveries caused tremendous 'cash flow problems and could seriously threaten a small business, while the big chains could depend on other lines for sales.'

New duties

A firm of importers calculates the price of inexpensive shirts will rise by at least a third if new duties are implemented.

A shirt of good quality sells for between R5,95 and R6,50 compared with R7,95 and R8,95 for a locally made shirt of similar quality. But the new duty will add R3 to the landed cost and price it completely out of the market.

'The cheap shirts currently being imported are intended for the poorer sectors of the community, many of whom are employed in the clothing industry,' said a spokesman for the firm.

'The effect of such an increase on one of their basic essentials will simply earn further pressure on salaries.'

Chamber of Commerce wants import curbs dropped

CLOTHING PLANTS CAN'T COPE, SAY RETAILERS

S. Argus 2/5/81 30

CLOTHING retailers estimate sales worth millions of rands are being lost because the country's booming factories cannot supply the goods they need.

By TOM HOOD

A report by the Cape Town Chamber of Commerce this week says: 'Despite record levels of clothing imports, supplies from clothing factories are not keeping pace with demand and the position is getting worse by the day.

'The chamber can cite countless cases of late deliveries, cancellations of orders and unfulfilled promises by local clothing factories.'

'The chamber wants import control removed and says its continued application is contrary to the country's best economic interests.

Clothing manufacturers have called for higher Customs duties and tight control of clothing imports which could pose a threat to employment in the industry.

Replying to the industry's claims, the chamber said this week that customs tariffs on clothing imports were already at high levels, ranging from 35 to over 100 percent, and hit cheaper clothing imports particularly hard.

'Efficient South African clothing manufacturers have not only held their own in overseas export markets against Far East competitors but many have been able to increase their market share.'

'To suggest that tighter import curbs were needed to safeguard employment in the clothing industry was to suggest that South Africa must subsidise inefficient and uneconomic producers when the crying need was for greater efficiency and the development of export markets.

High levels

Virtually all efficient clothing producers had full order books and could not keep pace with local as well as export demands.

'There is an acute shortage of skilled workers and the chamber cannot support measures designed to prop up uneconomic manufacturers that siphon off scarce resources and add costs that can only lead to higher prices for consumers.'

Mr J A Greenhalgh, chairman of the chamber's foreign trade committee, said every businessman recognised the need to support local industry. But there was room for imports of the goods which they were not geared to make.

Mr Rein Badings, group merchandise controller of Stuttafords, claimed factories were overcommitted and could not supply efficiently. Goods normally ordered six months ahead of the winter season could not be delivered in time and had to be cancelled.

Cancelled

Cancellations ranged from 18 to 30 percent of women's garments and the potential loss of revenue to the group's stores was R500 000.

'It will be the same in the summer season and it could mean another R500 000,' he said.

With only two or three weeks to go before the

Continued on Page 2

[redacted]

Retailers face a spending cool off

S. Tribune 3/5/81 (30)

By JACK BRICKHILL Finance Editor

THE retail sector is bracing itself for a shake-out as the spending economy moves into lower gear and the hell-for-leather consumer spending spree comes off the boil.

Food and clothing sales will remain buoyant but the growth of durables such as furniture and electrical appliances faces an expected downturn. Adrian Bellamy, chief executive of Edgars, expects the downturn will be noticed in July and will certainly make an impact by August.

Higher interest rates and the tightening of credit are two major factors that will squeeze the retailer. Lower salary increases, too, will make consumers fall back on buying mainly necessities.

Bellamy says that tougher managerial approach will be needed.

Salary increases in the sector will be modified and pruning will take place where possible in the industry. Overseas trips and other ancillary activities will be cut down and inventories will be cut.

The cutback in stocks is already being noticed by manufacturers. Roland Freakes, executive director of the Natal Chamber of Industries, says there is a tapering off in demand and some members have reported that order books are not as full as they were last year.

Freakes is still optimistic about the economy and is looking for a stable pattern continuing with growth in the economy this year of more than four percent. The increase in industrial capacity is in full swing and this in itself is a stimulus to more growth.

OK Bazaar's chief Meyer Kahn, says the slowdown in national retail sales was noticed in the first quarter and this will continue gradually until July or August when it should level out to a growth in retail sales of 15 to 20 percent. The growth last year was a phenomenol 25 percent.

Beares' managing director Alec Rogoff says his company foresaw a levelling off in the retail market nine months ago and took appropriate action.

"We're making sure we're not overstocked from the point of view of inventories. We're looking very closely at margins and, as always, we try to buy in at the best possible prices," he says.

"I don't expect a price war — certainly not on furniture — and the mass merchandising market has always been very competitive. It is healthy, strong, and vibrant and we expect it to stay that way."

Rogoff believes that the new Credit Agreements Act, requiring a 10 percent deposit, will have a short-term effect on dampening consumer spending, but this will disappear as people get used to the new regulations.

"I'm sure that the market will have adjusted again in time for the peak season upturn at Christmas," he says.

Billions to be raised for smaller businesses

S. Times 3/5/81 ~~222~~ ~~180~~ 30

PIET LIEBENBERG . SCHEME WILL FILL A GLARING GAP IN CAPITAL MARKET

New concept with R45 000-m market

By John Spira

WITH a target market worth an estimated R45 000-million, Finansbank is to launch a revolutionary concept with far-reaching ramifications.

The new initiative aims to provide huge capital sums and financial know-how to the country's 15 000 medium-sized companies.

Source of the funds will be the country's major financial institutions.

Finansbank managing director Piet Liebenberg says the concept, termed Finansgroei, will fill a glaring gap in the South African capital market, will help to create countless new jobs and will provide a major boost to the economy as a whole.

He adds: "The Small Business Development Corporation has been established to assist small businesses, while the large corporations have ready access to capital via the stock exchange.

"However, those many companies falling between the two — companies which are the backbone of the South African economy — have no ready access to permanent capital funds. This is where Finansgroei comes in."

Mr Liebenberg points out that a plan as ambitious as Finansgroei is obviously beyond the financial scope of one institution.

He has accordingly approached several of the country's major institutions with a view to obtaining their commitment to provide funds on a syndicated basis.

Medium-sized companies — those capitalised at between R3-million and R12 million — requiring capital may approach Finansbank, and, if all the figures jell, Finansgroei will take a 15% to 40% stake in the company and provide the necessary capital and financial expertise.

It is envisaged that, once the companies assisted no longer require the commodities supplied by Finansgroei, the new company will dispose of its equity (at a profit) and use the funds to finance similar new ventures.

Mr Liebenberg stresses that Finansgroei will assist only established businesses which are running profitably and have a sound infrastructure, but which, for a variety of reasons, require capital and financial expertise.

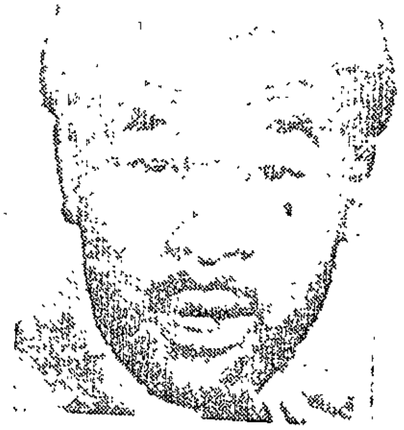
"We are not interested in turnround situations. Too many similar concepts have failed because the provider of capital was hoping to get in on the ground floor, only to find that the building had dozens of basements.

"We shall be happy to get in on the fourth floor and get out at the 15th."

He says that Finansbank has been investigating this concept for the past several years — a procedure which included close studies of similar operations abroad and, more importantly, the practical involvement of Finansbank itself in ventures which duplicate the proposed Finansgroei operation.

Finansbank is currently involved in two such ventures, both of which, according to Mr Liebenberg, have been highly successful.

O Kenneth Siphayi



O Danny Stemar

People's Club grabs Soweto

38

30

S. Express 3/5/81

TOUCHSTONE of the Soweto market — that's the claim of The People's Club, a sales promotion company run by Avis Zimmelman and co-directors Kenneth Siphayi and Danny Stemar.

The People's Club, which specialises in couponing, in-store promotions, product sampling and product research at consumer and trade level, was established in December 1978.

"It was instigated," says Zimmelman, "in reaction to the imposition of GST in the July, which hit the Black sector of the community hardest.

"It's aim was to get manufacturers to give a discount on goods that would genuinely be passed on to the consumer

"After three months' research, we came up with the couponing idea.

"We produce a colour brochure, on each page of which a manufacturer advertises his product with a money-off coupon."

The coupons are redeemable only at stores in Soweto — in this way the Soweto trader benefits as well as the housewife

"Despite initial scepticism from manufacturers that the scheme would work, the company, now almost 2½ years old, is booming.

"We are in such a demand situation," says Zimmelman, "that we are literally writing our own ticket."

The dramatic increase in business has come this year.

"The market hasn't changed," says Zimmelman, "but the manufacturers' awareness of the Black market has."

Not that Zimmelman believes there is such a thing as a single "Black market".

"Soweto alone is a multi-market," she explains, "with different products selling well in different areas "

The Club found, for example, that KA Laboratoria's Karoo Skin Lightener sold well in the Chiawelo area but poorly in Orlando.

Zimmelman believes her company is one of the first organisations to recognise this market breakdown — with the result that they are now being consulted by major firms on the subject of Black-market sales promotions.

Customers include Beechnut Lifesavers, Cadbury-Schweppes, Johnson & Johnson, Reckitt and Colman, Henkel and All Gold.

Henkel has been using the Club to promote its White Giant washing powder in Soweto since the beginning of last year

"We have gained new distribution through stores in Soweto," says product manager Tony Harris. "The Club's efforts have worked to complement our own in building a brand franchise "

The Henkel 5c-off coupon had a 33% redemption rate.

"Clients report a 200-400% increase in sales after a promotion," says Zimmelman.

The coupon-brochure is produced three times a year — 100 000 copies of each issue are knock-and-drop delivered to Soweto homes.

As each brochure contains R2-worth of money-off coupons this means that over one year about R600 000-worth of discount on goods is made available to Soweto consumers.

The company employs about 25 people — Zimmelman, whose shareholding stands at 45%, is the only White.

Four vehicles equipped with radio and hi-fi are used for promotion and distribution in Soweto.

Black Chain, the Black supermarket organisation, has asked the company to promote its Soweto store.

So, what started out as a bid to fight inflation in the Black market has developed into a viable — indeed booming — business venture.

"Everyone — even Lever Brothers," says Zimmelman, "told us we were mad But now we're being booked by advertising agencies and are handling promotions for organisations such as the Potato Board and SA Sugar Distributors."

'Traders may be compelled' to boycott

CT 4/5/86

30

Staff Reporter

TRADERS affiliated to the Western Cape Trade Association (WCTA) would be "compelled" not to stock Wilson-Rowntree products if the 500 dismissed workers were not reinstated by the end of the month, a spokesman for the WCTA said yesterday.

The executive of the WCTA had decided in principle to support a boycott of the products, but the final decision would be taken at the general meeting to be held at the end of the month, he said.

"At this 11th hour, we ask the management to reinstate the workers or force traders to take their business elsewhere," he said.

The workers who all belong to the South African Allied Workers' Union (SAAWU) lost their jobs in February after demanding the reinstatement of three workers dismissed over a dispute.

"With the trade unions and the university students supporting the boycott, it won't be long before the consumer will force the traders not to stock the products," the spokesman said.

Boycott call

Last week, the two strongest unions in Cape Town, the Food and Canning Workers' Union and the General Workers' Union, gave their support to the call to boycott all products of Wilson-Rowntree.

Support for the boycott also came from students at the University of Western Cape and the University of Cape Town on Friday.

According to one of the dismissed workers, Mr Johnson Ndidwa, who addressed students at the two universities last week, the dispute which led to the dismissal of all the workers arose when three workers refused to fit belts that had come loose.

They refused because they had been warned last year to leave such jobs to the fitters, he said.

At that time, they had to sign reprimand slips agreeing not to fix the machines.

Dispute

Mr Ndidwa said that on the night of the dispute the workers had demanded written authorization to go ahead and repair the belts because they feared dismissal. They had also asked to be paid for doing work which was not their job.

"After the three had to leave, 49 others downed tools, followed by another 40 workers, demanding the reinstatement of the three. All were dismissed," he said.

After two weeks, the rest of the workers downed tools and they were dismissed.

The workers and SAAWU were demanding the reinstatement of all those presently dismissed, he said.

9/7/81

Woolworths chairman

Sun (30)

Mr David Susman, son of one of Woolworth's co-founders, Mr Elie Susman, takes over the chairmanship of Woolworths Holdings on June 1.

He succeeds Mr Richard Sonnenberg who will remain on the board of directors. The change in chairmanship was first announced in the middle of March when Woolworths and Truworths merged interests.

RDM 5/5/81 (30)

SA 'could be super power'

By J S MOJAPELO

SOUTH Africa without apartheid could be the next world super power, Mr Sam Montsi, managing director of the Lesotho Development Corporation, said yesterday.

Mr Montsi was the guest speaker at the Black Businessman of the Year banquet last night attended by more than 600 businessmen, black and white.

"I am convinced, more than ever before, that without apartheid, Southern Africa could be the next super power of the world. We have the land, the natural resources and the people. All we need to do is exploit every one of these," Mr Montsi said.

South Africa and Lesotho had built bridges as a result of the Peka Bridge meetings between the countries' Prime Ministers last year, he said. He added: "Some of us cannot help feeling that close as we are to each other geographically, we are still distant from one another."

He said South Africa and Lesotho had a lot to learn from each other.

"Our closer interaction, not just through trade, is reflected in the flow of traffic through our borders, but also through the exchange of ideas and experiences which can contribute meaningfully towards reducing the prejudices and tensions that exist among the races in South Africa and help us build a better and more prosperous Southern Africa for us all," Mr Montsi said.

Referring to the three winners of the competition, Mr Montsi said their success went further than individual triumph, their success was the black man's right.

"Perhaps the greatest single claimant to this right is the black man in Southern Africa, who, for ages, has been languishing under conditions which do not allow equality of opportunity," he said.

"Under these circumstances it is quite a struggle for a black man to prove to his own black brother and fellow brother of other races that he (the black man), given a fair chance, can be good if not better than any other man.

"I therefore see this occasion as a vindication of a black man in the economic arena," Mr Montsi said.

Possibly the most distressing aspect of the black man's having long been denied equality of opportunity was the near total erosion of his self confidence.

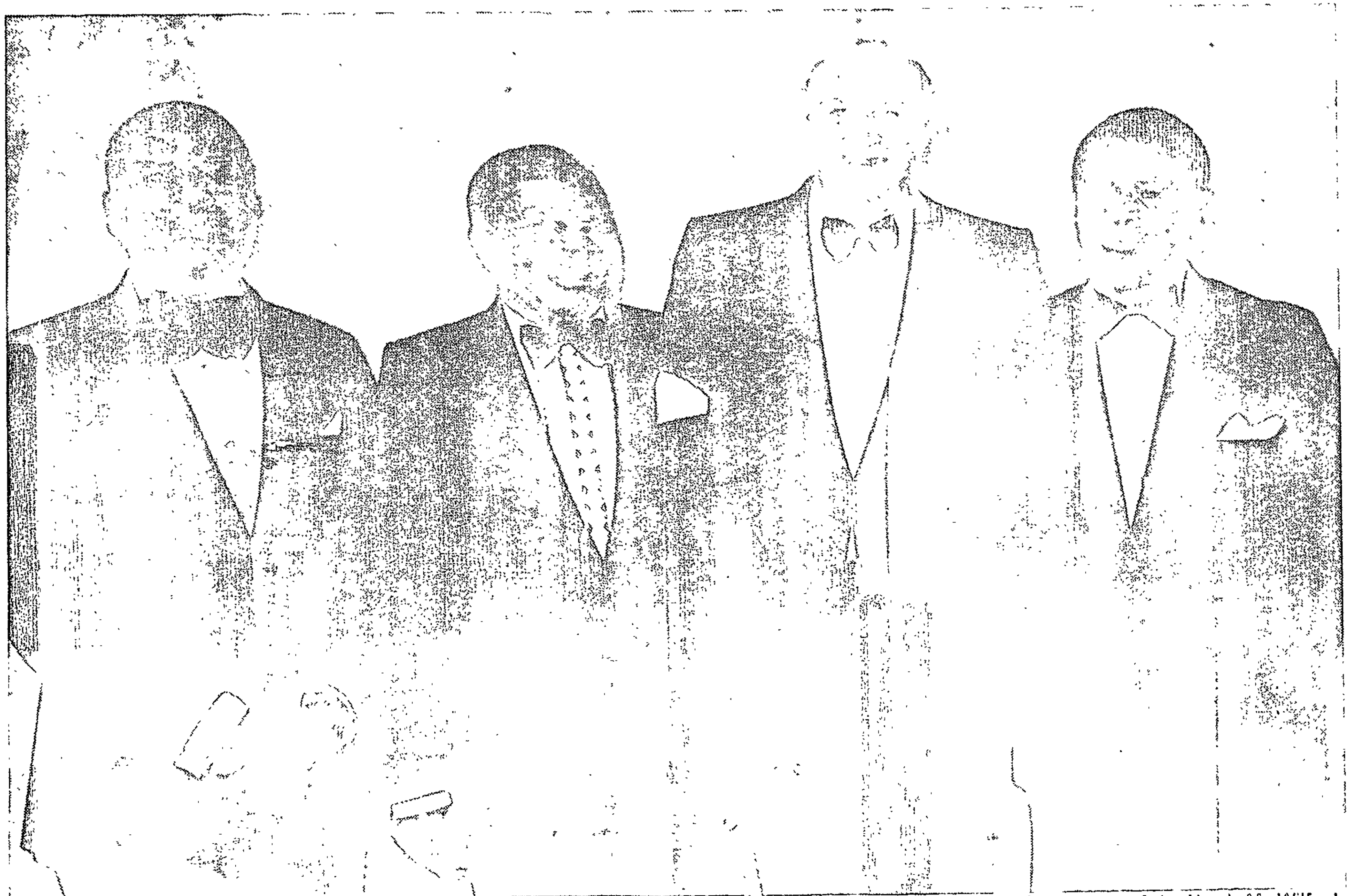
Mr Montsi said the success of the black businessmen offered a small indication of what the black man could do, given the chance.

He said he was aware that the umbrella body for all black traders and businessmen in the country, the National African Federated Chamber of Commerce (Nafcoc), was regarded with suspicion in certain quarters, and even by those whom it was designed to serve.

"There are, for example, those who allege that Nafcoc is part and parcel of the sophisticated machinery designed by the white supremacist to perpetuate his own self-interest," Mr Montsi said.

Many people forgot that Nafcoc was not a political organisation, he said.

Businessmen from South Africa, Botswana, Swaziland and Lesotho had common interests and should share views and experiences. The Southern Africa countries could join hands in the idea of helping small businessmen.



South Africa's three most successful black businessmen. They are (from left) Mr [illegible] Shikwane (Black Manufacturer of the Year), Mr Wilfred Madisha Mokgoburi (Black Retailer of the Year) and Chief Herman Thebo Masoleane (Black Farmer of the Year) with Mr Allan Bell, managing director of Gilbeys, one of the sponsors of the award.

'Huge hurdles face black farmers'

Staff Reporter

THE existing land tenure system in the country is a major stumbling block to the development of commercial black farming, says the latest edition of African Business, the official mouthpiece of the National African Federated Chamber of Commerce (Nafcoc).

It says that that because of the complex issues involved in the land tenure system, this problem was unlikely to disappear in the short term.

"This being the case the black business community, represented in the main by Nafcoc, finds itself in a thankless situation," the magazine says.

Nafcoc has launched an enthusiastic programme to develop black agriculture, though faced with legal restrictions hindering such development.

"In the circumstances it is not reasonable to point a finger at the black farmer criticising him for the lack of knowhow and initiative when, for the main, he is unable to obtain a viable size freehold property to farm," the article says.

It argues that the tribal system is at the core of the land tenure problem. But contends that even tribal attitudes might be adapted with encouragement and discretion.

The magazine says one of the most encouraging efforts is taking place in a corner of BophuthaTswana where a farmer has persuaded other members of his tribe to allow him to farm their land and join with him in reaping the harvests produced.

"In this way tribal rights are protected, the land becomes productive, the tribesmen are involved in the process of farming and see that profits are possible.

"More of this might well be encouraged," the article says.

Other initiatives, it says, can be counter-productive and some initiatives are criticised by the rural people.

Criticism has been levelled against white farmers in certain maize areas who are hiring land from the tribes.

The tribesmen do not participate at all in the farming process, the article says.

The same criticism has been levelled against some development corporations which take over large tracts of land for agricultural purposes.

This may aid the food or earnings position, but it does little to turn the black man into a successful commercial farmer.

The magazine advises that the development corporations need to provide extension officers with practical skills so they can go out into the country and encourage and assist aspiring farmers in a practical way to run their own farming enterprises.

Kind of ingenuity that brings success

Staff Reporter

ONE of the six finalists in the Businessman of the Year award once hit on a novel way of punishing shoplifters — and it has proved a very successful deterrent.

Mr Samuel Goba, a farmer from Inyanda in KwaZulu, also owns several general stores.

For some time he was plagued by numerous incidents of pilfering in his shops. So the next time he caught a pilferer red-handed, he decided not to call the police, but instead he hung a board around the thief's neck saying "I am a thief", and paraded him for all to see.

"That was the end of the pilfering in my shop," he said.

Mr Goba, winner of the Inyanda Chamber of Commerce region, was the winner in the farming category in the national competition run by the National African Federated Chamber of Commerce (Nafcoc) and a liquor company.

The other finalists in the competition were Mr Samuel Motsieloa and Mr Peter Petlele.

Mr Motsieloa, an upholsterer from Katlehong near Germiston, was the runner-up in the best Manufacturer of the Year category. He trained as an upholsterer at the Strydom Training College in Bloemfontein.

After training, he worked for several companies as a tailor and upholsterer before he set up his own business in the backyard of his home in 1956. But he waited for 13 years before the authorities could grant him permission to put up his building, which was completed in 1980 at a cost of R45 000.

Mr Motsieloa is awaiting a reply from the Qwa Qwa Government after applying for permission to erect a building to expand his upholstery business in the homeland.

Besides repairing and upholstering furniture, Mr Motsieloa is one of the few blacks selling new furniture.

He is a member of the Katlehong Chamber of Commerce and the local Industrial Committee.

Mr Petlele, who operates a bottle store in GaRankuwa and a night club in Hebron in BophuthaTswana, is about to expand his business concerns in Mmabatho, near Mafikeng.

Before he opened his bottle store he ran a boutique which he converted into his present bottlestore.

He had earlier managed a bottle store under the Corporation of Economic Development in GaRankuwa and he was a sales representative for a liquor company.

Mr Petlele is a a very active community leader. He organised the Year of the Child in 1979 in GaRankuwa and also

RDM 5/5/81 (30) (339)

Black business magazine all set

THE magazine, African Business, is launching a new publication next month to cater for the needs of thousands of black manufacturers in the urban and rural areas throughout the country.

The magazine will be the official voice of the National African Federated Chamber of Commerce's (Nafcoc's) new Chamber of Industry.

An announcement in the current edition of the African Business magazine says the editorial material of the new publication will be carefully prepared to meet the needs of the manufacturer. It will also deal with problems which come to the light through Nafcoc's counselling service.

Publication of the first edition of the Black Manufacturer will coincide with the Southern Transvaal African Chamber of Commerce Industrial Exhibition at Milner Park on May 26.

Thereafter, there will be three further editions in July, September and November.

Education 'an elementary step' for growth in SA

SOUTH Africa was a fast growing industrial nation with a vital role to play in the southern part of Africa, Mr Allan Bell, the chairman and managing director of Gilbey Distillers and Vinters, said yesterday.

Mr Bell, who was speaking at the annual banquet for the Black Businessman of the Year award, held at the Carlton Hotel, said that to play this vital role a concerted effort was required by all sections of the community.

"It is therefore essential that opportunities to develop the natural talents of each and every member of our community, are afforded to all, regardless of race, colour and creed".

Mr Bell said that education, in every form, was an elementary step "if we are to achieve these ambitions".

"By education I do not refer to schooling but to training at each and every level of the business world, for both white and blue collar workers."

Mr Bell said his company, like most enlightened companies in the country, was mindful of their obligations.

"We therefore encourage and assist our staff in their efforts to achieve these goals, and will continue to do so. People need help to attain their rightful place in this world and not charity," Mr Bell said.

"Given the opportunities, there is no reason at all why businessmen such as yourselves should not take your place and play your role in the economic growth of this country."

Mr Bell said he hoped the competition would continue to grow and its winners feature among South Africa's future commercial and industrial giants.

He said past winners had benefitted from the experience gained during their study tours overseas. "It is indeed our intention to continually seek ways and means to ensure they are afforded every opportunity to study the methods and procedures followed by their counterparts overseas."

Mr Bell said his company joined without hesitation when first approached by the National African Federated Chamber of Commerce (Nafcoc) and the African Business magazine to join with them in promoting the competition

"We, as a company of international standing, have always had the best interests of our employees at heart. We were among the first companies to pioneer the introduction of an equal pension scheme for all out staff," Mr Bell said.

Gilbeys plants in Johannesburg and Stellenbosch provided meals for all its staff. The company had further recognised trade unions in its factories and facilities had been made available for the training of their representatives and shop stewards at the company's expense, he said.

Gilbeys has been promoting the competition since its inception seven years ago.

Financial statements most important — judges

STAFF REPORTER

THERE seemed to be a steady improvement in the number of entrants who submitted financial statements with their entries for the Black Businessmen of the Year award and this was commendable, the judges said yesterday.

"However, there are still those business people who did not seem to appreciate that in this type of competition or award, financial statistics are of the utmost importance," the judges said in their report.

They said these were reliable basis on which to gauge the successful management of an enterprise and also the only method by which businesses in the same sector could be compared.

The judges added that the submitted financial reports varied between "very good and hopelessly inadequate". The good financial statements came from bigger operations.

"It seems to us that the average black businessmen is taken for a ride by some bogus bookkeepers," the judges said.

Some of the bookkeepers, they said, did not seem to have the faintest idea of the operations of the business for which they were preparing the financial statements.

The judges came across a case of a businessman who was in the manufacturing business but whose entire financial information gave no indication of this fact. The statements were prepared as though the businessman were running a retail business.

5/5/81 (30)

Big stores can now sell wines

Argus 6/5/81

(1869)

(30)

Consumer Reporter

STUTTAFORD'S department store, the Pick 'n Pay hypermarket at Brackenfell and the Durbanville branch of Checkers will be among the first food shops in the Western Cape to sell wine.

Stuttaford's will open a wine department in the Cellar which, a spokesman explained, 'will specialise in estate bottled wines — fine wines to go with our food, rather than cheap plonk.'

The hypermarket and the Durbanville branch of Checkers will both carry a wide range of table wines which they expect to sell at below bottle store prices.

IN OPERATION

These are the first grocer's licences to sell wine to be granted in the Western Cape, although similar licences are in operation in Natal and the Transvaal.

Until now local applications for the licences, which have always been opposed by the Cape branch of the Hotel, Bottle Store and Restaurant Association, have been unsuccessful.

A total of 10 applications were made this year from the magisterial districts of Cape Town, Bellville and Goodwood.

Other applicants, including ordinary Pick 'n Pay supermarkets, were still waiting today for official notification of whether their applications had been granted or refused.

This was Stuttafords' second application and it was accompanied by a petition signed by customers. Its wine department is expected to open on September 1.

There will also be delays before wine makes its appearance at the hypermarket and the Durbanville outlet because of structural alterations.

'No sense in new wine outlets'

CT 7/5/81

30

Staff Reporter

THE granting of wine licences to hypermarkets and department stores in the Western Cape did not make "business sense" because there were already too many liquor outlets in the Cape, the chairman of the Hotel, Bottle Store and Restaurant Association, Mr Peter Spickernell, said last night.

Reacting to reports that Stuttafords' department store, Pick 'n Pay Hypermarket in Brackenfell and Checkers in Durbanville would be among the first food shops to sell wine, he said there was no distribution problem in the Cape because of over-trading.

He could understand department stores in the Transvaal being allowed to sell wine because there was a reverse ratio of liquor-sale outlets compared to the Cape.

This meant that the greater proportion of liquor sales in the Transvaal was spirits and beer, while the major proportion of liquor sales in the Cape was wine.

Mr Spickernell said bottle stores were experts at giving advice to customers and queried the service supermarket and hypermarket personnel could give their customers on busy Friday afternoons and Saturday mornings.

He said there were clear restrictions placed on liquor outlets which prevented the sale of foods along with liquor on the premises, and asked: "If there are restrictions against bottle stores, is it fair to allow some businesses privileges that bottle stores do not have?"

He warned of the potential dangers of selling wine in food stores and said that in the State of New York there were severe restrictions on the selling price of liquor

"Prices are restricted to prevent alcohol being used as a sales gimmick to attract people into stores. In New York State, people are prosecuted for selling wine below set prices."

7/5/81

Ackerman (30) turnover 5Trm optimism

By Geoff Shuttleworth

Pick 'n Pay chairman Mr Raymond Ackerman said in the annual review that he anticipates strongly increased turnover in the year ahead with a corresponding growth in profits of about 30 percent.

Turnover increased by 34 percent to R745-million last year and earnings were 717c a share against 481c the year before.

During the review period the ord share capital increased to 2 719 158 from 2 358 125 following the conversion of all but 30 958 pref shares.

"In order to provide adequately for the dividend in respect of these additional shares the company intends reducing the cover, circumstances permitting, to service the additional ord shares after conversion."

Cover was reduced from 3 times covered to 2,8 times last year and it is envisaged that a further reduction will be made to provide satisfactory growth in dividends.

For the financial year ending February 28 1982, the earnings a share will grow at a lesser rate than the rate of increase of profit growth because of additional shares in issue. This proposed reduction in dividend cover will enable the company to maintain adequate dividend growth, Mr Ackerman noted.

The reduction in earnings will only apply for one year. Thereafter earnings growth will equal growth in total earnings.

Star 7/5/81

Assocom tries again on free trade

30

By Frank Jeans

Assocom is making another determined drive to unshackle trade restrictions and is to approach the Department of Industries, Commerce and Tourism on "aspects of legislation which can be construed as interfering with the free market system."

Reiterating its commitment to free trade, Assocom says while it is necessary to have a "floating rand" this system is market oriented and not totally free.

"Therefore," says Assocom, "while supporting the free market system in principle, we recognise that there are occasions when market oriented methods have to take the place of totally free market methods."

Referring to its stand against "excessive tariff and import control" and against key issues such as competition in the market by State corporations, price and rent control, and discrimination between businessmen of different races, Assocom endorses the Prime Minister's statement on trading.

Mr P W Botha said recently: 'We in Government must understand that economic growth as such is mostly the responsibility of private enterprise.

"No government can successfully prescribe to private enterprise what to produce, how to produce and where to produce."

Shopping centre plan setback

CT 7/5/81 (30)

By NEVILLE FRANSMAN
Municipal Reporter

THE plan to establish a major shopping centre on the Cape Showgrounds at Goodwood received a setback yesterday when the City Engineer, Mr J G Brand, advised the Town Planning Committee that it would not be to the benefit of the community as a whole and be "harmful to surrounding retail and business areas and possibly even the Central Business District (CBD) of Cape Town".

He was replying to an application on behalf of the Western Province Agricultural Society (WPAS), owners of the showgrounds, to have parts of the grounds rezoned from "private open space" to "general business use". Mr Brand recommended that the application be turned down.

Leisure centre

He however approved "in principle" other proposals by the WPAS to redevelop the Cape Showgrounds. These proposals included a leisure centre and theme park — dubbed "Disneyland" by the press last year when plans became known. The City Engineer pointed out that recreational development did not require rezoning.

The WPAS, in its application, did not refer to the shopping development it had in mind as a hyper or supermarket but as a "regional shopping facility".

However, in his report to the Town Planning Committee, Mr Brand said: "It might be argued that the development of major shopping centres and hypermarkets at locations outside the established centres should be permitted since they would benefit the community as result of greater competition which would lower prices.

Vacancies

"However, such development in areas where the market does not justify additional retail facilities could lead to vacancies and eventual deterioration of existing centres which would require costly urban renewal. It would also inhibit development of areas already zoned for business purposes."

The application had stated that the WPAS was experiencing problems with the downward trend in support for agricultural shows. It was a severe financial burden to maintain large portions of the Cape Showgrounds which were underutilized and wished to promote the use of existing facilities.

Many more people needed to be attracted to the showgrounds and could be by commercialized recreational activities such ski rides and water slides, but this would not yet make the showgrounds a viable entity. The applicants felt that the establishment of a "regional shopping facility" would solve the problem.

The applicants had carried out a market survey to determine the demand for retail space in a demarcated trade area in the vicinity of the showgrounds and concluded there was a shortfall of 42 000 square metres of gross leasable area "of which at least 50 percent could be allocated to a regional shopping facility".

Mr Brand's view was that a regional shopping centre attracted customers who wanted to buy in bulk and they were unlikely to leave their goods in their vehicles while participating in some form of entertainment.

He said: "The proposed retail centre would appear to have little effect in attracting large crowds who would make use of major recreation facilities at the Cape Showgrounds. Consequently the case for rezoning (for business purposes) must stand or fall by an analysis of the objective need for additional shopping facilities in this locality."

He said that an increased retail population could be catered for by business development at Bothasig, Elsie's River, Belhar, along Voortrekker Road in Goodwood and Athlone.

Mr Brand added that the proposed new shopping centre would not absorb surplus retail trade in the area, but would tend to develop at the expense of existing retail outlets in the surrounding area, particularly in Goodwood.

He said the Cape Showgrounds were ideally situated to meet the needs of the metropolitan area of Cape Town as a venue for large-scale shows, exhibitions, displays, commemorative gatherings and spectator sport. These needs had to grow and space had to be reserved for such growth.

R500 000 Lucem deal

By SIMON WILLSON

LUCEM Holdings has bought out D & J Conversions, a Bloemfontein-based motor spares and accessories business, for R500 000.

The deal, effective from June 1, will fit in with Lucem's R1-million takeover in March of the wholesale motor spares distributor Merton Group.

With D & J under its belt, Lucem can continue its shift from furniture and household goods to being a more diversified conglomerate.

D & J will act as an outlet for Automotive Warehousing Services (AWS), a Merton motor spares interest acquired by Lucem in the Merton deal.

Lucem estimates the D & J deal will increase its earnings by slightly more than 1c a share and will decrease its net tangible assets by about 2c a share.

COMMENT: The D & J deal marks the latest phase in Lucem's diversification, and looks like a characteristically sound manoeuvre by the chairman, Mr David Lurie.

Pick 'n Pay looks to 30% growth

ADM 7/5/81

(30)

By DAVID CARTE
Deputy Financial Editor

PICK 'n Pay is looking for profit growth "of the order of 30%" in the current year, says the chairman, Mr Raymond Ackerman, in his annual report.

Mr Ackerman says trading patterns in the first weeks of the current year are "more than satisfactory" and anticipates "strongly increased turnover" and profits in 1982

After opening hypermarkets in Port Elizabeth and southern Johannesburg and supermarkets in Pretoria, Carletonville, Newcastle and Mitchells Plain last year, Pick 'n Pay plans to open a hyper in Klerksdorp and supermarkets in Witbank, Kimberley, Bloemfontein, Durban, Claremont and Nelspruit this year

In addition, warehouses are to be built in Johannesburg, Pretoria and the Western Transvaal to hold stocks purchased forward as a hedge against inflation

The chairman reports that every single store is trading profitably He says gross margins on food have not increased thanks to the growing importance of higher-margin non-food sales and "strategic forward buying of stock" This was the main reason stock turn slowed last year.

Mr Ackerman is so pleased with Pick 'n Pay's past investments in property he tells me the that, with rentals escalating at an alarming rate, the group may well prefer to buy stores than lease them in future

This would improve the asset base and hold down rentals, he said

He said because Pick 'n Pay was an all-cash rather than an HP business, it was better able than its competitors to afford investment in properties rather than stocks and debtors. Properties worth R34 800 000 are shown in the balance sheet

The group's all-cash nature also put it in a strong position in regard to buying stocks forward

Asked, Mr Ackerman expressed the view that his group was better geared to handle a consumer slowdown than most of its competitors

"A spending slowdown would tighten up margins and sort out the men from the boys. Unlike some others, we are not overshopped. We have only 56 stores nation-wide and can carry on expanding right through the 80s. In addition, food is our mainstay and food is not as cyclical as other goods."

COMMENT: Assuming 30% dividend growth, Pick 'n Pay, will pay 332c, which, at 5 109c, would put the share on a prospective yield of 6,5%. Assuming only 20% dividend growth, OK offers a prospective 7,6%. You pays your money and you takes your choice.

Toyota aims to capture 20 pc of SA market

(30) Argus 8/5/81

TOYOTA expects to capture 20 percent of total car and commercial vehicle sales in South Africa this year.

This is the forecast of Mr Colin Adcock, managing director, who thinks the industry will sell well over 400 000 vehicles this year.

In the first quarter, for the first time, Toyota SA became the country's biggest manufacturer, taking 17.5 percent of the South African motor market.

For several years it has dominated the commercial market and now commands a third of that field.

500 000TH

'Nowhere else in the world has one manufacturer achieved that percentage,' Mr Adcock told The Argus at a function in Durban to mark the production this week of the 500 000th vehicle by Motor Assemblies, an achievement reached in 20 years.

He said total sales of new vehicles should be well over 400 000 this year with Toyota contributing between 80 000 and 90 000.

Toyota aimed to make 96 000 a year — or 400 a day when it completed its R47-million expansion programme.

10 A MONTH

Two decades ago, when the business was started by Dr Albert Wessels as a one-man operation, only 10 vehicles a month were sold. Six years from now the millionth vehicle will roll off the production line, Dr Wessels forecast.

'I cannot tell you whether it will be in January or December but it will be in 1987,' he said.

Traditionally, a franchise holder tended to have the same position in the local market as its source company enjoyed in its domestic market and as its exports were to the rest of the world.

Toyota for many years had been the leader in its domestic market and the largest exporter.

Today, Toyota produced 4-million vehicles a year, although when it started in 1960 its output was less than 200 000.

'We are a bunch of local boys who have to compete and hold our own against the large international companies,' said Dr Wessels.

'We have to prove our ability to match power and skills of these industrial giants and beat them at their own game where they have experience and unlimited financial strength.'

A key to Toyota's success was its labour force in Japan, said Mr I Sato, the company's general manager for Africa. 'Car workers are all high school graduates and no foreigners are employed.'

Traders back Athlone residents

Ayus

8/5/87

ATHLONE traders have rejected the expropriation of properties to make way for extensions to the business area and have come out firmly in support of the residents' fight against the threatened removals.

The Department of Community Development last month issued notices to about 150 families giving them 60 days to sell their properties most of which had previously been frozen.

They are in the area bordered by Aden Avenue, Louisvale Street, Boyd Avenue and the railway line.

In a statement issued after a meeting last night, the traders' official body, the Athlone Business and Professional Association, called for the expropriations to be cancelled and the freezing of the area to be lifted.

'MAGNET'

The association said the crux of the problem was the development of a 'magnet' supermarket complex in the area bordered by Aden, Church, Hendricks and Grasmere streets.

It is said it had opposed the magnet development when first mooted in 1979 and at one stage had even been asked to leave a top-level meeting with the authorities because of their opposition to the scheme.

'It has always been our stand and will always be our stand that we are against expropriations except for purposes of extending roads which we consider natural development.

'As for the area between Aden and Boyd avenues, we asked for it to be zoned a business area and to allow for the free enterprise and market forces to take their course in determining the development.'

● The Western Cape Traders' Association has denied claims that it was party to a plan to expropriate land in Athlone.

'We give our full support to the right of the affected people to remain in the area,' the traders said.

Assocom luxury plea

EDH 8/5/81

30

Financial Reporter

THE Associated Chambers of Commerce has asked the Minister of Finance to withdraw ad valorem excise duty on luxury or less essential items to help reduce inflation.

The appeal is in response to the Government's request for suggestions from the private sector on how to combat inflation.

Assocom says the excise duty on luxury items places an unnecessary burden on the consumer, is inflationary and affects goods which are essential.

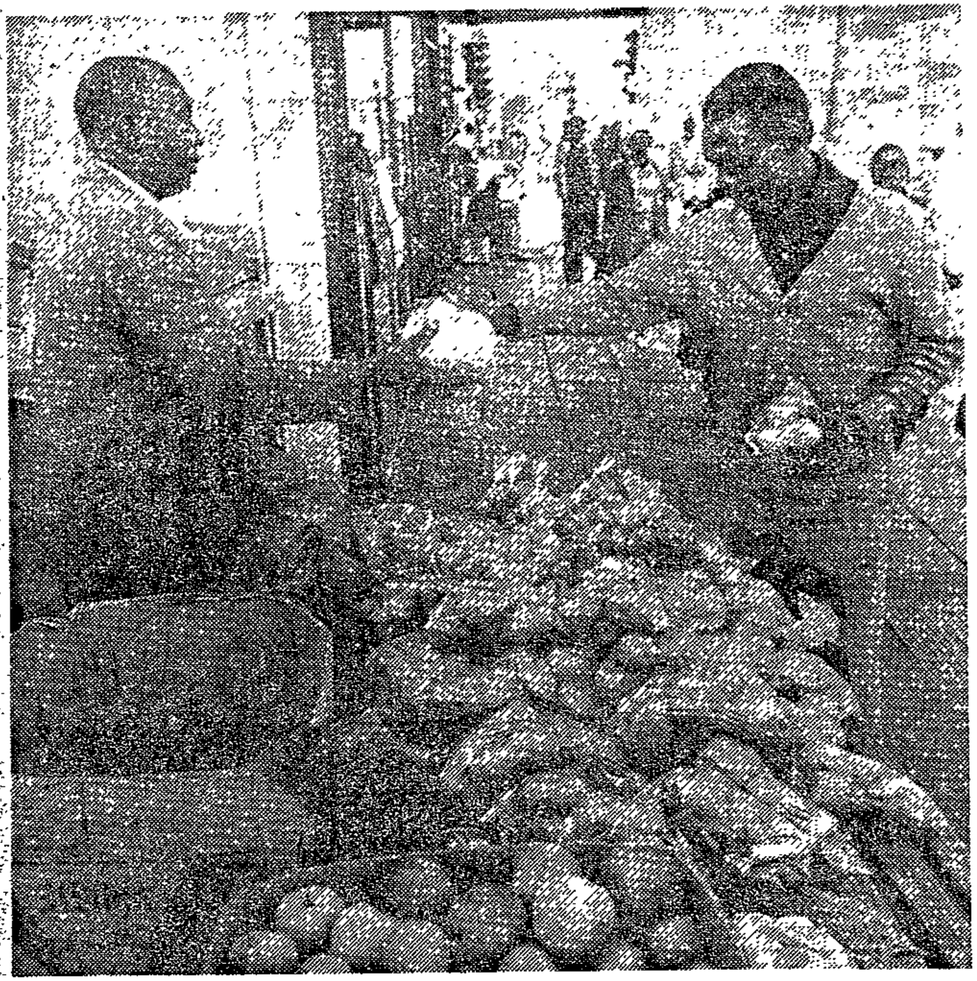
These include watches, toiletries, toothpaste, deodorant, firearms, motor-cycles and "entertainment" items, such as magnetic tape for recording sound.

Assocom says cost increases have put lower-income groups under most pressure, and excise duties make it harder than ever for this group to afford these items.

GENERAL NEWS

Star 25/5/81 (20)

City clean-up hits hawkers



Mr Isaac Kubeka (left) is one of a number of hawkers who risks prosecution under the outdated by-laws while trying to make a living.

By Deon Delport, Municipal Reporter

Hawkers in Johannesburg are being prosecuted almost daily and fined heavily under outdated city by-laws currently under review.

A Johannesburg city councillor has reacted sharply to reports that the city's traffic police had been ordered to clear out criminals and hawkers in the area of Westgate Station.

Mrs Janet Levine, who has campaigned for a more tolerant approach by the city council to hawkers, has asked for a moratorium on prosecutions while the relevant by-laws are being reviewed.

She also appealed to the town clerk to speed up the review of legislation and said she found it appalling that the hawkers, who had valid trading licences, were lumped with criminals in the clean-up drive.

A concerned city businessman, working for a welfare organisation which distributes food to the homelands, has protested to the city council about the treatment of two hawkers trading in West Street, Marshalltown.

"The two hawkers, an old man and an old woman, who have been here for years, have been fined R30 virtually every week over the past month," Mr L Apfel said.

This week the woman, Mrs Maboko Johanna Modiba, has been fined a total of R120 on three separate occasions for various offences relating to hawking.

Offences range from failing to confine goods to a vehicle while acting as a street vendor to not complying with the by-law that insists hawkers should move their trollys every 20 minutes.

Traffic police had informed Mr Apfel they had orders to clear the area of criminals and hawkers, Mrs Levine said.

The two hawkers known to Mr Apfel had been arrested by the South African Police early in April and had their goods confiscated. They spent the night in jail, paid R20 fines and had their goods returned in an inedible state.

"These people are performing a service selling basic foods competitively under valid hawking licences. Why harass them?" Mr Apfel said.

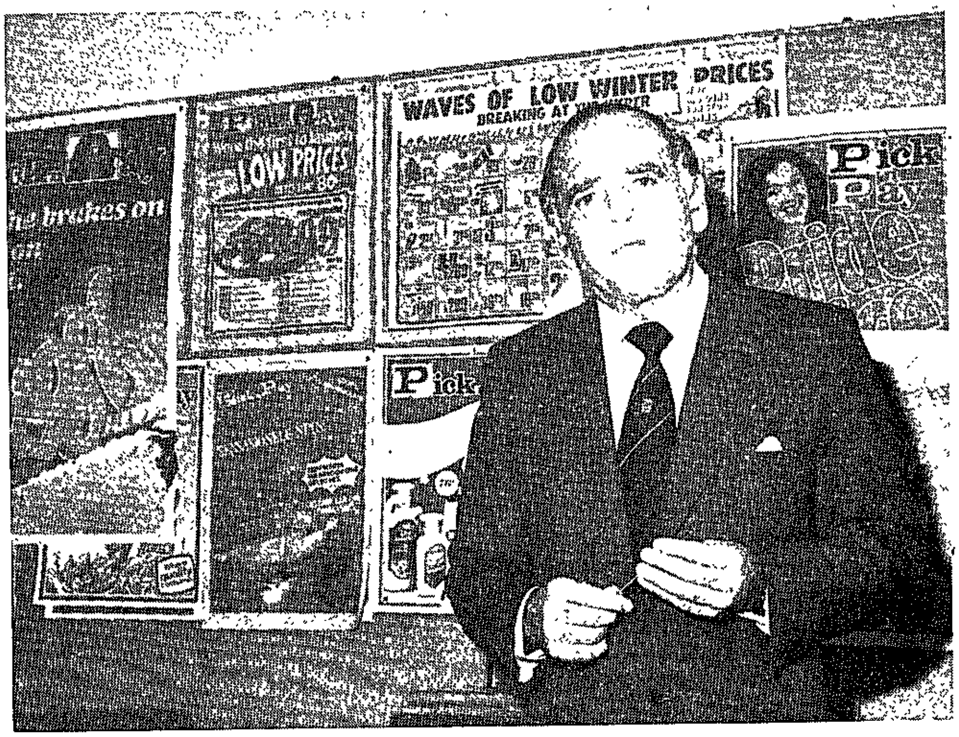
"Instead of encouraging them the authorities tend to be very heavy-handed and rigorous in enforcing outdated, harsh and impracticable regulations that pressurise and harass people," Miss Levine said.

PICK N PAY
FM 8/5/81 30

Expanding margins

Activities: *Mass retailer operating 45 supermarkets and seven hypermarkets. Directors own 32,5% of the equity.*
Chairman and chief executive: *R D Ackerman.*
Capital structure: *2,7m ordinaries of 50c, and 30 958 automatically convertible prefs of 50c. Market capitalisation R138m.*
Financial: *Year to February 28 1981. Borrowings long- and medium-term, R13,7m. Net cash R18,4m. Debt: equity ratio 23,5%. Current ratio, 0,9. Group cash flow R23,8m. Capital commitments: R37,1m.*
Share market: *Price: 5 100c (1980-81 high, 5 100c, low, 3 150c; trading volume last quarter, 40 000 shares). Yields, 14,1% on earnings; 5% on dividend. Cover 2,8. PE ratio: 7,1.*

	'78	'79	'80	'81
Return on cap %	36,6	41,7	38,5	40,9
Turnover (Rm) ...	330	467	555	745
Pre-tax profit (Rm)	10,6	15,5	19,4	28,1
Gross margin %	3,2	3,5	3,7	4,0
Earnings (c) ..	268	393	482	717
Dividends (c)	86	120	160	256
Net asset value (c)	872	1 192	1 581	2 258



Pick 'n Pay's Ackerman . . . confident on dividends

Hardly more than a month has lapsed since the prelim was issued, but already the *FM*'s expectations for the current year are starting to look conservative.

At that time, we were looking to a comparatively slow 17% dividend growth, after conversion of the bulk of the pref share capital into ords as from the start of this year. However, the annual report indicates that the company should be in a position to reduce cover quite markedly — something which was not previously taken into account. This means that the diluting effect of the pref conversion on earnings is unlikely to impact on distribution.

In fact, chairman Raymond Ackerman tells me that if his forecast of a 30% profit improvement proves accurate, the payout will probably increase by at least this amount. This points to a dividend total of between 330c and 335c for 1982, 10% more than our initial projection.

The effect, however, has been offset by a corresponding increase in the share price from 4 650c a month ago to 5 100c. As a result, the prospective yield remains at 6,5% — as does our comment that the share rates a sound medium-term hold.

Analysis of the accounts shows that the company has had no difficulty in coping with a continued rapid increase in turnover and that its policy of strategic forward buying of stocks has not strained resources.

Though year-end stocks were 38% higher at R70,4m (R50,9m), this was more than offset by a 47% increase in creditors to R89,9m (R61,2m). So the additional stocks have not only helped Pick n Pay maintain its competitive edge in the marketplace, but working capital requirements have actually been cut by almost R7m.

This must have been useful in view of the increased emphasis being placed on store ownership. In any event, the debt: equity ratio came down from an already conservative 26,6% to 23,5%, and cash holdings increased further to R18,4m (R16,7m).

Another important aspect regarding this year's prospective distribution is the considerable saving there will be on pref dividends.

Based on last year's 256c payout, the additional 361 000 ords now in issue would have cost almost R925 000 to service, increasing the total cost of the distribution to ordinary shareholders by 15%. However, R563 000 of this would have been covered by the non-payment of pref divs, leaving a net increase of only R362 000 (6%).

The very limited effect of the conversion on cash flow is thus one of the reasons why the company will be able to afford to cut dividend cover.

Another heavy store opening programme is lined up for the current year, with the Klerksdorp hyper due to come in shortly before Christmas plus six new conventional stores — in Witbank, Kimberley, Bloemfontein, Durban, Claremont (Cape) and Nelspruit.

The company is also building new warehouses in Johannesburg, Pretoria and the western Transvaal, and new regional offices are either being built or are in the planning stage in Cape Town, Johannesburg, Port Elizabeth and Pretoria.

As was the case last year, most of the new outlets will come on stream late in the year and will thus not make any material impact on results. But profits will benefit from last year's six openings, including the Port Elizabeth and Johannesburg South hypers, which will be making their first full contribution.

Commenting on results achieved so far in stores opened in country areas, Ackerman says overall performance has been good. Trading density has, predictably, fallen short of units in larger urban centres. But a surprising feature has been a higher-than-expected turnover in non-food lines, leading to better overall margins.

This, together with the increased impact of the hypers, has kept margins on turnover in an uptrend. The 4% achieved in 1981 was 0,3 percentage points higher than the previous year and has widened from 2,5% in 1976, when the first hyper was opened.

Brian Thompson

MOTOR COMPANIES

30

FM 8/5/81

[illegible]

With slower growth expected in the new car market from the middle of this year, those companies now reporting their results will be hard pressed to maintain last year's advance.

Datsun franchise holder Schus, for instance, increased pre-tax profits to R2,1m in the year to end-February, from R473 000 the previous year and has declared a hefty 16c payout — the first dividend since the 4c total in 1976.

Turnover climbed 46,6% from R30,7m to R45m over the year, so pre-tax operating [illegible] were [illegible] times higher at 4,6%. MD Joster Lipshitz points out that the sales increase for the motor industry as a whole was only [illegible] for the year.

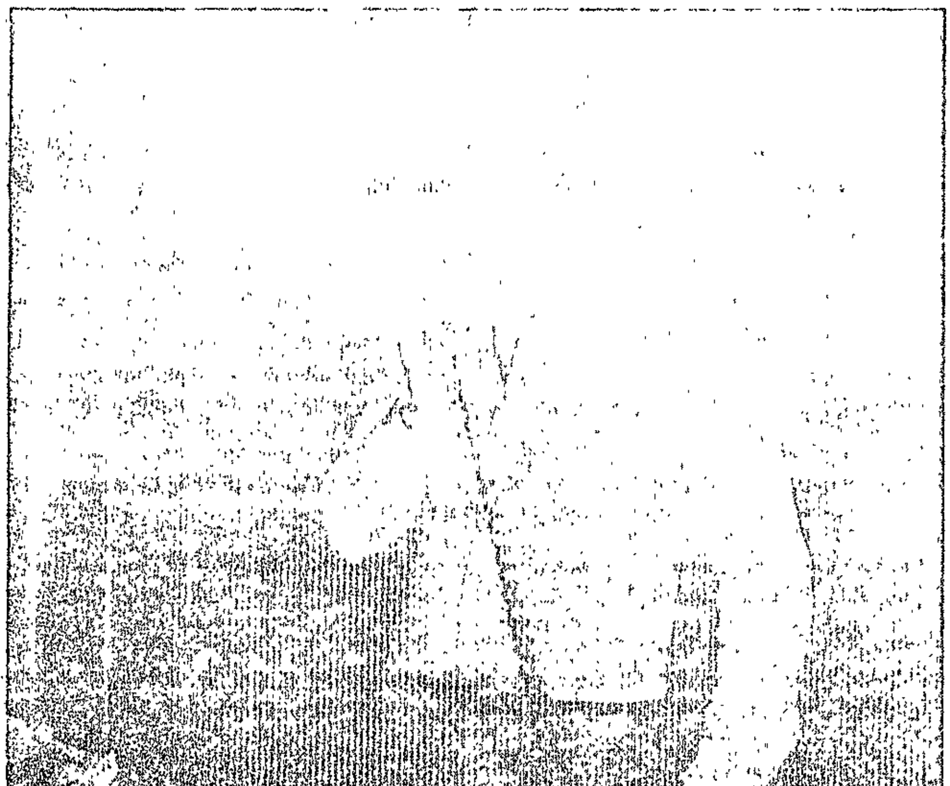
With a couple of years of assessed losses to take into account, the group has a [illegible] tax charge. But Lipshitz tells me this will be the end of [illegible] and the Receiver's cut will be closer to the top rate from now on.

The strong liquidity increase has also allowed the group to shrug off its high debt and interest burden. Lipshitz says that interest bearing liabilities are now "negligible" and the company has more than R500 000 cash on hand. The overdraft at the end of the previous year was R1,6m.

Trade in the first couple of months of the new year has been "buoyant," says Lipshitz, and the current strength in the motor market can be expected to last at least until August. The group also operates Massey Ferguson and Sprite caravan franchises which contributed substantially to profits last year.

The group is to resume interim dividends this year, but Lipshitz declines to make a forecast. Nor will he comment on a possible split between the interim and final payouts, "until the profits are made."

Dividend cover over the past year was 5,5 times, but if the group had been subject to a full tax charge this would have been closer to 3,5 times, and Lipshitz says he considers a 3,5 to 4 times cover reasonable under current inflationary conditions.



Schus' Lipshitz . . . removing the debt burden

Williams, Hunt, the General Motors franchise holder in the Aurochs group, has also benefited strongly from the motor boom. Pre-tax income accelerated from R7,5m to R24,3m, though the comparison is distorted by the inclusion of General Tire as a consolidated subsidiary for the last six months of the previous year.

Tax was held down to 36% (45%) by assessed losses and by investment allowances generated by Gentire. And although associated company contributions were slashed by the change in status of Gentire, attributable earnings for the group grew strongly from R2,9m to R8,2m.

Earnings a share were 91c (34,1c), and a 4,8 times (3,1 times) total dividend of 19c (11c) has been proposed. Management says cover has been increased partially as a result of high retentions by Gentire for capex, which have restricted Williams, Hunt's cash flow. They add that it is unlikely there will be much change in the current financial year.

The group also operates a number of motor- and farming equipment-orientated franchises. These have also done well. The transfer printing division, however, has had technical problems in its formative stages, but management views it as a strong growth area.

Both Schus and Williams, Hunt shares stand on higher historic dividend yields than the sector average, with Schus offering 10,3% at the current 175c. This would seem considerably underpriced at 205c, Williams, Hunt offers 7,2%, which seems closer to the proper level, given the restrictions on cash flow because of high retentions in Gentire.

Scott Hawker

[illegible] SHAKE-UP

FRIDAY [redacted]

Privately-owned construction company SM Goldstein has wasted no time in shaking up its newly acquired 50%-owned associate home-builder Gough Cooper. Five of the seven Gough Cooper directors have resigned and the chairman has been replaced by Goldstein's joint MD Tony Acton.

At the Gough Cooper agm last week, directors Bill Plumber and Donald Currie declined to seek re-election and Stan Goldstein and Tony Acton were elected to the board.

At a subsequent board meeting Phillips Bradfield, Jim Perrott and "Sailor" Harty resigned from the board and the alternate directorships also fell away. At this board meeting Tony Acton was appointed chairman in place of Lesley Lucas-Bull who is now one of the four directors on the Gough Cooper board. Roy Mawson remains MD.

No decision has yet been made on the possible rationalisation of Goldstein and Gough Cooper activities. Ian Shai

Pep forecasts 30pc spurt and begins big export plan

CT 9/5/81

THE reason for the rapid climb in Pep's share price in recent weeks is now apparent: Chairman Renier van Rooyen is forecasting "with confidence" a 30 percent spurt in pre-tax profits to R26m and a 25 percent acceleration in sales to R250m.

"I believe there is every indication that the vibrant economy which prevailed through the end of our last financial year shows no sign of a slowdown. More importantly, there is reason to believe that the disposable income of a large percentage of the people who support our retail operations is increasing.

"Our retail outlets and factories will continue to grow in number and size in the present financial year. We are planning additional production space to cope with the continuous increse in demand for our products by the outside, local and export markets.

"We have opened one more Shoprite outlet and six Pep and Half Price stores during March and April."

The report dicloses that capital commitments total R7,9m (R1,6m) of which R1,5m has been contracted. Commitments for the next 12 months are R3,6m leaving R4,3m for succeeding years.

Such is the continuing level of sales that he forecast there is now every indication that the group's target 12,5 percent on margins will be reached in the foreseeable future.

Last year profit margins recovered to 10 percent for the first time since 1977.

In an excellent annual report from a financial data point of view he gives an insight into corporate objectives.

"During the three lean years to 1980 our earnings on shareholders' funds dropped to just below 30 percent. But for 1981 they rose to 46 percent. We have developed the management and employee team and defined the market place opportunities that will enable Pep to maintain its earnings on shareholders funds at 30 percent, or more, a year."

And in the market place there appears to be a significant shift in Pep's market target. Over the next five years Pep is to relocate at least 200 of its stores into larger and more centrally situated premises and at the same time to fill the vacuum, the Half Price chain will be expanded to to fully cover the lower end of the market

"Pep Stores will keep pace with the changing affluency of its orginal market which is rapidly developing into a stable middle-class community as a result of the sustained improvement in the quality of life and the narrowing of the wage gap between the black and white population groups.

"The target market is thus directed to the middle-class shopper with obvious peripheral benefits from the upper quartile of the lower-income groups and the lower quartile of the upper-income groups.

"Encouraged by research, our declared policy of enlarging and resiting Pep Stores outlets will gain momentum in 1981 This resiting of certain shops into prime areas plus the upgrading of other outlets will, we believe, materially bolster our growth potential. Ultimately it is our goal to increase the total square metres of trading space with a concomitant reduction in the number of Pep outlets.

On dividend policy Van Rooyen says it is aimed at maintaining at least a three-times covered dividend

"In addition to providing our shareholders with a satisfactory return on their investmernt this policy will enable us to reduce our total debt and interest burden. Ultimately we aim to achieve a total liablity to equity ratio of as near as possible to 1·1 but not at the cost of our objective of at least a 30 percent after tax earnings on shareholders' funds

The breakthrough into export markets is a most interesting development and follows a year's research into export potential of certain clothing lines.

In spite of the recession overseas Pep was encouraged by the success of trial orders and repeat orders. Orders worth R580 000 were confirmed — mainly underwear and jeans. The restraining factor was the lack of additional manufacturing capacity.

All group factories contributed to profits and with the exception of Pep Textile Industries, Transkei, the returns achieved investment criteria but the board regards PTI as a necessary investment due to its strategic nature as a producer of blankets and textiles.

The report deals with the stock holding which rose to R74,2m from R61,9m. Stockturn last year was 2,72 times.

"Raw materials on hand represent an average of five months forward produciltion. For any well planned manufacturing organisation it is vitally important to ensure that the raw material ingredients are readily available to meet production schedules.

"By choice we would prefer to reduce our raw material stock holdings but due to the less than perfect reliability displayed by the local textile industry this is not an easy task.

"Goods in transit due to our geographic spread (there are more than 500 stores) is a fact over which we have little control. At most times we have to accept that 10 percent by value of our total stock holding is in the process of conveyance somewhere in Southern Africa.

"With the full installation of point of sale data terminals scheduled to be completed during 1983 our stock management at the retail level will improve meaningfully"

Other points from the report are:

- The group had 400 Pep stores, 71 Half Price stores and 13 Shoprite branches at the year end — a gain of 16.
- Medium-term loans rose from R10,7m to R16,2m which were acceptance credits Short-term loans fell to R4,8m from R8,2m. Long-term loans fell from R6,9m to R5,9m.
- Net asset value per share is 689c (519 2c).
- Pep Stores Peninsula, in which Pep has a 49 percent stake, increased pre-tax profits by 80 percent to R370 000 in the past year.

S. Tribune 10/5/81

Handelsinstituut congress

30

SOUTH Africa's growing concern over industrial relations is one of the main topics to be underlined at this week's Congress of the Afrikaanse Handelsinstituut in Bloemfontein.

The congress, to be held from May 12 to 14, will discuss in detail the responsibilities of management toward industrial relations under an item tabled by the instituut's manpower advisory committee.

The gathering of the country's most influential Afrikaans businessmen will also discuss the importance of positive support for the Government-initiated policy on small business undertakings and the need for a continuous export development action.

RDM 12/5/81

30

Pep denies takeover

By DAVID CARTE
Deputy Financial Editor

PEP Stores is not being taken over, says the managing director, Mr Tom Ball. There has been speculation about the company because of a 25% rise in the share price in less than a month.

The share price soared from 970c on April 16 to 1 220c yesterday.

Mr Ball "emphatically" denied takeover rumours yesterday.

He could not explain the increase in the share price. All he could suggest was that at lower levels, and following 56% earnings growth last year, Pep offered a far bigger dividend yield than other stores counters did.

Pep's annual report says "the present financial year should be another of great success" and the chairman, Mr Renier van Rooyen, forecasts turnover growth of 25% and pre-tax profit growth of 30%.

The report also sets financial guidelines and objectives which form the basis of the group's growth policy.

Pep aims to maintain a taxed return on shareholders' funds of 30% or more a year. Last year it achieved 46%.

Dividend and debt limitation policies have also been spelled out: annual dividends are to be three times covered and it is the aim ultimately to achieve a total liability to equity radio of 1:1 — but "not at the cost of Pep's 30% return on equity objective".

Pep has embarked on a programme of upgrading, redesigning and relocating certain of its retail outlets Mr Van Rooyen says the group intends to have at least 200 retail outlets moved into larger, more centrally situated premises over the next five years.

Simultaneously, and to fill the possible vacuum arising from the relocation of Pep outlets, further growth in the group's Half Price outlets is planned.

At the yearend, the group had 400 Pep outlets, 71 Half Price stores and 13 Shoprite units. Since the yearend the group has opened one more Shoprite unit and six Pep and Half Price stores.

Pep's factories made their first exports last year. Mr Van Rooyen predicts that fully 5% of group turnover will be exports later.

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PLEASE CIRCLE ITEMS REQUIRED

Woolworths, Truworths set-up

RDM 12/5/81

(86)

CAPE TOWN. — There had been confusion arising from the announcement of the resignation of Mr R S Sonnenberg as chairman, said Woolworths Holdings in Cape Town Yesterday.

Woolworths said it had been intended that on the merger with Truworths Mr D R Susman would be appointed chairman and Mr A G W Wiliamson would become vice-chairman of Woolworths Truworths, the proposed new name of the holding company.

Mr Sonnenberg continued in his capacity as chairman of Woolworths (Pty) (the Woolworths trading organisation), he would also serve on the board of Woolworths, Truworths. Mr L Shawzin, in his continuing capacity as chairman of Truworths (the Truworths trading organisation), would also join this board.

The board of Woolworths, Truworths would be: Mr D R Susman (chairman), Mr A G W Williamson (vice-chairman), Mr A Galombik, Mr C A Hall, Mr H C Kuiper, Mr E J Loenbenberg, Mr L Shawzinn, Mr R S Sonnenberg and Mr R W Stern.

There would be no changes in the management structures of the trading companies. — Sapa.

Nafcoc AGM

SOWETAN 30/12/81

THE 17th Annual Conference of the National Federated Chamber of Commerce (Nafcoc) will be held in Port Elizabeth from July 6 - 11, said Mr Gabriel Mokgoko, public relations manager of Nafcoc.

The theme of the congress will be: "Strategies for acceleration of the growth of black business during the 80's."

An in-depth discussion on the current economic issues facing South Africa will be held. "Emphasis, however, would be laid on the momentum required to accelerate black commerce, agriculture, and industry," said Mr Mokgoko.

Local and overseas economists and strategists have been invited to address the conference. Invitations have also been extended to Chambers of Commerce in neighbouring territories.

...ccounting Policies

THIS STAT... AUTHORIT... PRACTICES... OF GENER... ING PRAC...

INTRODUC...

.01 It is fundan... interpretation... who use them should be aware of the main assumptions on which they are based. The purpose of the statement which follows is to assist such understanding by promoting improvement in the quality of information disclosed. It seeks to achieve this by establishing as standard accounting practice the disclosure in financial statements of clear explanations of the accounting policies followed in so far as these are significant for the purpose of giving a fair presentation. This statement does not seek to establish accounting practice for individual items; these will be dealt with in separate statements issued from time to time.

STANDARD ACCOUNTING PRACTICE

.02 If financial statements are prepared on the basis of assumptions which differ in material respects from any of the generally accepted fundamental accounting concepts defined in paragraph .05, the facts should be explained in the financial statements. In the absence of a clear statement to the contrary, there is a presumption that the four fundamental accounting concepts have been observed.

.03 The accounting policies (as defined in paragraph .07) followed for dealing with items which are judged material or critical in determining profit or loss for the period and in stating the financial position should be disclosed by way of note. The explanations should be clear, fair and as brief as possible.

EXPLANATORY NOTES AND DEFINITIONS

.04 In accounting usage, terms such as 'accounting principles', 'rules', 'conventions', 'methods' or 'procedures' have been treated as interchangeable.[1] For the purpose of this statement it is appropriate to distinguish between fundamental accounting concepts, accounting bases and accounting policies.

FUNDAMENTAL ACCOUNTING CONCEPTS

.05 Fundamental accounting concepts are here defined as broad basic assumptions which underlie the periodic financial statements of business entities. The four concepts dealt with in this ...e 'going concern' concept; ...ncept; (c) the 'consistency' ... 'prudence' concept.[2] The ...ts is not necessarily self-... ...mination of financial state-... ...e such general acceptance ... explanation in published ... observance is presumed ...e. They are practical rules ...l ideals and are capable of variation and evolution as accounting thought and practice develop, but their present generally accepted meanings are:

(a) The 'going concern' concept: the entity will continue in operational existence for the foreseeable future. This means in particular that the income statement and balance sheet assume no intention or necessity to liquidate or curtail significantly the scale of operation;

(b) the 'matching' concept: revenue and costs are accrued (that is, recognized as they are earned or incurred, not as money is received or paid), matched with one another so far as their relationship can be established or justifiably assumed, and dealt with in the income statement for the period to which they relate; provided that where the matching concept is inconsistent with the 'prudence' concept (sub-paragraph (d)), the latter prevails. Revenue and profits dealt with in the income statement are matched with associated costs and expenses by including in the same account the costs incurred in earning them (so far as these are material and identifiable);

(c) the 'consistency' concept: there is consistency of accounting treatment of like items within each accounting period and from one period to the next;

(d) the concept of 'prudence': revenue and profits are not anticipated but are recognized by inclusion in the income statement only when realized in the form of cash or of other assets the ultimate cash realization of which can be assessed with reasonable certainty; provision is made for all known liabilities (expenses and losses) whether the amount of these is known with certainty or is a best estimate in the light of the information available.

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[1] In this series 'accounting practices' has been adopted as a generic term to encompass all aspects of financial accounting methods and presentation.

[2] It is emphasized that it is not the purpose of this statement to develop a basic theory of accounting. For the purposes of an exhaustive theoretical approach the fundamental concepts referred to here could be subdivided into many more than these four propositions.

Toyota is top seller

(B21) (50) wigus 13/5/84

Keith Macfarlane

HELPED by its strength in the bakkie segment, Toyota has again taken top spot in the 33 766-unit South African commercial vehicle market for the first quarter of this year, selling almost a third of the total. The details:

1	Toyota	10 592	(31,4 percent)
2	Datsun	6 931	(20,5 percent)
3	Ford	4 316	(12,8 percent)
4	General Motors	4 294	(12,7 percent)
5	Sigma	2 715	(8,0 percent)
6	Volkswagen	1 716	(5,1 percent)
7	Mercedes	1 154	(3,4 percent)
8	Leyland	840	(2,5 percent)
9	Alfa-Fiat	322	(0,9 percent)
10	International	365	(0,8 percent)
11	MAN	251	(0,7 percent)
12	Oshkosh	99	(0,3 percent)
13	Fiat-Iveco	94	(0,3 percent)
14	ERF	63	(0,2 percent)
15	Scania	55	(0,2 percent)
16	Fodens	31	(0,1 percent)
17	Magirus-Deutz	25	(0,1 percent)
18	VSA	3	(0,01 percent)

Of the total market 27 722 units (83,1 percent) were in the light category of 5 000 kg or less; 3 608 (10,7 percent) were in the category between 10 000 and 15 000 kg; and 1 073 (3,2 percent) were in the over 20 000 kg class.

Simpson predicts retail mergers

OD 13/8/81

30

PROF SIMPSON ... more working wives

Significant changes in retailing in the future and an increase in mergers and take-overs in the retail sector over the next few months are predicted by Professor John Simpson, director of the University of Cape Town's Graduate School of Business.

Speaking to the Society of Marketers on the role of marketing in the future economic development in South Africa, he said there would be a number of highly efficient large chains and an increase in the growth of specialist outlets.

In the consumer market, to counterbalance a decline in the number of white children being born, a fairly dramatic increase in the number of singles and working wives, who would be more affluent and more introspective in their buying decision-making, could be anticipated.

Talking about the trend for more women to work, Prof Simpson pointed out that in the United States in 1979, for the first time in history, there were more working wives than housewives.

"Clearly," he said, "the single and working women will have relatively high discretionary incomes and will be prepared to indulge in luxury spending, much of which will be ego-expressive and very personal and individualistic."

Buyer behaviour would be affected by high inflation, of which a by-product was greater awareness and interest in the quality and price of goods. "Purchasers will look for more cues in their buying with the brand or outlet assuming greater significance," he said.

Turning to the black market, he said greater discretionary spending power and an awareness of increasing "permanence" in urban areas could certainly influence black people to buy services and goods that were future-orientated and that did not provide immediate benefit only.

Examples were household appliances, education systems for children and insurance, where in particular the white market was saturated and insurance companies were inevitably looking to the black market for future growth.

Prof Simpson said there was clearly a distinct "black" market, in the same way that there were other distinctive markets. "But", he cautioned, "the so-called black market is not as homogeneous as some marketers may think.

"As long as blacks are required to live together, as long as their educational system is uniquely different, as long as the most powerful media are clearly directed towards this population group alone, as long as retail outlets in black areas are forced to follow certain configurations, it would be naive to suggest that the marketer will use a blanket marketing strategy as if there are no differences across population groups."

Discussing the industrial sector, he said expansion to existing plants, development of facilities to manufacture and market new strategically needed products and the massive housing shortage, "suggest that construction companies, machinery suppliers and housing component suppliers will be presented with a range of opportunities.

"On the negative side, though", he added, "the fact that demand has frequently outstripped supply has had a debilitating effect on the development of marketing expertise.

"While it is difficult and indeed wrong to generalise, it does appear that industrial marketers have tended still to be fairly product orientated. More competition would assist in overcoming that".

Dealing with the services sector, Prof Simpson said a feeling of permanence and the development of a stable class of black entrepreneurs held the key to significant growth by the more astute and imaginative providers of financial, credit and insurance services.

Expert sees rise in black buying power

30 (3329)

ROM 14/5/81

BLOEMFONTEIN. — The share of personal income per capita earned by blacks has risen dramatically in the past 20 years — and the black consumer will play an increasingly important role in the 1980s, according to a market research chief.

The director of the University of South Africa's bureau for market research, Professor Piet Nel, was addressing the Afrikaanse Handelsinstituut in congress in Bloemfontein yesterday.

He said whites' share of per capita personal income had dropped from 70% in 1960 to 60% in 1970, while the black share rose from 30% to 40%.

From 1975 to 1980 the per capita income share of whites fell by 4,8% while that of other population groups increased slightly.

Blacks were therefore becoming increasingly important as consumers and no business could afford to disregard black buying power. Those who wanted to survive would have to gain more black customers.

Prof Nel said the importance of the black consumer in the economy was emphasised by the fact that growth in some markets in recent years had depended entirely on black spending.

The total growth in the foodstuffs market, for example, could be attributed to black spending.

Professor J L Sadie, of the University of Stellenbosch's Bureau for Economic Research, said reasonable estimates indicated the present black population of about 20 639 000 could rise to 32 820 000 by the year 2 000 — an increase of 12 181 000 — compared with a 797 000 increase in the mumber of whites, if the present birth rates were maintained and white immigration did not swell the numbers.

The proportion of blacks in the total population would then be 84,4%.

Prof Sadie said that despite expectations that the personal wage income of blacks would rise, the differences in spending patterns of the black and non-black populations would not have disappeared by the year 2 000.

Blacks would continue to consume only a small portion of the so-called "success goods" compared to whites, but the increasing importance of black buying power would give a strong underlay of stability to the economy through the demand for non-durable and semi-durable goods. — Sapa.

'Blacks prefer white shops'

BLOEMFONTEIN. — Most blacks preferred to buy from white shops, but very few white dealers bothered to make black custmers feel at home, according to Radio Bantu public relations officer Mr Justus Tshungu.

He told delegates to the Afrikaanse Handelsinstituut congress in Bloemfontein of the problems of black consumers that white dealers did not consider — such as the distance they had to travel to white shopping centres.

The lack of toilet, resting and eating facilities caused them much inconvenience and it grieved them that they were so easily taken for thieves and watched in self-service shops.

He blamed selfish black dealers for the black preference.

"Blacks would like to buy from their own businessmen, but it is impossible because of the unusually high prices they have to pay.

"Moreover, the service is poor and disappointing, the shops are usually badly managed, and the owners' attitudes towards consumers leave a lot to be desired."

Mr Tshungu said that although blacks tended to avoid black businesses, he was still against white businesses in black residential areas.

The feeling was that black businessmen's areas and business rights should be protected against white penetration until blacks could stand on their own feet against white dealers.

As the income and buying power of blacks increased, their buying habits changed. Quantity used to be put before quality, but now blacks bought only the best.

The more sophisticated among them were suspicious of shops that traded exclusively with blacks in case their goods were inferior. — Sapa.

Consumers see the end of the party

RDM 14/5/81 (30)

By HAROLD FRIDJHON

CONSUMER confidence is on the wane.

This emerges clearly from the consumer survey report issued by the Stellenbosch University's Bureau for Economic Research (BER).

Although the net majority of white households indicated that the national economy had improved over the past year, the number who held this view declined in the quarter to April.

And looking 12 months ahead, Dr O D J Stuart, the BER chief economist, says: "The white group has lost much of its confidence in the economy ... Just more than half of them expect further improvements in the national economy. This is in sharp contrast to the situation of a year ago when only 10,5% of those interviewed did *not* expect improvements to materialise. The index ... Would appear to suggest that the whites now think that the recent booming economic conditions have peaked."

The coloured people in the Cape Peninsula were not satisfied with the economic conditions of the past year, but expect an improvment in the next year.

Blacks living "perhaps in the perhaps more affluent environment of the north" found conditions in the past year more to their liking, but they are a little less optimistic about the outlook for the next 12 months.

Looking five years ahead, whites are increasingly less optimistic. Their mood is the second lowest recorded since the surveys were started in 1975. But blacks, to quote Dr Stuart, "are much more optimistic about the longer-term economic future of South Africa than the whites".

This is the first BER consumer survey which has been divided into colour categories. While the sample of 2 000 white households is probably statistically valid, those for coloured and blacks are not. Information was gathered from 400 coloured respondents in the Cape Peninsula only and from 200 black heads of families in Johannesburg and Pretoria.

Dr Stuart says the size of the black sample is not satisfactory, but with the funds available it was the best that could be done. He regards the limited results as better than no information at all.

(Surveying only Cape Peninsula coloureds and Johannesburg and Pretoria blacks is unrepresentative. It leaves out blacks at the Cape, coloureds and blacks in Port Elizabeth, and communities in Durban, and other major centres. Unfortunately people in the rural areas cannot be surveyed because of the costs involved.)

Compared with a year ago, more whites have been running up debts "possibly because of the spending spree during 1980" and about one out of every five white consumers had to draw on savings. Slightly fewer were able to add to savings. Although their financial position is tighter than a year ago, Dr Stuart says the deterioration is marginal.

Looking at the figures for the previous quarter's survey, it would seem that there has been some slippage in the past three months.

Blacks and coloureds report increasing debts, with 34,5% of blacks interviewed having to use savings to meet their liabilities.

But these two groups expect improvements in the year ahead. Whites expect that their personal financial positions will worsen.

In assessments of whether now is the right or wrong time to buy durables, whites show little change in their attitudes on a year-on-year basis, although the bias in the past quarter has moved towards the negative. The coloured peoples certainly do not regard the present time as propitious for the acquisition of durbales. Black views on the subject are evenly balanced.

Most white respondents agree that now is the time to save, although fewer are in a position to do so compared with last year. Blacks affirm their ability to save, which seems contrary to their responses about their current financial position. Coloureds clearly indicate that they cannot save.

Both whites and coloureds express fears about the inflation rate during the next year, expecting the rate to increase. Most blacks interviewed appear to expect the rate of inflation to slow down.

The confidence of white consumers has deteriorated fairly sharply since April 1980, with the rate of the slide in confidence accelerating during the past quarter. During the year of boom, graphs of the "confidence" indices were moving sideways on a high plateau. The graph is now showing a decided downward trend.

Dr Stuart says it seems that the level of consumer confi-

Car sales come off

RDM 14/5/81

By JOHN MULCAHY

THE effects of strike action by workers at Sigma Motor Corporation's plant are reflected in the company's April new-car sales figures which dipped to 3 648 units from 5 086 in March.

Sigma's sales and marketing director, Mr Peter Moss, said yesterday: "Sigma's sales have obviously been influenced by the strike, and the momentum which we have maintained this year has been temporarily slowed.

"However, we are back to normal production, and we are confident we will shortly be in a position to meet the sustained demand for our products."

Even without the Sigma figures, however, the sales released by Naamsa indicate a downturn. Total sales for April amounted to 22 707 vehicles — down from 25 993 in March, and only slightly higher than the 22 642 cars sold in April last year.

For the year to date, new car sales totalled 93 379, or 13,8% up on last year's 82 083 units. On a year-to-year basis, the March sales were 23% up on last year. Sales rose by 18,6% for the first quarter compared with the corresponding period last year.

Volkswagen has returned to the top of the manufacturers' table, capitalising on Sigma's decline, with 4 162 cars sold, but this was well below its March figure of 4 838. Sigma was second, followed by Toyota with sales of 3 404 units, General Motors on 2 774 and Ford on 2 747.

Toyota, General Motors and Ford all fell back from their March sales when the figures were 3 892, 2 831 and 3 622 respectively.

Volkswagen's Golf/Jetta range, continued to command the top spot in individual sales with 2 614 units, and Toyota's Corolla moved into second place on 2 171 units, replacing Mazda's 323, which slipped to 1 834 units from 2 616 in March. Ford's Cortina was next best on 1 756.

Commercial vehicle sales fell to 11 375 units in April from 12 828 in March, but were well ahead of the 9 321 sold in April last year.

For the first four months of this year, commercial sales amounted to 45 141 units, or 18.2% up on the 38 201 in the same time last year.

Toyota easily outsold its rivals in the commercial field, with a total of 3 526 units, followed by Datsun on 2 574 and General Motors with 1 468.

'Blacks not to be exploited'

Snow 14/5/87 (50)

Own Correspondent

BLOEMFONTEIN. — The days of exploiting black consumers in the retail trade were over, a director of a large retail chain said in Bloemfontein yesterday.

Addressing the retail congress of the Afrikaanse Handelsinstituut, Mr Gert du Plessis, a director of Checkers, said blacks tended to ignore shops where their requirements were ignored.

He said blacks judged retail stores by strict standards, "and the days of exploitation are over forever."

"They go for well known trademarks and brands," he said, particularly in respect of toothpaste, soap and mielie meal.

He said blacks preferred to buy at large shopping complexes because of the facilities of being able to compare prices and examine new products.

Blacks tended to be slower than whites in making a final decision.

Mr du Plessis said traders would find that politeness and patience paid off, however.

Also addressing the retail congress, Professor Piet Nel, director of the Bureau for Market Research at Unisa, said: "If you want to continue to prosper, you will have to take the wants of the black population into account."

He said the actual volume of consumer spending would be equal between blacks and whites by the year 2000 but white spending would be overtaken by that of other races combined in the mid-1980s.

22 pc rise in commercial vehicle sales

Argus 14/5/81

30

SALES of new cars last month were only fractionally up on last year's April figure but commercial vehicle sales showed a 22 percent improvement, figures issued by Naamsa show.

A total of 22 707 new cars were sold last month, compared with 22 642 in April last year, and 11 375 commercial vehicles compared with 9 321.

Toyota was again the country's top vehicle seller, dominating the market with 20,3 percent share in April, followed by Datsun (15,5 percent), Volkswagen (13,8 percent), Sigma (13 percent), General Motors (12,5 percent) and Ford (12 percent).

Volkswagen was again the top seller of cars with April sales of 4 162 units, followed by Sigma (3 648), Toyota (3 404), General Motors (2 774) and Ford (1 747).

The Volkswagen Golf and Jetta combined sold a total of 2 614, while Toyota Corolla moved into the second place with 2 171. In third place was the Mazda 323 with 1 834 sold.

In the commercial vehicle field, Toyota easily outsold its rivals with sales of 3 526, followed by Datsun (2 574) and General Motors (1 468).

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Recognise black unions — AHI

By DAVID CARTE
Deputy Financial Editor

THE Afrikaanse Handelsinstituut has called on its members to recognise black trade unions.

The 36th annual congress of the powerful business organisation yesterday approved a motion calling on members to "recognise credible and representative trade unions as negotiating partners and to establish and maintain healthy relations with them".

Members were urged to "engage in dialogue" even with unregistered trade unions and to persuade them to join the established labour relations system.

The 800-delegate congress in Bloemfontein also called on the Government not to scrap legislation underpinning existing workers' liason committees.

Scrapping the Organisation of Black Labour Act of 1953 would remove the legal framework of the workers' committees, said Mr Ti Steenkamp, the AHI's chief labour spokesman.

Mr Steenkamp said the Act had failed in its aim of setting up workers' committees as substitutes for black trades unions. "The motive was wrong: there is no alternative to trade unions except no trade unions."

Workers' committees and trade unions were being seen as alternatives, when the two were complementary and not competitive, he said.

O See Page 4

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PLEASE CIRCLE ITEMS REQUIRED

Rough Work.

Philipps move.
Unemple

ABC SHOE (30)

Tighter margins

FM 15/5/81

Activities: *Retailing and wholesaling of shoes, handbags and accessories. The directors hold 34,0% of the equity and voting rights over an additional 32,9%.*
Chairman: *I L Green.*
Capital structure: *3,5m ordinaries of 50c. Market capitalisation: R5,6m.*
Financial: *Year to January 31 1981. Borrowings: long- and medium-term, R1m; net short-term, R982 000. Debt:equity ratio: 31,4%. Current ratio: 2,3. Group cash flow: R1,4m. Capital commitments: R180 000.*
Share market: *Price: 160c (1980-81: high, 190c; low, 150c; trading volume last quarter, 7 400 shares). Yields: 20,4% on earnings; 8,8% on dividend. Cover: 2,3. PE ratio, 4,9.*

	'78	'79	'80	'81
Return on cap %	29,3	23,0	27,2	29,8
Turnover (index*)	168	195	214	263
Pre-tax profit (Rm)	1,1	1,4	1,7	2,0
Earnings (c)	18,5	24,0	27,8	32,6
Dividends (c)	8	10	12	14
Net asset value (c)	108	151	137	150

* 1974=100

Despite last year's boom in consumer spending, ABC's earnings growth did not meet its compound rate of 19,8% over the past seven years. But a pleasing aspect is that the 17,3% gain achieved was the first improvement recorded in the annual growth rate since 1978.

Performance, however, was erratic. The bulk of the increase occurred in the first half when earnings were up 31%. The second half saw a decline to 12% and this, coupled with the expected slowdown of the economy, suggests that the current year's outlook may not be as rosy.

A 23% rise in turnover against a 21% increase in gross profit shows a slight drop in margins, in part attributable to the loss of four stores in the re-organisation of the Greatermans group. This cost ABC R150 000 pre-tax.

However, a compensatory factor is that, in the long term, additional options have been negotiated for lease extensions in the remaining outlets in that chain.

The acquisition of the Footprint group almost a year ago also lessened the impact of the stores loss. Footprint, which has gone through a period of integration with ABC, is now fully absorbed.

This year, new branches are to be opened in Durban, Port Elizabeth and Cape Town, partly accounting for the doubling in capex to R180 000 (R86 000). The rest will be absorbed by the renovation and redesigning of existing stores.

The debt:equity ratio dropped from 43,5% to 31,4% and company secretary Mervyn Gerszt says efforts will be made to keep this ratio as low as possible.

The current ratio fell to 2,3 (2,7), with current liabilities up from R2,6m to R3,8m, though current assets also rose from R7,1m to R8,5m. Cash flow is strong at R1,4m.

With only limited expansion of its trading area, ABC will be hard pushed to beat last year's growth rate. Earnings might reach 38c and, as the dividend cover could remain the same at 2,3, a 16,5c payout may be on the cards.

At 160c the share yields a prospective 10,3%, which seems a fair assessment if the company is heading for a period of slower growth.

Cathi Warriner

JOHN ORR 30 FM 15/5/81

Big cutbacks pay off

Activities: *Operates 69 clothing and department stores in the retail sector. Directors hold 27,7% of the equity.*
Chairman: *Dr N A Labuschagne.*
Capital structure: *5,2m ordinaries of 70c, and 303 000 6% cum prefs of R2. Market capitalisation: R9,6m.*
Financial: *Year to February 29 1981. Borrowings: long- and medium-term, R2,3m; net short-term, R5,4m. Debt/equity ratio: 33,8%. Current ratio. 1,8. Group cash flow: R2,3m. Capital commitments: R1,7m.*
Share market: *Price: 185c (1980-81: high, 250c; low, 157c; trading volume last quarter, 529 000 shares). Yields: 18,5% on earnings; 6,5% on dividend. Cover: 2,9. PE ratio: 5,4.*

	'78	'79	'80	'81
Return on cap %	10,1	4,6	—	10,1
Turnover (Rm)	40,5	40,6	44,3	45,8
Pre-tax profit (loss) (Rm)	1,9	0,6	(2,4)	2,5
Gross margin % ...	7,4	3,7	—	7,0
Earnings (c) %....	19,5	2,5	(51,3)	34,3
Dividends (c)	13	3,5	—	12
Net asset value (c)	408	408	412	415

The drastic surgery at John Orr's in 1980 has paid off, and the group is now in better shape than at any time in the past five years. The result was a resumption of ordinary dividends with a 12c payment, and plans in hand to substantially expand the Milady's chain — the most profitable division. These moves mean chairman Nick Labuschagne can confidently predict an acceptable increase in profit for the current year, with an improved return on funds employed.

The six years ending February 1980 saw the group on a downhill run. Earnings of 37c in 1974 were whittled down until 1980 recorded a loss of 51,3c a share before extraordinary items. Management began taking steps to haul the company off its knees that year with a drastic pruning of the departmental stores and the selling of properties surplus to trading needs. By end-February 1981 there were seven John Orr stores left compared with 13 in 1979. The East London store will be closed this year, as will a Spot discount outlet in Pinetown

John Orr . . . recovery tack

These closures and the selling of surplus properties realised a R8,9m cash inflow in 1981. Of this, R2,9m was applied to reducing long-term loans, R1,5m was paid to shareholders in the form of a 30c capital reduction, and R4,4m was added to working capital. By end-February total borrowings were thus R7,8m (R11,3m) and the debt:equity ratio 33,8% (49,4%). Group annual interest/leasing charges were covered fairly comfortable 4,7 times by gross profit.

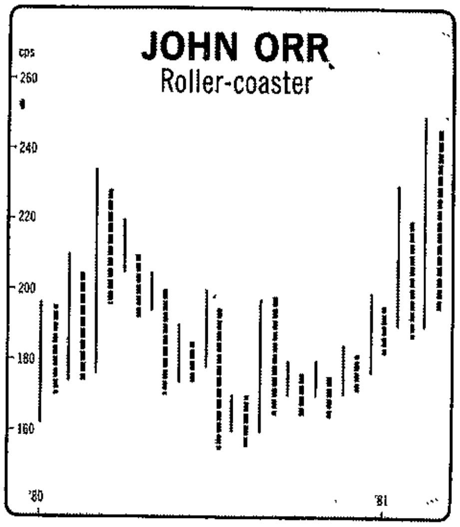
All financial ratios improved significantly in 1981, but there is still some way to go before the group is on a satisfactory profit footing. The return on capital employed is low at 10,1%, while the return on equity is a mere 8,3%. Neither ratio is good, but with another profit increase on the cards some improvement is in sight.

Management plans to keep plugging at the Milady's chain which provides the bulk of profit. Labuschagne says that, despite the difficulty in finding suitable sites, another four stores have been opened and six are planned in the near future. The remaining John Orr's outlets are trading profitably, though, like the Spot stores, returns in East London do not justify the investment.

However, the sale of the East London property will not mean another capital repayment to shareholders. Labuschagne says with rising interest rates the group intends to conserve cash. So whatever comes from the East London property will presumably be applied to working capital and expansion in a market still showing growth. An indication of this year's expectations is the R13,1m (R8,3m) year-end stock figure. But with the store pruning exercise, debtors have been chopped to R9,1m (R15,8m), representing 19,8% (35,6%) of annual turnover.

Last year's average tax charge was 28,6% (R387 000 payable on a R2,4m loss in 1980). The group still has losses of R4m to set off against tax when certain subsidiaries earn sufficient profit so, near-term, no major increase seems likely.

The market rates the share on a 6,5% historic yield at 185c compared with a sector yield of 5,1%. Management has placed the group on a more profitable footing but, until returns are somewhat higher, the share is unlikely to be rerated.



Des Kilalea

Question 2

According to the monetarists, there is a natural rate of unemployment. This is due to frictional unemployment, the increasing mobility of people between jobs to-day and the increase in transfer payments. People aren't keen to work if they can receive more by being [illegible] and [illegible] receive transfer [illegible] [illegible] from the [illegible]

In [illegible] that there [illegible] and [illegible] to decrease [illegible] a [illegible] were.

FIG 1

APRIL CAR SALES

(30) FM 15/5/81

	1981 April	% of Market	1981 Jan-Apr	% of Market	1980 Jan-Apr	% of Market
VW	4 162	18,33	18 455	19,76	17 795	21,68
Sigma	3 648	16,07	17 760	19,02	16 952	20,65
Toyota	3 404	14,99	12 449	13,33	8 886	10,83
GM	2 774	12,22	10 818	11,59	6 854	8,35
Ford	2 747	12,10	12 655	13,55	10 998	13,40
Datsun	2 696	11,87	9 717	10,41	8 642	10,53
BMW	1 038	4,57	4 064	4,33	3 514	4,28
UCDD	1 007	4,43	2 627	2,81	2 716	3,31
Alfa	694	3,06	2 967	3,18	4 412	5,38
Leyland	509	2,24	1 753	1,88	1 308	1,59
Other	28	0,12	114	0,12	6	0,01

April total .... 22 707 (0,29% up on 22 642 last year)
Jan-Apr total .... 93 379 (13,76% up on 82 083 last year)
March total 25 993

COMMERCIALS

	1981 April	% of Market	1981 Jan-Apr	% of Market	1980 Jan-Apr	% of Market
Toyota	3 526	31,00	14 118	31,28	10 189	26,67
Datsun	2 574	22,63	9 505	21,06	9 433	24,69
GM	1 468	12,91	5 762	12,76	4 756	12,45
Ford	1 333	11,72	5 649	12,51	5 194	13,60
Sigma	771	6,78	3 486	7,72	2 867	7,51
VW	536	4,71	2 252	4,99	1 635	4,28
UCDD	481	4,23	1 635	3,62	1 297	3,40
Leyland	278	2,44	1 118	2,48	1 487	3,89
Alfa	139	1,22	461	1,02	485	1,27
Int Harvester	74	0,65	339	0,75	220	0,58
MAN	61	0,54	312	0,69	190	0,50
Vetsak	44	0,39	138	0,31	43	0,11
ERF	25	0,22	88	0,19	44	0,12
Malcomess-Scania	23	0,20	78	0,17	43	0,11
Oshkosh	23	0,20	122	0,27	98	0,26
Fodens	12	0,11	43	0,10	50	0,13
Magirus-Deutz	7	0,06	32	0,07	33	0,09
VSA	—	—	3	0,01	11	0,03
Other	—	—	—	—	126	0,33

April total .... 11 375 (22,04% up on 9 321 last year)
Jan-Apr total .... 45 141 (18,17% up on 38 201 last year)
March total 12 828

This [illegible] Philips curve.

The monetarists have built on the Philips curve concept ~~to~~ and modified it. This resulted because the negatively sloped "trade-off" Philips curve did not at all explain why inflation kept on increasing and the rate of unemployment did

Jobs 'cannot be preserved'

CT 15/5/81 (30)

Industrial Reporter

SOUTH AFRICANS could no longer afford to persist with the attitude that jobs traditionally held by whites should continue to be preserved for them, the outgoing president of the Cape Town Chamber of Commerce, Mr Arthur Swartz, told the annual meeting last night.

A continuation of this outlook would deny commerce and industry the skilled and semi-skilled manpower it needed, while encouraging needless competition for such labour and pushing up wages and salaries as a result.

To overcome the shortage of local personnel, some companies had attempted to import skilled immigrants, but immigration procedures were so time consuming and frustrating that few persevered, and the vicious circle continued.

He believed the immigration procedure for trained people wishing to work and settle here should be dealt with by the Department of Manpower.

"While some black progress into skilled and managerial ranks has been evident over the past 18 months, recalcitrant white attitudes, in some instances remain an obstacle — unbelievable as this may be in this day and age. It is small wonder that there are not enough qualified balcks, as they are not generally given opportunities to acquire training, let alone the opportunity to advance into the more highly-skilled postions."

Referring to the performance of the economy, Mr Swartz said expansion taking place in the Republic was bringing about major changes in the economy's structure and the degree of industrial sophistication leading to "new and exciting levels".

The extent to which future housing would have to be provided was staggering, however, and on the face of it, almost unattainable. Official estimates indicated that four million black houses would be needed by the turn of the century and even if only half this figure was achieved, a capital investment of some R10 000-million at current prices would be required.

The authorities had allowed growth to accelerate virtually unhindered and in the process had courted a build-up of inflationary demand pressures.

Retailers cannot afford to ignore blacks, AHI told

Argus 15/5/81 (30)

Argus Correspondent

BLOEMFONTEIN. — The retail trade could not afford to ignore the increasing buying power and changing spending pattern of blacks, Professor Piet Nel, director of the Bureau for Market Research at Unisa, said here.

Addressing the retail congress of the Afrikaanse Handelsinstituut, he said: 'If you want to continue to prosper, you will have to take the wants of the black population into account.'

White spending would be overtaken by that of other races combined in the mid-1980s.

While white incomes would probably not increase to a marked extent in the 1980s that of blacks would leap ahead.

Mr Justus Tshungu, public relations officer of Radio Bantu, said most blacks preferred to buy from white shops, but few white dealers went to any trouble to make the black consumer feel at home.

White dealers did not take into consideration that blacks had to travel far to get to white shopping centres.

The lack of toilet, resting and eating facilities caused them much inconvenience, while it also grieved them that they were so easily taken for thieves and kept under observation when they entered a self-service shop.

SA must create 300 000 new jobs a year

RDM 15/5/81

Deputy Financial Editor

SOUTH Africa will have to create 300 000 jobs a year this decade, and 400 000 a year in next decade for its soaring population, Mr Pierre Steyn, the general manager of Sanlam, told the Afrikaanse Handelsinstituut congress in Bloemfontein yesterday.

Speaking about the economic implications of the population growing from 28-million to 50-million by the year 2000, Mr Steyn said each new job needed a capital investment of R8 000. This meant the country had to invest R2 500-million a year to have full employment.

South Africa was not keeping up at present, he said. Between 1970 and 1977 more than a million workers came on to the labour market, while new jobs rose by only 360 000. This meant unemployment was becoming endemic, not just cyclical.

Mr Steyn said it had been estimated that South Africa needed 210 000 "executive officials" in the next 20 years. It was clear the white group alone could not meet the need — other groups would have to fill the gap. This implied a huge training and education drive.

In 1980, said Mr Steyn, there were 16 000 schools and 105 000 teachers for blacks in South Africa. The shortage was estimated at 20 000. By 2000, another 334 000 teachers for blacks would be needed. This meant 10 000 extra every year for the next two decades.

To house South Africa's rocketing population, a city the size of Johannesburg would have to be built every year for the next 20 years, he said.

Mr Steyn said closure of the wage gap was an accepted goal in South Africa. This was often misunderstood, however. It did not mean the average black wage would be equal to the average white wage — only that parity for quantity and quality of work was aimed at.

The average black worker currently received only 26% of the pay of his white compatriot. This meant the country had a long way to go.

When it came to narrowing the wage gap, it was important that wage increases for all population groups should be accompanied by reasonable increases in productivity — or inflation would continue at disquieting levels.

How weak links could hit exports

RDM 15/5/81

By DAVID CARTE
Deputy Financial Editor

THREE basic weaknesses in South Africa's export situation could lop up to R5 000-million off export earnings, Mr L Barth, chairman of Stellenbosch Farmers' Winery, told the Afrikaanse Handelsinstituut congress in Bloemfontein yesterday.

According to Mr Barth, the AHI's chief spokesman on exports, the three inherent weaknesses were:

- Export earnings were more dependent than ever on highly volatile gold — which accounted for 47,5% of export earnings in 1980, compared to 37,5% in 1976;
- Many exports were commodities and these were highly vulnerable to overseas recession; and
- Industrial exports tended to rise when local demand was low, but tended to fall off alarmingly when it revived.

South Africa could do little about the gold price or the tempo of business activity in the countries to which it exported.

If the three weaknesses described occurred at once, Mr Barth said, the country could lose export earnings of up to R5 000-million.

A $200 fall in the gold price would drop export receipts by R3 500-million, an overseas recession would cut them by R1 000-million and a local upswing by another R500-million.

Mr Barth said South Africa had much to learn from Far Eastern countries such as Japan, Korea, Taiwan, Hong Kong and Singapore, that had risen from Third World poverty to wealth, despite raw material shortages.

These countries had the following in common:

- They had achieved their present, happier status only through exports;
- They exported manufactured goods, not raw material;
- This required skilled workers and a huge investment in education and training, which was strongly export-oriented;
- Workers at all levels were "amazingly well-trained, even over-skilled"; and
- Big and small firms were highly motivated — employers and employees subscribed to a strong work ethic and took great pride in their work.

Mr Barth suggested that an "Export 2000" campaign be launched.

It would be strongly marketing-oriented. The State and private enterprise would have to co-operate closely.

The export division of any firm should be staffed by top people, headed preferably by a director with a thorough knowledge of his target markets.

Chairman buys more Pep

RDM 15/5/81 (30)

IN RESPONSE to "continued rumours of a takeover of Pep Stores", the chairman, Mr Renier van Rooyen, denied denied that Pep was or had been involved in any negotiations with a potential buyer.

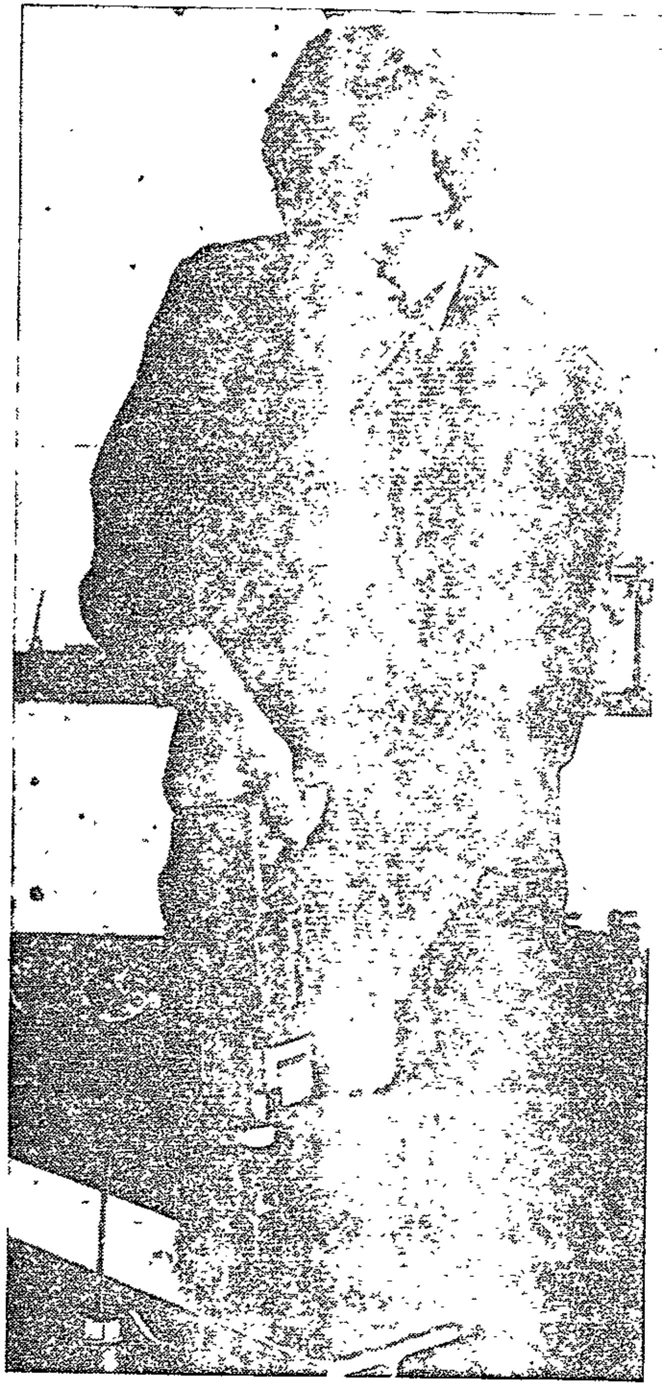
He said he and other directors were increasing their stake in Pep.

Mr Van Rooyen said: "Clearly that does not mean that there may not be an attempt to buy a strategic stake in Pep through the stock exchange."

Pep shares have risen nearly 20% since the beginning of the May when they stood at 1 010c. On May 7 they topped the JSE's most active share list, with R427 000 worth of shares — representing 38 000 shares — changing hands, fuelling rumours of a mystery buyer.

Mr Van Rooyen said he was "personally in the process of increasing my shareholding in Pep, buying shares to ensure that control is consolidated".

The Pep report says that for the year to February 28, 1981, Mr Van Rooyen and his directors bought 249 760 shares, increasing their holding from 11,84% to 16,30%.



Bosch drill . . . providing bulk of Diesel-Electric turnover

Diesel-Electric's turnover powers past R50-m mark

S. Times 17/5/81

30

BIG THINGS EXPECTED OF SUBSIDIARY DESATRON

By John Spira

DIESEL-Electric, one of South Africa's largest trading companies, has topped the R50-million turnover mark for the first time in its 35-year history.

In the year to February 1981, pretax profit was R3,7-million — 32,3% up on the previous year's figure, while earnings per share rose from 32,1c to 39,3c.

Unlisted Diesel-Electric, which operates 20 branches and has 23 franchised outlets throughout the country, distributes the popular Bosch products in South Africa.

Bosch of West Germany has a 30% stake in Diesel-Electric. Of the remaining shares, 65% is in foreign hands and 5% is held by local shareholders.

Via its branches and franchise operations, Diesel-Electric distributes a wide diversity of products, ranging from power tools to white goods.

About 32 000 line items are carried — a major portion of the group's total assets of R26,8-million. About 70% of group turnover is accounted for by Bosch products.

Managing director George Ward tells Business Times that Diesel-Electric is in the throes of a major reorganisation and expansion programme comprising the rationalisation of the company's management structure, a R1,7-million warehousing and servicing facility in Johannesburg and an R800 000 nationwide computer installation.

He adds: "The rationalisation of our management and financial structure is beginning to produce efficiencies throughout the group.

"The R1,7-million expansion at our Johannesburg headquarters will be completed by the end of this year and the new computer will eliminate many of the problems associated with handling 20 000 accounts and 350 000 invoices with an average value of R15 apiece."

He is expecting big things from the relatively new subsidiary, Desatron, which operates in the high-technology electronic components industry, specialising in production process control projects coupled to Bosch electronic equipment.

In a new development, Diesel-Electric is investigating the possibility of establishing franchise operations in Soweto and other black areas.

S. Times 17/5/81

AHI stresses black's role in economy

(30)

THE Afrikaner businessman's increasing awareness of the vital role blacks will play in the economic development of South Africa was the outstanding feature of the Afrikaanse Handelsinstituut's 36th annual congress in Bloemfontein this week.

Throughout three days of deliberation, this point was constantly raised to the more than 700 delegates.

Among the issues on which the AHI seemed to be in full agreement were:

By Jan de Beer

- Blacks are crucially needed to overcome South Africa's growing labour crisis.
- Black confidence and co-operation will play a vital role in promoting lasting industrial peace.
- Black entrepreneurship is vital to the efficient working of the Small Business Development Corporation.
- Black buying power in urban areas is a slumbering giant — and black shoppers deserve to be treated with equal respect.
- Black schooling, and its latent critical teacher shortage, is a problem requiring immediate attention.
- Black authors, even Adam Small, are among those who could, with new works, inspire the country psychologically against its enemies.

When Mr Justus Tshungu, black SABC public relations officer, addressed the congress on Wednesday morning — in Afrikaans — on the problems of the black consumer, delegates were told that he was making history by being the first black to address an AHI congress.

And he was not the only black present. Nafcoc also sent a team which included its vice-president, Dr A M S Makunyane.

One of the main discussion points at the congress dealt with the training of skilled labour. The AHI's contention is that South Africa's present training system is antiquated.

It called for "optimum utilisation of our manpower, irrespective of race or colour, by the establishment of a self-arranged discipline at worker level which will promote mutual respect between workers".

The need for bringing the black man into apprenticeships in an "evolutionary" manner was emphasised. Criteria for appointment to any post had to be based purely on merit, speakers agreed.

South African employers should accept that trade unions were, and would remain, part of life in this country in future.

But the AHI in this case does not quite agree with the pace at which the Government is progressing. It wants the authorities not to drop the labour committee system but rather let it run concurrently with trade unions.

Concern about the lack of

● To Page 3

EXPORT PLAN: Page 3

S. Times 17/5/81

Black's role in economy

(30)

● From Page 1

black entrepreneurship was voiced in a motion calling for the Small Business Development Corporation to be given assistance from a broader regional development plan as well as full support from the South African Development Bank.

The congress was told that black business leaders made up only 0,1% of the total black population compared with, for example, the Jewish community, of which 50% are estimated to be entrepreneurs.

The AHI nevertheless saw the SBDC as an opportunity for "greater harmony between racial groups" because of the chance of positive co-operation between white veteran businessmen and novice blacks.

The days of exploiting urban black shoppers were over, Mr G du Plessis, director of Checkers, told the congress. He was one of three speakers who delivered papers on black spending power.

The potential market for black tourism was also spelt out in a motion calling for co-operation to promote tourism in South Africa. The white businessman was urged to take the initiative, in collaboration with his black counterpart, in helping to develop more "suitable holiday resorts for blacks".

The Afrikaner businessman may not yet be in favour of racially mixed holiday resorts. But the AHI congress showed that in recent years he has, indeed, come a long way towards adapting on other issues.

Viewpoint

Nafcoc was formed out of protest

Sowetan (30) 19/5/81

ASSISTANT editor Aggrey Klaaste's column, On The Line will resume when he returns from leave.

Today we publish an article by Nafcoc's public relations manager, Mr Gabriel M Mokgoko.

IN response to the thought provoking leader article in The SOWETAN on May 6, 1981, I wish to cast light on some of the points raised.

It is important to know, right from the beginning, that Nafcoc was formed out of protest with the Government for making the black man a slave in his own country. The protest by black businessmen in South Africa is tied up with protests in the country by various organisations who have and are rejecting the relegation of blacks by the Government into observers in the process of their own development.

The beginnings of Nafcoc date back to the early forties when black traders could not bear any longer the injustices levelled against them by a succession of Nationalist governments all bent on extinguishing the last glow of light in the economic life of the black people. The policies emanating from the recommendations of the Stallard Commission of 1921 and its subsequent amendments never gave the black man the opportunity to realise his full potential. The life of the black man became distorted by the myriad of laws which were enacted to inculcate into his mind the impression that he was not equal to his white brother and therefore incapable of engaging in sophisticated enterprises.

The black entrepreneur who is a member of the black community has continued to suffer the effects of the law together with his community.

Nafcoc acknowledges that the changes that have taken place so far, be they entrepreneurial or societal will remain peripheral for as long as the black man is not considered co-builder and equal partner to the white man in the country of his birth.

The myth that blacks belong to the so-called homelands or the so-called urban areas, and not to the so-called white areas, is designed to narrow the vision of the black man and confine his thinking to a tea-cup. The myth has long been overtaken by history. The 'swanky' hotels and modern facilities in the city belong to all South Africans and must be utilised by all South Africans.

Nafcoc has on countless occasions echoed these sentiments and will continue to do so because South Africa belongs to all. The poor quality of black residential areas and facilities are indicative of the rigour of the laws enacted and implemented.

We should, however, not lose sight of the fact that no matter how oppressed we are, or how deprived, we must never sit back and fold our arms in despondency. We must aim for the best, because only the best is good for us. We must be achievement oriented in all spheres of life irrespective of the sickness of our society or societal hangups. The sustained progress we are making is for the upliftment of our people. The establishments we have jointly created will stand up as symbols of united action against the deprivation of our people.

Our task as black people, in whatever specialised area, is to register genuine progress, not imposed progress. The difference is that genuine progress comes from the hearts and the minds of the people themselves. The other 'one' leaves the people behind in the path of its growth. It has no roots.

All that Nafcoc does it to take its rightful place in the history of black economic development presently in the making; in the history of the redemption of the black people from deprivation; in the history which our progeny will read with pride and bless their forebears for refusing the acquiesce to the dictates of the laws designed to perpetuate economic subjugation.

In the final analysis, when achievements are registered commendation will go to the black people of South Africa as a whole.

The objectives of Nafcoc are:

1) To promote the spirit of co-operation and unity among black businessmen in South Africa;

2) To further the development of the black business community by sponsoring various projects; and collating or disseminating information on economic matters; granting scholarships for business training and conducting seminars for businessmen;

3) To mobilise the black community towards self-help and full participation in the economy of South Africa;

4) To protect the rights and interests of black South Africans in business by opposing any measures which directly and indirectly hinder their progress.

Through the implementation of the above objectives, the following companies have been sponsored by the organisation: African Bank Limited. African Development and Construction Company; Blackchain Limited; Masikela-Mavimbela Scholarship fund; African Business publication; Nafcoc Permanent Life; and the Nafcoc Industrial Development Corporation.

Nafcoc has established cordial relationships with Chambers of Commerce in Lesotho, Swaziland, Namibia, Malawi, Kenya, Zimbabwe and various international organisations of commerce as well as becoming a member of the International Chamber of Commerce and serving on the Council of the International Chamber of Commerce for South Africa. The result of these contacts have extended the horizon of the Chamber, knowledge is exchanged and increased; perspectives are corrected and visions cleared.

'Nafcoc takes its rightful place in the history of black economic development presently in the making; in the history of the redemption of the black people from deprivation . . .'

Political comment in this issue by J Latakgomo. Sub-editing, headlines and posters by S Matlhaku. All of cor Blumberg Street and Commando Road, Industria, Johannesburg.

JSE-listed Concor to lift payouts

RDM 18/5/81

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By JOHN MULCAHY

IN a reverse takeover and listing move Elmar Holdings has acquired engineering and construction group Concor Holdings (Pty) in return for 16 160 000 new shares in Elmar.

In terms of the agreement Concor will become a wholly owned subsidiary of Elmar with effect from July 1, 1980, and the enlarged Elmar will change its name to Concor Ltd.

Concor Holdings shareholders will receive eight new Elmar shares for each Concor share held by them. Elmar has 4 251 700 ordinary shares of 25c each in issue.

Based on projected consolidated balance sheets at June 30 this year the deal will raise Elmar's net asset value from 30c a share to about 58c a share, representing an increase of 93%. Estimated earnings for the same period will increase by 275% to 15c a share from 4c.

Elmar intends paying a final dividend of 3c a share in October for the 18 months to June 30, giving a total distribution for this period of 6c a share, equivalent to an annualised 4c a share. Based on the 15c earnings projection the dividend cover will be 3,75.

The Concor group is in a growth phase, according to a statement from Metboard, and requires material profit retentions. However, the new Concor Ltd's policy will be to increase dividends each year, and dividend cover is not expected to be higher than 3,75.

The management of the various companies in the Concor Holdings group will continue on the same basis and terms of employment, including profit participation, as previously, and the boards of Elmar, Concor Holdings and Concor Construction will remain unchanged for the time being.

The senior management are all shareholders in the company, and profit participation depends on seniority and length of service. At present 46% of the shares are held by non-resident shareholders, and 54% are held by SA residents. It is expected that after the Elmar transaction the SA shareholding will increase to 60%.

The arrangement is subject to approval and allotment of new Elmar shares by that company's shareholders, to the granting of a listing by the Johannesburg Stock Exchange of the Elmar ordinary shares to be issued, to certain major fiscal clearances, and to the approval by the shareholders of vendor companies of the disposal of a major part of their assets in exchange for new Elmar shares.

Rand London takeover

RAND LONDON Corporation has acquired the issued share capital of Conveyor & Transmission Supply (Pty) — the CTS group — for R1 800 000.

The company is a distributor of Dunlop industrial products and is a stockist for a range of conveyor and transmission belting and alied products.

The vendors — Mr Clyde Lok, Mr Cedric Gillard, Mr John Kiely and Mr Dace Hind — will remain full-time directors of the company. Mr Lok has been appointed managing director. Four Rand London executives — Mr Bernard Holthousen, Mr Rob Bartlett, Mr Nic Steenkamp and Mr John Aubrey have joined the board.

Mr Bartlett, general manager, commercial, Rand London, said that although the acquisition would have no immediate effect on the earnings of Rand London in its year to June 30, 1981, there should be substantial growth later.

RDM 19/5/81 (3c)

Bloemfontein sets a brisker pace

[illegible] ...ngress of the Afrikaanse Handelsinstituut in Bloemfontein last week was remarkable for its unabashed verligtheid, reports DAVID CARTE

Mr Izak Steyn, new AHI president

MOST businessmen accept that economic forces are irresistible — and perhaps that is why the Afrikaanse Handelsinstituut is several steps ahead of the Government and the National Party in pressing for change.

At its recent congress in Bloemfontein, the AHI urged Government and its members to:

- Recognise and even encourage the formation of black trades unions;
- Negotiate with even unregistered trades unions;
- Scrap or reduce job reservation and influx control through implementation of the recommendations of the Wiehahn and Riekert commissions;
- Pay equal pay for equal work, and
- Step up spending on black education and training and clear the way for black job advancement.

And there was hardly a whisper of verkrampte dissent from 800 delegates from all over the country.

The delegates ranged from the big guns of Afrikaner business such as Dr Anton Rupert of Rembrandt and Dr Wim de Villiers of Gencor, to platteland trading store and garage owners.

One reason there was more argument about bread and butter issues such as Atlantis Diesel and mine taxation than about matters of great political moment such as black trade unions, was that many of these thorny issues had been thrashed out at branch level before the congress.

Another could be that the AHI represents employers rather than workers and the former have more to gain and less to lose from change.

The new president of the AHI, Mr Izak Steyn, managing director of Santamtrust, concedes that "in several matters, we are ahead of the Government".

He also says the AHI does not hesitate to use its formidable muscle to influence Government in matters economic.

"We often tell Government if we are not happy about anything."

If the AHI is several steps ahead of Government, it is kilometres ahead of the super-verkrampte Confederation of Labour and the Mine Workers Union.

Executive director of the AHI, Mr Fritz Stockenstroom, says even though it disagrees with these arch-advocates of job reservation, the AHI extends the hand of friendship towards them.

There is no antipathy. In fact, the AHI understands "justified but often exaggerated" fears on the part of certain white workers whose job protection is threatened.

One of the resolutions at the congress stated this, saying that changes to the labour relations system should be accompanied by guarantees of future job security to affected white workers.

Judging by conservative union's extreme views on black unions and job reservation, the AHI's cordial attitude is probably not reciprocated. Neither body responded to the AHI's invitation to the congress.

The more liberal trade union organisation, Tucsa, was represented and its head, Mr Arthur Grobbelaar, endorsed the AHI's plea to Government to retain the Organisation of Black Labour Act of 1953 that legalises workers committees — on the understanding that these were to complement and coexist with genuine trades unions.

The new President told me party politics was "out" in the AHI and the great NP-HNP rift was not felt in its ranks.

"We are concerned only about the national interest", he said.

Asked how the AHI came to its verligte outlook, he said: "We recognise the realities of our economic situation and of population trends, the imperative for high growth, the danger of unemployment and the skilled labour shortage.

"Whites alone simply cannot generate the kind of growth needed and we must open doors and educate and train the other population groups to survive."

In case anyone had any doubts about this, one of the conference speakers, Mr Pierre Steyn, a general manager of Sanlam, had some sobering statistics to prove it.

The population, he said, would nearly double to 50-million by 2 000. By then there would be 40-million blacks and only 5-million to 6-million whites.

These figures meant 300 000 jobs a year had to be created this decade and 400 000 a year next decade. At present, we are not coming close. Creating these jobs would require capital investment of R2 500-million a year.

Mr Steyn said SA needs 5-million new houses and roads, railways and power stations to support them costing R40 000-million by 2 000. This meant building a city the size of Johannesburg every year.

To bring black education into line with white would cost R2 000-million a year and would require 10 000 trained teachers a year. Whites could not do the job alone.

According to the new president, the great north-south, or Volkskas, Escom and Iscor vs Sanlam rift, that divided Afrikaans business for years, had healed.

This flared to intense levels in 1978 on publication of Dr Wassenaar's book, "Assault on Free Enterprise — Freeway to Communism".

The northern faction took this as a kick in the teeth and relations were not improved in 1979 after Sanlam took over Trust Bank in a direct challenge to Volkskas.

But now, says Mr Steyn "they have buried the hatchet".

If this were not so, he says, as a Potchefstroomer, now living in Cape Town, he would not be President of the AHI and a dyed-in-the-wool Cape wine farmer would not now be chairman of Volkskas.

I asked Mr Steyn what sort of influence the Broederbond had on the AHI.

"None at all, as far as I know", he said.

Verlig it may be, but the AHI remains intensely Afrikaans and it still goes through the motion of thumping the tribal drum.

One of the resolutions at the Bloemfontein congress was to "mobilise the volk" against a "total onslaught" being waged against South Africa.

The response, particularly of the more heavyweight business people, to this resolution, seemed cool. It was duly, or should I say, dutifully, passed but was clearly a side-issue.

"The call to volk and vaderland is all very well. Just so long as we don't get more wage and profit control in the name of the national interest", was a response that summed up the attitude.

Federale Mynbou, Gencor, Sanlam, Volkskas, Federale Volksbeleggings — the AHI counts all the biggest Afrikaans business houses among its active members. There are billions behind it and it is immensely powerful.

I asked the new president whether this did not mean it had fulfilled its purpose and that an "ethnic" organisation such as this no longer had a function. Hadn't the Afrikaner now "arrived" and wasn't the AHI redundant.

"I suppose you could say the big businesses no longer need us so urgently but most of our members are still small businessmen and their need is still great. Don't forget, as far as he has come, the Afrikaner is still very much in second place in this economy."

Another unique characteristic of the AHI, he said, was that it was "multi-sectoral" with members from mining, commerce and industry — all sectors except agriculture. This made it a particularly valuable forum.

A feature of such a very Afrikaans conference was the profound admiration expressed several times for Japanese, Korean and Chinese industriousness, thrift, enterprise and quality. While these people are not yet first class citizens in SA, all at the congress agreed they were paragons to emulate.

Mr Steyn, a mild, courteous, silver-haired man in the Danie van Huyssteen mould and an accountant by background and training, is more concerned about basic business issues than the great political-economic debate.

Asked what he saw as the greatest challenges facing him in his year as President, he said: "We are moving into slightly more difficult economic times and I would like our organisation to be in a better position to help its members.

"I would like to expand and professionalise the secretariat further to provide a better service to members and to visit as many branches as possible."

'50 Sowetan 19/5/81

Boost for small producers

GOOD times for the backyard manufacturer are here again - the Southern Transvaal branch of the National African Federated Chamber of Commerce, is organising a second exhibition at the Milner Park Showgrounds for them.

This will be the second exhibition organised by Soutacoc in their drive to expose the work of the small backyard manufacturer and bring it to the notice of big buyers and industrialists. The exhibition will be held on May 26 and 27.

Mr B O Sibeko, chairman of Soutacoc's industrial committee, says among articles to be exhibited will be examples of leatherwork, pottery, furniture, knitwear, toys, steel windows and door frames, Afro dresses, printed matter, garden chairs, fibreglass baths, upholstery, uniforms, pelmets and other special things manufactured in backyards.

He says last year's exhibition was successful and the response to the call for this year's exhibition has already been extremely encouraging and indications are that the exhibition will be the biggest ever held for black manufacturers.

The exhibition will be opened by Mr Tienie Oosthuisen, director of the Small Business Development Corporation, at 10 am on May 26.

Mr Sibeko says the exhibition is designed to bring black manufacturing out of the backyard. It has been organised to enable the private sector to view some of the products that are manufactured by the small black industrialist and secondly for larger companies to have an opportunity of displaying components, consumables and service items that may appeal to black manufacturers.

"In this way it is hoped that new ideas for diversification can be established. Another important purpose behind the exhibition is to bring to the notice of the public what is being produced under poor or abnormal industrial conditions in the black residential areas," he said.

Wesgro aims to rescue W Cape

CT 20/5/81 (30)

Municipal Reporter

WESGRO, an organization intended to rescue the Western Cape from economic stagnation — the brainchild of Cape Town's Mayor Mr Louis Kreiner — is on the point of being launched.

The city council's executive committee acceded yesterday to a request by Mr Kreiner that the City contribute R50 000 annually for at least the next three to five years to get Wesgro established.

Private enterprise has pledged a similar amount, while surrounding local municipalities and the Cape Divisional Council will be asked to contribute another R80 000 to cover Wesgro's operating costs, estimated at R180 000 a year.

Exco's decision will be tabled for sanction at next Tuesday's full council meeting, but it is generally expected that the recommendation will have a smooth passage.

Yesterday, in an interview with Exco, the mayor again stressed the fact that Cape Town was lagging behind the rest of the country economically. This held serious implications for its citizens.

He said: "Between 1970 and the year 2000 the population will have practically doubled. I need hardly dwell on the social consequences in terms of unemployment, human misery, crime and civil unrest which can be expected if our economy continues to fall behind the rest of the country and fails to provide the necessary employment opportunities.

"Even our housing schemes would be in danger if those for whom they were designed were unable to pay for them because they were jobless."

A broad cross-section of responsible business organizations had stressed the urgent need for action to attract job-creating investment to the Cape. Mr Kreiner said that bodies similar to Wesgro had been established jointly by local authorities and private enterprise in a number of cities overseas "and the results have been tremendous".

The objects of Wesgro — its full name is the Association for the Promotion of the Western Cape's Economic Growth — would be to advertise and promote investment opportunities, motivate the public and private sectors to promote development of the region and to seek the removal of practices which militate against development.

Data bank

Wesgro will also seek assistance from the government and other public authorities, promote research into matters influencing growth potential, establish a suitable data bank in order to provide essential information for prospective investors, create more attractive conditions for economic expansion and promote expansion of export trade from the Western Cape.

The fulltime administration of Wesgro would initially be in the hands of a managing director, an assistant manager and a secretary. It was also intended to have representatives of local authorities, Chambers of Industries and Commerce, Handelsinstituut, agricultural unions and others to serve in the directorate.

20/5/81

C.T.

Call to save homes

Staff Reporter

THE Western Cape Traders' Association (WCTA) yesterday called on the Department of Community Development to withdraw the expropriation notices served last month on 150 Athlone families.

In a resolution passed at the executive meeting of the WCTA, the association made proposals which will be forwarded to the department.

The department last month issued notices to about 150 families, giving them 60 days in which to sell their properties. The affected families are refusing to do so

The traders resolved that instead of developing Boyd Avenue Extension, Aden Avenue, which already has a direct access to Jan Smuts Drive from Athlone railway line, should be widened and developed.

The traders also point out that there was presently vacant land near the railway land which became available after the city health clinic was demolished.

They said that traders who had served on the State Committee which had planned the extension of the business area, had not agreed to the expropriation of the properties. At no stage had such a decision been taken in the presence of traders.

They were responding to allegations from residents that traders had been party to the plan to expropriate their properties.

The WCTA executive said that the traders had served on the committee to safeguard the interests of the Athlone traders.

RDM 20/5/81

Hepworths pays again

30

Financial Editor

HEPWORTHS, the menswear chain, has reported a better-than-forecast pre-tax profit of R573 324 fo the year to February 28.

Comparisons with 1979-80 look spectacular, but the group went through some grim times in the late 1970s.

However, earnings a share are up from 17,5c to 101c.

A dividend of 10c has been declared after three years in which no payments were made.

Mr Irvin Rudick and his family bought control of Hepworths towards the end of 1979. He forecast pre-tax profits for 1980-81 of R500 000 and this has been exceeded.

Because of the previous losses tax was minimal at R40 797.

After payment of preference dividends the profit attributable to ordinary shareholders was R505 027 (R87 270). There was also a non-recurring profit of R104 361 from the sale of land and buildings.

Mr Rudick says: "The outlook for the menswear retail trade is not as favourable as it was 12 months ago.

"Nevertheless we are confident that our taxed profits will increase notwithstanding the fact that the major part of the company's assessed losses have already been used up."

COMMENT. Although the company expects less bouyant trading conditions, which means a slowing of the rate of growth but not an actual decline, it seems to be financially healthy.

The 10c dividend should be set against the 20c that Hepworths paid in 1977. The group is getting back to where it used to be.

At 320c the share is on earnings yield of well over 30%, but with a dividend yield of only 3,1%.

RDM 21/5/81

(42) (46) (30)

Assocom fears demand inflation

By HAROLD FRIDJHON

ASSOCOM urges that more emphasis must be place on combating inflation, but the policy of growth with financial discipline should be continued.

A memorandum on the economic situation considered at the mid-year meeting of the executive committee, which ended in Johannesburg yesterday, said that inflation was predominantly the cost-push type in 1979, but demand inflation started to have had an impact in the latter part of 1980.

This is explained by the significant rise in the money supply during 1980 at a time when interest rates remained relatively low compared with the rate of inflation.

Assocom repeatedly asked the authorities to take steps to curb the money supply, but action was not taken as swiftly as it might have been. The recent moves by the authorities should slow down significantly the rate of increase in the money supply during the rest of the year.

Looking at the manpower situation, the memorandum says the latest figures indicate that there was a general improvement in employment levels last year. The increase in non-agricultural employment was sufficient to absorb the normal addition to the labour force and to reduce unemployment.

In spite of this, unemployment among the unskilled black labour force remains unacceptably high.

"This re-emphasises the importance of continued economic growth."

The shortages of skilled labour highlight the need for the intensive education and training of all race groups to provide the necessary skills in the future. As a palliative, skills will have to be imported.

Assocom is pinning its sights on an average growth rate of 5% for the South African economy this year. It will be higher in the first half of the year with the carryover of the momentum from last year, but it will taper off in the second half.

But, as Mr Raymond Parsons, chief executive said: "The business cycle is not dead."

The business mood is still cautiously optimistic although expectations for the balance of 1981 are down on those prevailing at the same time of last year. The reasons for this are the expected lower growth rate, the tighter money conditions, and the slowdown in the rate of increase in consumer spending.

Businessmen are urged to make every effort to increase and improve the training of labour by using the incentives offered by the authorities.

People in business will have to adapt to the tighter money situation by good stock and credit control.

Assocom calls on all businessmen to encourage the Government to make more use of the private sector and to stop calling for action to bring in controls when market-related policies sometimes work against a section of the business community in the short term.

RAND DAILY MAIL, Thursday, May 21, 1981

Assocom knocks political curbs in labour Bill

RDM 21/5/81

30 (156) (133)

By STEVEN FRIEDMAN
Labour Reporter

THE Association of Chambers of Commerce, which represents organised commerce throughout the country, has rejected new political clamps on trade unions and employer bodies contained in the Government's new labour Bill.

But, in a blow to supporters of wide-ranging reform in labour legislation, Assocom has not objected to the provision in the Bill which gives the authorities the right to close down trade unions or to most other wide-ranging clamps on unions.

It has also rejected employer and union calls for a fundamental relaxation of the Government's union registration system and has called for a move which would make it more difficult for new unions to become registered.

Unlike most other employer groups, Assocom says it does not object to the scrapping of the official works and liaison committee system.

These points are contained in Assocom's submissions to the Government on the Bill, which were released at a Press conference yesterday.

Although Assocom objects to several points in the Bill, it generally welcomes it.

Assocom says it is prepared to see some sections referred to the National Manpower Commission, but adds that it is eager to see the legislation introduced in the coming parliamentary session.

The association also wants the law to stipulate that only one union should be registered in any one industry, trade or occupation This would make it more difficult for new unions to gain registration.

Other points made by Assocom are:

- The new clamps on "political activity" are "unnecessary" and would be damaging internationally,
- New clamps on strikes in the Bill are "unacceptable" and would also have "serious" international implications, and
- The law should not compel employers to grant stop order facilities to unions — or prevent them from granting these facilities to unregistered unions.

PEP (30) FM 22/5/81

Tighter control

Activities: *Retails clothing, footwear and household softgoods from 500 outlets in SA, SWA/Namibia and Transkei. Subsidiaries include Half Price Stores and Shoprite. The group also has manufacturing subsidiaries.*
Chairman: *R van Rooyen; managing director: T Ball.*
Capital structure: *5,6m ordinaries of 50c. Market capitalisation: R65m.*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R22,1m; net short-term, R9,4m. Debt:equity ratio: 84,2%. Current ratio: 2 4. Group cash flow: R15,6m. Capital commitments: R7,9m*
Share market: *Price: 1 160c (1980-81: high, 1 205c; low, 580c; trading volume last quarter, 479 000 shares). Yields: 21,5% on earnings; 6,9% on dividend. Cover: 3,1. PE ratio: 4,6.*

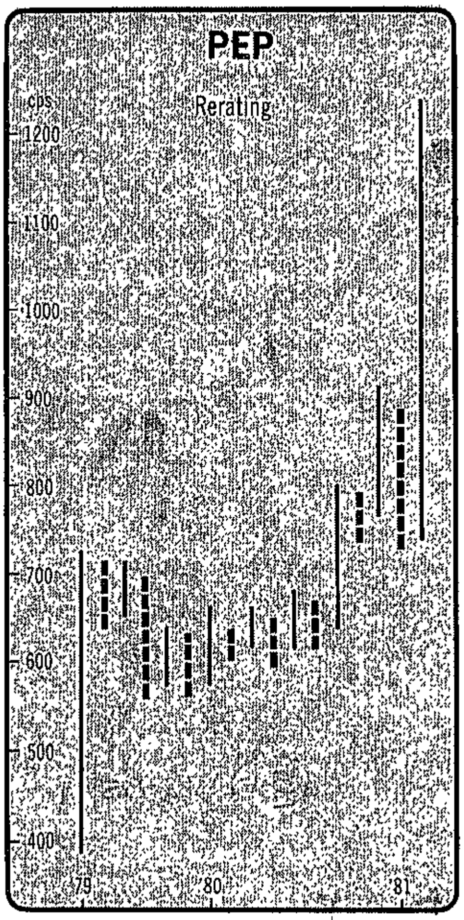
	'78	'79	'80	'81
Return on cap %	31.8	29.3	29.4	32.2
Turnover (Rm)	110	126	158	202
Pre-tax profit (Rm)	9.0	9.9	11.0	20.4
Gross margin %	9.6	9.5	8.5	11.8
Earnings (c)	101	122	133	250
Dividends (c)	48	55	60	80
Net asset value (c)	396	449	521	690

The sharp improvement in the Pep share price in recent months may owe much to speculation that a predator was in the wings and management's subsequent defensive buying. However, 1981 results also justify the advance — not only has Pep regained its growth trail with bumper earnings, but a further 30% advance is forecast for 1982.

Last year marked a return by chairman Renier van Rooyen to specific forecasting of future results. He says 1982 should see turnover growth of 25% to R250m, while operating profit is expected to rise 30% to R26m. With a continued low tax rate, given expansion prospects and losses to be carried forward, this should mean a proportionate advance in attributable earnings and dividend.

Turnover in the year to end-February rose 27%. But operating profit before interest was 80,4% higher as volumes improved and asset management was tightened. The result was earnings growth of 88% to 250c and a one-third dividend increase to 80c. Cover has been increased to allow the group to maintain what it sees to be a sustainable growth rate, while at the same time keeping debt to within 45% of capital employed. The present debt ratio, calculated on this basis, is 45,1%.

Another financial objective set out in the new-look annual report is a 30% minimum return on equity. Achievement of these objectives would mean growth in



capital employed of 25% annually, 55% of which would be financed from non-interest bearing sources, including retentions.

A third aspect of the new financial policy requires an improvement in stockturn, a subject on which the group has

Pep's Van Rooyen . . . confident about the future

attracted criticism in the past. Last year's stockturn, as measured by average inventory on annual turnover, increased to 3.0 (2.8) times, but Van Rooyen anticipates further advances once point-of-sale terminals are installed throughout the group.

Asset management and profitability will also be aided by current plans to expand stores or re-locate them in larger premises. The scheme centres on the 71 Half Price outlets, filling the gap created by the upmarket move in Pep itself. Further impetus to earnings is expected from the expanding Shoprite food chain and buoyant performances from group factories which now sell a fairly substantial proportion of output outside the group.

The group also expects to benefit from its entry into the export market. With quality improvements and expanded product ranges from its own factories, Pep has so far secured R580 000 in export orders and aims eventually to have 5% of turnover in foreign markets.

Financially, Pep has shown substantial improvements since the 1978-1980 slow-growth period. The debt:equity ratio, for example, is now 84,2% (102,9%), while interest and leasing changes are covered 6,9 (5,5) times by operating profit. This also reflects in total borrowings being covered 2.1 (3,3) times by cash flow.

On the basis of this year's expansion and plans to further improve asset control, Pep seems to justify its recent rerating. A 30% profit and dividend improvement should take the latter to 105c for a 9,1% prospective yield. At 1 160c Pep is close to its high and might warrant short-term profit-taking. But on yield considerations, it seems sound. *Des Kilalea*

EXHIBITION BY SMALL TRADERS

(30) Sunday 22/5/81

By WILLIE BOKALA

THE battle for recognition of the country's small black manufacturer is intensifying – and to demonstrate this the National African Federated Chamber of Commerce (Nafcoc) will hold a two-day exhibition starting on May 26 in Johannesburg.

The exhibition is organised by the Southern Transvaal branch of Nafcoc, the first branch to take the initiative in bringing together the country's scattered small scale manufacturers and exhibit their handiwork.

It will be held at the Milnerpark Showgrounds, Johannesburg on May 26 and May 27. The exhibition will be opened by Mr Tienie Oosthuizen, a director of the Small Business Development Corporation.

The display is the second by Soutacoc who believe that with shows of this nature, channels of communication and negotiations may be established between the small backyard manufacturer and the big companies.

The organisations also believes that big companies need small manufacturers, hence some big white-owned companies have been invited to displav components, consumables and service items which could be produced in the backyards.

Spokesmen for Nafcoc, the mother body, say that they anticipate that by the end of the year they would have dragged out a high percentage small manufacturers out of their backyards to display their products and enter the big time markets.

It is hoped that the Government and local authorities will respond and provide whatever they can, to see that these efforts grow to eliminate unemployment in the country.

ENCOURAGE BACKYARD BUSINESSES, BER URGES

Argus 22/5/81

30

BUSINESSES operating from backyards and street corners should be encouraged in the Western Cape while costly legal restrictions such as the Factories Act should be eased, says a report to the Government.

The report by the Stellenbosch Bureau for Economic Research was commissioned by the Department of Industries, Commerce and Consumer Affairs, which asked the bureau to recommend ways of boosting the economy and creating more jobs in the Western Cape.

The bureau says the definition of a factory should be changed to exclude enterprises where fewer than 10 workers, or fewer than six persons exclusive of family, work.

At present any type of 'industrial activity' employing three or more workers must register as a factory while the premises have to be declared 'suitable' by an inspector.

KEEP RECORDS

Even the smallest factory must keep records of each employee's hours, pay, overtime, and the number of daily and weekly hours are restricted.

Wages must be paid as stipulated by various Acts, there must be special safety regulations and a minimum space between floor and ceiling, special washroom facilities and dozens of other requirements.

'All these push up costs which can be prohibitive unless the scale of operations is sufficiently large, which informal undertakings cannot be,' says the bureau.

'In the absence of costly structures and administration, the cost of production can be relatively lower at the same time as the net earnings of the small entrepreneur can be higher than those of the average employee.

'And the larger the number of self-employed, the smaller the influence of unrealistic wage demands by organised wage-earning labour and the greater the competitive ability of the products.'

Regulations also inhibited the development of informal businesses of less sophisticated people.

10 pc growth forecast for Zimbabwe

SALISBURY. — The Zimbabwe Government's economic policy statement and the success of the Zimcord donor's conference in Salisbury gave strong evidence of the international community's confidence that the country will continue realistic policies, Mr N H Marshall, chairman of Afex Corporation, says in his annual report.

The economy is expected to grow at a rate of at least 10 percent in real terms in 1981, he says. — Sapa.

Big shopping complex planned for Guguletu

(30) (3440)

CT 23/5/81

Staff Reporter

PLANS for a shopping centre for Guguletu were being drawn up and should be complete soon, the vice chairman of the Cape Town Community Council, Mr L L Kakaza, disclosed yesterday.

The complex, he said, would include a hotel, a cinema, a supermarket, surgeries for doctors and dentists, office premises for banks and building societies, a variety of shops and a community hall. There was also the possibility of a library.

The site for the complex, at the Guguletu bus terminus between NY1, NY2 and NY3, had been approved by the Western Cape Administration Board which owned it.

Mr Kakaza said that the council had been negotiating with "quite a few" private organizations since last year. But "complex problems" still had to be overcome before building could begin.

These problems, including the coloured preference policy in the Western Cape and the issue of security of tenure, had been discussed with Dr Piet Koornhof, the Minister of Co-operation and Development, when he visited Guguletu, Nyanga and Langa on Wednesday.

"We are hoping for a very favourable answer when the minister gets back to us at the end of July," said Mr Kakaza.

Dr Koornhof had also been informed of plans for smaller shopping complexes in Langa, where a suitable site had already been suggested, and Nyanga, where investigations for a site were proceeding.

The council had also discussed with Dr Koornhof the issue of special residential areas for higher income groups.

"This is a matter we have tackled from the time of our coming into being in August 1979. There is a need for residential areas to cater for professional people and those in the higher income bracket, so they can uplift their standards.

"People can't uplift themselves if they're confined to narrow areas. They should be allowed to aspire to greater hopes. The Cape is far behind the rest of the Republic in this regard. It has been neglected and taken merely as a dormitory area for too long."

Other matters discussed were equal pay for equal work and qualifications, compensation for home improvements and housing needs.

C. Herald 23/5/81 (30)

Where black voices matter

IF THE retail congress of the Afrikaanse Handelsinstituut held in Bloemfontein, has produced anything noteworthy, it is the recognition of the increasing role blacks will have to play if South Africa is to go forward in prosperity.

Whether this belated realisation is tied to more economic opportunism on the part of the captains of commerce and industry, or prompted by genuine attempts to involve blacks, on an equal basis (we should be so lucky), is unclear.

Let's face it, the means of production in the economy is white-dominated . . . but blacks, by sheer force of numbers, have the voices that matter in the market-place.

It would be suicide on the part of the businessmen to ignore this. Certainly judging by a number of papers delivered at Handelsinstituut congress, they are deeply concerned.

The days of exploiting black consumers in the retail trade were over forever, a director of a large retail chain said.

Mr Gert du Plessis, a director of Checkers, said Africans tended to ignore shops where their requirements were ignored, and were very quality conscious — more so than whites.

It was the duty of traders, he said to build confidence among black consumers but warned them not to regard these customers as a way to dump poor products or to get by with poor service.

The message was loud and clear: look, boys, these darkies are not prepared to continue being treated like kaffirs, coolies and hotnots. So just grin and bear it . . . you'll be soul-searching all the way to the bank.

Ah, well, it takes a while to get through. Surprise, surprise — blacks can become almost human in white business eyes when they have fistfuls of dollars looking for somewhere to spend them.

Anyway, here's what some more of the delegates to the congress had to say:

- In a five-year period to 1975, blacks increased their spending on clothes and shoes by some 15 percent, while in the same period white spending on the same items decreased.

Blacks also increased the percentage spent on fuel, electricity, furniture and equipment, medical and dental services, insurance, education, washing powder, insect killers, reading matter, writing equipment, recreation and servants(!) to a greater extent than whites.

The actual volume of consumer spending will be equal between Africans and whites by the year 2000, but white spending would be overtaken by that of all blacks in the mid-1980s.

While white incomes would probably not increase to a marked extent in the 1980s, those of blacks would leap ahead.

Traders could expect a greater volume of sales in respect of furniture, clothing and shoes, especially.

Blacks would also become increasingly important in the housing market, insurance, recreation and holidays.

- Another said the economic growth in the next 10 years would exceed any previous growth figures in South Africa's economic history.

He ascribed much of the improved economic circumstances and growth potential to a 'new relationship between the Government and the business sector.'

The relationship between businessmen and the Government and increased business profits had been severely criticised but it should be noted that business firms tended to plough profits back into the economy, creating more job opportunities, he added.

He warned businessmen, however, that they faced short-term problems in respect of inflation — but said the solution to inflation could be found in the Bible concept of 'earning bread by the sweat of one's brow.'

Soweto hypermarkets—now!

S.Times 24/5/81 ~~312~~ 30

By Vera Beljakova

ALMOST 90% of blacks would fully support local hypermarkets were there any in Soweto, and almost 60% have rejected Soweto groceries, says the black-oriented Omnimetro survey.

An astounding 57% do not use township facilities for grocery purchases, with women finding them worse than men (59% women to 55% men), says the survey conducted by Market Research Africa.

The majority of young blacks (66% of those between 25 and 34) shop elsewhere, whereas those who tend towards Sowetan shopping belong to the older generation (57% are over 50).

Of those who shop for groceries outside Soweto:

- 67% are from the A income group (earning R400-plus per month).
- 61% are classified as literate.
- 60% have children under the age of 16.

The reasons why Sowetans shop elsewhere:

- 44% find it too expensive.
- 12% cannot find what they want.
- 9% think it inconvenient.
- 6% receive bad service.
- 5% report that groceries are stale, old or of poor quality.

LEVELLING-OFF AFTER THE BOOM

Turndown spells turmoil for furniture trade

S. Express 24/5/81

~~187~~

30

Business Reporter

THE economic turndown has meant turmoil for the office furniture industry — and complicating the field is one leading company's coup in getting three of the year's biggest contracts worth R10-million-plus.

After gearing up to cope with R50-million worth of orders last year, the industry fears a levelling off and even a decline in new business as the boom peters out.

Masterplanners, the company which won the plum contracts from the BophuthaTswana Government, Standard Bank and Liberty Life, believes its netting of the provision of 7 000 work stations may prove a serious disruption of what is now a shrinking market.

If the industry hits the R50-million turnover level again this year some R15-million will represent the small orders which are of little concern to the big four — Masterplanners, Dashing, Anglo Dutch and Hendler and Hendler.

These industry leaders concentrate on the remaining R35-million share of the market, competing for the larger orders and contract work, which is the mainstay of their turnover

Exacerbating this intensely competitive situation is the fact that a large proportion of the available market is represented by a few major contracts.

Chasing after these — and in particular the plum R3,5-million Standard Bank furniture contract — meant that all the major contenders were involved in an intensive scramble and vast amounts of development money in their attempts to net the big ones, many extending into realms beyond their manufacturing capabilities.

Added to this is the fact that the whole concept of office furniture has undergone something of a revolution in the past few years, substantially brought about by the high cost of office space.

Not only must new desk designs foresee the future in terms of all the electronic needs now increasingly demanded by developments in office equipment but, given the fact that by 1985 it is expected that office floor space will cost about R20m² there is an increasing need to maximise every square centimetre of floor space.

This means that companies who simply supply office furniture are liable to fall by the wayside.

THE ARGUS, MONDAY MAY 25 1981

Argus 25/5/81 30

Shopping centre will cost R50-m

THE new shopping centre planned for the Tyger Valley, Bellville, will cost more than R50-million and become the largest in the Cape, double the size of Kenilworth Centre.

This is disclosed by the promoters, Monex Development Company (Pty), whose managing director, Mr Martin Wragge, says funding has been indicated by two major financial institutions.

The centre aims to have two full-time department stores, two supermarkets, a host of speciality stores, two or three cinemas and a novel food court with upwards of 20 specialised restaurants serving everything from Mexican to Japanese food.

TRADING AREA

Monex is waiting for provincial approval to increase to 55 000 sq m from 22 000 sq m the net trading area allowed on the commercially zoned Hume Pipe site on Willie van Schoor Avenue, Bellville. The increase has already been ratified by Bellville City Council.

Building will take about three years with March 1984 being the target for opening.

The development would mean a tremendous capital injection into the sub-economy of the region and employment on site for between 2 500 and 3 500 people, said Mr Wragge.

"We are negotiating with four major store tenants, for which the largest will occupy 21 000 sq m."

Stuttafords, which was interested in the centre, decided later that Bellville was not on its list of expansion priorities and withdrew.

MAJOR RETAILERS

The proposed centre was the result of research conducted with most of South Africa's major retailers, which showed the need in the rapidly expanding Parow-Bellville-Durbanville area of a regional shopping centre.

The location was decided by the belief that most of the housing growth in the Bellville area will take place above the national road around the centre.

The Voortrekker Road axis was ruled out because it is already congested with traffic.

The gradient across the site allows the creation of two ground floors of shopping.

Extensions of the road system by Bellville Municipality would provide access to the National Road by three major interchanges within a three-minute driving radius and allow parking for 4 000 cars.

Free enterprise 'only outside apartheid'

RDM 25/5/81 (30) ~~44~~

By JAKE MOKGOLO

SESHEGO. — Free enterprise can only exist outside apartheid, Mr P W Modise, business development officer of the African Bank, told the 13th annual conference of the Lebowa Chamber of Commerce at the weekend.

Mr Modise said blacks were bogged down by a situation riddled with obstructive laws which made it impossible for blacks to run an economy.

"South Africa has ignored areas now called homelands. As a result they have handed them over to blacks as a problem, he said."

"In creating homelands, blacks were used as fronts in business undertakings. White and black partnerships have made it impossible to develop the poor areas, because blacks have had to be dependent on whites who have the money," he said.

"Free enterprise can only exist outside apartheid. The idea of stopping black buying power from going to white areas is frustrated by whites establishing chain stores in black areas."

Mr Modise urged whites not to "compete mercilessly with blacks even in small undertakings, where they are successfully trying their luck".

The education of blacks was geared to cheap labour, he said.

"In industry blacks only participate as labourers," he said.

Even technical colleges produced men who are only good as helpers. The education of blacks had to be overhauled before it could produce a productive manpower.

Earlier, Mr J W de Villiers, economic adviser to Lebowa, said that to boost its economy Lebowa should engage in a regional development strategy in the fields of mining, agriculture, industry, commerce and tourism.

Blacks in business told: Pool resources

RDM. 25/5/81

(30)

By J S MOJAPELO.

BLACK businessmen could overcome lack of capital and know-how by mobilising funds and management skills and pooling resources.

So said a banker, Mr L B Mehlomakulu, at the weekend. "Additionally, we can take advantage of the fund of goodwill at present existing in the white private sector."

Mr Mehlomakulu was speaking at the annual conference of the Orange Free State Chamber of Commerce in Bloemfontein.

"Black business is going through an era of change," he said.

"In recent years we have witnessed the scrapping of regulations barring blacks in urban areas from forming companies and partnerships. The upshot of the lifting of these restrictions was a sharp increase in black company registrations."

He said there was also the lifting of restrictions on the types and sizes of businesses blacks may now operate in urban areas, leading to more diversification and establishment of larger businesses.

He said more black businessmen should take part in courses and seminars aimed at upgrading their management skills.

Wesgro may get R50 000 from City

CT 29/5/81

Municipal Reporter

THE City Council yesterday agreed to contribute R50 000 towards the formation of Wesgro — the Association for the Promotion of the Western Cape's Economic Growth — on condition that financial support be obtained from surrounding local authorities (R80 000) and commerce and industry (R50 000).

In the only dissenting vote, the Housing Committee chairman, Mrs Eulalie Stott, said a qualified person on the City Engineer's staff could rather be appointed to advise industrialists who wished to establish themselves in the Western Cape.

Mrs Bronnie Harding believed industrialists had been attracted to Atlantis as they were well served with information on that area, while entrepreneurs were discouraged from coming to Cape Town by lack of data and stringent building and other regulations.

Mrs Joan Kantey said Wesgro faced ideological constraints on labour and housing.

Mr Emil Riese, chairman of the Health and Amenities Committee, said Atlantis and Mitchells Plain had been thrust on the Western Cape by the government and industry had gone to Atlantis because "it is the nearest thing to border industry with tax and other concessions"

Pick 'n Pay heading for major new deal?

CT 27/5/81 ~~237~~ 30

By PAUL DOLD
Financial Editor

TAKEOVER rumours are sweeping Cape Town again in the retail field and current market favourites are Pick 'n Pay and Clicks.

Market speculation has been linking Pick 'n Pay with Clicks, suggesting that Raymond Ackerman will bid for this fast-growing toiletries and gifts chain. Both share prices have been hardening in recent weeks.

But Mr Jack Goldin, Clicks' chairman who with the Goldin family trusts is major shareholder, last night denied that any takeover by Pick 'n Pay was pending.

"There is no deal underway. We have noticed the rise in the share price and presumed it was due to the current buoyant trading conditions."

Both firms have recently been engaged in intensive discounting in the toiletries field.

Market talk locally has also been suggesting that Pick 'n Pay undoubtedly with one of the best track records on the JSE boards is heading for a new growth phase which could well encompass several takeovers or semi-diversifications.

Investors have noted the ultra bullish stance taken by Raymond Ackerman in his recent annual report in spite of the fact that issued capital will be increased this year due to the conversion of the prefs, and are convinced that the food store tycoon is about to unveil new plans.

If market deductions are correct Mr Ackerman may well, as has been customary in the past, use today's annual meeting to disclose his plans.

He will also have a second opportunity at the group's annual dinner in Cape Town on Saturday when key awards will be presented to several executives.

There have been no further developments in the speculation surrounding Pep Stores where a mystery predator was believed to be picking up stock.

The talk, followed by a sharp rise in the share price, led to chairman Renier van Rooyen publicly announcing that he was increasing his stake. The share price has, however, remained firm.

Pick 'n Pay preparing to enter UK or Australia

CT 28/5/81 30

By PAUL DOLD
Financial Editor

PICK 'n PAY is gearing for expansion on two fronts — overseas and locally, chairman Mr Raymond Ackerman disclosed at yesterday's annual meeting in Cape Town.

Following intense market speculation that a major deal was in the offing he told shareholders that the board was "active and talking" but that no deal had been signed as yet.

Pick 'n Pay will probably go ahead with a third local chain to supplement its supermarket and hypermarket chains and he confirmed that discussions had been held with Mr Jack Goldin, chairman of Clicks "among other groups".

He denied that the group had talks with Pep Stores and said he had no knowledge of the so-called mystery buyer who has reportedly been active in Pep's shares.

Pick 'n Pay has been engaged in a long-range growth study into the 1990's which shows ample sites available up to that stage but clearly the group feels it is time to make provision for entry into a new and yet related retail area. He also revealed that the group is considering a "small" overseas investment.

After the meeting Mr Ackerman told me that the United Kingdom and Australia were under consideration. Both he and director Hugh Herman had been overseas examining several propositions. The stake, if the decision to go ahead is taken, will be in a similar field to Pick 'n Pay.

While Pick 'n Pay describes the likely deal as small there is no doubt that this will represent a significant beachhead for a considerable overseas expansion. The group is probably leading most of the United States, British and Australian groups in food retailing know-how and annually is host of scores of top business men from these countries. There is thus every reason for Pick 'n Pay to consider overseas expansion.

Ackerman stresses that the group can easily handle foreign expansion and there is no question of the group neglecting its huge South African base.

At the meeting he told shareholders the board was considering increasing the marketability of Pick 'n Pay shares. Several schemes are currently being debated by the board.

"We are still negotiating which vehicle to use — Pick 'n Pay shares themselves or a vehicle for Pick 'n Pay shares," Mr Ackerman said later but clearly no decision has yet been made.

A split has been likely for the past two years following the surge in the share price to R55 reflecting the strong profit growth.

The group's is continuing to achieve a tremendous profit and sales and turnover for the past three months are 30 percent up on year-ago levels from the existing store base.

"Turnover is usually an excellent barometer for profits," Mr Ackerman said after the meeting.

He has already forecast a 30 percent rise in profits in spite of a general tightening of liquidity in the economy — a prediction which has taken many analysts by surprise given the group's normal conservative stance.

Some 50 shareholders packed the boardroom where the annual meeting was held and heard Mr Ackerman emphasize, in response to a question from Mr Issy Goldberg about the vulnerability of success, that in spite of the results of the past year the board was not being complacent and allowing standards to drop.

Although the economy had boomed the past year's trading had been tough in the retail field as the long-established groups, which Pick 'n Pay had so successfully tackled were fighting back to try and retain market share.

He emphasized that Pick 'n Pay had depth of management and was decentralized, and while years ago the group could perhaps have been accused of being a one-man band this was definitely no longer the case.

Pick 'n Pay had a large nation-wide store opening programme planned this year including new stores in the Western Cape, and while it would not be easy to achieve the 30 percent profit growth he felt the forecast could be met.

FINANCE

PICK 'n PAY CONFIDENT OF 30 PC RISE

28/5/87 (30)

MR RAYMOND ACKERMAN, chairman of Pick 'n Pay, is standing by his forecast, made in the company's annual report, that it will increase its profits by 30 percent this year.

Gold price rallies

THE GOLD price rallied in New York last night, gaining 3,50 dollars to 470 dollars. This recovery continued today in Hong Kong, where it reached 473 dollars.

The rise in the gold price follows expectations in the United States that interest rates have peaked. This has brought increased demand from the trade and from speculators, Reuter reports.

Spurring interest rate expectations was an announcement by the Chemical Bank that it had reduced its broker loan rate from 20,5 to 19,5 percent.

Gold closed at 467 dollars in London yesterday after being quoted at 466,50 dollars at the afternoon fixing.

He told a packed shareholders' meeting in Cape Town yesterday this was even though retailing was getting rough and the company's competitors were flexing their muscles.

He said he and his directors were aware that profit forecasts made in previous years had tended to be too conservative.

'This time we sat down and realistically looked at the position and reached a figure of 30 percent.'

Turnover since the start of the financial year in March had risen by 30 percent. While that did not necessarily mean that profits would rise by that figure, profits this year would also be helped by contributions from new stores.

COMPANY'S FUTURE

Answering questions from shareholders, Mr Ackerman outlined in some detail how he saw the company's future.

'We will continue opening supermarkets and hypermarkets right through the 1980s. We see an enormous growth from now until the end of the 1980s.'

However, the company could then run out of suitable store sites and it was looking at other areas in which to develop.

Mr Ackerman and his fellow director, Mr Hugh Herman, had visited Australia and Britain to investigate the possibilities of developing supermarkets in those countries.

But nothing had been settled. If it were decided to move into either of these countries the operation would be a small one.

The company would not consider anything overseas if it did not have the management or it meant 'taking its eye off the ball' — the South African operation.

The company was also looking at establishing a third retail arm. It wanted to get into another area of retailing in addition to its supermarkets selling mainly foodstuffs and its hypermarkets selling foods and soft goods.

HYPERMARKET

It was moving more heavily into property to keep down its rentals which were crucial to its future.

It was also still looking for a site for a second hypermarket in the Cape Town area.

If the Westgro body formed to stimulate investment in the Western Cape really meant something, it would support Pick 'n Pay in this matter.

Mr Ackerman denied that the company had any plans to sell wine as a loss leader. He said stories had been spread about the company's motives in securing a wine licence, but it was not a newcomer to the field.

It was the biggest seller of wine in the Transvaal and by developing the market there had greatly helped the wine industry.

The directors were considering making the company's shares more marketable. At the close of trading yesterday, Pick 'n Pay shares were R55 each, having risen from R45 at the end of December last year.

Derek Tommey

Pick 'n Pay looks abroad

RDM 28/5/81

30

Own Correspondent

CAPE TOWN. — Pick 'n Pay is gearing for expansion on two fronts — overseas and in SA — says the chairman, Mr Raymond Ackerman.

After market speculation that a major deal was in the offing he told shareholders at the annual meeting in Cape Town yesterday that the board was "active and talking", but no deal had been signed.

Pick 'n Pay would probably go ahead with a third chain to supplement its supermarket and hypermarket chains and he confirmed that discussions had been held with Mr Jack Goldin chairman of Clicks "among other groups".

He denied that the group had had talks with Pep Stores and said he had no knowledge of the so-called mystery buyer who had reportedly been active in Pep's shares.

He said the group was considering a small overseas investment. After the meeting, Mr Ackerman told me the United Kingdom and Australia were under consideration. Both he and a director, Mr Hugh Herman, had been overseas examining propositions. The stake, if the decision to go ahead was taken, would be in a similar field to Pick 'n Pay.

While Pick 'n Pay describes the likely deal as small there is no doubt that this will represent a significant beachhead for a considerable overseas expansion. The group is probably leading most of the United States, British and Australian groups in food retailing know-how and annually is host of scores of businessmen from these countries.

Mr Ackerman stresses that the group can easily handle foreign expansion and there is no question of the group's neglecting its huge South African base.

He told shareholders the board was considering increasing the marketability of Pick 'n Pay shares. Several schemes were being debated by the board.

"We are still negotiating which vehicle to use — Pick 'n Pay shares themselves or a vehicle for Pick 'n Pay shares," he said.

A split has been likely for the past two years following the surge in the share price to R55.

RETAIL SALES 30

Moving steadily

FM 29/5/81

Retail sales, which soared to unexpected heights last year, are still growing at a steady pace. Apart from the usual seasonal dip in February, retailers report active buying.

However, Department of Statistics figures show a significant drop in purchases from butchers. Although sales rose from R73,5m in February 1980 to R85,6m in February this year, value dropped R10m measured at constant 1975 prices. In January real decline was R6m — due largely to the inordinate rise in meat prices.

Dealers in clothing, footwear and textiles fared best early this year with February on February sales up from R123,4m (R78,9m) to R178,4m (R105,6m). (Figures in brackets give Department of Statistics' constant levels.) Bottle store take rose to R126m from R113,9m and dealers in furniture and household goods recorded sales of R110,8m (R69,8m) against R91,2 (R64,4m) in the previous years. (The February figures are preliminary.)

Sieg Redelinghuys, of the Furniture Traders Association, says traders selling to the black market have noted a dip in sales — due to changes in credit legislation and higher interest rates. Month against month most companies have shown growth in unadjusted terms although not all have shown real growth. May has once again been active, he says.

"What we now want is confidence. We have to be confident that things will even themselves out once we have adjusted to the changes," he says.

Assocom figures credit retail sales, in real terms, with a 5,6% rise in the first two months of this year compared with the corresponding period last year.

SA shoppers . . . still spending it steadily

Wholesale trade figures quoted by Assocom show a drop of 0,7% over the same period and many take this as an indication that retail sales have peaked and are levelling or that retailers believe there is going to be a slow-down in the rate of increase. But negative retail growth during 1981 is considered unlikely.

Edgars' Adrian Bellamy says February, March, April, and as much of May as can be judged, have been good months generally. Comparisons during the early part of the year are difficult, he says, because of the variation in the Easter holiday dates and the onset of winter.

"I don't see any concrete signs of a downturn," he says.

"There is, however, a little bit of evidence that might indicate a downturn to come later — that is the drop in spending on clothing by men."

The fall-off is not substantial at present, he says.

Bad debt levels are generally satisfactory within the retail trade.

SA retailers are among the few in the world to offer free credit and, in the wake of rising interest rates, rumours abound that this could be phased out.

Bellamy believes that SA interest rates have by no means reached the top. "If interest rates go much higher we would give serious consideration to the amount we lend to customers free of charge," he says, "but at this stage there are no plans to make changes."

At present cash sales appear to be more buoyant in retail sales than the use of credit, although there has been a growth in the use of credit cards.

Ackermans' Stuart Cohen says trading in March and April was strong with demand for soft goods still healthy. Even though PAYE tax concessions have ended, there has been no let-up in demand and sales have been better than expected, he says.

Dion Discount Centres' chairman, Norman Cohen, says a slight drop in sales around February and March was noticeable, but he is satisfied with the current fairly steady growth. Strong sectors, says Cohen, are small and large appliances, television sets and photographic equipment. He expects turnover to rise more than 30% this year.

Real growth for the year is generally expected to be around 5%, although many feel that it could taper off towards year-end.

Stores step up security measures

Mercury Reporter

SECURITY measures are being stepped up in some of Durban's larger departmental stores following the bomb explosion in the city on Wednesday

Shoppers at the O K Bazaars in the city centre yesterday found themselves having to open parcels and carrier bags for security staff inspection before entering the store

The Natal regional manager for the store, Mr P Grover, said the security operation was introduced yesterday morning

The Hub also increased its security yesterday and stationed security staff at both its Smith Street and West Street entrances

Notices were displayed in both official languages to make shoppers aware that security staff would be on the lookout for any suspicious characters or bags, said a senior spokesman for the store.

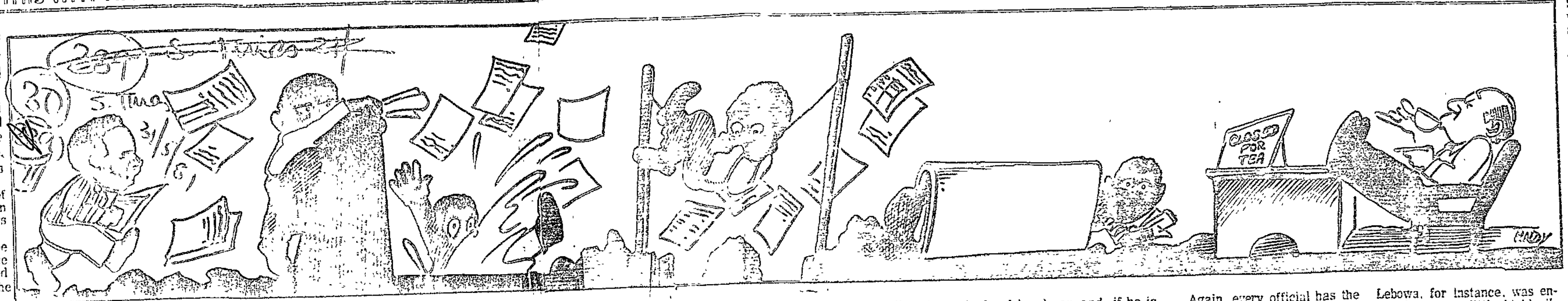
The manager of Stuttafords, Mr G E Fuller, explained that the store had continuous 'in-house' inspections and staff were briefed to report anything suspicious.

(30) 31/5/81

(30) 31/5/81

Black man, the future is yours!

NOW, IF YOU'LL JUST STEP THIS WAY AND FILL IN THE FOLLOWING FORMS ABOUT TRADING LICENCES, SITE ALLOCATION, SAFETY, REGISTRATION, TAX ...)



HE will be freed from the fetters of the past. He will be powerfully backed by a well-disposed Government.

He will be a man poised on the threshold of a bright future. He will go forward confidently side by side with his white counterpart.

He will stand ready to accept the challenges of his time.

He is the image of the black businessman of 1983, painted by the Minister of Co-operation and Development, Dr Piet Koornhof, two years ago.

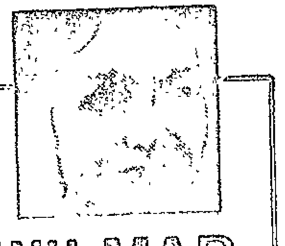
Many black businessmen in 1981 may be perplexed by Dr Koornhof's predictions, but one they would certainly agree with. They have had to stand ready to accept the challenges of the time. They have had little option.

For the past two years the Government and the National African Chamber of Commerce have been beckoning the small black businessman from his township backyard.

There, or in his bedroom, he has been making baskets, upholstering chairs, welding burglar-proofing, making bricks and quietly doing business in the neighbourhood.

This is the business "black market", more formally referred to as the "informal sector". And it is all highly illegal and a perfect target for administration board inspectors bent on prosecution.

To tempt him out to function legally, the black businessman is offered equipment, training, financing, advice — so why won't he snatch at it? Because he has a shrewd idea of what is ahead of him, that's why.



WILMAR UTTING

reports on how a paper jungle keeps black business down

Hampered

The whole question of how the fledgling industrialist is hampered has been the subject of several economic development seminars.

Evidence before a commission of inquiry into homeland economic development, held in Ciskei and chaired by Mr Leon Louw of the Free Market Foundation, was that the aspirant industrialist has to contend with the demands of about 26 different departments.

He usually gives up before going halfway through.

Let's say Mr Nswana has been making leather belts for years in his home in Soweto.

He is fortunate to be in Soweto and not in a township on the East Rand, because ERAB officials are not renowned for a spirit of eager co-operation.

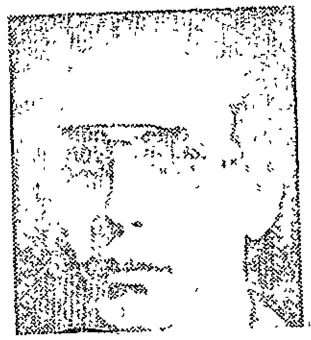
First Mr Nswana needs a site — not a site of his choice, but a site that is allocated to him.

It may be hopeless for trading purposes, but he can't argue about that, at least not much.

"To get the site," said Mr Louw, "he has to satisfy some bureaucrat who has never been in business, and knows nothing about it, that the project will be a viable venture.

"This seems a strange thing to have to do when you are risking your own time and money."

Then Mr Nswana needs an ordinary Transvaal trading licence from the Receiver of Revenue.



LEON LOUW
'Bureaucrats in the way'

Then he has to comply with the trading regulations under the Group Areas Act, and then he has to register as a factory with the Department of Industries. He fills in many forms.

When he builds premises, he has to watch that they are constructed according to proper specifications, with the ceilings higher than those in Government-built housing, and ventilation bricks which, though they have a minimal effect on ventilation, are essential in all South African buildings.

Since he will be using leather, it is probable that he may also have to fill in forms for the Department of Agriculture.

Once the building goes up inspectors fall on it like wasps in a hive.

Factory inspectors will want to know if the safety requirements have been met and if the fire extinguishers are the right height from the floor.

Do the premises meet first-aid requirements and where is the stretcher?

Whirling

If Mr Nswana employs someone to assist him — perhaps simply to clean and make a cup of tea — he is then an employer of labour and a stretcher is essential, even if there are only two people on the premises.

Mr Nswana by this time will be whirling in circles trying to meet demands that he use certain sophisticated equipment, pasting up prescribed Factory Act notices on the walls having his electrification inspected and licensed.

Some inspector may demand that the place be whitewashed and disinfected or may insist on a certain type of covering for the floor.

"Now the point is that at any step of the way he can be blocked by a bureaucrat.

"Once blocked, he has no one to appeal to, no arbiter," said Mr Louw.

If Mr Nswana wants his company to have limited liability, he then has to register it, which will cost him several hundred rands.

He will have to fill in about 50 forms and comply with the Companies Act, an Act which defeats most lawyers who go to seminars to try to clarify the more complex passages.

Jealous

As if that were not enough, the law is amended annually, and every year there is a standing committee on the Companies Act which spends the year preparing amendments for the next year.

For tax purposes Mr Nswana has to register with the Unemployment Insurance Fund.

Now, if he wants actually to sell his belts, not just make them, he needs a wholesaler's licence, and if he wants to sell them at the side of the road outside his factory he needs a hawker's licence.

Of course, these can be refused, without explanation, at the complete discretion of the official in charge of issuing them, so the shrewd industrialist will find more subtle ways of getting his licences than just walking up and asking for them.

If he is to deliver his belts he will need transport and a licence from the Transportation Board.

Once the business actually gets going and Mr Nswana is turning out his belts and putting them in little packets, he has to comply with the requirements of the Bureau of Standards — and there is always the possibility than he will be called upon to comply with a law called the Trade Metrology Act, which lays down the precise measurements of a manufactured article.

The customers never complain that they have purchased an article that does not comply with this Act, but it is a handy weapon for jealous competitors and corrupt officials.

If the industrialist is literate, determined and manages to emerge sane and solvent from this exercise, it will have taken him about two years. That is why most people just give up and go home.

Now, if Mr Nswana wants to open a business in a homeland as well, he has to repeat all the above steps.

In addition, he has to satisfy the local headman and, if he is happy, the local chief and, if he is happy, the local police and, if they are happy, the local magistrate.

Then there are different demands in different homelands, but all need clearance from the security police as well.

Finally, the Cabinet sits and decides whether to grant the licence.

Again, every official has the absolute power to veto the whole operation, and the industrialist or businessman is in his hands entirely.

Whether the official agrees to give a permit or write a licence may depend on whether he has a hangover, or whether he has not fought with his wife.

Mr Louw said evidence showed almost every house in Lebowa, for instance, was engaged in some little highly illegal business.

Many were carried on in conditions highly unsatisfactory by Western standards, such as operating welding plants in the bedroom.

And organisations such as Nafcoc say to them: "Come out of there, we will give you little factories, toilets, work benches, lighting, all the things you don't have. Just come out and function."

And the answer is: "No, because then the inspectors will come and we will need licences and things."

"They are well aware," said Mr Louw, "that when they emerge from their cottage industries this brings out from underground all sorts of people who hitherto had been invisible, and all of them want to hammer the industrialists with different regulations.

"One big company is actually trying to get the Government to give blanket permission for a group of little industries just so they'll be left alone.

"This means one needs official dispensation for what is entirely beneficial to the industrialists, the consumers, to everyone, and yet the law tries constantly to frustrate it.

"All the black industrialist wants and needs is for the bureaucrats to get out of the way and leave him alone," said Mr Louw. "That's all he wants, to be left alone and get on with his job."

Against all odds, Jerry has found success

THIS is the story of a black general dealer in Katlehong who had ambitions beyond general dealing and wanted to go into printing.

Mr Jerry Hlongwane took the decision in 1969, when he was entitled to run only one business — one he did not find stimulating.

He noticed there was a market in the township for invitation cards, church certificates, and so on, so he took the plunge and bought himself a duplicating machine.

"I could operate it after hours with some of my staff. We had many problems working on the machine without any previous experience or training, even though I was told the machine was so simple even a child could operate it.

"But as business was tough, I carried on persevering," he said.

Two years later he bought a printing machine and registered as a printer in Pretoria.

By this time his business was no longer an "after hours" affair. It grew, and Mr Hlongwane realised the machines he had were "just as good as toys".

He tried to make contacts among printers in town to get advice because suppliers were not keen on doing business with him, and would ask discouraging questions such as, "Have you been to a school for printing? Have you worked for a printer?"

Of course Mr Hlongwane had done neither of these things, so he did not get the expert advice he sought. He started buying used machines, only to find that when they needed repairing the agents would tell him the machine was off the market.

But he persisted. The business flourished and in 1974 he even hired a sales manager to find business in other townships.

Then he heard about litho machines and set out to speak to a white printer to ask if he could see what the machine could do.

"I arrived and asked the lady in reception if I could see her boss. I even mentioned him by name. He came to me and said: 'Yes, can I help you?'

"Well, I was happy to introduce myself and told him I was running a small printing business and could he show me his machine.

"He changed face immediately and asked me if I thought he was running a school of printing. Then he told me to get out."

By 1975 Mr Hlongwane was ready to move into the white market and needed separate premises for his printing business. He applied for premises and was promptly told by a Government official that he already had a business on one site and could not have another. If he wanted another he should go to the homeland.

Unnecessary

To overcome the one-man, one-stand obstacle he demolished his shop and put up a double storey building — with the general dealing business downstairs and the print shop above.

He brought all his machinery together from hired rooms, a garage and the backyard — and production increased.

By 1978 he was more than ready for the white market, so he approached the East Rand Administration Board.

"But I was asked unnecessary questions, such as: 'Where is Katlehong?' [redacted]

White firms totally apathetic, says industrialist

By WILMAR UTTING

THE insincerity of big white companies, not Government restrictions, was the biggest stumbling block to the emergence of black industrialists.

So says Mr Nico Ferreira, who has played a prominent part in encouraging the black sector to come out from the backyards.

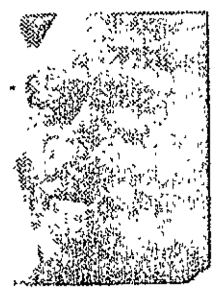
Mr Ferreira is on the industrial committee of the Southern Transvaal African Chamber of Commerce (Soutacoc), which mounted an exhibition for black and white industrialists at Milner Park this week.

Only eight white companies took part, and only two exhibited examples of the types of components and equipment they needed and which black industrialists could supply.

"The whole point of the exhibition was that the big companies could come and show the black industrialists what they need. And they can see from the black stands what they can supply. Then the two could get together.

"The only way the black industrialist can do well is if the big companies give them orders for components," he said.

"In the private sector there are many big companies who dish out platitudes on platforms and to the Press and who are of no value to our black businessmen whatsoever," he said.


MR NICO FERREIRA MR AARON MAKENA MR PETER HLAHLA

Gallant

Soutacoc had approached a large number of big companies over the past few months. The companies had said: "Yes, you have all our moral support." Some even offered donations.

But when they were told that what was needed was not moral support but their involvement in the exhibition, something concrete, it was a different story, said Mr Ferreira.

"They say it was difficult to hand work to black industrialists because their companies were fully computerised . . . all the excuses of the day.

Most of the blacks who exhibited at the show were disappointed that there had been little interest in their products. The result of their efforts was a gallant, but unsophisticated, display of metal screens, clothing, knitted garments, coffins, gravestones, pottery, cane furniture and examples of upholstering.

One of the white exhibitors, Mr Mike Allen, was embarrassed to the point of anger at how the white displays so vividly outshone the black.

"I feel I shouldn't be here at all. We look beautiful, but just look at these black stands", he said. "Why didn't the organisers advise them on marketing."

The blacks, although disappointed, took the whole thing far more philosophically. They packed up their goods early on Thursday afternoon and launched a game of soccer with balls from the Black Chain stand.

Mr Ferreira promised that for next year a special show advisory committee would be appointed.

"Soutacoc have next to no money and we were so keen to get going we jumped in where the angels fear to tread," he said.

He was bitter about the big white companies who had snubbed them. He had had far more trouble with them than with the Government, he said, although he admitted that many of the negotiations involved in starting up a black business needed simplifying. There were too many officials involved.

Legalities

"The position about legalities has changed a lot, but things are still not perfect," he said.

There were still difficulties with licensing. Health regulations had been designed for sophisticated industries and a small industry could not meet them.

"Black industrialists have to be treated in a special way or they will never get off the ground.

"Some of the small businesses — dressmaking, for example — should be allowed to operate legally right where they are. They should not be forced out into factories," Mr Ferreira said.

Retail sales pass peak as consumer resistance bites

S Tribune 31/5/81

30

'INDICATION THAT ECONOMY IS MOVING SIDEWAYS'

By Tony Hudson

RETAIL sales have come off the boil and indications are that the growth rate will rapidly decline towards the end of the year.

Figures released by the Department of Statistics show that sales at current prices peaked sharply at the beginning of the year and declined sharply in February and March.

Calculations done with sales at 1975 levels show the peak occurring in December, followed by a sharp fall.

The Henderson curve of total retail sales at current prices shows the level starting to move sideways, while the graph of sales at 1975 has peaked and is already starting to dip downwards.

Volkskas economist At Engelbrecht says that these figures are a definite indication that the economy has flattened out and is now moving sideways. He points out that this is in line with the general trend highlighted by various economic indicators.

However, despite the downswing, Mr Engelbrecht feels that overall retail sales for 1981 will still be higher than that for 1980.

Reasons for the decline, he says, are fiscal bottlenecks, consumer resistance to higher prices and shortages of skilled labour and manufacturing capacity, which is running close to its peak.

Nedbank economist Rudolf Gouws points out that last year the consumer outspent his earnings and that the savings level dropped from 10% to a record low of 6,7%. This means that the rise in consumer spending was higher and faster than that of disposable income.

Now, he says, the Government's actions on interest rates are encouraging the public to save rather than to spend.

Another factor that is going to inhibit the growth in retail sales is that while taxes may not be increased the growth in tax payments will speed up because of high salary and wage increases, and the concomitant increase in fiscal drag will also cause a cutback in disposable income.

The other retarding factor will be the higher interest-rate structure, which will also inhibit the growth in retail sales.

Both Mr Gouws and Mr Engelbrecht feel that the durable goods sector is going to be the hardest hit.

Says Mr Engelbrecht: "I don't care what the motor manufacturer says, car sales are going to drop this year."

According the Department of Statistics figures, resistance began to make itself felt in March, when trading in a number of sectors began to drop.

Butchers felt the pinch with sales dropping from R102-million in February to R99-million in March. Clothing also showed a significant drop, falling from R239-million to R220-million in March.

General department stores reflected a fall in turnover, with the overall figure dropping from R139,6-million to R120-million.

With seasonal variations eliminated, the total retail sales figure for February dropped from R1,524-million in January to R1,509-million. In December, South Africans spent more than R2 000-million.

Soweto traders condemn fair

1/6/86 RDM

Staff Reporter

THE Soweto Chamber of Commerce and Industries (SCCI) has rejected a businessman's trade fair in the township in August, claiming it is "designed to perpetuate the flow of our market to town".

The "Great Soweto Show" is organised by the white Trade Fairs and Promotions in conjuction with the black Future Marketing. It will take place at Jabulani from August 26 to September 7.

In a statement, the SCCI said it was not consulted about the show. The chamber said it had the backing of Soweto traders on this issue and that it would publish pamphlets and "mobilise the people of Soweto to support us in our stand".

Mr Bonne Posma, a principal investor in the planned fair, said the organisers of the show have tried, without success, to contact the SCCI. He believed the chamber's objections were based on misinformation.

Mr Posma said he had "complete sympathy with the desire of blacks to run their own affairs", but felt the fair would be good for Soweto.

Mr Peter Davidson, a director of Future Marketing, refused to comment on the matter.

POLITICAL comment in this issue by Allister Sparks, Benjamin Pogrund, Lin Menge, Bernardi Wessels; newsbills by Peter Bunkell; headlines and sub-editing by Chris Smith; cartoons by Bob Connolly, all of 171 Main Street, Johannesburg.

South 30 2/4/81

A 'first' for black managers

By ELLIOT TSHINGWALA

REPRESENTATIVES from top business institutes in the country gathered on Wednesday last week to witness the birth of a "first" black company.

The Black Management Forum was formally declared open for business by its president, Mr Eric Mafuna at the South African Breweries's plush conference hall. Mr Mafuna announced to a cheering crowd that they had registered the company under company law and were looking forward to a progressive year.

BMF is a tertiary company, specialising in the training of middle and top management in the black community. The company is headed by Mr Eric Mafuna, president, Mr Windsor Shuenyane, chairman, Mr Abe Aphane, vice president and four directors, Mr David Mailoane, Mr Herbert Moloantoa, Mr Christopher Molofe and Mr Martin Sebesho.

The president in his opening speech said it was necessary to have a special training course for black managers as "blacks lack the cultural background to become competent managers as opposed to their white counterparts who have all the facilities at their disposal. But he stressed that it did not mean that blacks were not doing well in their managerial positions.

Mr Mafuna holds a senior position in an advertising company in the city. BMF will train everybody with the intention of becoming a manager, with or without university education. This includes students who lost their opportunity to complete their schooling because of the '76 upheavals. BMF is a profit-making organisation and will charge a R15 joining fee to all who will register as trainees.

They will charge R500 per year to large companies who want to take out corporate membership.

The training term, which will go up to 24 months will comprise a workshop and on-the-job training. The BMF and several people engaged in management will comprise the tutorship.

Mr Mafuna dismissed fears that they were going to be an elitist organisation. He said that the fact that they were inviting students to join was evidence in itself that they were not elitists. Mr Shuenyane added that in every field there had to be pioneers and it took some people a long time to understand the good work intended.

Mr Eric Mafuna, president of the new black company, Black Management Forum.

identify and solve problems and a problem orientation to a case will de-emphasize the role of the super-specialist and emphasize the role of the generalist, thus hopefully, checking the tendency towards super-specialisation.

Mr. Chairman, recently when I looked over my slides with all the wise ideas which I borrowed from the literature available, I was reminded of a feeling of ambivalence which I experienced when I visited the Jefferson Memorial in Washington DC, and realised that the beautiful writings on the wall of the monument which listed the rights of the individual were written by a man who kept slaves!

I believe in what I have told you about the importance of political social and economic factors in health, and I am proud to be a member of the staff of U.C.T. and G.S.H., yet, I live in a country where political and social privileges are limited to one sector of the population. Where the "Have's" and the "Have not's" are distinguished on the basis of the activity of the melanocytes in their skin. I work in a hospital where few, if any, of the doctors believe that they discriminate between one patient or another, but where we can never prove this objectively to ourselves, our students or our patients, until these patients lie side by side in the same ward. I work in a hospital where, contrary to what has been published in the press, most doctors are satisfied with their salaries but are deeply disturbed by the fact that similarly qualified colleagues earn less than they do. I work in a health care sytem where those in charge have publicly expressed fine ideals for the health of the individual but where the already limited funds are being used to duplicate equipment and resources for ideological reasons. None of these activities in which I am engaged can be said to improve health.

Mr. Chairman, I also work in a University where many academics including myself, wake up too late, and criticize actions when they could possibly have used their influence to prevent these, but did'nt because they believe politics should be kept out of medicine. This despite the fact, that health development is "a political and social process".

Mr. Chairman, I have been greatly concerned about what message, I,

as a specialist in diseases of the liver, can give to an audience like this one. The Xhosa word for liver is Isibindi; 'he has a liver' - is Unesibindi; Unesibindi is said of those who have courage. It takes courage to change the emphasis of medical care from cure to prevention, and it takes even more courage to eliminate inequalities of health care especially when these may be influenced by ideology. Nevertheless, Mr. Chairman, I would like to express the wish that all those involved in our health services should qualify for the term UNESIBINDI.

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(36)

21/6/81

Woolworths confident

Own Correspondent

CAPE TOWN. — Mr David Susman, chairman of Woolworths Truworths, forecasts impressive profit growth from the new group.

Woolworths new board sees important integration benefits for both companies flowing from the deal. Mr Susman is fairly cautious on making more precise predictions as the boom — which is not showing any signs of slowing — cannot go on forever.

But it is evident that the new group will have tremendous strength in the market place with sales of R400-million and more than 438 stores.

Shareholders of both companies voted in favour yesterday of the scheme of arrangement to be considered by the Cape Supreme Court this week.

~~Reagan firm on tax cuts~~

~~WASHINGTON. — President Reagan is standing firm on his call for a three-year across the board tax cut, says the Treasury Secretary, Mr Donald Regan.~~

~~He said President Reagan had come pretty far to meet his opponents by agreeing to delay the effective date of the tax cut from January 1 to October 1 this year and reducing the first year's cut from 10% to 5%.~~

~~"That's where he's going to stand," said Mr Regan.~~

Mechanics' pay rises will not affect cost of car repairs, say traders

NM 3/6/81

(30)

Motoring Editor

THE 20 percent increase in basic wages for mechanics is not going to affect the cost of car repairs, says Mr Jessel Celine, divisional chairman of the Motor Traders' Association in Natal.

'Most mechanics are getting far more than the minimum right now — even before the raise came in. The good ones are getting R200 a week,' Mr Celine said yesterday. 'The public has been feeling the effects of mechanics being paid these rates for a long time.'

He explained that the 20 percent increase applied to a minimum level for mechanics' wages and only those on the very bottom line would be affected — 'but there are very few of those around'.

CHAIN STORES PLAN TO WARD OFF TAKEOVERS

a gis (30)

3/6/81

TWO of the country's leading chain stores, Pep Stores and Pick 'n Pay, are taking steps to prevent sneak takeovers.

Rumours have been circulating lately that takeover bids may be made for the two companies.

At neither company has the major shareholder a controlling interest.

Mr Renier van Rooyen, chairman and founder of Pep Stores, told shareholders at the annual meeting yesterday that because of the possibility of a takeover attempt being made, he and a fellow director, Mr Christo Wiese, had been increasing their stake in the company.

Between them they now owned 25 percent of Pep Stores' shares.

He had also reached an informal agreement with other major shareholders in the group to safeguard the company against a 'sneak takeover.'

Mr van Rooyen assured shareholders that no negotiations for a possible takeover of the company had taken place in the past or were taking place at present.

33 PERCENT

He was not against a merger or takeover if the price were right.

Meanwhile, two directors of Pick 'n Pay, Mrs Wendy Ackerman and Mr Issy Fine, told the company's staff at the weekend that in response to takeover rumours steps were also being taken to safeguard control of the company.

The Ackerman family is believed to hold about 33 percent of Pick 'n Pay's shares, and Pick 'n Pay staff a further 10 percent.

Pep Stores has a market capitalisation of R65-million. It might interest a predator because of its valuable manufacturing division.

Anyone securing control of Pep would be likely to strip the company of this asset.

CASH OUTLAY

It is a little more difficult to see why a predator might try to seek control of Pick 'n Pay. The company has a market capitalisation of more than R100-million so a substantial cash outlay would be required.

As the company's properties appear in the accounts at near their full valuation it is not easy to see how an asset stripper would gain.

Pick 'n' Pay's main strength is its exceptionally able management team. It is not clear how a predator could put this team to any better use than it is serving at present.

Derek Tommey

Woolworths Truworths — growth ahead

CT 4/6/81

30

By PAUL DOLD
Financial Editor

MR DAVID SUSMAN, chairman of Woolworths Truworths, is forecasting impressive profit growth from the new group and it is clear that vital synergies will play an important role in boosting earnings and increasing market penetration in the years ahead.

Woolworths' new board sees important integration benefits for both companies flowing from the deal. Mr Susman is understandably fairly cautious on making more precise predictions asthe boom — which is currently not showing any signs of slowing — cannot go on forever. But, equally, it is evident that the new group will have tremendous strength in the market place with sales of some R400m and more than 438 stores across the country.

Based on earnings for the past yearm pre-taxed profits of the combined group will total more than R60m.

Woolworths moderate growth in recent years has disappointed some Johannesburg market analysts but in my view sharply accelerating profits will flow from the deal and, even more significant, a new dynamic market image.

Woolworths and Truworths sales are buoyant, mirroring a continued surge in consumer spending, probably funded by civil service bonuses and pay rises, and trading is currently close to Christmas peaks.

Shareholders of both companies overwhelmingly voted in favour of the scheme of arrangement.

The scheme meetings and ordinary meetings which began in Syfrets board room early in the morning finished just before 1pm without a single question from a shareholder and throughout the proceedings there was hardly a dissenting vote.

At the meetings, Old Mutual's Mr Peter Bieber congratulated both groups on the merger which would benefit all shareholders. Mr Susman also paid tribute to Truworth's chairman, Mr Len Shazin.

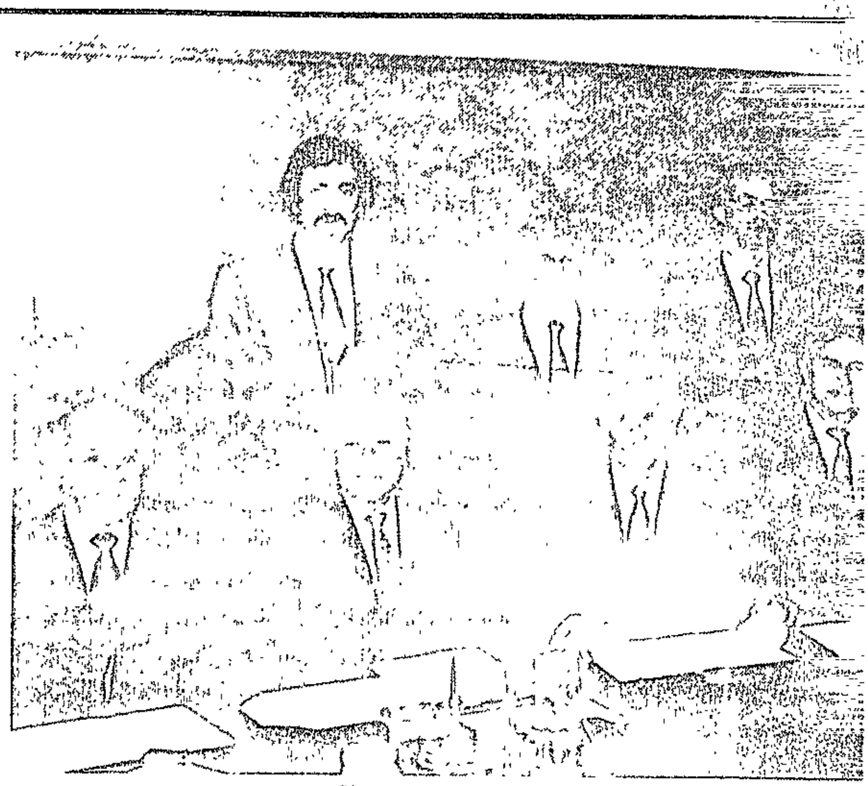
The deal was done over dinner at Mr Susman's home — both controlling families have known each other for years.

"Nothing was typewritten then and in the subsequent meetings to maintain secrecy," Mr Susman said. Commendably there were no leaks to the market.

It took teams of attorneys and merchant banks some two months to prepare the documents.

There is little doubt that this could turn out to be one of the most successful local mergers where benefits abound.

The stock market has already given its nod of approval through marking Woolworths share price higher and a further appreciation is likely if the market remains firm.



Pictured at the historic meeting of Woolworths shareholders overwhelmingly voted in favour c from left: Mr Jack Jowell a director of Tru Shawzin, Mr David Susman, Woolworths chairm director of Truworths, Mr Ernst Loebenberg, a Galombik of Sonnenberg Hoffman and Galombik worths financial director Mr Fred Kossuth. In th worths secretary, Mr Aubrey Luck of Sonnenberg Wyman, general manager of UAL, and Mr M Ka

OK forecasts 4% sales growth after inflation

CT 4/6/81 (30)

Own Correspondent

JOHANNESBURG. — OK Bazaars, the first retailer in SA to beat sales of R1-billion, forecasts retail sales growth of 4% to 5% after inflation in the current year and "a satisfactory increase in earnings".

In his annual report, the chairman, Mr D M Lubner, says OK will continue to compete successfully in a "very competitive market place".

While OK's sales rose 39% last year, national retail sales rose 26,3% in money terms.

Mr Lubner reports that national retail sales growth slowed from an annualized rate of 28,3% in the December quarter to 25,6% in the March quarter, "indicating a weakening of consumer demand".

Foodstuffs, he says, were particularly affected against the background of steeply rising prices.

Demand for durables and non-durables also weakened, "probably as a result of consumers' indebtedness and higher rents and mortgage rates". And with HP finance becoming more expensive and credit terms tighter, he forecasts HP sales to come under "further downward pressure."

Gross profit margins, he warns will come under pressure and the industry remains extremely sensitive to a decline in consumer demand.

But, he says, because of its size, market share, financial strength and its spread and range of merchandise, OK is less vulnerable to a downturn than its competitors.

Last year sales of food grew 33% to R590 200 000, clothing 39% to R136 416 000, furniture 60% to R214 564 000 and housewares 42% to R120 698 000.

Margins in each merchandise division were pared but the more profitable mix more than made up for this.

Earnings growth of 45% last year was after absorption of start up costs on new stores and after increasing unearned profit on HP accounts by R7 900 000 and increasing the unearned finance charge by R4 400 000.

OK also set aside 1% of sales for refurbishing stores. This amounted to R10 619 000, against which R9 200 000 was actually spent.

Mr Lubner says OK sticks to its policy of paying dividends equal to half of earnings. Properties were revalued by R21 100 000 during the year, placing a value of R77-million on OK's property portfolio — R52-million of which is represented by stores and the balance by warehouses.

"The property portfolio respresents a substantial source of capital for future redeployment".

A vacant site in Durban was sold to the OK pension fund for R2 100 000. A store is being built on the site and will be leased back to OK. The Alrode warehouse has been sold for R3 800 000. This is being extended and leased back.

Stocks rose 47% to R222 800 000, representing three months of sales. This accords with the group objective. Debtors rose 52% to R102 300 000 and the number of HP accounts to 343 000.

Last year OK opened new or replacement stores in Middelburg, Witbank, Port Elizabeth, Brits, Mitchells Plain, Mmabatho and Heystekrand. Stores are planned this year for Ladysmith, Brakpan, Durban, Lehurutshe, Selosesha, Maseru and Kwamashu.

The R300m in sales required substantially higher stocks and debtors, which were financed by the issue of R18m of unsecured debentures and other short-term borrowings. Debt to equity at the year end was 68% (49%) and interest cover was constant at 7,1.

Billion-a-year OK meets weaker demand

By DAVID CARTE
Deputy Financial Editor

OK BAZAARS, the first retailer in SA to beat sales of R1 000-million, forecasts retail sales growth of 4% to 5% after inflation in the current year and "a satisfactory increase in earnings".

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Stocks rose 47% to R222 800 000, representing three months of sales. This accords with the group objective. Debtors rose 52% to R102 300 000 and the number of HP accounts rose to 343 000.

Last year OK opened new or replacement stores in Middelburg, Witbank, Port Elizabeth, Brits, Mitchells Plain, Mmabatho and Heystekrand. Stores are planned this year for Ladysmith, Brakpan, Durban, Lehurutshe, Selosesha, Maseru and Kwa Mashu.

The R300-million increase in sales required substantially higher stocks and debtors, which were financed by the issue of R18-million of unsecured debentures and other short-term borrowings. Debt to equity at the yearend was 68% (49%) and interest cover was constant at 7,1.

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promotion, by increasing sales volumes, to allow unit prices to be reduced as a result of economies of scale being realised, and the encouragement of price-sensitivity by drug sales representatives (detail men).

The overconsumption of drugs and the increasing resistance of bacteria due to the injudicious use of antibiotics has become a major problem. Promotion boosts the sale of drugs and biases medical treatment towards drug-dependent curative medicine.

Table 5.1: Cost of promotion of ethical drugs as a percentage

In addition the rapid pace of technological change necessitates a great amount of information dissemination. The drug firms provide readable information necessary for the doctor to practice effectively. "Medical thinking tends to be ruggedly individualistic. The Pharmaceutical Industry serves as an influential instrument in orientating that individualism to an accomodation of the world's thinking so that the public gets the fullest advantage of the most important discoveries."(6)

However, the critics take issue with these arguments put forward by the industry.

The savings that result from economies of scale are not great. Economic theory postulates that where there are strong scale economies, a tendency for few firms to emerge in the market will be observed. But the highly fragmented nature of the drug industry implies that there are no strong scale economies to be exploited. Therefore any reduction in (average) production costs due to increased sales will not be sufficient to offset the costs of promotion and the net result

New Constantia shopping centre

CT 5/6/81 (30)

Municipal Reporter

THE developers of the proposed Constantia hypermarket, Murray and Roberts Properties, have set into motion new negotiations to build a "community" shopping centre, including a Pick 'n Pay supermarket on the site in the historic valley.

The scale of the development will be considerably smaller than the originally-planned hypermarket, according to M & R Properties managing director, Mr Charl Pienaar.

The hypermarket proposal was the subject last year of an outcry leading to court action and eventual turning down of plans by the Administrator.

Asked what size M & R had in mind, Mr Pienaar said: "Smaller than Howard Centre in Pinelands." (This centre has a floor space of 9 210 square metres for shops, 1 206 for offices and 680 for storage — a total of 11 096 square metres. This is almost one-third the size of the Brackenfell hypermarket.)

He pointed out that "informal" discussions had been held with officials of the Cape Divisional Council — the local authority which would have to give its blessing — and the Constantia Property Owners' Association, whose chairman, Mr Neil McCarthy, made it clear yesterday that M & R would have to comply with stringent conditions before gaining support from residents.

He said: "Potential developers should take note of the fact that my association means business and intends to stand up and fight for the preservation of what is still one of the finest rural residential areas in the country, even if this means plenty of hard work with plenty of hard cash."

Asked to specify some of the conditions he had in mind, Mr McCarthy said that the entire development should be planned in reasonable detail at the outset and not in phases, and that once the initial planning had been decided on, there should be no change in the use of any portion of the planned scheme.

Formal application

He called for the setting up of an advisory planning committee, which would include members of the Constantia Property Owners' Association, before a formal application was made to the Divisional Council. Mr McCarthy added that he wanted no more than a community centre to serve the needs of Constantia.

Mr Roger Hulley, MP for Constantia, who was in the forefront of the battle against the original hypermarket as the then MPC for the area, said yesterday that he welcomed the fact that Murray and Roberts was for the first time engaging local people in discussions.

He added: "I have called for this in the past and am happy to support negotiations acceptable to both sides. What will not be acceptable is a development package which is not compatible with the Constantia environment."

Scotts heads back to riches

By DAVID CARTE
Deputy Financial Editor

SCOTTS STORES, the clothing chain that crashed from riches to rags and nearly the rocks, is fast recovering and looking for a trading profit of more than R5-million in the current year.

So says the new chairman, Mr W D Fielding, in his first annual report

Last year Scotts made a pre-tax profit of R1 962 000, but this was after R1 165 000 of store closing expenses and R2 109 000 of stock write-downs. Were it not for these, trading profit would have been R5 236 000.

Mr Fielding says Scotts is budgeting for a trading profit bigger than this in the current year.

He reports that cash flow was positive for the year and the group's borrowings were reduced by R2 480 000. At the end of the year net debt, at R5 844 000, was only 50% of equity.

Interest and lease cover was only 2. Had it not been for store closing expenses and the provision against stock, it would have been 3,7 compared with 1,05.

Because shareholders' funds have not reached the R12 900 000 stipulated in the trust deed, Scotts was not in a position at the yearend to repay its R364 000 of preference shares, but it is confident this figure will be attained this year and the prefs will be repaid by August 31, 1982.

COMMENT: After savage surgery in the form of stock write-downs and store closures over two years, Scotts again looks viable. If it does make the minimum target trading profit of R5 236 000, and there are no further store closure expenses and stock write-downs, earnings this year could be quite exciting.

The group has assessed tax losses of R2 707 000, so tax will be minimal. One might even hope for earnings of 150c a share, which would put the share at 330c on a PE of just over 2. The convertible debentures will not be converted until ordinary dividends exceed 55c. That may not be so far off.

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Briefly stated, the use of the centralised marketing board would enable some of the problems in the market to be overcome.

The existence of price-sensitivity and information on the part of the customers of the firms would mean that more of the externalities would be internalised in the decisions of the firm. The firm would then have to consider the marginal costs and benefits of promotion and, because these costs and benefits more accurately reflect the full social ones, it would pay the firm to cut back on promotion expenditure. If it did not do so a competitor would be able to enter the market, offering a price-promotion combination that is more highly valued by an informed target market.

Similarly the amount of brand differentiation adopted would be less wasteful. Upon registration the MCC would indicate whether the degree of bioavailability difference was significant, in which case the product would be accepted as different or similar according not merely to promotional efforts, but according to therapeutic actions.

The proliferation of drugs would be curbed because the only drug that would succeed in the market would be one that was genuinely new and needed or else one that was priced below an existing drug.

Doctors would be given concise information on drugs. Price comparison and quality comparisons would be facilitated.

The advantages of the system proposed stem from the fact that greater price sensitivity and information will be re-introduced into the market.

At the same time, the incentives for the firm that introduces a better product will not be removed and may, in fact, be increased as the centralised buyers would be more sensitive to new and improved products.

It must be noted, however, that this system will still not be able to compare with the theoretical ideal of market efficiency. There are imperfections in the drug market that

CNA (30) FM 5/6/81

Aiming further

Activities: *Owns the CNA chain of retail stores. Main support activities are property investment, magazine and book distribution, and manufacture and sale of stationery products. Argus owns 51% of the equity.*
Chairman: *L E A Slater; managing director: J A Mackness.*
Capital structure: *3,4m ordinaries of 50c; and 500 000 5% cum prefs of R2. Market capitalisation: R21,9m.*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R5,8m, net short-term, R4,2m. Debt: equity ratio: 61,7%. Current ratio: 1,4. Group cash flow: R6,5m. Capital commitments: R6,5m.*
Share market: *Price: 645c (1980-81: high, 645; low, 340c; trading volume last quarter, 29 700 shares). Yields: 26,0% on earnings; 7,8% on dividend. Cover, 3,3 PE ratio: 3,9.*

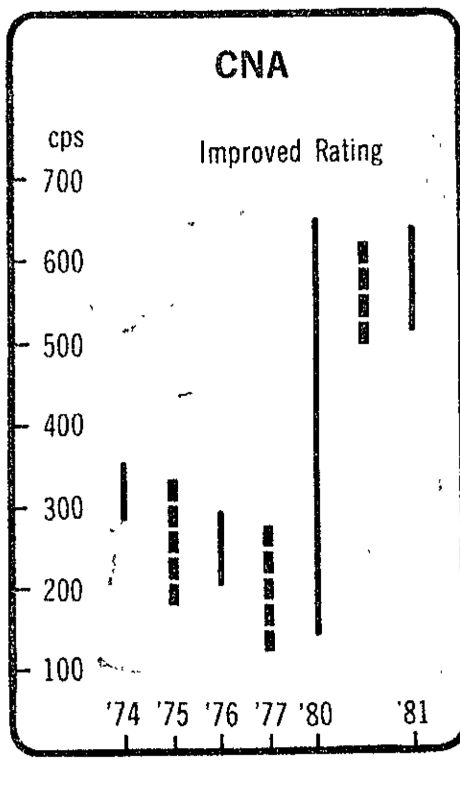
	'78	'79	'80*	'81*
Return on cap %	12,3	15,8	16,5	22,8
Turnover (Rm)	61	65	70	91
Pre-tax profit (Rm)	2,4	3 4	4,6	8,4
Gross margin %	6,2	9,1	9,6	12,0
Earnings (c)	32,3	62,8	95,5	167,1
Dividends (c)	23	25	33	50
Net asset value (c)	485	523	647	766

* Excluding Zimbabwean subsidiary

Like most retailers, CNA had a bumper 1981 financial year. And chairman Layton Slater expects the current trading period to produce results which are "just as pleasing and rewarding." No specific forecast is offered, but Slater says sales and income for the year so far are running ahead of budget, and that CNA is aiming for improved market share.

The bulk of last year's improvement came from the expanding CNA retail chain. This division's contribution to trading income more than doubled from R3,6m to R7,3m (*see table*) as new stores were opened and five re-sited. In addition, market share was enhanced by new marketing strategies and products, like Kodak camera services and Red Band books. This assisted in offsetting lower margins as price competition became "fierce," particularly with the abolition of Resale Price Maintenance and the entry of the large supermarkets into the book market.

The data processing division was consolidated for only six months last year, before being sold to Lucem for R2,45m — part in cash and the rest in deferred interest-bearing certificates convertible into Lucem ords on November 1, 1983. This division added R256 000 (R388 000) for the period it was still part of the group



CNA's Slater . . . Looking to further growth

In the property division, which improved profit by 18,9% during the year, CNA sold properties surplus to its needs at a R90 000 profit. Land and buildings disposals during the year produced a cash inflow of R1,5m

The manufacturing division's profit rose from R991 000 to R1,3m and expansion is planned to cater for projected increased demand. Slater says R3,5m will be spent on this division in 1981-1982.

DIVISIONAL CONTRIBUTIONS

	1980	1981
	Pre-tax profit	
	%	
Retail stores/trade supplies	78,1	84,3
Data processing	8,5	3,0
Properties	18,4	11,5
Manufacturing	21,8	15,0
Other	2,9	5,4
Management expenses/interest	(29,7)	(19,2)
	100	100

CNA has deconsolidated its Zimbabwe subsidiary, Kingstons. But on a fully comparable basis, it still produced a sharp improvement in profit and liquidity. Total interest-bearing debt rose to R16,6m (R12,2m) — 62% (54%) of equity. But cover on annual interest and leasing charges increased to 6,5 (4,1) times as profits improved

The boom also meant a sharp gain in asset turn. Stockturn rose to 4,8 (4,4) times, while new measures introduced shaved shrinkage to 3,0% (3,4%) of sales.

Dividend cover has been raised to 3,3 (1,9 excluding Zimbabwe) as, says Slater, the group aims to fund a large part of its working capital needs and expansion requirements internally. The result was retention in 1981 of R4m (R2m), thereby boosting equity to 766c (647c) a share.

For the current year, Slater says CNA will produce another earnings and dividend increase. It is unlikely, however, that the same percentage improvement can result after the sharp growth of the past three years. The market, however rates the share relatively poorly on a 7,8% dividend yield in a sector with an average of 5,3%. But on income grounds it has medium-term attractions

Ye = equilibrium point in econ

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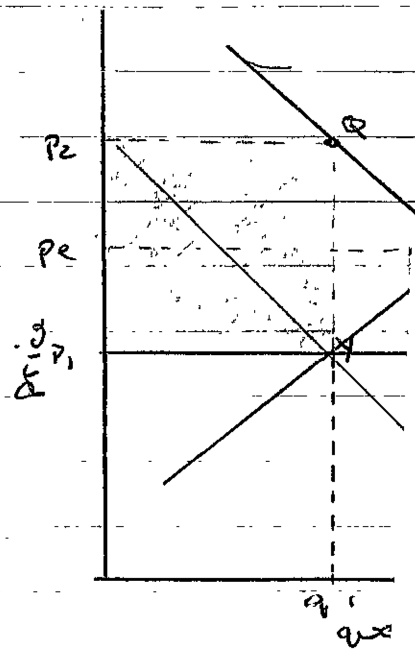

ceiling price

INFORMAL SECTOR

No panacea

FM 5/6/81

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Stimulation of the "informal sector" has been internationally hailed as a cure-all for the twin problems of job-creating and unemployment. The SA Government, faced with the onerous task of creating 7.2m new jobs over the next 20 years, has increasingly considered it.

Now sceptics, such as UCT's Associate Professor of Planning Dave Dewar and Vanessa Watson of UCT's Urban Problems Research Unit, are questioning the wisdom of the strategy.

In a recent publication, *Unemployment and the Informal Sector — some Proposals*, they suggest that stimulation of the informal sector will not provide a solution to the problems of unemployment and poverty. Its stimulation should be seen only as an alleviating measure in conditions of crisis. Real improvement demands action at formal sector level and the expansion of its labour absorbing capacity, they contend.

According to Watson, "Contrary to popular belief, the employment potential of the informal sector is highly overstated. A survey which we undertook in six Cape Town townships revealed that 66% of small businesses surveyed are one-person concerns and only 4% employ more than three people."

Says Watson: "It is a myth that most participants are involved out of choice. Most are in it of necessity and the need to supplement household income."

Dewar and Watson conclude that, although the cost of job creation in this sector is low — R250 compared to R25 000 in SA's industrialised growth centres — clearly this cannot hold the solution to the unemployment problem as is often believed.

In the *FM*'s view, small businesses are essential in the growth of a market economy. Of course they are not a panacea, but they are a healthy social process. By definition, all businesses were once small. The capitalisation of labour through small businesses, particularly of a family nature, was one of the building blocks of the American economy. And don't most of us work "of necessity"?

As we can ... landlord / lady may
rent a house ... than ~~...~~ P_1. The
supply of a ... intersect P_1 at ~~...~~ Y
Now as we ... ~~...~~ customers
would be ... up P_2 at Q for the
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deductions ... added area $P_1 P_2 Q Y$.

Discrimina... place. The landlords
normally ... es flat mates and
who do ... ay be family of
the land... give him a car
as ind...

Let assume ... - honest landlord, in
the sense ... t take bribe, indictments
etc. He rents the flat out for a year. It is entirely up to the people living in the flat to improve or paint or whatever as the landlord is not prepared to ~~do~~ pay for something that

Wooltru sewn up

(30) RDM 5/6/81

THE MERGER of Woolworths, Bonmore and Truworths has been approved by shareholders and the schemes of arrangement necessary to implement it have been confirmed by the Supreme Court, say Union Acceptances and Central Merchant Bank.

In terms of the deal, Truworths shareholders will receive R3 720 in cash plus 330 new Woolworths ordinary shares for every 100 Truworths ordinary shares held. Bonmore shareholders will receive R674 in cash plsus 55 new Woolworths ordinary shares for every 200 Bonmore shares held.

The listing of the new Woolworths ordinary shares will begin on June 8.

Woolworths shareholders have also approved the change of name of Woolwowrths Holdings Limited to Woolworths Truworths Limited. In addition, Woolworths financial yearend has been changed from May 31 to June 30, which means that the current financial period will cover a period of 13 months ending June 30, 1981.

"Shares in the merged group will be listed on the JSE under the abbreviated title of Wooltru." — Sapa.

Tough laws 'hit small shebeens'

A6b1
Soweto
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By LEN MASEKO

SOWETO shebeen owners yesterday accused the authorities of creating hardship by imposing stringent regulations for the legalisation of their businesses.

The accusation is a sequel to the publication of the National Liquor Board's requirements for a legal shebeen. Shebeen owners said "very few" taverns would get a licence under the regulations.

Before a shebeen can be legalised, it should have: a house with a sitting-room, lounge, diningroom, kitchen, bathroom, separate toilets for men and women and a storeroom.

Shebeen owners also complained that their yards were small and could not accommodate some of the required facilities. They said that owners who operated from small houses would be forced to close their businesses.

Police raids — which resulted in the confiscation of liquor worth more than R1-million in Soweto since the beginning of this year — was another factor which would force them to close shop, they said.

Mr Lucky Michaels, chairman of the Soweto Taverns' Association, said it was not true that the liquor board required a legal shebeen to have a sittingroom, diningroom and a lounge. He said the board wanted one room where patrons would have their drinks. He also dismissed as "irrelevant" reports that a bathroom was required.

"What are the customers going to do with a bathroom? And members of our association need not worry because loans from banks are available. If a shebeener is operating from a small yard, he can buy a new site and build business premises there," said Mr Michaels.

Another Rockville shebeen owner said: "It seems the authorities are out to make our road to legalisation tougher and tougher. Only the big shebeener will survive under those stringent regulations. The ironical thing is, the West Rand Administration Board bottle stores still supply shebeens with hundred dozens of beers despite the fact that we are operating illegally. They don't even ask us for permits".

A shebeen owner in Dube said that "only a few" shebeens would meet the liquor board's requirements. She said the regulations were "too much" for her and a cloud hung over her business.

Other requirements for a legal shebeen are:

- An annual licence fee of about R600
- Trading sites have to be bought under the 99-year leasehold scheme;
- No people will be issued with licences if they have a criminal record;
- A separate toilet for the family living in the house and a wall between the business premises and the residential site.

In no street will there be more than one licensed shebeen.

DISEASE

It has been shown that the well trained general practitioner can handle 90% of illness presenting to him. It has also been shown that the under-graduate sees little of this pathology in the wards of the teaching hospital - something less than 1%. The four groups of disease

... be life-saving, e.g. myocardial infarction.

Myocardial infarction is of special importance because the danger period is in the first four hours, usually before the patient has reached hospital. In a project carried out in Cape Town it was demonstrated that prompt treatment by the educated general practitioner diminished the deathrate from myocardial infarction to a level lower than any previously

reported. (J.H. Levenstein, 1976)[12]

Human Development.

This area of knowledge is concerned with physical, intellectual and emotional development from infancy to old age. This knowledge is important for two reasons.

(a) So that one can detect the earliest departure from normal which is the unique field of action of the primary care doctor;

(b) So that one can allay anxiety in the patient that she or her child is different or abnormal.

... geous position. For this reason the science of ... in all phases of general practice education. There are many situations and stages of human experience where this knowledge is required but it has a special importance in the care of the dying patient and the bereaved family, the special responsibility of the general practitioner.

S. Times 7/6/81

Supermarket defies race law

A HUGE platteland supermarket is defying the Group Areas Act by allowing black customers into its restaurant to eat — sitting down.

The store, the Save hypermarket at Potgietersrus, decided on this action after seeking legal advice when the local Bantu Commissioner refused to issue a licence allowing black customers the same privileges as whites.

Platteland store allows blacks to eat in restaurant

By NORMAN CHANDLER

A spokesman for the Bantu Affairs Commissioner's office said on Friday that the department had no comment to make. He said the official dealing with the application would not be available until late in June.

Mr G T Burman, a director of the controlling company, Hyper Discount Centre, said yesterday: "It has been a very embarrassing episode for us.

"Our customers come mainly from Lebowa and Botswana, but we cannot, the law says, allow them to eat on our premises."

He said the hypermarket — one of the biggest in the town — opened its restaurant area, which it regarded as "international", only to have it closed again by the Bantu Commissioner.

Legal advice

"The police then came round and ordered us not to serve black customers who wanted to eat here," he added.

Mr Burman, whose hypermarket is on the main road leading to Lebowa and Botswana, took legal advice on the matter.

He was told that the Bantu Commissioner had ruled that a special permit was required in terms of the Group Areas Act.

"So we decided to defy the Commissioner and allow our customers to use our premises, just as they are allowed to do in some areas of the country," Mr Burman told me.

He explained that, at the outset, the company had applied for a restaurant licence and that as the store was situated in a black trading area, bounded by a white residential street, it had also asked for a permit from the Bantu Commissioner's office.

"We applied for the relevant documents, and were successful insofar as the permit was concerned. But the restaurant licence, which would have allowed us to seat blacks, was not issued

"It was refused on the grounds that the outside access door opened onto Van Heerden Street, which is a white residential street," Mr Burman said. "Our store frontage is on Voortrekker Street, one of the main streets of Potgietersrus.

"We then decided to start a cookery shop within the hypermarket, but we were told we had to have a cafe-keepers' licence. This was granted, and we were told we could serve meals on and off the premises.

"We did this from day one but were told a few days ago that blacks were not allowed to sit and eat, and we were ordered by the Bantu Commissioner and later the police to close the area.

"Since taking legal advice, we have decided to defy the order and are continuing our normal business — that is, we are serving blacks and if they sit, well . . . they sit."

Officialdom

Mr Burman added: "We are waiting for officialdom to call and do something about it. I could well be charged for allowing blacks — some of whom travel vast distances from Botswana for medical attention in Potgietersrus — to sit in our restaurant."

Mr Burman said that the store management was "not being bloody-minded".

"It is just that we think that, as Potgietersrus depends almost totally on black consumers from the Lebowa and Botswana areas for its survival, there should be some place for these people to enjoy a meal.

"We have had no complaints from white customers, who make up some 15 percent of our clientele. After all, we live in enlightened times and we should move with the times."

● There was a similar case in Potgietersrus in the past. A cafe owner was acquitted on the argument that, although he serves meals, he cannot be held responsible if black customers eat food on the premises.

Terrorism precautions at stores

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Nels Argus

Consumer Reporter

PRECAUTIONS against urban terrorism are taken at every branch of Checkers and would be stepped up if the political situation justified it, Mr Chris Niehaus, operations manager for the Eastern and Western Cape, told The Argus.

Mr Niehaus said that an explosion in a Bloemfontein branch of Checkers last week, in which three people were killed, was 'an accident which could have happened anywhere.'

He said building work was being carried out at the store and a gas bottle used for welding had either not been turned off properly or had leaked during the night.

'When the construction workers returned one of them lit a match and three of them were killed,' he said.

Mr Niehaus was commenting on a letter to the editor from a Bishopscourt reader, Mrs J C Silberberg, asking for 'an urgent public inquiry into the exact cause of the disaster.'

Mrs Silberberg wrote: 'In these troubled times we must be assured that the lives of innocent shoppers are not lost due to the company or its contractors' failure to take adequate safety precautions.'

SURVEILLANCE

Mr Niehaus said that all Checkers stores were kept under surveillance by closed-circuit television and by 'under-cover agents' on the watch for any suspicious activity.

This, he said, included urban terrorism as well as shop-lifting.

Mr Niehaus said the stores were searched regularly. 'We have occasionally had hoax warnings of bombs being planted and have always treated them seriously and evacuated people from the stores,' he said.

'But these have always happened at times when there was political unrest.'

A police spokesman said that an inquest would be held on the victims of the explosion in Bloemfontein and the necessary thorough inquiries were being made in preparation for this.

"The allocation of resources to food production and housing may have a far more reaching indirect effect than any specific action against the disease."

"The problem of allocation is basically an economic problem but, even when the solution is known theoretically, prestige and vested interests may prevent an optimum solution (9).

Algeria.

Allocation of funds: 20% on public health.

Of this: Hospitals 67 million DA (1964) (5 DA = 1 dollar. USA)

Clinics ~~400 thousand DA~~ " (0,4%)

Assocom seminar

THE Association of Chambers of Commerce will hold an economic outlook seminar to help businessmen to assess the effects of current economic trends and what can be expected from the Budget in August.

The seminar, entitled "The economy. What now?", includes talks by economists on:

● Recent economic trends — Mr Raymond Parsons, chief executive, Assocom.

● An assessment of current economic policy — Mr Aubrey Dickman, economic consultant, Anglo American Corporation, and a past chairman of Assocom's economic affairs committee.

● Business strategy today — Professor J J (Hannes) Human, professor of management economics, University of Potchefstroom Graduate School of Business and former economic adviser to General Mining.

It will take place at 3pm, June 30, 7th floor, Johannesburg Chamber of Commerce House, Milpark.

13,5% of their funds on salaries.

An appended, clinic figure of 5 1/2 million DA still only uplifts it to a mere 8,4%.

"Cost-accounting is only considered worthwhile if the operation is at a reasonably high level, say, above 80%."

"An 80% treatment success rate can be achieved very cheaply. When this is achieved, the more expensive drugs have to be used." (10).

Possibly, most interestingly of all are the really only comprehensive detailed statistics given by Czechoslovakia (11).

The annual, direct cost of Tb. services in thousands of Cz,Kr, (Drugs amounted to only 10% of total cost.)

	1958	1959	1960	1961	1962	Total
Clinics.	6 050	5 356	5 695	6 942	7 580	31 623
Hospital wards.	10 245	10 664	11 029	12 231	9 998	54 167
Tb. sanatoria.	16 387	16 340	17 107	15 966	15 544	81 344
Total.	32 682	32 360	33 831	35 139	33 122	167 134

This shows the clinic services receiving a mere 18,9% of the allocation. Further, the sanatoria cost 2,6 times that of the clinic service and the combined sanatoria/Tb. beds in general hospitals cost 4,3 times that of the clinic services.

	Clinics	Hosp.Tb.bed	Tb. san.
Salaries.	15 368 412 Kr.	12 754 346 Kr.	22 714 199 Kr.
Physicians.	14,3%	6,3%	4,3%
Home visitors.	17,9%	-	-
BCG nurses.	6,8%	-	-
Nurses	-	8,1%	5,8%
Lab. technicians.	5,1%	1,2%	1,2%
Aux. health workers	-	1,0%	0,3%
Clerks.	4,4%	6,9%	16,3%
Total percentages.	48,5%	22,5%	27,9%
Expenditure.	16 254.952	41 413 119	58 630 505
Vac/tuberculin.	1,5%	-	-
X-ray materials.	1,9%	-	-
Medicaments.	-	5,6%	3,3%
Tb. drugs.	39,6%	10,2%	10,1%
Sanitary material.	5,1%	9,4%	6,3%
Food.	-	28,5%	31,3%
Operational costs.	3,4%	22,8%	21,1%
Total percentages.	51,5%	76,5%	72,1%
Total cost.	31,6 mil.Kr.	54,1 mil.	81,3 mil.
Percentages.	18,9%	32,4%	48,7%

Power failures cost them money

10/6/81 Sowetan

By LEN MASEKO

THERE IS growing resentment among Soweto shopkeepers occupying a block of shops in Meadowlands at the constant power failures which they said were affecting their businesses.

The shopkeepers, who use electricity in their Zone 5 shops, said the power cuts led to some foodstuffs getting spoiled.

An owner of a butchery in the block said his business was suffering more than the other shops.

Yesterday, Mr G H Brothy, chief executive officer of the Diepmeadow Council, said the shopkeepers should report the matter to their township manager immediately. He said he would get in touch with the Electricity Department to find out the cause of the blackouts.

A butcher in the block, Mr Elijah Radebe, said his business experienced a power failure twice a week — each one lasting more than three hours. He said the power cuts caused havoc in his business and this was worrying him.

"My business is affected by this more than the others because I am selling meat and dairy products which need to be stored in a refrigerator all the time. You can imagine what effect this will have on my business eventually," said Mr Radebe.

A grocer, Mrs Lindiwe Mbatsana, said the power cuts caused a standstill in her shop as she used electric appliances.

She said her cash register and two refrigerators could not be used when there was a power cut. This caused confusion in her shop.

• Meanwhile, residents in Orlando West and Orland East said they still experienced repeated power failures despite their complaints to the authorities. They said the lights went off twice last week.

The residents in the townships first complained about lengthy blackouts early last month which they said sometimes lasted up to three days. The residents said the blackouts surprised them — sometimes striking during the night when most homes needed electricity for cooking and other household needs.

The residents have called for the upgrading of the townships' system immediately. They also complained that despite the repeated power failures they were made to pay accounts for normal electricity supply.

Mrs Lindiwe Mbatsana . . . blackouts cause a standstill in her grocery shop.

Record 26 820 new cars sold last month

Star 11/6/81 (30)

By Mervyn Harris

Sales of cars and commercial vehicles are still booming with people buying a record 26 820 new cars last month.

This means that total car sales for the first five months are running 15,2 percent ahead of the same period last year when 104 334 new cars were sold against 120 199 this year.

Commercial vehicle sales are also easily topping last year's first five months with sales up 19,7 percent from 48 201 to 57 682.

Last month's car sales exceeded the record set last September when 26 490 new cars were bought. The previous highest number of cars sold was in June 1978 when in a rush to beat the introduction of sales tax 26 128 cars were sold.

STRIKE'S TOLL

Car sales last month were 20,5 percent higher than the 22 251 units sold in May last year and 3 913 units more than in April when sales were hit by the strike at Sigma Motor Corporation.

Ford, with sales figures of 4 948, leapfrogged from fifth place on April sales to first place in May. This can be ascribed to Ford's Escort with sales of 2 575 filling third individual place and Cortina sales of 1 907 taking fifth spot.

TOP SPOT

Second among the manufacturers is the previous leader, Volkswagen with sales of 4 617, followed by Sigma with sales of 4 296, Toyota 3 793 and General Motors with 3 038 units sold.

Volkswagen's Golf-Jetta range retained the top individual spot with sales of 3 224, followed by Toyota's Corolla with 2 649 and Sigma's Mazda 323 dropping down to fourth spot with sales of 2 333.

Toyota retained top position at the head of the commercial vehicle field with sales of 3 777 units. Datsun was second with 2 920 and Ford third with sales of 1 497.

In combined car and commercial vehicle sales, Toyota was top with 7 570 units sold against 6 930 in April and 8 171 in March.

Second was Ford with combined sales of 6 445 and Datsun third with 5 720.

RECOVERY

Sigma reports a strong recovery in sales after the strike which affected April production. The marketing director, Mr Peter Moss, said: "We are still unable to meet the consistent high demand for products throughout our range with demand for the Mazda and Colt passenger vehicles still exceeding our ability to meet consumer needs."

In Tokyo today, the West German Economics Minister, Count Otto Lambsdorff, announced that Japan will limit car exports to West Germany but criticised the Japanese for not importing enough European finished goods.

He told reporters an "understanding" had been reached with Japanese Government and car industry officials for Japan to limit car exports to no more than 10 percent above 1980 levels.

INTRODUCTION:

In developing countries, patients with psychiatric illnesses frequently present with somatic complaints ; consequently they may be hidden amongst the patients attending general medical out-patients where they may be over-investigated, misdiagnosed and mismanaged (Giel & Harding 1976)(1).

This is obviously expensive in terms of human and material resources and in order to reduce these costs in our own practice, twice weekly psychiatric clinics were introduced into Mpilo Hospital. Originally the clinics were intended to bridge the gap between Ingutsheni Hospital and the provincial follow-up service which was introduced in 1973 (Brown and Hudson 1975)(2), but their functions have broadened to include a diagnostic service for the general hospital itself and a considerable [illegible] out-patient treatment.

Figures for the number of cases seen at the c[illegible] out in Table I.

However, it was by no means certain whether:-

a) in the brief time available a diagnosis o[illegible] sufficient accuracy to be useful.

b) patients could be adequately managed in an out-patient setting without prior admission to hospital for stabilization on treatment.

In order to clarify these issues it was decided to undertake a prospective study of a small sample of newly referred patients.

Patients and Methods:

During the period 29th November 1977 to 2nd February 1978, 21 clinics were held at which 104 newly referred patients were seen. For the purposes of the study "newly referred" was defined as meaning patients who had had neither in-patient nor out-patient treatment previously - as far as could be ascertained.

TABLE I

Number of Cases seen at the Psychiatric Out-patient Clinic at Mpilo Hospital.

YEAR	1974	1975	1976	1977
Total Cases Seen	1548	1428	1664	1399
New Cases*	688	672	857	556
Old Cases	860	756	797	843
Cases admitted to [illegible]				

/...2

30

Word of advice for black business

By HARRY MASHABELA

THREE main areas of weakness — all of them centred on management — are crippling small black businesses, says Mr W J Kruger, economic adviser to the Venda Government.

And Mr Kruger, writing in Black Business News, an official journal of the advisory bureau for black businessmen at the University of the North, pinpoints the three weaknesses:

- Growth of sales — businessmen start additional activities or introduce new lines of goods because they believe their overhead costs will not be affected.
- Inadequate product-cost analysis blinds businessmen to the losses which can be caused by adding new lines. Instead of adding new lines, Mr Kruger says, it might be better to drop certain slow-moving lines.
- Lack of concern with cash flow and the efficiency of capital employed can be fatal. Small businesses tend to seek new funds instead of making better use of their existing capital.

Mr Kruger argues that return on investment — the ratio of after-tax profits to the assets employed — is a basic guide to running a successful business.

But small businessmen tend to look only at profits, neglecting the return on their investments.

"If a business is in difficulty, it is in most cases due to bad management, not bad luck. Persistent bad management has eroded many a businesses, leaving them vulnerable to continual setbacks," says Mr Kruger.

SA car sales hit new record

By FRED ROFFEY, Business Editor

SALES of new cars rocketed to 26 820 units last month to give the South African motor industry the best month in its history and boosting hopes of record car sales for 1981.

The previous best month for new cars was in September, 1980, when 26 490 units were sold.

The highest figure so far this year was in March with 25 993 units.

The record May figure of 26 820 compares with 22 707 sold in April and 22 251 sold in May last year.

Total new car sales from January to May were 120 199 against 104 334 in the corresponding period last year.

Mr Peter Searle, vice-president of the National Association of Automobile Manufacturers (Naamsa), who is the managing director of Volkswagen South Africa, said a key factor in the surge in car sales was the introduction of new models which had attracted the attention of buyers

Other factors were more selling days in May than in April, and the fact that Sigma had a poor sales month in April due to a strike and the company had caught up some of its backlog in May.

"In my opinion new car sales in 1981 will beat last year's record figure, but only marginally so, because high interest rates and tighter money will affect first the used car market and then the new car market," said Mr Searle.

The "big three" motor plants in the Eastern Cape — Ford, General Motors and Volkswagen — did extremely well with a market share of 47% in May.

Ford leapfrogged from fifth position in April to top the list for car sales in May, followed by Volkswagen and Sigma.

Volkswagen's Golf/Jetta notched sales of 3 224, Toyota's Corolla 2 649, Ford's new Escort 2 575, Sigma's Mazda 323 2 333, GM's Opel Kadett 1 385 and Datsun's Pulsar 1 203.

Sales of new commercial vehicles are also encouraging.

The May figure of 12 542 compares with 11 374 sold in April and 10 000 sold in May last year.

The progressive sales volume for new commercial vehicles from January to May was 57 692, against 48 201 in the corresponding period last year.

The car sales figures for the various makers for May, with the market share in brackets, were: Ford 4 948 units (18,5%); Volkswagen 4 617 (17,2%); Sigma 4 296 (16,0%); Toyota 3 793 (14,2%); General Motors 3 038 (11,3%9; Datsun 2 800 (10,4%); BMW 1 107 (4,1%9); United Car (Mercedes Benz) 1 011 (3,8%); Alfa (includes Fiat) 745 (2,8%); Leyland 431 (1,6%); other makes 34 (0,1%).

The top commercial vehicle seller in May was Toyota with 3 777 units and 30.1% share of the market, followed by Datsun 2 920 (23,3%); Ford 1 497 (11,9%); General Motors 1 344 (10,7); Sigma 1 284 (10,2%), Volkswagen 576 (4,6%); United Car (Mercedes Benz) 450 (3,6%); Leyland 215 (1,7%); Fiat 200 (1,6%).

2

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

FM 12/6/81

SCOTTS STORES

Looking natty

(30)

Activities: *Retailing through departmental and speciality cash stores, wholesaling men's and boy's clothing, manufacturing clothing and footwear. Directors hold 45% of equity.*
Chairman: *W D Fielding; deputy chairman: W J D I Scott.*
Capital structure: *2,5m ordinaries of 50c; 364 000 9% red prefs of R1. Market capitalisation: R9,6m*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R123 000; net short-term, R5,7m. Debt:equity ratio: 66,4%. Current ratio: 1,4. Net cash flow: R2,4m. Capital commitments: R185 000*
Share market: *Price: 385c (1980-81 high, 390c; low, 185c; trading volume last quarter, 45 800 shares). Yields: 14,6% on earnings: PE ratio: 6,9.*

	'78	'79	'80	'81
Return on cap %	22,4	6,4	9,8	20,2
Turnover (Rm)	74,4	80,8	70,4	84,4
Gross profit (Rm)	4,7m	1,1	2,0	3,2
Gross margin %	6,2	1,2	2,8	3,8
Earnings (c)	77,9	—	10,6	56,1
Dividends (c)	35	—	—	—
Net asset value (c)	389	299	306	360

Provided there are no more skeletons in the cupboard and consumer spending does not unexpectedly fall away, Scotts Stores could resume dividend payments in the 1983 financial year.

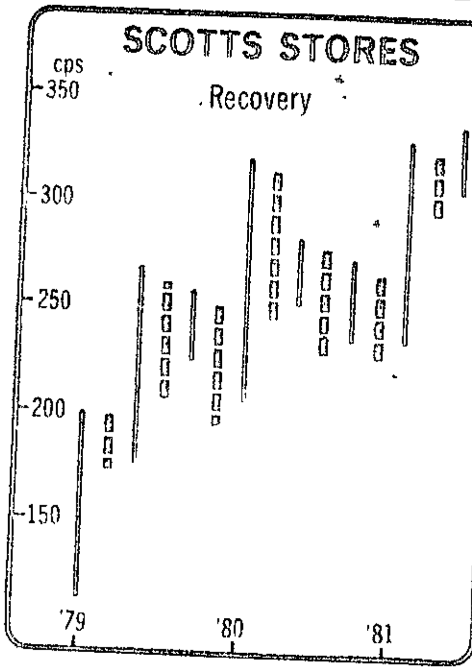
That strong possibility, combined with the apparent depth of the management restructure over the past two years, is the major factor behind the share price move from 185c to 390c in the past 12 months.

In the past three years Scotts has had three chairmen and four of the ten directors on the board in 1978 have left the group. Under the leadership of chairman Felix Fielding — brought in from outside the group to oversee the drastic re-organisation required to save Scotts from bankruptcy — recovery has been methodical and solid if painful.

The company has now been streamlined into three major divisions, each headed by an executive director, a smaller wholesaling operation and a head office services and financing division.

This structure was the logical answer to the dilemma the group faced in improving the poor returns being achieved in manufacturing which, in turn, restricted the purchasing function of the retailing and wholesaling divisions. Just how bad that buying was is evidenced by the fact that an extra R2,1m stock valuation adjustment has been made to profit for the year to February 28 1981. This compares with the write-down of stocks of over R3m in the previous two years.

A stock obsolescence valuation system,



linked to age evaluation, is now being used. Fielding thus believes no further write-offs will be required. The average age of stock in the retail division is now satisfactory. This division converted a loss of R1,5m in financial 1980 into a pre-tax profit of R1m after write-offs.

The footwear factories achieved "excellent" growth contributing R2,7m to the R3,1m pre-tax profit earned. But the rationalisation programme in 1981, though now virtually complete, required the deduction of R1,2m from pre-tax profit leaving R2m (R97 000).

Wholesaling contributed R250 000 to pre-tax income. So, despite heavy abnormal write-offs there are no longer any unprofitable operating divisions.

The clothing factories have been sold, the design centre closed down, the Fifth Wheel chain in the Western Cape has been sold and all other unprofitable stores have been closed.

Now turnover volume has improved the group is in a position to start meeting pref dividend commitments — the accumulated dividend of R49 000 will be paid this year. The pref shares will be redeemed at par in August 1982 and converted into ordinary shares. The cost of these prefs is only 9% so there is no need to fear earnings dilution.

What could dilute earnings, however, is the start of conversion in August next year, of 317 000 R10 subordinated debentures. These are convertible at a market related price, or a minimum of 400c per ordinary share. At worst, if the share price is not above 400c, issued capital will be increased by 792 500 shares.

The present gearing position, the improvement in cash flow and the probability that margins will continue nudging higher all support Fielding's prediction of a R5,2m pre-tax profit in the current year.

Assuming full utilisation of that portion of assessed tax losses allowable for 1982 the tax rate should not be much above 30%. So earnings of 150c are being aimed for. That should be encouraging enough to get a substantial number of debenture holders to convert.

For, in financial 1983 earnings could reach 180c with a possible dividend of 60c — a sound prospective return for debenture holders able to convert at the minimum. For ordinary shareholders the worst is behind the group and the share is a good hold for those not requiring income.

Paper No...
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able. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
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UNIVERSITY OF CAPE TC
EXAMINATION ANSWER

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HEPWORTHS (30)

Better dressed

FM 12/6/81

Activities: *Operates a chain of men's and boys' clothing stores in SA, Zimbabwe and SWA/Namibia.*
Chairman: *I Rudick; managing director: M R Levi.*
Capital structure: *500 000 ordinaries of R1; 250 000 5,5% cum prefs of R2. Market capitalisation: R1,75m.*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R370 000; net short-term, R1,9m. Debt:equity ratio: 59,7%. Current ratio: 1,5. Net cash flow: R573 000. Capital commitments: Nil.*
Share market: *Price: 350c (1980-81: high, 400c; low, 205c; trading volume last quarter, 13 000 shares). Yields: 27,9% on earnings; 2,8% on dividend. Cover: 10,1. PE ratio: 3,6.*

	'78	'79	'80	'81
Return on cap %	0,9	0,8	7,2	10,1
Turnover Index*	128	122	119	145
Pre-tax profit (Rm)	(0,4)	(0,3)	0,1	0,6
Earnings (c)	—	—	16,2	100,7
Dividends (c)	—	—	—	10
Net asset value (c)	600	528	545	833

* 1974 = 100

After turning the corner in 1980, Hepworths has consolidated its recovery with an increase in net attributable profit to R503 000 (R87 000) for the year to February 28 1981. In addition, the company appears set to maintain a respectable growth rate during the current year.

Chairman Irwin Rudick is confident further advances can be expected, despite the less favourable outlook for men's retail clothing this year and the fact that the major portion of the company's assessed tax loss has been utilised. The remaining assessed loss now stands at approximately R158 000.

And with taxation last year of R41 000 on pre-tax profit of R573 000 (7%), Rudick's expectations may be difficult to achieve. But, MD Mike Levi says the company no longer has a rental commitment on the Eloff Street property and succeeded in letting the old Cape Town headquarters for which no rent was received last year.

This should help to strengthen finances. The company may also benefit from higher sales as a result of expansion programmes; the policy of concentrating on larger outlets has been adopted with the aim of cutting down operating costs.

The chain grew from 58 to 60 stores during the year and three new stores are scheduled to come on stream within the next few months. Unprofitable branches in Johannesburg and Cape Town were closed, but new outlets were opened in Brixton and Rustenburg.

The company pulled out of manufacturing altogether with the sale of the uneconomic Cape Town factory. There is now a tailoring "arrangement" with the new owners, says Levi.

Cash flow was boosted by the sale of properties in Uitenhage and Grahamstown, which resulted in a surplus of R104 000.

Borrowings currently total R2,8m — of which R2,3m is short-term. Despite a substantial increase in borrowings during the year, the average interest rate declined from 12,3% to 6,6%, indicating perhaps that a good proportion of the additional borrowings came in late in the year. But this is a situation which cannot hold, and to avoid gearing up during the current period of high interest rates, the company may have to convert a greater portion of its debt to the long term. This is apparently the motivation behind the recent mortgaging of properties in Windhoek and Pretoria.

Earnings before extraordinary items were 521% up at 100,7c a share. A dividend of 10c was declared — the first since 1977. This gives the share a 2,8% yield; not at all attractive, especially in relation to the industry. The stores sector currently averages a 5,5% yield.

Growth is likely to be slower this year, though earnings of at least 125c should be possible. But, while interest rates remain high, management may remain ultra-cautious on distributions.

Chris Wilson

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SECTION 13

OK BAZAARS (30) FM 12/6/81

Retail sales slowing

Activities: *Operates 148 retail stores and four hyperamas. SA Breweries owns 71,7% of the equity.*
Chairman: *D M Lubner; managing director: J M Kahn.*
Capital structure: *11,9m ordinaries of 50c; 240 000 6% first prefs; 300 000 6% second prefs; and 500 000 5% third prefs, all of R2. Market capitalisation: R206m.*
Financial: *Year to March 31 1981. Borrowings: long- and medium-term, R46,9m; net short-term, R76,4m. Debt:equity ratio: 65,8%. Current ratio: 1,4. Group cash flow: R32m. Capital commitments: R17,1m.*
Share market: *Price: 1730c (1980-81: high, 2 000c; low, 1 250c; trading volume last quarter, 41 300 shares). Yields: 13,4% on earnings; 6,9% on dividend. Cover: 1,9. PE ratio: 7,5.*

	'78	'79	'80	'81
Return on cap %	12,7	13,9	16,5	17,3
Turnover (Rm)	541	589	762	1 062
Pre-tax profit (Rm)	22,4	24,3	32,5	46,9
Gross margin %	4,7	4,8	4,9	5,2
Earnings (c)	107	122	161	231
Dividends (c)	58	66	85	120
Net asset value (c)	1 174	1 167	1 206	1 574

In his first annual review as chairman of OK Bazaars, coming after two years of exceptional growth, David Lubner is at pains to explain why shareholders should not set their sights too high for the current year.

There are already signs, he says, that consumer demand is starting to weaken and, with this trend expected to continue, real growth in national retail sales is expected to be no more than half of the 9,5% experienced in the year to March 31 1981.

Lubner says that whereas retail sales, before adjusting for inflation, were up 28,3% in the December quarter, it is estimated that the growth rate slowed to 25,6% during the following three months. Foodstuffs were particularly affected, he says, against a background of steeply escalating prices, but similar tendencies were also seen in durables and non-durables.

Reasons put forward include: higher accommodation costs, due to increased rentals and mortgage rates; the effects of inflation and last year's technical change in the tax tables on disposable income, notwithstanding higher salaries; the degree to which consumers are already extended in terms of hp commitments; the increased cost of consumer finance; and tightening credit terms.

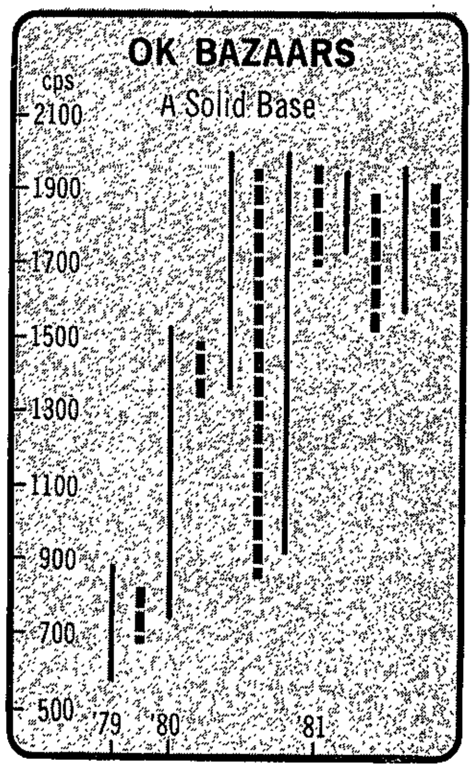
Not that Lubner is pessimistic. Echoing MD Meyer Kahn's views at the time of the prelim (*Fox*, May 1), he says that OK's market share, its financial strength, the broad spread of the market to which it caters and the range of goods carried should all provide a cushion against a downturn in the retail market.

But he also warns that competition is expected to remain stiff, with margins continuing under pressure due to the over-expansion of retail facilities in recent years.

All these are, of course, factors which will affect the entire retail industry; but management remains confident its marketing techniques will ensure that OK's competitive position will be maintained, if not improved upon.

Over the past two years group turnover increased substantially more than national retail averages. In 1980, for example, with industry sales up 13,6%, OK achieved a 30% improvement, aided by the inclusion towards the end of that accounting period of two new hypers. In 1981, the rate of industry sales growth virtually doubled to 26,3%, while OK stepped up its rate of improvement to 39%, taking sales for the first time to over R1 billion.

On the assumption that the group continues to increase market share, even at last year's slower rate, the 4%-5% real growth in national retail sales should still be sufficient for the OK to achieve the *FM*'s initial forecast of a 25% earnings improvement for 1982.



With inflation at its present rate, the increase in gross national sales should be about 20%. This could therefore yield a turnover growth for the group of between 25% and 30% which, with productivity improvements, should be matched at the bottom line.

In this connection there will be benefits from the exceptionally strong furniture sales of the past two years. An annual provision of 35% is made on the hp book for unearned profit and finance charges which, in 1981, meant an income statement debit of R12,3m (1980: R7m). This will, obviously bolster future profits as debtor payments are made.

The group would also benefit from a slow-down in terms of a relatively smaller increase in working capital requirements. With stocks brought up to the target level of three months' trading, coupled with increased debtors, there was a net increase of R58,5m (49%) in working capital requirements last year. This was the main reason for the R52,6m increase in borrowings which, even after a fixed asset revaluation, increased the debt:equity ratio to 66% (47%).

A slower rate of growth would probably see this ratio stabilise, if not decrease, and there could also be some improvement in the current ratio which is now 1,4 after declining markedly over the past two years.

But, considering that group turnover has virtually doubled since 1979, financial structure has held up remarkably well, so there is no reason to expect any change in the twice-covered dividend policy. On this basis, and with a 25% increase in earnings, I would not expect dividends to total less than 150c (120c).

The share at 1730c has fallen back 195c since the prelim and looks sound value on a prospective yeild of 8,7%. *Brian Thompson*

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CAR RETAILING FM 12/6/81

Black market

30

Ford expects to open a number of outlets in key black areas in the next five years, all to be run by blacks.

Parts and service director, John Dill, estimates the number of vehicles owned by blacks to leap 45% to 690 000 by then.

Over the same period, the number of Ford dealers in SA should rise from 165 to close on 200. At least half of these new dealerships will be run by blacks, he says.

The first individual black owner of a Ford outlet is likely to be Toby Makwakwa of Soweto. He already runs a filling station, a spares outlet, a new and used car sales operation, a two-bay workshop, a Jet Set car wash, and a fast foods outlet on a site covering three stands.

To qualify as an official Ford dealer he has to improve his sales and service facilities, acquire managerial and technical know-how, and provide the necessary capital.

A further requirement is to negotiate a 99-year lease with Wrab, which is said to be causing him some headaches.

Once this is concluded, he can build his new showroom and workshop which has been designed by architects of Barlow Rand, which owns Nagingtons, a Ford dealership in the Transvaal.

Nagingtons has also offered to second him a manager to help start up the business.

Makwakwa is presently an official Ford Motorcraft parts dealer and does a roaring trade with Soweto's many backyard mechanics He also sells Ford vehicles which are held in stock, and serviced for him by Ford dealers in Johannesburg.

Ford has one Indian dealer, Kaloo Ford, in Lenasia, south of Johannesburg. It also has a dealer in the Transkei which was bought by Transkeians with the backing of their government, and one in KwaZulu owned by the KwaZulu Development Corporation (KDC).

The KDC outlet is in Umlazi, and is said to be doing very well with the KDC as one of its best customers.

Other black Ford dealerships on the cards are at Ndantsane in Ciskei, Heidedal near Bloemfontein and Newlands near Durban.

Dill expects white dealers to continue to do the bulk of the trade with blacks, in keeping with trends in the US. After a drive there to establish new black dealers begun 15 years ago, many of them failed, as blacks still take most of their trade to white dealers

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FREE ENTERPRISE (30) ~~80~~ FM 12/6/81

Let the people trade

Quite a lot of support for "the spirit of Riekert" has been emanating from government circles of late. And the *FM* would be the first to applaud if Pretoria took itself seriously, rolled up its sleeves and got round to the serious business of purging our statute books of that cornerstone of racial discrimination, the Group Areas Act (GAA).

Yet, caught up in the historical contradictions of apartheid, the NP appears to have fallen back on the position that the GAA is "not negotiable." Given what Riekert said, and government accepted, this is to argue that a retreat is an advance in reverse. And nowhere is this more apparent than in the matter of so-called "grey areas" trading — where government, even within its parameters, can move, looked set to move, yet has done little.

Government has in theory embraced economic free enterprise. On permitting blacks to move as traders into areas hitherto reserved for whites, Riekert recommended in 1979 that "the protection of trading rights under the GAA is totally irreconcilable with the principles of the free market system observed in SA."

He went further: "The GAA (should) be amended so that the restrictive provisions on acquisition, ownership or occupation by disqualified persons in specific demarcated areas in the central business centres of cities and towns not be applicable to buildings, land and premises in such areas which are used exclusively for trading, commercial or professional purposes."

In other words, pockets of multiracial trading should be allowed in the city centres. Of course, a commission's recommendations and white paper acceptance do not automatically follow. Yet, in this case, then Minister of Community Development Marais Steyn told Parliament over a year ago that government had approved, in principle, the opening up of CBDs to Indian businessmen. Coloureds, he said, would follow.

What, in fact, has happened? The Department of Community Development takes the position that there is no necessity to amend the GAA. Change will come in terms of the existing Section 19 of the Act, which "almost enables us to do the same thing," according to director-general Louis Fouche in an interview with the *FM* this week.

By using Section 19 — which provides for open areas *by exemption* — "entrance is regulated by ministerial permission," says Fouche. Pretoria clearly likes leaving itself in control of this particular "free market" situation.

There has been some movement. By the end of 1980, 11 "open" trading areas had been proclaimed. And so far this year eight have been created and about 20 are being considered. This, says Fouche, "shows we are expediting the matter." Really? Even assuming that the areas under consideration are "opened," that makes a grand total of 39 — out of the uncountable thousands of CBDs in SA.

And why the hesitation when Pretoria itself sees the promotion of small businesses as crucial to the economy?

There is even considerable room for cynicism in the fact that most of these "open" zones are in platteland dorps where Indian merchants have in any case traded for decades. Indeed, the GAA is consistently used to remove these very traders from their trading homes — despite opposition from white traders who know that packing them off will adversly affect the total prosperity of each town as a whole.

Furthermore, in Johannesburg, community leaders saw the open zone "concessions" as a ruse to evict them from the "white" city area. In Fordsburg and Jeppe, for example, Asian residential areas have become "grey areas" at a time of acute housing shortages.

Riekert suggested that the law be changed so that local city authorities be given the discretion to let in all race groups for commercial purposes. Both the Cape Town and Johannesburg municipalities and chambers of commerce opted for opening up completely. But when the authorities went for governmental permission they were shot down. "Pockets" of free enterprise are all that will be allowed, it seems — and that makes nonsense of the concept.

An Indian businessman who has "survived" in a white area — courtesy of Section 19 — makes the telling point that there are relatively many more Indians trading in "white" CBDs today than before the advent of the GAA. Its intention was blatantly racist — to force Asian traders out of the CBDs, out of business itself, and even out of the country. Fortunately, this has failed.

What Pretoria needs to do right now is to recognise that, like the Immorality Act and the sports policy, the Act has failed. And, from that recognition, to open the CBDs entirely.

% of population

The income is very roughly distributed and the Gini coefficient is nearing 1

One of the difficulties involved is in measuring the area inside the Lorenz curve.

6670 (2-)

WILLIAMS, HUNT (30)

Gentire boom

FM 12/6/81

Activities: *Motor dealer with GM franchise. Subsidiaries include General Tire & Rubber, Tarrys, Farmec and Motor & General Supplies. Ultimate holding company is Aurochs Investments.*
Chairman: *Dr H Khazam.*
Capital structure: *8,6m ordinaries of 50c and 610 000 6% cum prefs of R2. Market capitalisation: R18,9m.*
Financial: *Year to February 25 1981. Borrowings: long- and medium-term, R15,8m, net short-term, R31,9m. Debt:equity ratio: 55,5%. Current ratio: 1,4. Group cash flow: R22,7m. Capital commitments: R9,1m.*
Share market: *Price: 220c (1980-81: high, 310c; low, 150c; trading volume last quarter, 134 000 shares). Yields: 40,7% on earnings; 8,6% on dividend. Cover: 4,7. PE ratio: 2,5.*

	'78	'79	'80	*'81
Return on cap %	7,8	6,6	7,3	18,3
Turnover (Rm)	85,2	93,4	153,6	274,3
Pre-tax profit (Rm)	2,2	2,1	7,5	24,3
Gross margin %	3,3	3,5	7,0	10,5
Earnings (c)	28,0	30,6	33,0	89,6
Dividends (c)	10	10	11	19
Net asset value (c)	407	465	525	586

* Gentire consolidated for first time

Booming profit from 55%-held subsidiary General Tire and strong motor sales pushed Williams, Hunt's profits sufficiently in the year to February 25 to produce a three-year compound earnings growth rate of 47%. A repeat 172% earnings advance is unlikely this year. But despite the cautious forecast in the annual report, there is no reason why growth should not be acceptable.

Gentire's contribution to operating income increased to R20,7m (R6,9m), reflecting the first full year's consolidation of the group since Williams, Hunt boosted its stake from 26% to 55% in September 1979. This contribution, with sharply increased profit from all but the textile group, more than trebled group pre-tax earnings to R24,3m (R7,5m). A lower 35,7% (45,3%) average tax rate meant earnings of 89,6c (33,0c) and a much improved 15,3% (6,3%) return on equity.

Comparative figures are distorted because Gentire was consolidated for only half of the 1980 financial year, but Williams, Hunt is moving onto a more satisfactory yield path. The return on capital employed, previously an inhibiting investment factor, is now reasonable. However, compared with other motor companies, the group still has some way to go. Comparison is not strictly fair, because of the diverse nature of Williams, Hunt's operations, but it is notable that Saficon, for example, achieved a return on equity of 38% in its last financial year.

Excluding Gentire reveals that turnover rose 44,1% to R145,8m and operating income to R7,7m (R3,6m). A large part of this stemmed from group motor companies which reported operating profit rising 113% to R3m. In addition, Tarrys nearly doubled its contribution to R1,6m (R912 000) and Farmec, which started the year slowly, weighed in with R1,6m (R256 000). There was also some benefit from a reduced loss of R163 000 (R210 000) in the textile division. A move into profitability is not expected this year.

Williams, Hunt's Khazam . . . improved profit tread

Buoyant business last year allowed an improvement of capital structure. Gearing was reduced with a consequent rise to 6,3 (3,3) in the annual interest/lease cover. In addition, average stockturn was 5,5 (4,6) times, and debtors comprised a lower 15,6% (22,7%) of turnover.

The cautious outlook offered for the current year is based on slowing growth in motor sales and rising interest rates. But, unless the bottom falls out of the economy, it seems unrealistic to expect a sharp reduction in Gentire's performance. On the automotive side, replacement demand should start rising sharply this year following high car sales last year.

At 220c the share yields an historic 8,6% — one of the highest in the motor sector which averages 8,2%. The yield might reflect some shareholder disapproval at the high retention rate — starting at Gentire — but the group looks sound and well placed to weather high interest-rate storms. In the short term, Williams, Hunt is a fair income buy.

Des Kilalea

PROFIT CONTRIBUTORS

	Operating income '80 %	'81 %
Merchandising:		
Motor companies	13	11
Motor & general	8	4
Tarrys	9	6
Farmec	2	5
Tyre & industrial rubber manufacture	66	73
Engineering	(1)	—
Textile manufacture	(2)	—
Clearing & forwarding	1	—
Admin & property services	4	1
	100	100

NOTE CAREFULLY

1. Enter at the top of each page and in column (of the block on this cover the number of th question you are answering. ner mate- tion room
2. Blue or black ink must be used for writte answers. The use of a ball point pen is accep able. Red or green ink may be used only fc underlining, emphasis or for diagrams, fc which pencil may also be used. vith other t the invi- ı out.
3. Names must be printed on each separate shee (e.g. graph paper) where sheets additional to examination book(s) are used. the com- eaving the
4. Do not write in the left hand margin.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

OK bars pupils after 'trouble' tip

Argus, 12/6/81

30 ~~275~~ ~~277~~ 314

PLAINCLOTHES police and security officers yesterday prevented black pupils dressed in school uniforms from entering the supermarket in OK Bazaars, Adderley Street, and the adjoining Golden Acre shopping complex.

The action was seen by a reporter after a group of pupils had complained to The Argus.

There did not appear to be any police or security officers at the supermarket entrances this morning.

At the one entrance to the supermarket, pupils were stopped by a man who identified himself as 'the manager of OK Bazaars'.

He said the supermarket 'had the right to reserve admission'.

'POLICE'

When the pupils asked to be given a reason, a man dressed in civilian clothes stepped forward and said reasons did not have to be given 'because this is a police matter'.

When pupils asked who he was, he showed them his police card.

At another entrance a plainclothes policeman said if pupils did not leave there would be trouble. 'Julle sal seer kry' (you will get hurt), he warned.

At a third entrance, a senior man in charge said only 'black and coloured' pupils were being stopped.

The regional representative and operations manager of OK Bazaars, Cape Town, Mr A Coppin, today confirmed that pupils were stopped at entrances to his store and Golden Acre yesterday.

'PRECAUTIONS'

He said the store and the arcade had been told that pupils would be coming to the city centre to disrupt business. 'We were only taking precautions to protect our property and our customers,' he said.

He could not account for the police presence at his store yesterday.

The Divisional Inspector of Police for the Western Cape, Brigadier G Odendaal, said he knew nothing of the matter.

Last year during the education boycott, pupils disrupted business in the city centre.

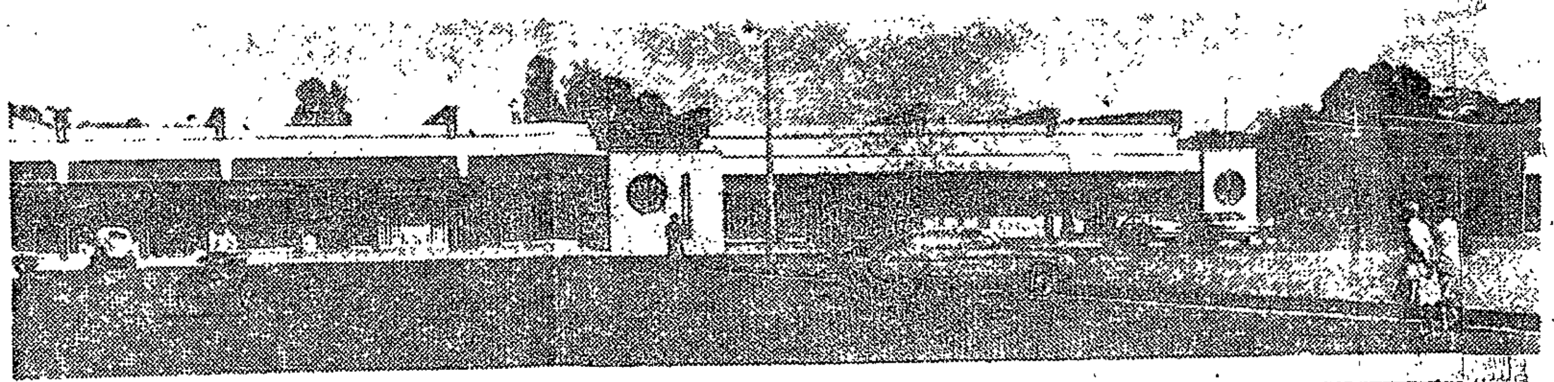
They pulled goods from the shelves at the OK Bazaars and threw them on the floors.

(30)

S. Trib 14/6/87

IT'S CARRY ON TRADING AS INDIANS FIND A LOOPHOLE IN THE GROUP AREAS ACT

WHITE MAN, FRONT-MAN!



EBRAHIM VAWDA, (right) secretary of the Ladysmith Indian Group Areas Committee, said the treatment of Indian businessmen causes "resentment and frustration" and Ismail Vawda (far right), says "Sales are bad here". And (left) the cause of their frustration, Section 19 shopping complex — quiet on a weekday

CHRIS WHITFIELD reports on the upheaval in Ladysmith's business district

LADYSMITH Indian traders — told to get out of white-zoned central Ladysmith by the Department of Community Development — are carrying on as before with white front-men.

"It's a loophole in the Group Areas Act the traders are using," explained Ladysmith Indian Group Areas Committee secretary Ebrahim Vawda. "Sympathetic whites allow their names to be used as owners of a shop and trading can carry on as usual," he said.

For the last three months Indian businessmen have been moving out of the areas zoned white to a sprawling shopping complex a short distance from the central business district.

Now businessmen, black and white, in the town fear the complex might seriously disrupt trading patterns or become an expensive white elephant.

Indian traders fear the close competition they will have in the complex and the move to a new area might cripple them economically. But white businessmen fear that if the centre catches on it will draw away black trade from the CBD and leave the town's main street with a "ghost town" look.

The complex — built to accommodate the displaced businessmen — has got off to a slow start, traders in the centre said this week.

Greengrocer Cassim Dhoda said business in his new shop in the complex was "bad."

"I get far fewer customers but I hope when it becomes an established thing, shoppers will come here," he said.

Ismail Vawda, owner of a clothing outlet in the centre, said the complex had put traders close to one bus rank bringing black shoppers into town, but far from another.

"I am worried that we will lose customers from the other rank who will not want to trek all the way here to get their goods and then carry them all the way back to the rank," he said.

In the past shops had been well situated for easy access to customers from both ranks, he said.

Barber Max Mohamed said trade was slower in the new complex but "it is improving and it will take time before people start coming here regularly".

Ebrahim Vawda said Indians had accepted the complex "under duress".

"We did not want the complex orginally but it has been forced on us," he said.

"Economically traders in the centre will have to specialise to make the complex viable.

"The shops are all so close together now that they are competing against each other and times are going to be hard," he said.

"This type of movement of people only breeds resentment and frustration."

He said some Indian traders were managing to keep their shops going in the centre of town by using white nominees as a front.

He said he did not know how many traders were doing this, but other Indian businessmen in the new centre said "about four" Indian shops in town were still being run as before — but behind a white front.

A few Indians are still trading openly in the city centre, but they have been granted extra time in the white area while fittings were being completed in their new shops in the centre.

Now fears have been expressed about areas of the town's main street — Murchison Street — taking on a "ghost town" appearance.

Already shops stand empty in the street and a white businessman in the CBD said there was concern that the centre would draw black trade away from Murchison Street — and away from the white traders.

Secretary of the Ladysmith Chamber of Commerce, Robin Powell, said people would just have to wait and see how buying trends went before making a final judgment on the R2 million Section 19 complex.

He said that a national shopping chain was opening a huge supermarket directly opposite the centre and this might attract business to the area.

Indian traders, however, were concerned that the supermarket would draw away what trade they have with special offers.

A spokesman for the Department of Community Development said he was sure the trading patterns would work out favourably for all concerned.

"When we plan this type of thing we take into account all the factors — bus ranks, trading patterns and all things that may affect business."

He reassured white and black traders, saying he was sure trade would balance out much as before.

2.- cont.........

(1) Plot this demand curve as accurately as possible, preferably using graph paper.

(2) Now suppose that over a period of ten successive years the annual "crop" amounted to outputs of 80, 60, 70, 40, 50, 80, 60, 50, 40, and 70 million bushels respectively. Calculate and tabulate the gross value of the crop in each of these years, if the demand curve scheduled above was the demand curve of each of the ten years.

(3) Calculate the average annual gross value of the crop over the ten years, and the output and price which would yield this value.

(4) Construct a schedule showing what price would have to be received for each of the outputs in the demand schedule in order to make the gross value of the crop in each year equal to the average annual gross value. Plot this schedule on the same paper as the demand curve. (It will be a curve of unit elasticity).

(5) From the demand curve find the total amount which must be offered on the market in order to fetch the prices discovered in part (4). From these amounts make a schedule showing how much the government would have ... al output.

(6) Draw up a ... e government would have to buy or sel... ive years of part (2). Would the govern... eater than the amount it would have to bu... the answer mean that stabilizat... crop is impossible?

New hours: unions set conditions

Sta 15/6/81 (30)

Chief Reporter

Trade unionists are prepared to agree to new shopping hours in the Transvaal "provided employers give certain undertakings."

The attitude of the unions has been spelt out by Miss Dulcie Hartwell, secretary of the Association of Distributive and Allied Workers, in the wake of new moves to introduce flexible shopping hours in the Transvaal.

In the past, the National Union of Distributive Workers, a member of the association, has been a major stumbling block to the introduction of night shopping in the Transvaal.

Miss Hartwell said the unions would agree to new shopping hours on condition the employers undertook and:

- to guarantee a five-day week for employees.
- to pay a premium wage to employees on night duty.

She said the unions were not prepared to talk to employers unless these conditions were accepted.

Miss Hartwell said transport home for night duty workers was a major consideration. In the Cape and Natal shop staff returning from night work had experienced rape and assault.

Strategies to boost black business in SA

(30) Rom 13/6/81

By J S MOJAPELO

TOP economists and strategists will speak at a conference focussing on the role the black entrepreneur will play in accelerating the growth of black business this decade.

The 17th annual conference of the National African Federated Chamber of Commerce (Nafcoc) will be held in Port Elizabeth from July 6 to 11.

The theme is: "Strategies for accelerating the growth of black business during the eighties."

The role which the black entrepreneur will play will receive special attention.

Last year's theme was: "Constraints and opportunities facing black business in the developing Southern African economy."

This year, discussions will focus on current economic issues in Southern Africa.

Guests and speakers are expected to come from South Africa, neighbouring states, and the United States.

Reports covering various Nafcoc activities during the past year will be issued, including those on the progress made with various Nafcoc sponsored companies and projects.

All of Nafcoc's 17 regions have been invited.

The coveted Presidential award will be made during the conference to the region which has shown most progress during the past year.

The Stellenbosch Farmer's Winery Award will be made to the region with the best educational programmes. This award is accompanied by a trophy and cash prize of R500.

The lighter side of the conference will be the Miss Nafcoc beauty contest to be held on July 10.

For the first time since its introduction, entrants will receive professional training before the day of the national contest.

F THE ICD (8th REVISION)

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5-24	0,02	0,02	0,07	0,08	0,21	0,21	0,20	0,22
25-44	0,06	0,03	0,17	0,20	1,14	0,78	0,36	0,45
45-64	0,25	0,13	0,75	0,45	3,30	1,37	2,15	1,27
65+	1,04	0,72	1,61	1,98	5,48	2,78	5,45	2,93
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Amrel optimism on furniture sales

Star 17/6/81 (30)

Amrel, the furniture and footwear retailing chain in the SAB group, is expected to increase earnings in the current financial year although not at the same rate as over the past three years, said the chairman, Mr David Lubner, in his annual report.

He said that the planned development for the Amrel group is based on a continuation of real growth in the furniture, shoe and service industries.

With the high level of housing needed, the prospects for continued positive growth over the next three to five years are promising for furniture.

The introduction of a second television channel and the electrification of major black residential areas will also tend to enhance longer-term prospects.

There are, however, a number of factors which could inhibit the growth potential.

ATTITUDE

These include the change in Government attitude to no deposit selling of furniture which, Mr Lubner says, is bound to change patterns of spending in the short term.

If the legislation causes a long-term switch in demand, which Mr Lubner does not expect in any marked degree, then he believes that the authorities would again have to introduce regulation to restimulate demand.

He believes, however, that the group is well situated and organised to respond to the market needs that it serves and, with its current development plans and existing solid base, is confident that earnings a share will increase in the years ahead. — **Ann Crotty.**

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Documentation of the existence of such a policy is however far more substantial for the Hex River Valley: Thirteen of the eighteen farmers interviewed there explicitly confirmed that dependents of permanent workers resident on the farm are obliged to work on the farm when they are required. In fact four farmers noted that an important criterion in their hiring of permanent workers is the number of potentially productive dependents in the workers' family. As a further means of procuring guaranteed seasonal labour, two farmers constructed additional housing on their land which they rented out on the proviso that women resident in this housing would work on their farms during the seasonal peaks.

For the worker who must decide whether or not to seek agricultural employment, the fact that his wife would be compelled to accept casual employment on the farm (and thus may not be permanently employed elsewhere) is a criterion that must be considered in his decision. Whether he regards the compulsory provision of casual employment as a nett cost (his wife may earn more elsewhere) or a nett benefit (not only has he found employment but so has his wife, albeit only on a casual basis) is however not entirely clear.

CT 18/6/81

'Trade fee rise reasonable'

Municipal Reporter

CAPE TOWN Chamber of Commerce yesterday described proposed increases in trade licence fees as "not completely unreasonable". It did not agree that the new Licence (Draft) Ordinance would push up fees by 300 percent.

The president of the chamber, Mr A D Silberberg, pointed out that increases for individual businesses — and particularly those which served the public widely such as general dealers and laundries — would be far below 300 percent.

The registration (or application fee) could not be taken into account as it was paid only once.

For general dealers the application fee of R10 would rise to R25 in terms of the draft ordinance. The licence fee for general dealers with a stockholding of R10 000 would rise from R35 to R75, an increase of 114 percent.

The laundry licence fee would go from R30 to R75, up 150 percent.

Mr Silberberg said that although the increases were still high, they were less than the inflation rate. The last increase in fees was in January 1973 when the consumer price index (CPI) was 118,7. In April this year it was 308,7, a rise of 160 percent, so the proposed increases were considered to be "not completely unreasonable".

He said the Chamber of Commerce welcomed the fact that the licence-fee net had been widened, but it would like to see all businesses included.

The overall percentage increase of 300 percent quoted in the Cape Times yesterday was arrived at by a financial expert who calculated that if the total number of trade licences available at present were taken out by a businessman, it would cost R1 700. The increased fees proposed in the draft ordinance would bring the total amount to be paid up to R5 600 — an increase of more than 300 percent.

Brian Porter buys Carsons Cape in R1,6m cash deal

CT 18/6/81 (30) ~~232~~

By PAUL DOLD
Financial Editor

BRIAN PORTER HOLDINGS which last year took a 50 percent stake in Germiston Motors has made another significant takeover. The group has bought Carsons (Cape), a local Peugeot dealer, for some R1,6m from McCarthy.

The deal follows Porter's recent acquisition of the Peugeot franchise in Somerset West and Worcester and will make the company one of the country's leading Peugeot dealers.

Porter is already South Africa's second biggest Sigma dealer in terms of unit sales.

The Germiston Motors stake which cost R1,8m was a sign that managing director Mr Brian Porter was pushing for a larger market share and the acquisition of Carsons is a further indication that this Cape Town group is aiming at rapid growth from its traditional base.

With car sales likely to consolidate later this year it makes sense to grab a bigger share of the existing market.

At the half-way stage Porter Holdings boosted pre-tax profits by nearly 200 percent on 48 percent sales increase and the dividend was more than doubled from 4c to 10c.

Taxed profits topped the R1,27m mark as against the previous R339 000 and earnings per share were 48,3c (12,8c). Germiston Motors contributed R232 000 to taxed profits in the first half.

The Carsons deal is expected to boost earnings per share by 12,5c in the year ending June 1982 (the deal is effective from July 1, 1981) equivalent to taxed profits of some R330 000. This looks conservative however. Benefits should flow from the combined operation.

Carsons trading sites are strategically situated. It recently moved to Somerset Road and has workshops in Paarden Eiland and a panel shop. A new branch is being opened in Goodwood.

The success of the Peugeot franchise in Somerset West and Worcester led to Porter approaching McCarthy's Noel Phillips and agreement in principal was reached yesterday.

Final details will be sent to shareholders for approval at a general meeting.

Mr Brian Porter says that Porter Holdings sales are being maintained and Germiston's turnover is above expectations. The used car business is booming and the Kuil's River reconditioning plant is being expanded to meet demand.

Carsons, apart from its new car operation, has an outstanding used car base.

The Star Thursday June 18 1981 31

Big leap in value of retail sales

Star 18/6/81

(30)

By Ann Crotty

The total value of retail sales may be running as much as 22 percent higher than 12 months ago if the Government forecast of R1 540,5-million for retail spending this month is correct.

Figures released by the Department of Statistics show that retail sales have increased steadily during most of the past 12 months.

During October, November and December sales broke out of the steady trend and rocketed from R1 327,3-million in September to R2 081,6-million in December.

REVERTED

In January the value of sales reverted to their steadier trend, dropping to R1 404-million. Since then it has been increasing steadily to the estimated June figure.

The forecast for this month represents a drop of 35 percent on last December's record, and a 2,2 percent increase on May 1981.

Taking the figures at their 1975 value, thus allowing for inflation since that year, the changes are less marked and can be attributed to an increasing volume of goods being sold.

At constant 1975 prices the value of June sales is forecast at R778-million, a 4,2 percent increase on last June's figure. The drop from December 1980 and June 1981 is 45 percent.

Other figures published by the Department of Statistics show that manufacturing production more than trebled from 1963 to 1980.

Using 1975 as the base year, the index for manufacturing production reached 126 points in 1980.

This was from a low of 41,4 in 1963.

BREAKDOWN

A breakdown of the annual figures shows that the index reached its peak in the 18-year period last October when it was 141. It has since eased and the latest figure — for January 1981 — is 112,1.

present, and the average farm size has increased 31 percent.

Less than 1 percent of all farmers purchased 29 percent of all feed, 24 percent of all machinery, and 41 percent of all hired labor; and 12 percent of all farmers account for two-thirds of all farm sales--and less than 1 percent make nearly 25 percent of profits in agriculture.

"Government farm programs pay the largest benefits to the largest farms. In 1969, the $3.8 billion paid to bolster farm income went to the one-third of farmers who had the largest gross sales.

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W Cape on brink of wine price war

C.T. 18/6/81

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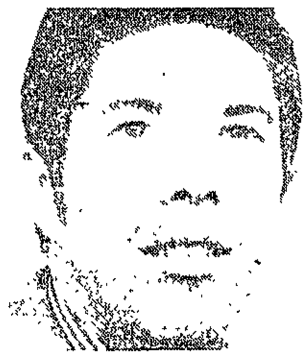
By GORDON KLING

WINE retailers in the Western Cape are on the brink of an all-out price war in reaction to soaring sales through recently granted grocer wine licences which bottle-store owners claim could put them out of business.

Consumers stand to gain from drastic price reductions in the dispute, now the subject of a Supreme Court action, but there is disagreement on whether the wine industry will experience enduring benefits.

More than 100 000 litres of wine have been sold at Pick 'n Pay's Brackenfell hypermarket and Checkers supermarket in Durbanville since their sales began for the first time last Thursday. Most nearby and several more distant bottle store owners claim they have been hard hit.

The outgoing chairman of the Hotel, Bottle Store and Restaurant Association, Mr Peter Spickernell, told the



Mr Peter Muller

102nd annual meeting in the City yesterday that the grocers' wine licences were an example of pressure-group activity which had thrown the industry into turmoil and which would have repercussions on the national economy.

Independent bottle-store owners fear loss-leader price-cutting and that the advertising clout of the store chains will drive them out of business. The recently advertised supermarket price of R3,99 for a five-litre wine cask, they said, was 48c lower than the wholesale price paid by them.

A recent survey had found that 94 of the 120 one- and two-star hotels in the country would have shown a loss without the contribution of their off-sales now jeopardized by grocery-store sales, Mr Spickernell said.

Eventual collapse of many of these hotels with their off-sales would lead to a breakdown in the wide and even distribution of other liquor products such as spirits and beer, and the tourism structure would be rendered non-viable.

"There is no doubt a price war is coming," the new chairman of the association, Mr Peter Muller, said.

The association had urged members at its meeting not to over-react, however, and many bottle-store owners yesterday said they might wait two or three weeks before taking any action.

Long-term increase

They did not believe supermarket sales would lead to a long-term increase in wine consumption.

"Wrong," said the KWV's general manager, Mr Ritz de la Bat. "It will increase consumption hugely." This had been proved elsewhere in the country, but it was important to tread carefully in the Cape where wine sales were 30 percent of bottle-store turnover, compared with about 8 percent in the rest of the Republic.

"We are selling at prices as they should be and if the rest of the trade comes down to them it can only benefit the consumer," said the hypermarket's manager, Mr David Goldberg.

Wine would not be used as a loss-leader by the group and would be treated as "just another line" in advertising.

Reasonable

"We believe the normal retailer has been doing a good job selling wine to the public and that the prices we charge for the wine are in fact reasonable to ensure the continued existence of the retailer," said Mr Muller.

The new deputy chairman of the association, Mr Peter Swartz, who is also chairman of the Checkers-linked Superama chain, agreed that the independents would not be able to compete with supermarket advertising, but described grocers' wine licences as a *fait accompli* and a desirable move away from protectionist policies towards a free-enterprise economy. He believed supermarket beer sales would soon follow.

Bottle-store owners and association executives denied suggestions that they constituted a cartel capable of manipulating prices and advertising before the advent of supermarket competition.

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scale, rise of local basic and fine chemical industry, etc.)

The total Pharmaceutical industry has grown rapidly and is expected to be one of the fastest growing in the future. According to the 1974 - 9 EDP, it will grow at

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a rate of 8,4% p.a., exceeded only by Plastics at 11,4% and Basic Iron and Steel at 10,2%. This is shown in Diagram 2.3. (5)

It seems clear that the market has experienced rapid growth even while the rest of the economy has not grown as rapidly. In contrast to the growth in the ethical drug market, the growth in GDP at current prices over the period 1968 - 1977 was 11,1% p.a. while

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Wages in the home

THE newly-formed Domestic Workers and Salesladies Association of Port Elizabeth has produced a recommended salary scale for domestic workers which deserves serious consideration by householders. The suggestions for pay rates and hours of work are so modest that no reasonable person could reject them.

It is recommended, for instance, that a living-in domestic worker should start on R70 a month (rising to R150 for experienced workers) for a 10-hour day, and that chars should receive R6 a day, bus fares included. The association complains that some domestic workers earn as little as R40 a month, with no overtime pay, and points out that workers seldom receive any other substantial benefits.

Householders who do not pay their maids a decent wage may argue that they cannot afford more. But how many of them, we wonder, exploit their employees while at the same time enjoying a full social life and running two motor cars?

Because of the large-scale black unemployment in most areas, domestic workers have no bargaining power, and many of them therefore accept their poor conditions of employment. We hope those householders who have taken advantage of the situation will examine their consciences before the next month end comes round, and do what is right by the domestic workers who so often are considered "part of the family".

EPH. 19/6/81

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Question 3(a)

The demand for money is the demand to hold money in relation to other interest earning assets. It is not the demand for money income. There are many different views on the

face to face

ERIC MAFUNA, MOSES MAUBANE

(30) FM 19/6/81

It's tough reaching the top

More blacks are needed in managerial positions. But what are the peculiar problems they have to face to become part of the upper corporate world? The *FM* spoke to two black executives, Eric Mafuna, black communications director at J Walter Thompson and president of the Black Management Forum (BMF), and Moses Maubane, GM designate at the African Bank and former executive director of the National African Federated Chambers of Commerce (Nafcoc).

***FM:* The need for managers, particularly black, is only too apparent. Yet there is a sluggish intake of blacks to the corporate world. What are the bottlenecks?**

Mafuna: If you look at it from the companies' perspective, it is a case of their not being used to having blacks around. So when they look for competent blacks, there aren't any and they fall back on the coventional recruiting grounds — the white world — because it is easier to induct white recruits into the corporate culture.

For blacks moving up, it is a long haul and many do not even think about making it that way. If you look at our situation — academic background, peer group relations and socio-economic situation — you find factors that do not encourage blacks into the corporate world.

Maubane: I believe it is not really a question of a dearth of qualified blacks. Much of it has to do with the make-up of our society. The career path of a white youth who gets a management job has already been mapped out, whether consciously or not. That is not the case with a black youth. There is, in fact, prejudice against the latter.

Many companies, as well as academic research, point out that black managers lack competitiveness, initiative, decision-making capacities and so on — all the qualities that make a manager. Does this hold any water?

Maubane: I do not buy that. We do not live in a cocoon altogether separate from the Western world. A black who is brought up in an urban setting knows that to make it he has to struggle and fight hard. But when he gets into the job situation, management looks at him

Maubane . . . 'the problem is society's make-up'

as a black and already concludes that he is untrainable, lacks the graces and qualities needed for success in the corporate world and therefore can not fit into it. That prevents management from developing an effective career path.

In whose terms are we to look at these traits? Even though white management's standpoint must prevail, we must acknowledge the black man's experience.

Mafuna. It is not difficult to conclude that blacks lack these qualities if you realise the problems under which they

Mafuna . . . 'it's easier to induct whites'

labour. But it is another matter to say that they do not have leadership potential. The qualities of survival and progress in the black community are different from those in the white world and many blacks bring these — aggressiveness and cockiness — into the corporate world. They become deviants.

Are there any signs that white middle management, which is charged by and large with inducting and training blacks, is feeling threatened by the potential upward movement of blacks?

Mafuna: It is difficult to generalise. Downward, yes, as black trade unions can attest. Upwards, that is different. They could not care a hoot about black advancement. They are usually supportive. The illusion among blacks is that the higher you go, the tougher it becomes, racially. The BMF says that unless blacks sort out their own house, which they have long neglected, the white world won't stop to get our act into shape.

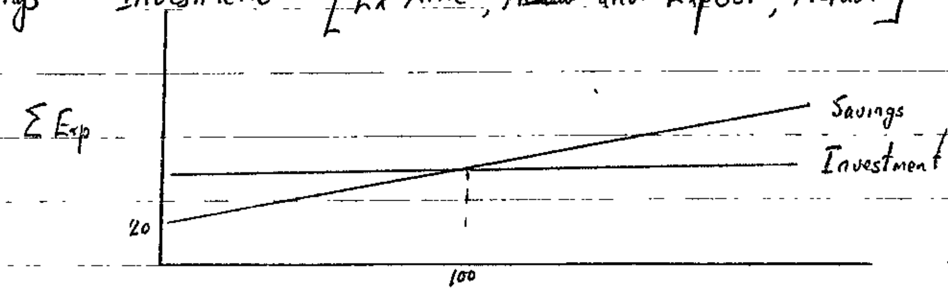
Maubane: Whether it is fact or fancy, many blacks do feel they get some flak. We cannot run away from the fact that white managers are human and therefore affected by the attitudes of the social order. Given two people, black and white, as trainees, the black will find it harder to get the attention of the white superior.

Is there any conflict of identity among black managers between their companies and the black community?

Mafuna: It's complex. As you go up, you are being wrenched from your background. It does not matter if you are black or white, especially if the new situation is different from the one in which you were brought up. For blacks it is more traumatic in the sense that the new kind of life is not shared by the majority. Moreover, fellow blacks criticise you for being elitist — enjoying privileges to the exclusion of other blacks without even ploughing back. The white colleagues expect you to shed your black cultural experience and to adopt theirs.

Maubane: We tend to produce schizophrenic personalities because if you have to succeed, you must know the rules of the game to beat the system. It creates tremendous pressures for the black.

(i) Savings = Investment [Ex Ante; ~~Actual~~ Planned and Expost; Actual]



Savings is endogenous. It is 20% of NY

Investment is exogenous. It is not of ~~I~~ in any relation to NY.

Savings → is a withdrawal and Investment → is a injection.

30 FM 19/6/81

MAY CAR SALES

	1981 May	% of Market	1981 Jan-May	% of Market	1980 Jan-May	% of Market
Ford	4 948	18,45	17 603	14,65	13 958	13,38
VW	4 617	17,22	23 072	19,20	22 110	21,19
Sigma	4 296	16,12	22 056	18,35	21 559	20,66
Toyota	3 793	14,14	16 242	13,51	10 951	10,50
GM	3 038	11,33	13 856	11,53	9 771	9,37
Datsun	2 800	10,44	12 517	10,41	11 353	10,88
UCDD	1 011	3,77	3 638	3,03	3 525	3,38
BMW	1 107	4,13	5 171	4,30	4 216	4,04
Alfa	745	2,78	3 712	3,09	5 310	5,09
Leyland	431	1,61	2 184	1,82	1 569	1,50
Other	34	0,13	148	0,12	12	0,01

May total .... 26 820 (20,53% up on 22 251 last year)
Jan-May total .... 120 199 (15,21% up on 104 334 last year)
April total 22 707

ΣE

COMMERCIALS

	1981 May	% of Market	1981 Jan-May	% of Market	1980 Jan-May	% of Market
Toyota	3 777	30,12	17 895	31,02	12 706	26,36
Datsun	2 920	23,28	12 425	21,54	12 382	25,69
Ford	1 497	11,94	7 146	12,39	6 461	13,40
GM	1 344	10,72	7 106	12,32	5 947	12,34
Sigma	1 284	10,24	4 770	8,27	3 601	7,47
VW	576	4,59	2 828	4,90	2 110	4,38
UCDD	450	3,59	2 085	3,62	1 657	3,44
Leyland	215	1,71	1 333	2,31	1 729	3,59
Alfa	200	1,60	661	1,15	619	1,28
MAN	90	0,72	402	0,70	255	0,53
Vetsak	54	0,43	192	0,33	53	0,11
Int Harvester	48	0,38	387	0,67	297	0,62
ERF	21	0,17	109	0,19	63	0,13
Malcomess-Scania	21	0,17	98	0,17	57	0,12
Oshkosh	20	0,16	142	0,25	148	0,31
Magirus-Deutz	12	0,10	44	0,08	39	0,08
Fodens	8	0,06	51	0,09	64	0,13
VSA	5	0,04	8	0,01	13	0,03

May total .... 12 542 (25,42% up on 10 000 last year)
Jan-May total .... 57 682 (19,67% up on 48 201 last year)
April total 11 375

The 45° L... st ~~about~~ above
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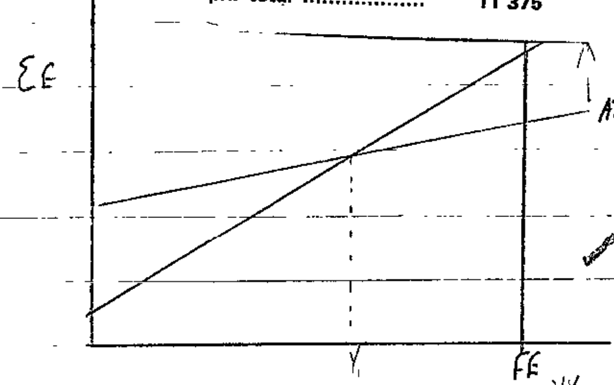
is where m... re is where
Exp. is eq... the Consumption
fn becaus... relation to income.
... = C + I
... for planned I to



equal planned savings, but we must increase AD to equal AS so that actual I will therefore be = to actual savings [Ex post] so that economy is at FE.

$5\frac{1}{2}$ poor.

22

Cape Town company in 'delicate' coal talks

CT 19/6/81

(30) 227

JOHANNESBURG. — Johannesburg's biggest coal merchants are likely to be taken over by Triton Consolidated Holdings, a Cape Town company, and listed on the Johannesburg Stock Exchange by reverse takeover of the listed cash shell, Dermacult.

The managing director of Triton, which recently bought control of Dermacult, Mr Laurie Goldberg, of Cape Town, confirmed yesterday that negotiations to achieve this were in progress.

But he said it was "premature" to presuppose a deal would be done.

Negotiations were at a "very delicate" stage and there was no certainty a deal would be concluded.

Some of the coal merchants which will be taken over if negotiations go according to plan, include: Coal Cartage, McPhail's, Imperial, Middelburg and Wolpert's.

A coal retailing source suggested a possible price of R4 500 000 but Mr Goldberg said it would be more than this.

If the deal is clinched, a critic of the proposal said the affected coal merchants will have a "virtual monopoly" on coal supply all over the Witwatersrand.

He said the deal would eliminate competition and coal prices in Johannesburg would rocket.

Although coal was price controlled, the controlled price has always been a ceiling, he said. Competition between dealers enabled medium size buyers to negotiate lower prices than the maximum.

If the deal went ahead, this would become a thing of the past, he said.

The managing directors of the affected coal companies either could not be reached last night or refused to comment.

Shortly after the appearance of Oliver's article in the Lancet Francis Oats, a director of De Beers, wrote to Charles Rube, one of the directors of Wernher Beit and Company, the London-based parent company of Eckstein's, the largest mining house on the Witwatersrand, drawing the latter's attention to the article and asking him to refer it to his co-directors. He also requested Rube to bring the water-driven drills to the
... Wernher Beit (50) - ...ddition, he corresponded with
...ing districts of Cornwall.
...ience the 'remarkable fatal-
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of truth. But the counter arguments of the Transvaal Miners' Association (T.M.A.) in 1906 (after water devices had been made compulsory by regulation in 1905 - a regulation which was allowed to lapse by 1907)(55) had validity. Its spokesmen complained that the 'miners are now simply confronted with a choice of evils', namely silicosis or pneumonia, a view supported by the Professor

Attempts by Indian traders for 'white fronts' blocked

Pietermaritzburg Bureau

AT LEAST five attempts by Indian traders to evade the Group Areas Act by getting 'white fronts' to open businesses for them have been stopped by the capital's licensing officer.

In a minute to the Town Clerk placed before the Finance Committee yesterday, Mr J Potgieter, the licensing officer, said that Indian traders, in an attempt to avoid the Act which stipulated that persons of a 'different race group' could only occupy premises in a white area if they had a permit, were approaching whites to apply for licences.

'The reason for my concern is that I have had to refuse business licences on five occasions during the past six to eight weeks, the result of which has been a definite loss of income to the trader,' he said.

However, he had no alternative under the licensing laws but to refuse a business-licence application where the applicant was not the owner of the business.

'This situation arises not because of a deficiency in the Licences and Business Hours Ordinance, but because of the trader trying to avoid the Group Areas Act requirements,' Mr Potgieter said.

He refused to comment further yesterday, but said the Group Areas Act was controlled by the Department of Community Development.

A spokesman for the department said that each application by 'a disqualified person' to trade in a white area was treated on its merits. If the Act were contravened, it was a matter for the police and courts.

Daily ... 30 ... NM

of Mining, J. Yates, in 1908.(56) This was not an exaggeration. The water devices saturated the rock and the miners, and there were no facilities on the mining properties for miners to dry their work clothes. Only in 1906 did the mining regulations make compulsory the provision of change houses for whites and coloureds but not blacks.(57) This regulation did not however stipulate the provision of heating apparatus for miners to dry their clothes and it remained an outstanding but not unreasonable grievance for many years.(58)

The original discussions and enquiries into the mortality of rock drillers seem to have been motivated by the Association of Mine Managers.(59) In May 1901 three mines were given permission to reopen by the occupying British forces, and by November the number of working mines had increased considerably.(60) By then it was abundantly evident that despite the return of many artisans and miners, a large number of the overseas skilled miners, whose services were urgently required if the gold mining industry was to re-attain its pre-war tonnage figures, had died.(61) It was at this juncture - in November 1901 - that the Association of Mine Managers contacted the Transvaal Medical Society whereupon it was decided that committees of both organisations would meet in January 1902 to discuss ways and means of preventing this mortality. Although these two organisations do not appear to have collaborated any further, the Transvaal Medical Society began to pursue the matter independently and by the time Milner had appointed the Miners' Phthisis Commission, the doctors' committee had compiled a comprehensive, statistical and detailed report on the medical aspects of the disease which it presented as evidence.(62)

It is probable that the Association of Mine Managers, mining directors and doctors may have impressed on Milner the urgency and severity of the silicosis situation, and Milner, cognisant of the importance of the mining industry for his reconstruction plans, had little option but to instigate an investigation of the problem.

Perhaps the TMA, inaugurated in August 1902, may have also impressed on Milner the urgency of the problem of silicosis.(63) One of the first steps taken by the newly formed trade union was to appoint a deputation which interviewed the Transvaal Medical Society. The TMA requested the doctors to urge the Government to create some kind of provision for destitute

of the 17c he paid the agent
another said he thought he pa
other farmers paid 15c to th
One farmer paid 15c a sheep
and the farmer who paid 22c
which he paid the dagsmanne,
transport) and the shearer 7

only 8c went to the shearer,
r and 1c to the agent and five
o the agent per sheep shorn.
or 10c went to the shearers
the agent took 15c (from
team and paid for their

Boycott call: traders wait

Post 22/10/80

Post Reporter

BLACK traders would support the call by local trade unions for the boycott of white businesses in protest at the detention of union leaders — if this was in line with the feelings of the black community.

This was said today by the secretary of the Port Elizabeth African Chamber of Commerce, Mr D Siwisa, in response to the decision by members of the Port Elizabeth-based Motor Assembly and Component Workers' Union of South Africa (Macwusa) and the General Workers Union of South Africa (Gwusa) taken at a meeting during the weekend.

The unions are demanding the release of Macwusa chairman, Mr Dumile Makhanda, and three other unionists, Mr Maxwell Madlingozi, chairman of the Macwusa branch at General Motors, Mr Mxolisi Didiza, a union organiser and Mr Zandile Mtuza, a worker at General Motors.

Asked if the chamber would urge members to buy additional stocks in anticipation of a boycott of white trade, Mr Siwisa said the union could not advise members until it had been formally approached by the unions to support the call.

"But I can assure you that we will not divorce ourselves from community affairs and our stand will be in line with the thinking of the community," he said.

Rates for shearers and dagsm
and the number in the team,
A competent hand-shearer, th
day. At 10 c a sheep, this
However, of the teams hired
to shear more than 200 sheep
each, or fewer. At 10c a s
Machine shearers could shear
R25 to R44 a week at 10c a s

of sheep shorn per week
e.
shear 50 sheep in a
7,50 in a 5½ day week.
iewed, only two were said
e were shearing 150 sheep
weekly wages of R15.
sheep a week each, earning

40 sheep a day

In addition to cash wages, a
at the rate of one sheep per
given two slaughter sheep pe
kind included milk, tea or c
and firewood.

anded meat, usually provided
most farms shearers were
shorn). Other payment in
ables (on a few farms only)

Dagsmanne were getting betwe
lowest wages and the fleece-
some farms the dagsmanne sha
paid separately, usually get

The floor-sweepers earned the
sers the highest. On
; on others they were
heep a week each.

Shearers and dagsmanne usua shearing shed or in the open. A few farms had empty houses for permanent workers where the shearing team could sleep and two had specially built quarters for them.

2. Recruitment and Transport

Farmers who hired local teams transported them to and from the towns themselves. At the end of a shearing job, the farmer would book the team for the following season, giving them an approximate date and length of time they would be expected to work. As the new season approached, the farmer would contact them in the town, setting a definite date, and often paying a 'voorskot' on their expected earnings. Farmers complained

1) that the shearers immediately spent the voorskot and were only prepared

Bureau surveys products' status

Argus 24/6/81 (30)

THE Bureau of Market Research has published a report on the status whites and blacks associate with products and brands, and the retail outlets at which they are bought.

The product categories tested for high and low status association in the bureau's survey include clothing, shoes, toiletries, furniture and household appliances, foods, alcoholic beverages, non-alcoholic beverages, tobacco products, newspapers, magazines and cars.

Information on the status of products, brands and retail outlets has a wide field of application in the business world.

It can be used by advertisers and marketers to identify products associated with high status and to enhance the image of the product they wish to advertise.

Whisky, for example, has a high status association among whites, blacks, men and women, whereas beer is regarded as a lower status drink.

NEW PRODUCTS

Manufacturers who are about to launch new products can consult the report about product characteristics associated with high and low status. Wool and silk, for example, are associated with high status clothing, whereas synthetic fibres and cotton are seen to characterise low status clothing.

The report also contains information to aid the selection of distribution channels for products, especially when an attempt is being made to change a product's status image.

Store status was found to be determined by the type of store (speciality stores, for example, are generally associated with high status), type of service offered by the store (blacks associate sales staff in food stores with low status), and the clientele of the store (stores with a higher than average white clientele tend to have relatively high status).

A further aspect covered in the study is the status associated with brands in the product groups. In the food category, for instance, it was found that whites generally associate the house brands of department stores with low status, whereas blacks were not so brand-conscious.

Shebeeners will fight

24/6/8 30 Sowetan

AT least 200 members of the Soweto Tavern's Association resolved yesterday at a meeting to take policemen to court rather than pay admission of guilt fines.

The meeting which was held at the Pelican night club was chaired by the chairman Mr Lucky Michaels.

Police reported this weekend that 59 shebeeners had been arrested and charged, but Mr Michaels, with the aid of receipts issued by the police on paying the fines, was able to prove that the figure given by the police was only half of the total. He counted more than 100 slips.

The shebeen-owners agreed that they will initially pay the fine but will consult their lawyer who will proceed with the case in court.

Paying the fine was a way of evading spending a night in the police station, he said, "because they will not allow us bail".

Mr Michaels further said that they (the association) will go out to liquor companies to seek financial aid to support their stand.

Police say shebeens are a breeding ground for crime and they "will go on fighting them until crime is eradicated".

The STA has on many occasions tried to unsuccessfully persuade police to suspend the raids while they (shebeeners) are in the process of applying for licences.

Earlier this year they tried boycotting bottle stores owned by Wrab, but their gains were minimal.

New body could have key role in reform moves

RDM 25/6/81 ~~180~~ 30

By HELEN ZILLE

Political Correspondent

AN ORGANISATION verligte Nationalists hope will play a key role in their strategy of reform through economic measures had its inaugural meeting in Pretoria yesterday.

The Council for the Promotion of Small Businesses — a name change announced yesterday from Programme Advisory Council — has as one of its major tasks the identification of "problem areas that retard the development of small businesses".

It will also make recommendations to the Government on how such factors can be removed.

This gives the council vital access to the political field as many of the problems of small businessmen — particularly blacks — are in the restrictions of apartheid laws such as the Group Areas Act and the pass laws.

Government critics maintain that free enterprise is impossible while these laws remain.

The Government regards the promotion of small businesses as crucial to its economic strategy of giving blacks a stake in free enterprise and to provide employment.

A Small Business Development Corporation was established recently to provide loans to small undertakings. The Council for the Promotion of Small Businesses has the complementary task of investigating problems facing small businesses and co-ordinating the work of organisations involved in this field.

Dr Dawie de Villiers, Minister of Commerce, Trade and Industry, addressed a luncheon to mark the first meeting. He said small businesses were vital to rural development and to achieving a better distribution of economic resources.

Co-operation between the public and private sectors was fundamental to the Government's economic strategy and it was necessary to extend the economic benefits of growth and development to as many people as possible.

The Government had introduced three policy initiatives for this:

- A strategy to establish better distribution of small businesses in under-developed areas;
- The establishment of regional co-operative areas drawing in the homelands and other areas in South Africa;
- The establishment of a development bank to provide the necessary loans for economic development.

Dr G.W. Gale, Chief Health Officer during that time, has commented extensively on the sad consequences of this failure, especially where it concerned the Health-Centres. (6, IO.)

THE HEALTH-CENTRE EXPERIMENT.

Pholela: the pilot Health-Centre.

The reasons for establishing the Pholela Health Unit among rural Africans have been very well explained by Dr Kark himself in his first article about Pholela in I942:

"The establishment of curative services by mission societies, provincial hospitals and private medical practitioners, who often act as part-time district surgeons, has brought medical aid to a limited number of these 3 million people. The influence which these services have had on the health of ...le, but on the whole they cannot be said ...t any considerable improvement. This ...de in an effort to decry these invaluable ...ather to indicate that curative services ...o not attempt to prevent or modify the ...-health. Thus, while hundreds of indi... ...ured or assisted in their illness, ...developing similar diseases. Clinical ...efore, be brought within the sphere of ...alth scheme before they can make their full contributions to national health. It was with the aim of introducing health services in the 'Native Territories', which would assist in correcting these defects, that the Union Health Department decided to establish an experimental Health unit. This Unit was to combine preventive and curative work. It was started in April, I940." (7)

Whitehead gets Bellgrove

RDM 25/6/81 (30) (32)

CAPE TOWN. — Fred Whitehead & Sons Holdings — the Cape town industrial painting contracting group has taken over East London's Bellgrove & Snell.

The deal which was negotiated by the Cape Town branch of National Acceptances is effective from July 1. The purchase price has not been disclosed.

The Union Health Department was very fortunate in acquiring the services of a young enthusiastic doctor like Kark, who had a great interest in clinic services. However it took great efforts from the Pholela staff in the beginning to become accepted by the local people.

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The home visiting especially was very suspect, and in the absence of any drug and even a thermometer it was impossible for the local people to recognize a health service at first. This mistake was quickly rectified however and with the promise of a curative health service, the first co-operation was gained from the local Christian leaders. (8) Dr Kark has given the following interesting comment about the first reaction of the people to the Health-Centre service: "they often express doubt as to why an 'outside' authority like the Government should want to do them any good." (2) The initial staff at Pholela consisted of a medical officer in charge (Kark himself), an African medical aid, an African nurse and 5 African health assistants.

The health strategy followed at Pholela was described by Kark as follows:

"The only social unit in which there was any advanced degree of communal responsibility was the family group. Our health work was therefore directed towards the adoption of progressive health measures by individual families." (2)

After the first 2 years, a distinction was made between an intensive (promotive, preventive, curative and rehabilitative) service, provided for the people living in a limited so-called 'intensive area' and a general service for people outside this intensive area. The general service included basically an out-patient curative service, special mother and child health sessions at the Health Centre and emergency assistance to control the outbreak of an epidemic disease. (3)

Great attention was paid by Kark to the proper training of health assistants for fieldwork. According to the health-assistants syllabus of I943, health-assistants had the following functions and duties: (9)

I. Periodic home visits, during which:
   a) he collects systematically and regularly information about family housing, sanitation, water supply, food production and consumption, family budget, occupation and education.

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Section B.

CAR SALES (35) FM 26/6/81

Over the top. . .

Sales of new cars shattered all records in May, but indications are that the market is going to turn down as a result of climbing interest rates, the current shortage of funds for hire purchase, and the end of the demand backlog.

Car sales hit an unprecedented 26 820 units last month — 4 569 units (20,5%) up on last year and 330 units up on the September 1980 high of 26 490 vehicles.

A large part of the industry's performance has been attributed to demand backlogs, which accumulated as a result of poor economic conditions from 1977-1979.

Most manufacturers, however, have reduced forecasts for the year by an average of 10%, with growth expected to revert to levels of about 3.5% a year, as a result of high interest rates and finance shortages.

With money market borrowing rates as high as 16%, banks are finding it difficult to make a reasonable turn on interest, even when charging maximum rates under the Limitation and Disclosure of Finance Charges Act (Ladofca) of March 1981.

In addition, funds are becoming more difficult to find, especially as the government bond issue in May effectively withdrew R500m from circulation.

Ladofca ceilings — 24% on a principal debt with an outstanding balance under R5 000, and 21% for an outstanding balance over R5 000 — give banks a minimal 5% margin on normally lucrative hp deals. This is barely sufficient to cover the administrative overheads and a bad debt reserve, let alone make a profit.

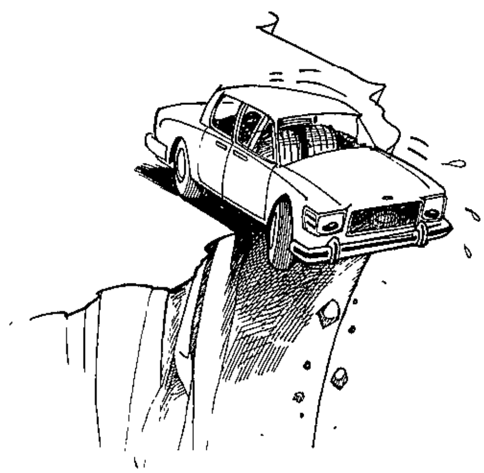
As money has become tighter, banks have become more circumspect in deciding who, and which vehicles, may receive finance.

In some cases, banks will just not have the finance. In attempting to acquire the best borrowing rates in the money market, they may delay decisions to buy money on a particular day, and available loan funds may consequently be short.

Initially, the used car market will, therefore, be hardest hit, and some banks have already imposed restrictions on hp finance for car models older than three years. Eventually the new car market will be affected, and a number of the larger banks are now writing deals at maximum interest rates only, for both new and used cars.

Dealers will also be affected. Up to now, they have received the traditional "kickback" — the interest rate charged to the hp purchaser and the rate at which the bank will discount that same deal. The amount, which can differ by as much as 25% of the total finance rate, goes back to the dealer in cash.

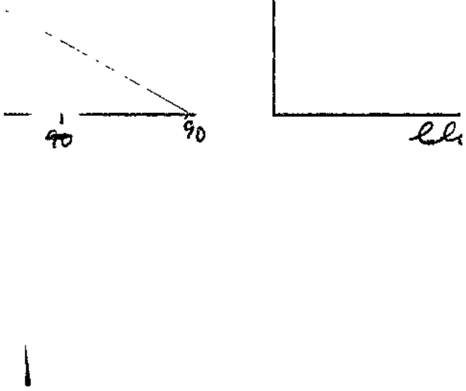
Consumers who buy through dealers have always been charged maximum, or near-maximum rates. They are generally



unconcerned about the cost of finance, but will be affected by the shortage of money.

Furthermore, consumers will have to fund the wherewithal to counter the general 15%-20% inflation rate.

But as long as economic confidence prevails, corporate buyers will not be too concerned about paying 5%-7% more for



lease and hp finance. Some companies, however, may think twice about replacing vehicles.

Says Ron Rundle, MD of Nedfin: "In our inflationary climate it will pay companies to exchange their cars in the normal two or three year period, but some may decide to hold back on vehicle replacement because of the higher interest rates."

Says Ken Gager of Stannic: "All indications point to a slowing down in demand during the next six to nine months. Interest rates must have an effect on car sales, and consumer spending has been unbelievably high.

"The growth in consumer financing has outstripped growth in commercial bank advances to their customers," he says.

Jonathan Tregers, MD of Lindsay Saker, agrees that interest rates will affect car sales, but points out that most manufacturers are still fully stretched, and struggling to supply vehicles.

Says Tregers: "We have seen no drop in sales now, but there is marginally less floor traffic, and banks have started scrutinising hp deals very closely."

Lou Wilking, MD of General Motors and President of the National Association of Automobile Manufacturers of SA (Naamsa), is predicting a demand fall and general slow down in the next six months. He points out that the market is up on last year because of the run for the first six months of 1981.

Says Wilking: "Sales for 1981 should average out at about 285 000 cars, even though figures to date indicate possible sales for the year of 310 000. Sales in the second half of the year will taper off."

George Simpson, Marketing Director of Ford (which moved into the number one slot in May), confirmed that there will be an impact on the market, but added that it would be offset by demand far exceeding supply.

"We are still expecting a record year in 1981, as demand continues strongly," he says.

Peter Moss, Sigma Marketing Director, says the availability of funds will affect private buyers more than commerce, but there will be no dramatic downturn. New car sales will probably slow down in September or October.

Demand for commercial vehicles, on the other hand, is expected to increase sharply before October. Companies will attempt to satisfy their truck requirements before protective tariffs are introduced for the benefit of Atlantis Diesel.

Section A

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has ... s (2) and

All answer books must be numbered

Number of books handed in	3
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SMALL BUSINESS 30

Third prong

FM 26/6/81

The third prong of government and business efforts to promote small business development, primarily among blacks, got off the ground this week as the autonomous Council for the Promotion of Small Business (CPSB) held its first meeting in Pretoria.

The CPSB, set up by Minister of Commerce Dawie de Villiers last February, will act as an advisory board to government and private groups, pin-pointing those legislative and bureaucratic restrictions impeding the growth of small business.

The group will also try to co-ordinate the often overlapping efforts by government and private bodies researching both the needs of small businessmen and the steps necessary to help struggling entrepreneurs.

But it remains to be seen if the CPSB will tackle the ultimate restriction hampering black businessmen — the Group Areas Act and similar laws.

This week's meeting was essentially an introductory affair as members assembled with De Villiers to discuss what CPSB Chairman Professor Philip Fourie called "our philosophy and our agenda."

The only substantive decision the group took was to change its name to the CPSB from its original Programme Advisory Board.

The CPSB will complement the work to be done by the newly-established Small Business Development Corporation (SBDC) and the Development Bank.

Those two groups are primarily concerned with making capital available to small businessmen; the CPSB will take the overall responsibility for trying to improve the climate for small business growth. The SBDC, for its part, is still getting started.

MD Ben Vosloo concedes that it will not be until mid-October that the organisation "will really be in action."

Vosloo, who takes office as MD on July 1, says his first priorities are to set up offices and hire the necessary staff.

"People have been expecting us to produce results before we are in a position to do so. We are simply not ready yet."

De Villiers told the nine-member CPSB that it was another example of the "spirit of co-operation and understanding between the public and private sectors."

He said the CPSB "has to identify the problem areas which are hampering the development of small business undertakings, and must evolve a complete and comprehensive policy to promote such undertakings in South Africa."

The Minister also reminded the CPSB that it will "have to take due cognisance of the objectives of the concept of a constellation of states in Southern Africa."

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NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Made in South Africa TRIO-RAND/S.P.C.T. PSL/UPD 100 000 1978 PD UCT AM7a Vervaardig in Suid-Afrika

METRO (30) FM 26/6/81

Looking for growth

Activities: *Holding company with interests in retail and wholesale distribution. The directors personally and through Kimet hold 56% of the issued share capital.*
Chairman: *L Katz.*
Capital structure: *3,7m ordinaries of 50c; and 16m prefs of R1. Market capitalisation: R115,6m.*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R1,4m; net short-term, R8,4m. Debt:equity ratio: 9%. Current ratio: 1,2. Group cash flow. R12,3m. Capital commitments: R14,2m.*
Share market: *Price: 3 125c (1980-81: high, 3 650c; low, 1 625c; trading volume last quarter, 13 000 shares). Yields: 9,3% on earnings; 4,6% on dividend. Cover: 2,0. PE ratio: 10,7.*

	'78	'79	'80	'81
Return on cap (%)	100	65,7	87,6	49,1
Turnover (Rm)	243	309	405	541
Pre-tax profit (Rm) ..	7,2	11,0	14,1	20,0
Gross margin (%)	3,1	3,6	3,8	3,9
Earnings (c)	126,3	183,0	210,7	290,2
Dividends (c)	56	86	105	145
Net asset value (c)	180	264	427	571

The follow-up to Metro's impressive 40% rise in pre-tax profit to R19,7m (R14,1m) in financial 1981 is that the directors now warn that unless the group diversifies further, it will be difficult to match the rate of profit growth achieved in the last 10 years.

Thus, in a far-sighted move, the group has expanded into the retail market. These retail operations will complement, and should not conflict with, Metro's traditional wholesale outlets. Several recent tactical acquisitions have already strengthened the group's market share and penetration in terms of this long-range strategy.


Metro's Katz . . . diversifying the group

Earning capacity increased with Metro's acquisition of 94,6% of Cokicor which, in turn, now owns 30% of the Dion Group and 54% of Russells. Metro also has a pre-emptive right to purchase the remaining 70% holding in Dion. Excluding these acquisitions, earnings increased 38% to 290,2c (210,7c) in financial 1981.

According to the directors, including these acquisitions for the full 1981 year (and allowing for financing these investments, servicing the new pref share and the additional ordinary share capital) earnings would have risen to 399c per Metro share. Net asset value would have increased to 991c against the current 571c.

The synergistic benefit of these acquisitions on earnings in the current year could therefore be vast. Turnover rose 34% to R541m (R405m) in 1981 and the directors expect the cash and carry operations alone to achieve annual sales over R1 000m by 1984. To reach this target, the cash and carry operations are to be decentralised into six profit centres, each of which has annual sales of over R100m.

All divisions in the group had a successful year. Chairman Lionel Katz says group growth will be enhanced by the establishment of wholesale liquor outlets throughout SA. These plans are not complete but once implemented will "create a significant change in the marketing pattern of the liquor industry in this country.

Coki and Picfin originally planned to own 49,9% and 50,1% respectively of Union Wine which, in buying out Picardi Hotels, would be expanded into the largest liquor chain in SA with about 150 outlets. The famous bear squeeze which resulted has not hampered these plans, though they may be "modified."

The introduction of refrigeration into most of the major Metro stores has given the company access to the frozen food market. This policy of increasing the product range will continue with the introduction of clothing into many stores. Also, catering divisions are to be introduced to tap the market for one-stop shopping by bars, clubs, hotels and restaurants.

Borrowings totalled R3,3m (R2,4m) but net cash leapt by 394% to R8,4m (R1,7m). This stronger cash position was reflected in the drop in debt:equity from 15,2% to 9,0%.

In order to reduce the effect of inflation, certain subsidiaries in the group changed their method of accounting from lifo to fifo. These changes reduced group tax commitment by R2,5m. A lifo stock reserve has been introduced for the transference of the taxed lifo effect on profits.

This means that the balance sheet remains fifo-based. There is no adverse effect on the financial structure as stock values are unaffected and the reserve becomes part of the capital base.

Metro is now an investment holding company with diversified interests. The retail division is to be run by Mervyn King, newly appointed Coki chairman. The wholesale operations, included in wholly-owned Metro Cash and Carry (Pty), will be managed by Katz. Metro Cash and Carry will, says Katz, eventually apply for a listing on the JSE.

The chairman of the top holding company, Metro, is Natie Kirsh.

Forecasting earnings for the current year is made difficult by the recent acquisitions which have altered the earnings growth capacity considerably. This cushion to the economic slowdown could result in at least a 40% earnings rise this year. That would give 406c a share and, providing 2 times cover is maintained, a 203c payout is possible. That gives a prospective yield of 6,3% which looks close to full value.

Cathi Warrner

QUESTION 9. (a)

ATC

PRICE

ALEX LIPWORTH

Low returns

30

FM 26/6/81

Activities: *Distributor of cosmetics, pharmaceuticals and medicinal products. Controlled by Twins Propan Holdings, and ultimately (50,01%) by Premier Group.*

Chairman: *S Krok.*

Capital structure: *800 000 ordinaries of 50c; 98 000 6% cum prefs of R2. Market capitalisation: R1,7m.*

Financial: *15 months to March 31 1981. Borrowings: long- and medium-term, R3,2m; net short-term, R1,5m. Debt:equity ratio: 237,5%. Current ratio: 2,7. Group cash flow: R346 000.*

Share market: *Price: 210c (1980-81: high, 210c; low, 90c; trading volume last quarter, 4 300 shares). Yields: *10,4% on earnings; *4,2% on dividend. Cover: 2,5. PE ratio: *9,6.*

	'77	'78	'79	†'81
Return on cap (%)	11,5	10,9	10,6	*7,1
Turnover index	107	125	136	*200
Pre-tax profit (R000)	195	220	277	313
Earnings (c)	10,8	14,8	23,1	27,3
Dividends (c)	4	6	8	11
Net asset value (c)	182	191	206	225

† 15 months and lifo-based. * Annualised.

In a year of booming consumer spending Alex Lipworth's results were disappointing. On an annualised basis dividends were up only 10% to 8,8c as it appears management chased turnover at the expense of profitability. Turnover for the period, on an annualised basis, rose 46% but pre-tax profit, before the new lifo adjustment, increased only 20%. Nevertheless, Alex Lipworth has a reasonable growth record with earnings up 27% compounded since 1977 and dividends 30%. To some extent that offsets last year's dull performance.

This year, according to chairman Solly Krok, Alex Lipworth expects trading "to maintain its trend of steady and consistent growth." He told the *FM* recently that the 1981 margin squeeze resulted partly from the company's moves to rationalise its Wadeville and Isando factories. He said this caused a "hiatus" between July and October last year, during which the company had to absorb the cost of lost production. Restructuring should, he says, be completed by mid-year.

Taxed earnings were influenced by the switch to lifo. Pre-tax profit, on a fifo basis, was R415 400 for the 15-month period during which the company became an indirect susidiary of Premier Group. This compares with R277 000 for the previous 12 months. Fifo earnings amounted to R284 000 (R164 000) — an annualised gain of 38%.

There is little information of a general nature in the annual report, though Premier chairman Tony Bloom has said the benefit of the merger of Twins and Propan, the group that controls Lipworth, is lagging expectations. This, he says, is because certain rationalisation benefits are taking longer to effect than anticipated, but should be satisfactorily resolved in the next six months.

During the past financial year Alex Lipworth substantially expanded its asset base. Thus capital employed rose to R6,7m (R4,1m) with considerably higher leverage of 238% (124%). Part of the R4,7m (R2,3m) total borrowings was used to finance a higher level of working capital. Stock-on-hand at end-March amounted to R2,1m (R1,4m), while debtors rose to R4,5m (R2,9m). DIAG I

As a result of this asset base increase and the below-average profit performance, the yield on Lipworth's capital employed was 11,6% (10,6%) on an annualised fifo basis. In addition, the annualised return on equity (fifo-based) was a low 15% (10,7%).

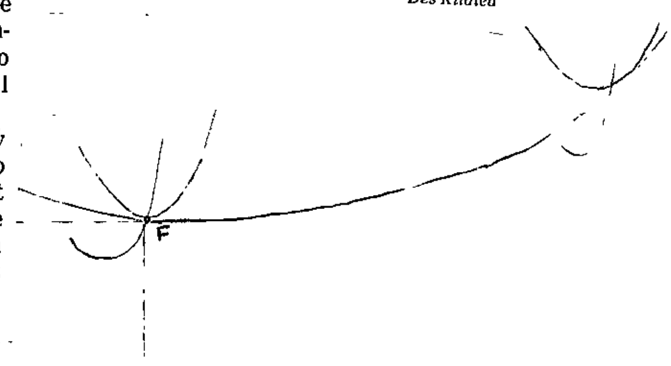
In view of the low 2,2 (2,5) times cover on the annual interest and leasing bill, a move onto a higher yield path is essential, particularly as consumer demand growth is slowing.

The market has taken a positive view of Lipworth pushing the share from 160c to 210c in the past six weeks. This is a reflection of the small issued share capital base, and recommendation by a Diagonal Street analyst, but it probably also reflects the Premier link and the more conservative lifo stock valuation policy.

To justify its current rating, however, Alex Lipworth must produce a dividend this year of at least 16c (8,8c). That would require an unusually strong earnings advance.

Des Kilalea

DIAG II



QTY

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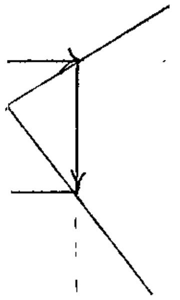
SCHUS (30) FM 26/6/81

Changing gear

Activities: *Cape-based motor dealer with Datsun franchise. Distributes Sprite Caravans and Massey-Ferguson equipment. Directors hold 37% of equity.*
Chairman: *C Lipshitz; managing director: J Lipshitz.*
Capital structure: *1,8m ordinaries of 50c; and 1m 9,5% cum red prefs of R1. Market capitalisation: R2,6m.*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R108 000; net short-term, R1,8m. Debt:equity ratio: 152,8%. Current ratio: 1,5. Net cash flow: R2,2m.*
Share market: *Price: 145c (1980-81: high, 197c; low, 38c; trading volume last quarter, 152 000 shares). Yields: 67,7% on earnings; 12,4% on dividend. Cover: 5,4. PE ratio: 1,5.*

	'78	'79	'80	'81
Return on cap (%)	10,5	17,1	14,3	55,2
Turnover (Rm)	21,1	24,6	30,7	45,0
Pre-tax profit ('000)	50	347	473	2 071
Gross margin (%)	2,1	3,0	2,6	4,9
Earnings (c)	2,8	19,3	18,9	98,1
Dividends (c)	—	—	—	18
Net asset value (c)	9	35	53	133



After several years of strong recovery growth, Schus has again excelled with a pre-tax profit increase of 337% in the year to end-February, thanks largely to boom conditions in the motor industry. This enabled the company to reduce its previously high level of borrowings and to resume dividends for the first time since 1976.

The pre-tax profit increase was due to a 47% rise in turnover to R45m (R30,7m). MD Jossel Lipshitz says the motor, agricultural and caravan outlets "had no difficulty handling the substantial turnover increase."

A crucial leverage factor is that, apart from salaries and wages, the company has low fixed overhead expenses; increased sales thus have considerable impact on profits. Gross margin almost doubled during the year from 2,6% to 4,9%. As a result, return on capital employed rose sharply to 55,2% against 14,3% the previous year.

In addition, attributable earnings benefited from a low tax rate; R139 000 tax was paid after setting off the last of assessed tax losses. Lipshitz says, however, that tax is likely to be higher in future.

Increased retentions enabled the company to decrease total interest-bearing debt from R4m in financial 1980 to R2,4m. Excessive gearing was previously a major problem area. The debt:equity ratio is now perhaps more tolerable at 152,8% than the 250,7% utilised the previous year. Interest payments have consequently declined from R321 000 to R154 000.

Lipshitz hopes pent-up demand will keep motor sales "buoyant" until at least the end of August. He anticipates "substantially increased turnover and profitability from the parts and service departments" during the current year. The motor sector has shown reasonable growth during the first few months of 1981 and it is likely earnings growth this year could at least be 20%.

If cover is maintained at five times, a payment of 23,5c is possible. At the present price of 145c, the share is on a prospective yield of 16,2%. There seems to be scope for an increase in the price given better market sentiment.

Chris Wilson

... equilibrium

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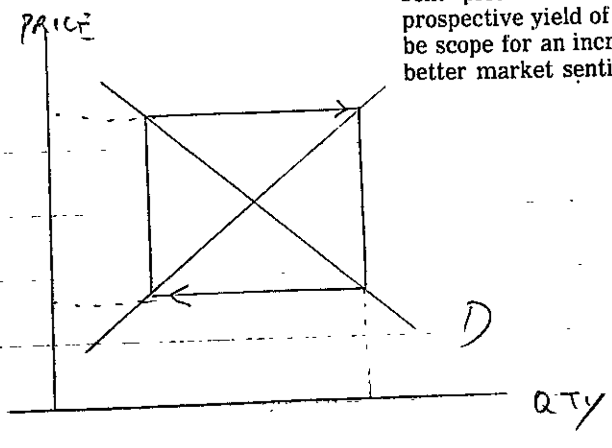

Bazaars to make Rand move

Star 26/6/81

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Own Correspondent

CAPE TOWN — Grand Bazaars is maintaining the profit growth achieved in the second half of the 1980-81 financial year, reports the chairman, Mr Manual Sacher.

In the first half of the year ended March, Grand Bazaar's after-tax profit rose by 11,2 percent but in the second half they rose by 30,3 percent. This trend has been maintained in current trading.

The ultra-market concept pioneered by the group is proving most successful.

The company has obtained a 11 700 sq metre site at Roseitenville, Johannesburg on which a store will be built.

It is also investigating other sites in the Transvaal and plans to open stores in the western Cape — one at Atlantis and the other at Diep River.

Sowetan 24/5/81

Apartheid should be the target — trader

(30)

By STAN MHLONGO

"APARTHEID has so confused us that instead of attacking it in a bid to eliminate the system, our own black brothers decidedly turn against us," said Mr Essop Nathie Junior, the owner of the Evaton Central Traders that was gutted by fire last month.

Speaking at his Evaton shop, Mr Nathie showed no sign of bitterness against "the elements that destroyed my shop," resulting in damages estimated at thousands of rands.

He is more concerned about the lack of direction of those who set his shop alight. He said: "There was no political or racial motive behind the riot that followed a protest against the increase in rent."

"The thugs took advantage of the people's peaceful protest and went on the rampage, committing arson and stoning cars.

A pensioner, Mrs Nkgono Malisito, said: "No one has been more deeply hurt at the gutting of Mr Nathie's shop then I. I am one of the pensioners who used to get rations of groceries free of charge from Central Traders," she said.

"Some people have the wrong impression — by burning my shop they think they are fighting the system . . . they are wrong. Am I not — like every black man — frustrated by apartheid?" asked Mr Nathie.

"Can I live in Kensington or Vereeniging if I wish? Do I have a vote?" No I cannot do any of the two. It shows that some of us miss the point when we talk of fighting apartheid."

What disappointed Mr Nathie most, he said is that some of the people who were caught looting are his friends. "But Allah has given me strength and I have forgiven them," he said.

He is determined to have the shop back in full swing within six months. His hope is shared by many grannies who will receive their suspended rations of groceries as soon as the shop is back to normal.

FINANCE

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Independent coal supplier for W Cape

130

26/6/81 Argus?

THE Anglo-Alpha group is planning to distribute coal in the Western Cape. A company, Anglo-Alpha Coal (Pty), is being formed and will be in full operation within six weeks.

It will immediately set about building up a stockpile of enough high-grade coal to meet all the requirements of the Western Cape, a company spokesman says.

The new company will be a subsidiary of the Anglo-Alpha group of cement, lime, stone, industrial minerals and textiles companies and will be totally independent of any association of coal owners.

There will be no direct link between the activities of Anglo-Alpha Coal and the cement division of the group.

FIRST DEPOT

The new company will set up its first coal depot on the site of the cement factory at Philippi operated previously by National Portland Cement Company, another subsidiary of Anglo-Alpha. This will be served by a railway siding from Bellville.

The company intends by next winter to have the largest stockpile ever accumulated in the Cape Town area.

It says coal in plentiful amounts is available from independent producers but there is no surplus of coal from other sources in the Western Cape.

AVERT SHORTAGES

By providing large stocks, it intends to avert the development of shortages. Hitherto the Western Cape has had limited stockpiling facilities.

Mr Gerhard van Dyk has been appointed commercial manager.

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prices discovered in part (4).
a schedule showing how much the government
l for each total output.

(6) Dr ... ng how much the government would have to
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* * * * * * * *

Support mounts for Athlone property owners

CIVIC associations and other organisations throughout the Peninsula are rallying around the 150 Athlone families who are in danger of losing their homes through business development.

Messages of support were read last Thursday night at a meeting of the Gleemoor Cape Flats Civic Association, which is leading the fight against the Athlone property expropriations.

On April 15 this year residents in a large area of central Athlone were told their properties were being taken over by the Department of Community Development to be used in the revamping of the Athlone central business district.

Properties affected were in the area bounded by Birdwood, Aden, Jan Smuts Drive and a line running through Boyd Avenue.

FIGHT

Property owners hit by this action have vowed to fight it, and their guns are aimed at two major targets:

- The Group Areas Act and the Department of Community Development
- The businessmen who they say have "betrayed" them.

As far as Community Development is concerned, attorneys acting for the Civic Association have been told to go ahead with Supreme Court action to contest the expropriations.

ATTACK

And the businessmen — some of them that is — came under heated attack [illegible]

It was said that the Athlone Business and Professional Association, which had served on a City Council sub-committee investigating Athlone's development, wasn't fully representative of the Athlone businessmen.

Speakers warned that the proposed giant supermarket "magnet" planned for Athlone would seriously damage business in central Athlone and in [illegible] areas such as [illegible].

LABELLED

The Business and Professional Association and the Western Cape Traders' Association were labelled "collaborationist" business associations' for having taken part in discussions about the development plans.

Earlier a spokesman for the two associations said they were both against expropriations and had served on the State Committee — the WCTA on the general body and the ABPA on a sub-committee — to make sure the authorities didn't ride roughshod over property owners.

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THE ECONOMICS OF HEALTH CARE IN SOUTHERN AFRICA

"Doctors for What?"
or
Future Health Workers for Southern Africa

George Beaton, MBBCH PhD
Professor of Medical Education
University of the Witwatersrand, Johannesburg

> "The decision to serve an entire population profoundly influences every step of planning and allocating for health care ... using this denominator - all the people, has profound social, political, ethical and educational implications". John Bryant (1)

All men are simultaneously involved in two macrosystems - a biological, natural system and a cultural, socioeconomic and political system. The health of man and his attempts to maintain and imrpove his standards of health are influenced by both of these systems, by the interplay between the systems and by man's collective and individual responses to the forces generated within the systems.

A Health System Model

Any attempt to predict the number and types of health workers needed for southern Africa in the future must be based on a model of the health system. Such a model must take into account the macrosystems affecting man's health and must be a dynamic one. The model utilised in this paper is modified from the work of Purola (2). It incorporates the cybernetic, bomeostatic and adaptive mechanisms that govern decision-making in health and its facilitates the systematic development of a policy suited to our situation.

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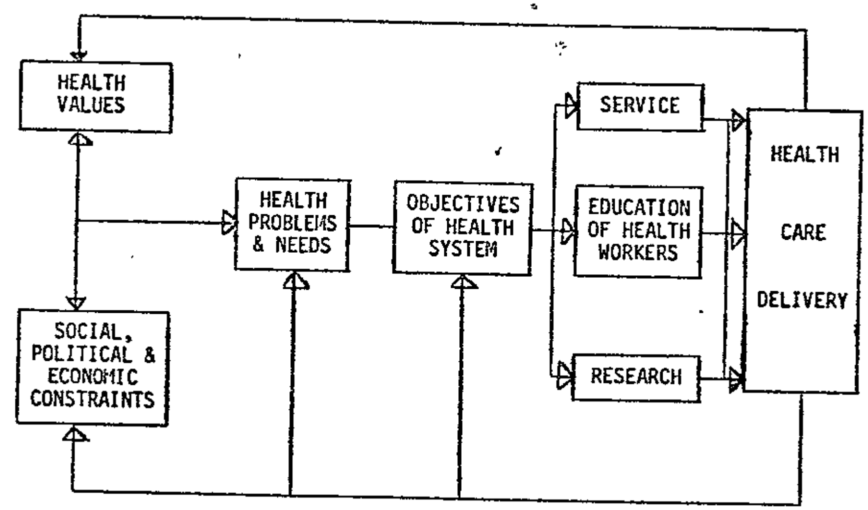

Beating claim — 10 quit

27/6/81 RDM 30

By HARRY MASHABELA

THE ENTIRE black staff of 10 at a Kempton Park food store have resigned in protest after their employer allegedly beat one of them.

The employer, Mr Peter Nicolopoulos, owner of Tripolis Food Centre in Kempton Park, said yesterday that the workers resigned because "the man with whom I had trouble threatened to stab them if they remained at work.

"I have already replaced some of those who resigned, but I still need some others," he said.

Mr Nicolopoulos refused to disclose what he meant by the man with whom he had trouble. Nor would he say whether or not he had beaten him.

Mr Matsobane Mabusela, one of the workers, told the Rand Daily Mail that the trouble at the store started last Wednesday when Mr Nicolopoulos beat Mr Charles Ramakgaphola, 20.

"We decided to go because we felt Mr Ramakgaphola was beaten for no reason. We realised that we were not safe and could also be beaten for nothing," he said.

Mr Ramakgaphola said he had reported the matter to the police and had also sought legal aid over the incident.

and manpower studies, and epidemiology.

For us to understand how our people value health, how they view the deployment of health resources and how they perceive the social impact of disease and death we need intensive sociological studies. As we move to greater community participation in health matters we must have a sociological framework within which the contributions and responses of individuals and communities can be elicited and interpreted. For too long attention has focused on the medical aspects of health problems. We are now realising that most of the crises in health are centred in issues of economics and the organisation of care, rather than in conventional medicine. It therefore follows that we must develop the discipline of health economics until it ranks with the other traditional disciplines of medicine (3). Allied to both health

/3 ...

settlement schemes has varied from £I 553 to £2 290".
Quoted from J.B. McI. Daniel op. cit. p.645.

46. G. Huizer writing of a project in El Salvador in I955. "Community Development, Land Reform and Political Participation" in "Peasants and Peasant Societies" ed. by T. Shanin, Penguin I976 p.390.

47. Michael Lipton op. cit. pg.30I.

48. Max Klayman ("The moshav in Israel" pg.52 & 59) describes the success of the "Zionist, socialist, European pioneers" who set up the first moshav (OVDIM) and the failure of the unmotivated immigrants who were settled in moshav OLIM by the government.
I. Haissman writing of the "Village Corporation" a new tenure system in Mexico, says the main problem is overcoming the peasants' initial lack of confidence and making them believe the project is theirs. p.I8.

49. Edmund Wilson "To the Finland Station" Fontana I974 p.III.

50. People writing on Chinese success with their medi programmes or agricultural development have said that these achievements have been dependent on t motivation and involvement inspired by the new s system and that one cannot regard them as progra to be emulated in another context.
For medicine: "Health Care in China: An Introd tion" China Health Care Study Group. E.H. Pate & Susan B. Rifkin: Geneva Christian Medical Com I974 p.I23-I27.
For agriculture etc.: "China: the quality of li W. Burchett & R. Alley Penguin I976.

5I. This often happens with communal gardens; people from other areas see the benefits of the gardens and then request the same facilities for their area. Often these new gardens function better than the externally initiated ones. In Dlebe pilot project area of Kwa-Zulu, people in the adjacent area of Ndebela are more keen on sewing and clinic projects than those at Dlebe. (Discussion with Community Development Officers Wed. I5 March I978).

52. My study is of course very cursory and detailed study may show other associations. I had originally aimed to assess the success of projects in terms of the "Nature of the Community" in the area. That is Geographical - isolated or village near town? etc.
Size of area project aims to cover?
Internal communication?
Strong traditional authority structure?
Existence of other organisations with particularly strong membership?

Society amorphous or strongly split by conflicting groups?
Integrated/much resettlement of new-comers?
More or less traditional in terms of agricultural practice, consumption habits etc.

Historical experience.
How much migrant labour?
Outside influences?
Often moved?
Reaction to rehabilitation?
Degree of participation in other projects?

I found however, that I could draw no associations from the kind of information I had.

53. Compare the situation in Umlambo after the clinic was finished and the area was considered a progressive "show area". At a Zenzele meeting the local president said to the women that as they were such a progressive location, they should have a creche. They all agreed — I asked what kind of creche

RDM 29/6/81

Metro gets 63% of Safnit

Deputy Financial Editor

METRO Corporation has bought 63% of Safnit at 460c a share with a view to a separate listing for Metro Cash and Carry, its wholesale arm.

As reported in Business Mail last Thursday, Safnit is to sell off its operating assets to Ninian and Lester, emerging as a shell with cash of R6-million.

Then Metro Cash, the R541-million-a-year wholesale arm of Metro Corporation, will be listed by reverse takeover of Safnit on terms still to be announced. Safnit's name will be changed to reflect its new identity.

Metro is to offer minority shareholders in Safnit 460c when Safnit shares are relisted on July 7. It remains suspended while final terms are settled.

Metro now has 898 062 Safnit shares representing 63% of the equity. Because it wishes the listing to continue, it will ensure that the listing terms are attractive enough for shareholders to reject the 460c offer.

Once Metro Cash is listed, investors will be able to choose between investing in purely the wholesale arm via Metro Cash or in the wholesale arm plus Dion's and Russells through Metro Corporation.

If they wish to have a holding in Metro Corporation plus the Picotel-Union Wine liquor group, they have the option of going for Coki Corporation wine group.

Shortly after the relisting on July 7 a transmuted listing statement will be published by Safnit.

cultivation. If the owners still cannot use their fields (e.g. because they are migrants) they re-allocate them to a landless person. Apparently everyone supports this system.

55. This conclusion does not apply for all time but just to the present state of affairs where (for reasons I have discussed under No.9) people generally don't see themselves as being able to work together to change their situation.

56. There was a lot of support for the idea of the creche in the planning stages. About 50 women volunteered to help run it, and IO men to help build and establish it. Even so there was a low response to building (which Wits SAVS started) and so later a big meeting was called which 400 people attended. IOO of these signed their names under categories of voluntary assistance. However basically the situation remains that while 30-40 people are involved

Big coal merger should help consumer

Star 1/7/81

25 30 ~~232~~

By Mervyn Harris

Adequate supplies of coal for the Witwatersrand area, even in peak winter conditions, should in future be assured through a far-reaching modernisation and rationalisation of the four major coal merchants in the area.

This follows the takeover and consolidation of the four merchant operations into one service organisation to be named Triton Energy.

The coal companies will now operate under the name of MacPhail in a deal that will initially cost more than R7-million.

The move has been made as existing arrangements for the distribution of coal on the Witwatersrand have been unable to cope with customer requirements, particularly in winter.

The demand for coal in the area has grown by 10 percent to 15 percent a year and the merchant companies have been unable individually to finance the modernisation programme necessary to meet future needs.

The new organisation, backed by the Triton group, will market and distribute coal and fully service customers. In the past coal merchants were merely retailers of coal.

Existing fleets of coal merchant lorries will be upgraded and a major coal storage depot, which will be able to handle 2.5-million tons of coal annually, will be established on the Witwatersrand at a cost of R10-million.

At present the four merchants on the Witwatersrand handle about 1-million tons of coal annually.

The programme to restructure supplies of coal will take about three to four years to complete, and should in time lead to a more hygienic and clean coal handling and usage in the home.

See financial pages.

Big four coal firms sold for R7-m

RDM 1/7/81

30

225

By JOHN MULCAHY

IT has now been confirmed that Triton Energy (formerly Dermacult) is the R7 500 000 buyer of the "big four" Johannesburg coal merchants.

As predicted in Business Mail on June 19, the Triton group has acquired Coal Cartage and all its subsidiaries, Imperial Coal, B Wolpert (Pty) and Witbank, making Triton the biggest coal distributor in South Africa and on the Witwatersrand.

Coal Cartage alone handles 85% of coal business on the Witwatersrand, other than purchases directly from mines, but the directors refute allegations that a monopoly has been created, preferring to call it "one major supplier of coal to the Witwatersrand to ensure superior service and to prevent shortages in the future."

The deal has, in fact, been tacitly approved by the Competition Board. "Triton Energy has consulted with the Competition Board concerning its plans and the Board is, with the information presently available to it, of the opinion that there is no likelihood of the existence of circumstances which would not justify the proposed acquisitions in the public interest in terms of the Act."

The new conglomerate, which will come into effect today, will continue trading as MacPhail (Pty), and will handle about 1-million tons of coal a year.

The directors of Triton Energy said at a press conference yesterday that the existing arrangements for the marketing and distribution of coal on the Witwatersrand have been unable to cope with customers' requirements, and in the winter months demand has consistently outstripped distributors' ability to supply.

"Triton Energy plans to improve this unsatisfactory situation initially by rationalising coal stocking facilities within the Witwatersrand area and by improving the quality of existing transport arrangements."

First, in a move to improve administrative arrangements, all orders will be channelled through McPhail's, while in time Triton Energy intends establishing a new and technologically advanced central depot for the Witwatersrand area capable of handling sufficient quantities of coal to ensure adequate supplies at all times.

The R10-million coal depot, which will take two to three years to establish, will be designed to handle 2 500 000 tons of coal a year, and to hold in stock at any time around 400 000 tons.

According to the directors: "It will be goodbye to the filthy coal delivery lorry, the filthy coal chips all along the driveway and the filthy bunker and bags in the back yard."

A 70 kg bag of coal, now costing R2,45 delivered, could cost as much as R6 in two years if present distribution methods are continued, while Triton estimates its own price at that time, using the new distribution system, at R3,60.

Triton, its directors and its associated companies will increase their shareholding in Triton Energy to 1 743 888 ordinary shares, representing 76% of the enlarged share capital of the company.

Triton Ltd, a subsidiary of Triton Consolidated Holdings, has bought Coal Cartage for R4 500 000 and Imperial for R2 200 000, both amounts payable in cash.

At the same time, Triton Energy has agreed to purchase Coal Cartage and Imperial, excluding property and cash assets, from Triton in exchange for cash and shares.

The consideration payable in respect of of Coal Cartage amounts to R2 295 000, by way of R765 000 in cash, and 680 000 ordinary shares, with a total value of R1 530 000.

The Imperial consideration will be in the form of R566 668 in cash, and 503 703 ordinary shares in Triton Energy, with a total value of R1 133 332 — this places a value of 225c a share on Triton Energy.

Triton Energy has also entered into agreements for the purchase of B Wolpert (Pty) and certain assets and the business undertaking of Witbank Coal Agency (Pty).

Consideration for Wolpert amounts to R808 530, to be satisfied by the issue of 100 178 Triton Energy shares, valued at R225 400, and R583 130 in cash.

The directors say that while the principal benefits to shareholders from the transactions will only arise following implementation of certain rationalisation and expansion plans, substantial increases in profitability can be achieved through closer control over costs and elimination of waste.

'Smelling kaffirs' insult hurled at shoppers

Sowetan 2/7/81 30

TWO black women yesterday claimed that they and a teenage girl were first ordered to strip naked and then called "smelling kaffirs" by a shop official who suspected them of shoplifting at the OK Bazaars, Johannesburg, last week.

Mrs Sarah Msiza and Miss Eva Masemola both of Dennilton in the Eastern Transvaal, said they were insulted by a woman who searched them and the teenage girl in a private office at the stores in Eloff street.

But the store security manager denied the incident saying their policy did not allow any store official to search or insult suspected shoplifters. He did not want to be named.

He said the women could not have been searched without his knowledge.

"We don't have women who are security guards in this branch," he said.

Mr Abel Phundula saw the women when they were apprehended by a male security officer outside the stores.

He followed the women and the security officer inside the store until they were handed to a white woman in an office where the search was conducted.

The women said the woman who searched them spat on the floor while she was conducting the search. She frowned at their breasts and referred to them as "smelling kaffirs", they said.

When she could not find anything stolen in their possession, she hurried them out of the office and they had to put on some of their clothes in front of customers.

"We felt degraded particularly by being forced to strip in front of a child," they said.

Booming Clicks

CT 3/7/81 30

CLICKS sales have soared by 37 percent to more than R70m in the year to June, chairman Mr Jack Goldin, announced yesterday.

The profits will be announced around September but the sales rise augurs well as the group's margins are likely to have increased in view of the strong upsurge in the economy over the past year.

On past performance the profit rise could outstrip the turnover increase.

He confirmed that the group was going ahead with its largest ever store expansion and included in the programme will be 12 new stores to be opened before Christmas.

HARROWE'S 30

Recovery continues

FM 3/7/81

Activities: *Trades as Leydens, Harrowe's and Simon Templar, retailing men's, women's and children's clothing and footwear, household linens, furniture and electrical appliances. Directors have a 40,3% beneficial interest.*

Chairman: *R M Mendelsohn.*

Capital structure: *954 000 ordinaries of 50c. 100 000 6% cum prefs of R2. Market capitalisation: R868 000.*

Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R359 000; net short-term, R607 00. Debt:equity ratio: 55,4%. Current ratio: 1,8. Group cash flow: R205 000. Capital commitments: Nil.*

Share market: *Price: 95c (1980-81: high, 95c; low, 55c; trading volume last quarter, 13 500 shares). Yields: 21,0% on earnings; 4,2% on dividend. Cover: 5,0. PE ratio: 5,0.*

	'78	'79	'80	'81
Return on cap (%) ..	—	8,1	12,7	16,3
Turnover (Rm)	87	93	109	133
Pre-tax profit (Rm) ..	(81)	37	201	345
Earnings (c)	—	1,3	10,7	19,6
Dividends (c)	—	—	2,5	4,0
Net asset value (c) .	127	129	137	162

Harrowe's chairman Richard Mendelsohn expects only satisfactory results this year following the vast profit improvement in the year to February 28 1981. This cautious view is to be expected considering the current economic slowdown and the losses the group suffered in the 1977/1978 recession.

The five times cover is conservative against the cover of 4,3 times last year considering the strength of the recovery with an earnings increase of 83% to 19,6c. But the directors are determined not to have a repeat of the recession slump. Earnings in 1976 were 13,6c a share — the company then suffered substantial losses before recovering in 1979. The 22,4% rise in turnover was accompanied by a 70% improvement in pre-tax profit to R345 000 (R203 000). Contributory factors were the opening of Leydens in the new OK centre in Witbank and extensions to the Vereeniging and Florida branches. Another contributory factor, says Mendelsohn, was "careful surveillance of expenditure."

The extensions, new branch, and buoyant sales were partly responsible for the rise in stock to R1,5m (R1,2m); Mendelsohn says it is also policy to increase stock as a safeguard against inflation.

This was financed largely on the short-term side using creditor finance and bank overdrafts; the current ratio thus dropped from 1,9 to 1,8. This is still a comfortable figure. Group cash flow is R205 000, 74% up on last year's R118 000.

Mendelsohn says "suitable" acquisitions are wanted. The group is in a position to buy other businesses as debt:equity has dropped from 71,3% to 55,4%. Should further borrowings be wanted, for acquisition or expansion, there is leverage to increase borrowings, though interest cover is a constraining factor.

Despite an initial adverse effect on furniture sales because of the credit squeeze and new credit legislation, turnover is currently 15% above last year's comparable period.

The economic slowdown will effect results to some extent, but Harrowe's seems sufficiently recovery oriented to ride out the next bad patch.

The share, currently trading at 95c, is at a two year high; there is some market confidence in the recovery.

Earnings this year should reach at least 25c allowing a 5c dividend if cover remains unchanged. *Cathi Warriner*

Inkatha attacks 'strip and search' at OK

Sowetan 3/7/81

(30)

By LEN MASEKO

INKATHA has strongly condemned the alleged stripping of two women and a teenage girl last week at the OK Bazaars, Johannesburg.

The movement was reacting to an incident in which the women were allegedly ordered to strip naked and then called "smelling kaffirs" by a shop official who suspected them of shoplifting.

The supermarket has denied the incident saying their policy did not allow any store official to search or insult suspected shoplifters.

Inkatha senior official Mr Gibson Thula said in a statement yesterday: "The movement strongly condemns the alleged stripping of the women at OK Bazaars as reported this week. Inkatha demands a quick and convincing explanation from the authorities of the supermarket."

Mr Thula warned the supermarket to offer an explanation as soon as possible "otherwise Inkatha will seriously consider placing the supermarket on its agenda for their next Black Alliance meeting".

"It is strange that the very people who describe us as "smelly kaffirs" kiss and lick our coins at the end of a good and busy day," he added.

TONGAAT LAUNCH BLACK RURAL CHAIN STORES

S. Tribune 5/7/81

30

~~107~~

~~86~~

By Dave McDermott

WITH a firm belief in the future of black spending power Tongaat Foods has launched a chain of cash and carry and wholesale stores aimed at the rural market.

The chain, known as Savat, has already been established with stores operating in Kokstad, Babanango (northern Zululand), Eshowe and Kranskop. Another store is under construction at Ladysmith.

Tongaat Foods regional director for the southern area (Natal and eastern and western Cape) Bill Florence, says there are plans in hand to open a number of other stores, primarily in Natal.

"But there is nothing to preclude us from looking at other areas, bearing in mind where our strengths lie — Natal and Transvaal. It is a cash and carry operation with limited wholesale and a delivery service.

"We believe there is a tremendous future in the area of black purchasing power — you've just got to look around you to see it."

Florence says Tongaat Foods is looking at areas where it does not have sufficient back-up for its full range of products available to the retail trade.

"We will be building new stores. All development will be within the Savat image. Ten new opportunities are presently under investigation."

Savat is a wholly-owned subsidiary of Tongaat Foods but Florence says there are some areas within Savat that are not wholly-owned.

Recent studies undertaken by Unisa and by a leading stockbroker back up the confidence Tongaat Foods has shown in aiming primarily at the black market.

The studies point to an expansion of black buying power. The stockbroking study, reprinted in Barclays Business Brief, shows that blacks will have a far greater proportion of South Africa's total consumption expenditure by 1985.

By that time, blacks will account for 47,4 percent of total consumption expenditure, whites 40,2 percent, coloureds 8,2 percent and Asians 4,2 percent.

Black business has vital role, says professor

Star 7/7/81

(30)

By Frank Jeans

With black spending power currently running at more than R10 000-million, and geared to pitch at 50 percent of the total consumer market in South Africa by the end of the century, the role of independent black business is vital.

And if the philosophy of commercial and industrial freedom is to survive, it must never be seen as the subterfuge of a few powerful men in big business.

This was said by Professor Jan Lombard, of the Reserve Bank, when he opened the 17th annual conference of the National African Federated Chamber of Commerce at Port Elizabeth today.

Urging greater involvement of the black entrepreneur, Professor Lombard, who is special adviser for economic co-operation in Southern Africa, said: "A very serious deficiency in enterprise will soon result in the South African economy if enterprise is expected to come exclusively from the ranks of the white population.

"The white population is just not large enough, nor growing fast enough, to bear this economic responsibility alone. I therefore foresee an explosion of another growth need — for entrepreneurial talent from the ranks of the black population."

Professor Lombard said there was the view, "even in very high and powerful places," that the entrepreneurial function should be left to big business.

"It is not difficult to understand the motives for this view, and in the short run such a style may even succeed in generating rapid rates of growth in employment and material output.

STAGNATION

"In reality, however, it is a council of social degeneration and eventual economic stagnation."

The professor sees this "centrally administered" system as one without freedom, without initiative without joy and hope, which will — as Russia and others are experiencing — put such a strait-jacket round the economy that standards of living will have to decline as well.

Urging a spread of the small business concept, Professor Lombard looked at the American experience, which showed that in the eight years up to 1977, nine million new job opportunities were created of which three million were in the public sector, 500 000 in the 1 000 largest businesses sector, and 5,5 million by small businesses.

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.
P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.
P R Swift

LTA Prizes
For the best student in each of ...conomics I, ...rth &

URBAN & REGIONAL PLANNING

Farber Datsun to open in southern suburbs

CT 7/7/81

By PAUL DOLD
Financial Editor

FARBER DATSUN is expanding after one of the most dramatic profit rises in the history of the group which saw earnings rocket by more than 300 percent in the year ending June on a 50 percent sales rise.

Farber's which operates from two major one-stop motor complexes — the first in the centre of Cape Town and the other in the northern suburbs — is to open an outlet in the southern suburbs in the near future.

"The new branch is expected to lead to a sharp rise in market share, managing director, Mr Stephen Farber, said yesterday.

Farber's, although not quoted on the stock exchange, is one of the oldest motor businesses in the Cape and was founded in Kimberley in 1908 by the late Mr H Farber.

Mr Stephen Farber says the sharp sales rise was due to the great popularity of the Pulsar and demand is still exceptionally strong. The top line model 280ZX has also added to the sales trned.

Farber Datsun's new financial director Mr R A Wilson

"Commercial vehicles have also played an important part in building our large fleet penetration."

Used car sales also performed well and both sales and profits of the spares division were sharply higher.

Farber's is placing particular emphasis on its staff training programme, enhancing its reputation for top line service and achieving yet higher administrative efficiency. Management is being strengthened for the expansion programme, and Mr R A Wilson has been appointed financial director.

Argus 8/7/81 (88) (30) 3/88

Free enterprise region urged

Argus Bureau

PORT ELIZABETH. — The creation of a free enterprise region in South Africa should be considered to show what can be achieved where controls are suspended, the chairman of the Chamber of Mines, Mr D Etheredge, said here yesterday.

He was giving a keynote address at the annual conference of the National African Chamber of Commerce (Nafcoc).

Stressing the importance of free enterprise for business development, he said the creation of a free enterprise region as a pilot project could offer a chance to see what can be achieved 'while the longer process of untangling the legislative web goes on.'

This idea was being thought through by businessmen and could lead to an approach to Government for further consideration.

PROBLEMS

'There are, of course, many problems in this concept, not in the least being the choice of the first free enterprise region.'

Such a free region could not be one of the larger cities because it would cause too great a distortion in the economy. It should rather be in a growth area, such as Richards Bay and its hinterland.

REVIEWED

Mr Etheredge urged that legislation at all levels that inhibited the growth of free enterprise should be reviewed by a committee composed of senior civil servants, law advisers, academics and business leaders of every race.

'If economic growth over the whole of Southern Africa is to be accelerated the main effort will have to be directed at giving real opportunities to blacks in employment, investment and entrepreneurship.

BURDEN

'In the case of black business today, there is the huge additional problem which did not apply to the Afrikaner forcing his way into what had been an English-peaking preserve.

'That is the heavy burden of laws and regulations which stand as obstacles in the way of black business,' he said.

pharmacist for a consultation, but the pharmacists do play an important, if minor, role in the total medicare system. The traditional and conservative pharmacist will ... "... ing" is bad medicine and

...up the scripts brought by
... dispense "non-ethical"
...ey have got or exactly what
... may be bad business - and
...ge and skill to the benefit
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screened at the beginning and end of their primary schooling and the rare cases being vigorously followed up. Also, in the last three years of her service (1975-7) the sister estimated that 90% of the adult women had attended the family planning clinic and "there were good reasons for the other 10%." Unwanted pregnancies were occurring mainly among teenage girls who were able to delegate most of the responsibility for the care of their children on to their own parents.

Because of the comprehensiveness of its contacts, the clinic provided for many of the poor their first point of communication with professional medicare. As such it was and remains of crucial importance, not only in making referrals to the most competent and appropriate services for those in need, but in establishing an attitude of mind in the patients conducive to successful treatment. For as long as the population of the township was small enough to make it physically possible for one woman to manage, the personal contacts, the regular follow up, the insistence that courses of pills be completed, helped to promote an attitude towards medicare which is apparent in many ways today. Of their patients in Ocean View the doctors who serve the township from the local surgeries and from Fish Hoek say, "They do not call you out unless it is really necessary, and they follow advice for the most part." On their side, the patients have well defined expectations of their medical practitioners both in hospitals and in private practice. They are not unsympathetic to human failing and error, but their other expectations are high.

Because of the close family ties which link virtually everyone together in the township, the judicious use of accumulated wisdom and the clinic service for the children, the assessment of the sister is probably accurate - "they're a pretty healthy lot in Ocean View." Scabies is a problem, but infestation is rare and a neglected (as opposed to a healthily dirty) child is hardly ever seen in the township.

The effectiveness of the clinic and its links with the hospital services has virtually eliminated the final para-professional role relevant in the township - that of the mid-wife. Although some mid-wives had had a full medical training, most of those mentioned in interviews and discussions appear to have had little to do with their customers beyond their annual visit to welcome the stork. Most women seem to have had their recent babies in hospital rather than at home in Ocean View, and with the clinic handling ante- and post-natal care, the call for the midwife has virtually vanished.

Part 3. The Professionals.

Homely wisdom and preventive medicine through the clinic cannot keep all ills at bay, and the services of the doctors in and beyond Ocean View are sought generally, as has been observed, only when really necessary. Two doctors have surgeries in Ocean View which they normally attend for an hour each morning and each afternoon, in addition to making such house calls as are necessary in the township and visiting their patients at False Bay Hospital. Each however conducts surgeries in two other centres and neither lives within five miles of the township. During the first few years of the township's existence there was often no telephone accessible and in working order over the weekends, which added to the sense of isolation from professional attention.

There are several private practitioners, including the district surgeon, active in Fish Hoek. Five have a number of patients from Ocean View as "regulars", but only one has a substantial clientele. It takes time and money to get to their surgeries from Ocean View, unless one is combining a trip to the doctor with a journey to work or to shop.

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30 ~~33~~ Ev Post 8/7/81

Black entrepreneurs given secrets of success

By BILL GARDINER

PLANNING would be the key strategy for accelerating growth in the 80s, Mr Ivan Houston, chairman of the Golden State Mutual Life Insurance Company, California, said at the National African Federated Chamber of Commerce conference in Port Elizabeth yesterday.

Mr Houston said if blacks were to succeed in business, several key principles would have to be observed.

The first principle for any small business to succeed was a careful assessment of its own capabilities, with a clear recognition that all business ventures had to be well-managed.

A key principle in developing a successful business strategy was an assessment of the needs and wants of the community as well.

"The cultural and traditional needs of a community or a people must not be overlooked in developing a business strategy," said Mr Houston.

At the same time, entrepreneurs would have to match the capabilities of business to the needs of the community.

"I will have little success opening a market if I have little or no money to stock it or little or no money to stock it with the goods that are in demand. If I am skilled as a barber, I may open a barber shop shop with little or no capital — but I won't succeed if haircuts are not in style," he said.

"Most black businesses in the United States were formed with very little money — but with the knowhow, ingenuity and industry of one or more persons and an awareness of the needs of the community."

Mr Houston said to accelerate the growth of minority business, the black entrepreneur would have to study the political, social and economic climate of the community he operated in and the country in general.

Studies in the US had shown that whereas all business thrived when the overall economy was thriving, small businesses — which were mainly minority-owned businesses — were often the first to suffer and the first to liquidate.

"No business is a certain success. All are subject to changing economic, political and social climates. The ability to gather facts and make proper decisions based on these facts increases the chance for success," he said.

"All of this must be put into a plan — a plan calling for action. Planning leads us to establish clear-cut goals based on facts, goals that are to be completed at certain set times.

"Here in South Africa, blacks are an oppressed people, whereas we have been an oppressed people and are still suffering from the effects of centuries of oppression.

"The black race can lift itself by believing in itself and then by action that supports that belief, because there is a vibrant rhythm that flows through black people everywhere," he said.

Motsuenyane says Nafcoc cultivating unity among blacks

Ev Post (30) 8/7/81

Post Reporter

THE "mission" of the National African Federated Chamber of Commerce (Nafcoc) of cultivating a spirit of unity among black businessmen in South Africa had been steadily accomplished, the organisation's president, Mr Sam Motsuenyane, said today.

Addressing Nafcoc's annual conference, he said it had grown to include a total membership of about 10 000 businessmen, with sixteen affiliated regional chambers of commerce and 120 branches.

There had also been a sharp rise in the number of white companies which had joined as associate members during the past year. This was largely a result of the enormous pressures being exerted on United States companies to affiliate to the organisation, he said.

"This development has in no small measure contributed towards making our organisation more financially viable and capable of extending a wider range of services to our members."

But Mr Motsuenyane said that "in fairness to Nafcoc" he would advise companies to join because of a sincere desire to assist the development of the black entrepreneur in South Africa, and not out of fear of reprisals from overseas pressure groups.

"If this is not the case, we have real fears that Nafcoc could enrol many unhappy members who join out fear of victimisation.

Mr Motsuenyane said to operate effectively and retain its credibility, Nafcoc would have to keep out of party politics.

"This does not, however, imply that our chambers cannot or ought not to express political views critical of Government policy. In situations where the policies are seen to conflict with the interests of the business community, it is Nafcoc's responsibility to draw the Government's attention to the grievances and objections of its members."

Although critical of Government policy, Nafcoc could not be seen as opposition in a political sense.

He warned that attempts by homeland governments to compel regional chambers to align themselves more closely with homeland politics, or even to dissociate themselves from other chambers outside their areas, would result in the regional chambers losing their effectiveness and credibility.

Progress towards regional economic co-operation and unity demanded the creation of organisations such as Nafcoc, and the development of social conditions which would allow for the greatest possible scope for the interchange of ideas and services, he said.

"The tendency by some leaders in the region to encourage or support the forces of isolation and fragmentation will undoubtedly sow seeds of untold conflict and weakness in our ranks.

"As of now, several homeland leaders have spoken in support of economic co-operation in South and Southern Africa, but what is done in practice so often appears to negate what is expressed in words," he said.

Nafcoc would have to set itself specific targets for 1982 if it was to progress.

Land Acts 'in conflict with free enterprise'

RDM 9/7/81

30

Own Correspondent

PORT ELIZABETH. — Nothing was more in conflict with free enterprise than the land settlement and ownership policies of South Africa, Mr Sam Motsuenyane said yesterday.

He was delivering the presidential address at the 17th annual conference of the National African Federated Chamber of Commerce (Nafcoc) in Port Elizabeth.

He said the dispute over black land ownership, which also affected their potential involvement in agriculture, had remained a sensitive political bone of contention since Union and the subsequent passing of the 1913 and 1936 Land Acts which declared 86% of the country white-owned and only 14% black-owned.

"As long as restricted black land ownership remains, it is obvious that blacks can never have a fair share in the wealth of their country; neither can they even hope to acquire full citizenship and the basic human rights attached to this."

Mr Motsuenyane said the free enterprise system country could never be made generally acceptable to the blacks under present conditions.

The Land Acts should be scrapped as they contrasted sharply with expressed Government intentions to create a climate of racial harmony.

He said the main obstacles to more judicious and productive land distribution and utilisation in the black areas were not only political, but embodied in cultures.

Mr Motsuenyane called for the introduction of land reforms through new farming opportunities for blacks outside existing tribal areas.

He said modern farming methods could be applied unaffected by the restraining influences of the tribal system.

Nafcoc, in taking up black businessmen's problems at ministerial level, was uncertain which matters it should refer to the Department of Co-operation and Development and which to the Department of Finance or of Commerce and Industry.

"We are aware of the specific recommendations in the Riekert Report that the Department of Co-operation and Development should cede some of its wide functions to other departments better equipped to deal with such particular functions.

"We are also confused as to the extent to which legislation applicable to blacks can be applied by departments which up to now have only been concerned with the problems of the white community."

He said the Nafcoc council was preparing to see both the Ministers of Finance and of Commerce and Industry to thrash out "these outstanding matters which could not be conclusively dealt with by the Minister of Co-operation and Development" when Nafcoc met him last year.

Mr Motsuenyane said the most important role the governments of South Africa and neighbouring black areas could play was in the creation of a climate of equal opportunity and freedom for all racial groups.

URBAN REGIO PLANN

QUANTITY SURVEYING (Continued)

Bell-John Prize

For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes

For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes

For the best student in the subject of Building Construction.

C M von During

GM pledge to help black industry

Argus Bureau

PORT ELIZABETH. — An appeal was made last night to black businessmen to concentrate more on manufacturing for the motor industry to alleviate critical parts shortages.

The managing director of General Motors South Africa, Mr Lou Wilking, made the appeal at a banquet of the National African Federated Chamber of Commerce (Nafcoc) during its annual conference in Port Elizabeth.

SHORTAGES

'When you look at the demand growth pattern, it is small wonder that the industry is daily facing critical parts shortages. We need more suppliers,' he said.

'We appeal to black suppliers to involve themselves in the many segments of the industry open to them.

'Any aspiring black entrepreneur should not confine his manufacturing efforts — big or small — to a single company.

'He should direct it to the motor industry as a whole.

'We at General Motors have received approaches from black businessmen who are eager to be accepted as suppliers of commodities and components.

'We shall leave no stone unturned to assist them in becoming established.'

The president of Nafcoc, Mr S M Motsuenyane, said in an earlier speech to the conference, that the 'sad and sombre contrast of life' in South Africa, was the 'time bomb' on which the country was sitting.

He said the truth was revealed by reported incidences of starvation in Zululand, chronic housing shortages in Soweto and in other major urban areas of the country, and 'dire poverty' in certain parts of the homelands.

Business leader slams SA Land Acts

Star 9/7/81

PORT ELIZABETH — Nothing looked more discouraging and in conflict with the free enterprise concept than the land settlement and ownership policies of South Africa, Mr Sam Motsuenyane said in Port Elizabeth yesterday.

He was delivering the presidential address at the 17th annual conference of the National African Federated Chambers of Commerce (Nafcoc).

MR SAM MOTSUENYANE

Mr Motsuenyane said the dispute over land ownership rights of blacks in the country, which also affected their potential involvement in the agricultural industry, had remained a sensitive political bone of contention since the founding of the Union of South Africa and the subsequent passing of the 1913 and 1936 Land Acts, which had declared 86 percent of the country white-owned and only 14 percent black-owned.

"As long as this situation of restricted black land-ownership remains, it is quite obvious that blacks can never have a fair and equitable share in the wealth of their country, nor can they even hope to acquire full citizenship status and the basic human rights attached to this."

RESTRAINTS

Mr Motsuenyane said that against the background of the existing policy restraints that confined the black majority in South Africa to 14 percent of the land area of the country, the morality and rationale underlying the free enterprise system in the country could never be made generally acceptable to the blacks.

The Government should scrap the outdated Land Acts that stood in sharp contrast to expressed Government intentions to create a climate of racial harmony.

Radical changes to the existing scheduled black areas could not be foreseen in the near future.

He said the main obstacles that hampered progress towards a more judicious and productive system of land distribution and utilisation in the black areas were not only political, but were also deeply embodied in the culture of the people.

Acknowledging there would be problems in initiating rapid land reforms in the black areas, Mr Motsuenyane called for the introduction of such land reforms by creating new farming opportunities for blacks outside the existing tribal areas.

He said modern farming methods in these areas could be applied unaffected by the restraining influences of the tribal system. — Sapa.

Support for call to open trading areas to all races

GV Post 10/7/81 (30) (87)

By SHELAGH BLACKMAN

THE whole of the magisterial area of Port Elizabeth should be open to businessmen of all races, the deputy chairman of the Coloured Management Committee, Mr W J Dietrich, said today.

He was reacting to the call by a director of Lintas Advertising, Mr Madala Mphahlele, to delegates to the Nafcoc conference in Port Elizabeth yesterday that pressure should be put on authorities to allow blacks to trade in central business districts without restriction.

Mr Dietrich said he agreed with the statement but would go a step farther.

Not only the central business district of Port Elizabeth but the whole of the magisterial district should be a free trade area.

"This would mean a white man who wanted to trade in New Brighton and perhaps sell cheaper goods there would be able to do so. Likewise there would be nothing to stop a black businessman from trading in a coloured," he said.

The chairman of the Indian Management Committee, Mr R Bhana, said his committee had always supported the idea of a free trade zone.

He was opposed to the City Council's decision taken in May that only certain areas in the central business district be open to free trade.

That recommendation was in terms of Section 19 of the Group Areas Act which allows Indians, coloureds and Chinese to conduct business under permit in free trade zones.

A member of the City Council, Mr Terry Herbst, said top economists had pointed out that South Africa's economic growth was being stifled by restrictive laws.

"It is time we woke up and looked at the situation realistically," he said.

He considered the City Council's recent decision to open only certain areas in the CBD as "ill-advised".

Port Elizabeth should be open to business without any restrictions.

The MP for PE Central, Mr John Malcomess, said his reaction to yesterday's statement was that it did not go far enough.

"All commercial and industrial areas should be open to trading by all groups," he said.

The only National Party MP in the Port Elizabeth area who could be contacted was Mr Gert van der Linde, the MP for P E North, who said that he had not considered the matter. He was not prepared to say anything until he had a chance to hear the full story.

The MPC for Central, Mr Edward Trent, said he was 100% behind the call for free trade in central business districts.

Not only should blacks be allowed to trade where they liked but they should also be able to buy agricultural land.

SAFICON (30)

No slow-down

FM 10/7/81

Activities: *Sells new and used cars and commercial vehicles. Also distributes parts and accessories and manufactures motor components. Holds the Mercedes-Benz and Volkswagen/Audi franchises on the Witwatersrand trading as Lindsay Sakers and Cargo Motors. Has property interests and owns 30% of Boumat Holding company Safic owns 66,8% of the equity*

Chairman: *S Borsook.*

Capital structure: *8,0m ordinaries of 50c. Market capitalisation: R19,2m.*

Financial: *Year to March 31 1981. Borrowings, long- and medium-term, R3,6m; net short-term, R1,7m Debt:equity ratio 42,5%. Current ratio: 1.5. Group cash flow. R9,2m.*

Share market: *Price: 240c (1980-81 high, 320c; low, 115c; trading volume last quarter, 117 000 shares). Yields 43,7% on earnings; 12,9% on dividend Cover: 3,4. PE ratio: 2,3.*

	'78	'79	'80	'81
Return on cap (%)	15,3	18,9	20,3	31,6
Turnover (Rm)	116,5	145,2	179,2	242,9
Gross profit (Rm)	3,8	5,1	6,4	11,8
Gross margin (%)	3,4	3,8	3,8	5,1
Earnings (c)*	15,4	30,5	47,6	104,9
Dividends (c)	5	9	14,25	31
Net asset value (c)	189	216	265	323

* Earnings equity accounted.

SAKERS

Share market: *Price: 270c (1980-81: high, 320c; low, 115c; trading volume last quarter, 58 000 shares). Yields: 42,6% on earnings; 12,2% on dividend. Cover: 3,5. PE ratio: 2,4.*

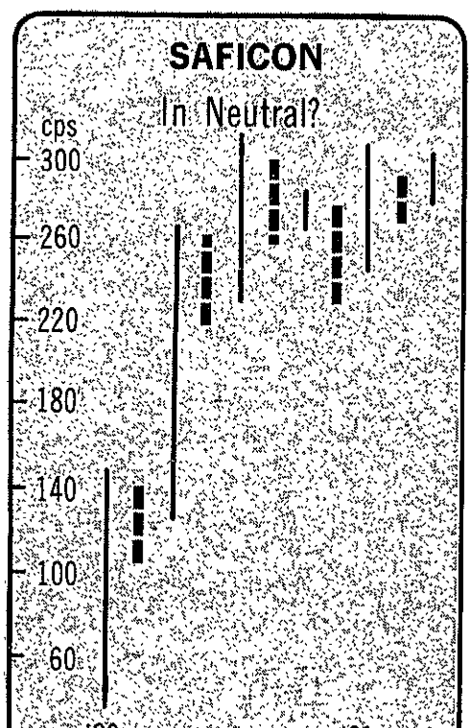
	'78	'79	'80	'81
Earnings (c)*	16,4	33,1	51,5	115,1
Dividends (c)	4,5	9	14,75	33
Net asset value (c)	199	233	278	347

* Earnings equity accounted.

If Saficon's view of the current financial year is accurate then the market must surely be under-rating the share. Chairman Sidney Borsook's projected earnings figure promises an advance of 18,7% and dividend growth of 19,4%. Growth is substantially slower than the boom-led advances of recent years, but the share stands on a prospective PE of 1,9 offering a dividend yield of 15,4%.

Investors might argue that, as Saficon is predominantly a motor sector operator, earnings are subject to harsh swings. This argument overlooks the fact that the group is even further diversified into the fast-growing Boumat, which expects substantial profit advances in the next three years. Also, some of Saficon's business is in exports which is a useful diversification.

The only logical reason for such a low rating, given Saficon's sound record and management, is that the market expects high interest rates to seriously impact on motor sales.



Borsook says the group lost share in the passenger car market last year as a result of supply problems, but increased penetration in the commercial sector. This year Saficon anticipates recovering lost share in the passenger car market.

These supply problems in a booming market (which produced better selling margins) were part of the reason for Saficon's better than expected asset turn. For financial 1981, Borsook projected an asset turn of 6,04 times compared with an actual figure of 7,08. A higher asset turn and better margins resulted in the return on average net assets rising to 26,8% (15,6%) compared with a projected 17,2%. Because of recent high returns and expected high inflation rates Borsook has revised the required four-year return on assets target to 17,5% (15,0%).

CONTRIBUTION TO EARNINGS

	'80	'81
	%	
Motor vehicle distribution	67	64
Component manufacture	7	6
Building industry	19	27
Property	2	1
Holding company	5	2
	100	100

BORSOOK'S PROJECTION

	'82	% increase over '81
Turnover (Rm)	301,2m	24,0
Net operating profit after tax (Rm)	11,3	23,4
Earnings (c)	124,3	18,7
Dividends (c)	37	19,4
Net worth (c)	399	27,9

Saficon remains adequately financed with scope for R15m expansion aside from the R40m additional trading assets expected to be required in the next four years. This is before the use of equity finance, and within the present debt:equity ratio. Given last year's 44% gearing and the 75% self-imposed target, Saficon has nearly R8m unused borrowing capacity. Part of this will be taken up in a R4m red pref issue which will bring the end-March debt:equity ratio to 58%.

The prudence of Saficon's financial policy is beginning to pay off. The market might have been critical of the high retention rates in the past, but the trend towards higher dividend cover on the JSE will not affect Saficon. This year Borsook expects to liberalise the distribution policy marginally given expected funding requirements. On the projected dividend, cover will fall to 3,35 (3,38) times.

Taking into account Borsook's projections, which are subject to assumptions on inflation and interest rates, the share is a sound income buy.

□ **Sakers** benefits from pref-share gearing. Hence in financial 1981, earnings advanced 121% to 115,1c compared with a 118% improvement from Saficon. On the basis of this year's projections from Saficon, Sakers expects to earn 137c and pay 40c. This places the share, at 270c, on a 14,8% prospective yield. Sakers is an expensive way into Saficon.

Des Kilalea

GRAND BAZAARS 30

Margin squeeze

FM 10/7/81

Activities: *Retail chain with 15 outlets in the Cape Peninsula, Paarl, Uitenhage and Port Elizabeth. The directors own 39,6% of the equity.*
Chairman: *M Sachar.*
Capital structure: *2,1m ordinaries of 50c. Market capitalisation: R8,8m.*
Financial: *Year to February 28 1981. Borrowings: long- and medium-term, R840 000; net short-term, R2,4m. Debt:equity ratio: 62,3%. Current ratio: 1,2. Group cash flow: R2,2m. Capital commitments: R1,3m.*
Share market: *Price: 425c (1980-81: high, 635c; low, 390c; trading volume last quarter, 167 000 shares). Yields: 18,2% on earnings; 6,4% on dividend. Cover: 2,9. PE ratio: 5,5.*

	'78	'79	'80	'81
Return on cap (%)	30,3	33,4	37,3	38,7
Turnover (Rm)	38,0	45,2	53,6	68,0
Pre-tax profit (Rm)	1,2	1,8	2,5	3,0
Gross margin (%)	4,0	4,6	5,2	5,0
Earnings (c)	29,5	47,2	62,9	77,3
Dividends (c)	11	16	22	27
Net asset value (c)	139	164	204	253

Increasing competition from the large food retailers squeezed Grand Bazaars' margins in the year to end-February with the result that pre-tax profit increased only 23% on a 27% turnover hike. However, in the second six months emphasis on improving the product mix resulted in better overall margins and chairman Manual Sachar says this trend has persisted into the new financial year.

The variation in first- and second-half margins was such that taxed profit increased 11,2% in the March to August period against 30,3% in the second half. The disappointing first-half performance followed the opening of three hypermarkets in the Port Elizabeth area and increasing competition in the western Cape. This affected Grand Bazaars' food business in particular, as the hypers fund low margin food sales through higher margin durables sales.

Grand Bazaars opened no stores during the year, though to keep pace with the trend towards larger retail areas, the Wynberg outlet was converted into an Ultra-Market and has exceeded expectations. In addition, the group has started its entry into the Transvaal with the conclusion of negotiations for a 5 600 m² store in Rosettenville. Further sites are being investigated in the Transvaal and two new outlets are planned for the western Cape.

Despite the lower overall margins, Grand Bazaars improved its financial structure in financial 1981. Balance sheet ratios were better with debt:equity down to 62% (70%) and the current ratio up at 1,2 (1,1). Increasing profit and lower interest rates meant the annual interest/leasing bill was covered 10,4 (8,6) times by gross profit.

In the past four years, Grand Bazaars has produced annual compound earnings growth of 37% despite the disappointing 1981 performance. Already turnover is ahead on last year and margins are improved, so it is not unrealistic to expect at least the same earnings advance in financial 1982. On this basis the company could pay 33c, putting the share, at 425c, on a 7,8% prospective yield. On income grounds the share looks fully valued if margins are maintained.

But there is now a strong speculative element in the price following the mystery purchase of 40% of the equity late last year.

Des Kilalea

BEN VOSLOO

(30) FM 10/7/81

Bedding down the SBDC

Professor Ben Vosloo, founder and former head of the department of political science and public administration at Stellenbosch University, last week took office as the first director of the Small Business Development Corporation (SBDC).

FM: **What are your priorities as director?**

Vosloo: We are starting from scratch, so my immediate priority is to build a personnel team, obtain office facilities, develop operational policies, control systems and financial systems, and incorporate the assets of the various development corporations into the SBDC.

Is the SBDC's existing definition of small business as "one with assets not exceeding R500 000, staff not exceeding 100, and turnover not exceeding R1m" appropriate?

This is a provisional definition.

It does not relate to minimum size but rather defines a ceiling and will have to be revised as soon as we have established our operational policies.

However, we don't want a dogmatic definition at this stage. For example, we would hesitate to involve ourselves with the informal sector until we feel more secure with our operational instruments, but we could do so in the future.

What criteria will you employ for granting loans?

The most important criterion is viability. Also whether the proposed venture contributes to the promotion of private entrepreneurship; the extent to which the project contributes to the promotion of employment opportunities; and the extent to which it contributes to the promotion of the establishment of other vaiable small businesses. Finally, we must consider its contribution to the national economic development process particularly in "depressed areas."

How do you reconcile the granting of loans to high risk entrepreneurs with ensuring your own economic survival?

Finding that balance is our ultimate policy-making challenge. The SBDC must operate within the parameters of two basic considerations — firstly, to remain in business and survive as a corporation, but also to offer maximum service to the community.

We must perform a development function yet reconcile this with our economic survival.

We must resolve how, on the one hand, to render services to those high-risk clients most in need and probably proposing ventures with the least economic viability, and, on the other hand, to remain solvent.

Are there any inhibitions and safeguards against indiscriminate lending?

The bank-guarantee system is one. We are still negotiating details with various banks. But there are some hitches, particularly regarding the risk banks are prepared to carry. Initially, the idea was for us to cover 80% of loss and the banks to carry the other 20%, but we are having trouble convincing them — they are more interested in full cover.

If they won't shoulder some of the risk it could lead to our bankruptcy because applicants are by definition high risk cases not able to obtain assistance elsewhere.

What is the existing capital investment in the SBDC?

At present, share capital comprises A shareholders and B shareholders — A shareholders are the private sector who have pledged approximately R62m of which about R20m has been fully paid up — the rest will be paid over five years.

The B shareholder is the State, which holds its shares through the Industrial Development Corporation. The State's contribution to the capital structure of the SBDC comprises the assets of existing corporations such as the Indian Industrial Development Corporation, the small business assets of the IDC and certain assets of the Corporation for Economic Development in areas outside the homelands.

In addition, the State has contributed R10m in cash.

What has the response of black businessmen been to date?

At present we are not reaching the black community as well as we would like to. One of the most urgent priorities of new management is to investigate the development of instruments and procedures to expedite the kind of service we can render to them.

Experiments in the US and Japan in the Seventies indicated that small businesses accounted for significant growth in output and employment. Some say that in SA the manufacturing sector holds the greatest potential for job creation and growth. How appropriate is this Western model to SA's dual economy?

This is a question no one can answer with precision. No particular model would be applicable without adjustments. Certain Western methods are applicable, but we will also have to develop special techniques suitable to this economic environment.

The provision of credit to entrepreneurs is not enough, counselling is also important. How will banks be geared to do this?

Possibly with the aid and co-operation of shareholders we could develop a system where existing management personnel could be seconded to provide counselling services.

This will have to be taken up with the boards of directors, as well as organised commerce and industry, to ascertain the extent to which shareholders would be prepared to participate.

We are not keen on subsidisation, but education could be funded through public monies. The provision of counselling facilities will have to be carefully considered particularly in rural areas.

What will be the SBDC's major areas of activity?

Three major areas of activity are envisaged — financial assistance, the creation of business infra-structure (in the form of factory-flats, industrial parks, shopping complexes), and the provision of management services/training programmes for existing entrepreneurs as well as pre-starters. We also want to provide after-care services to clients.

If legislation such as the Group Areas Act and other obstructive laws are not removed, can the SBDC function effectively?

There are many retarding factors hindering our effective functioning — legislation is just one and will be taken up with the authorities.

We will have to develop strategies to alleviate problems which is why we will require a legal division to investigate necessary changes.

BLACK BUSINESSMEN

FM. 10-7-81

Hot words fly in PE

30

Black businessmen are fed up. That was glaringly underscored this week as 700 delegates met for the 17th annual congress of the National African Federated Chambers of Commerce (Nafcoc) in Port Elizabeth.

Free enterprise for blacks was slammed as "a mockery" and Government was accused of a lack of sincerity.

Delegates were told to adopt free enterprise as the cornerstone of black development, and that the increasing sophistication of black businessmen and organised efforts to promote small business, like the Small Business Development Corporation (*see page 195*), were bringing new life and vitality into the black business community.

Yet delegates were cynical and disillusioned that Pretoria appears to be making little effort to do away with the fundamental and burdensome restrictions on black entrepreneurship.

Nowhere was this paradox more evident than in the opening speech by Reserve Bank adviser Professor Jan Lombard. He told the group that by the year 2000 black households will be responsible for more than 50% of the total SA consumer market, and that blacks would have to provide the skilled labour and business initiative required if SA is to maintain its recent growth rates.

"Fortunately," Lombard said, "our political philosophy favours the principles of individual freedom in commerce and industry in which the small businessman is regarded as the backbone of the system."

In a sharp and biting reply, Nafcoc president Sam Motsuenyane pointed out that while "very significant" changes have taken place since the 1976 Soweto riots, "a great deal more will have to be done to involve the black man as a producer and partner. Strangleholds on the road must be removed. The great majority of blacks live under a system that cannot be called free enterprise."

Motsuenyane went on to remind Lombard — and by extension the government — that apartheid and its denial to "the majority of people in SA of their basic rights" is "a tremendous indictment of free enterprise."

He said black businesses could not be expected to provide the new jobs and growth rates necessary, unless "apartheid is completely obliviated. We regard ourselves as citizens. Now we want to earn our place as economic equals."

The Nafcoc president said "the shortage of skills is seen by many of us as an artificial creation," the product of years of little educational opportunities for most blacks. "I'm sad to see that the government of our country construes the separation of education as a non-negotiable item in their priorities."

Motsuenyane said he agrees with Lombard's belief that "the black man will have to play an increasing role, but (this can only happen) provided all the impediments are removed."

Anglo American executive, Dennis Etheredge, echoed the view, though with less fervour.

Speaking after Lombard, Etheredge decried the fact that "the mass of our working population, the blacks, are entangled in a web of laws which so restrict their mobility and control them in so many ways, that it is totally wrong to suggest that they live in a capitalistic state."

The goal for all South Africans should be black participation "in the free enterprise system as owners and managers," Etheredge said.

"And it means that the appalling web of constraints and controls on blacks will have to go, as these severely restrict and destroy opportunities. It seems to me that the government can forget its dream about private-sector led economic growth unless it, itself, is prepared to clear the barriers away.

"Without apartheid, SA could be the next superpower in the world."

The delegates loved it. Motsuenyane told the *FM* later that Nafcoc members were "more and more motivated to fight the impediments, and are strengthened in their determination to speak out."

But anger over lack of government awareness remains. "Nothing is being done to accommodate rising expectation of black entrepreneurs," Motsuenyane said, and this "could well lead to more conflict."

The concept of free enterprise for blacks "was a mockery" and exposed the "emptiness of all the promises and the lack of sincerity," he said.

The system in SA "was sustained by laws that are the very antithesis of freedom" and true growth for all South Africans could only happen if the government "is honestly ready to create a new dispensation," Motsuenyane said.

One Ga-Runkuwa shop owner summed up the feelings of most congress participants.

"No one can change the past," he said. "But if the whites knew what were good for them, they would do away with all the laws that keep us down and allow the brains in this room to bloom. Then we would have a real paradise here."

A MIXTURE OF TALENTS

The Nafcoc conference itself, like all such occasions, was a mixture of individuals.

Delegates ranged from a general store owner in rural Transkei to the sophisticated head of development programmes for Standard Bank, from Nafcoc's black industrialist of the year, Habakuk Sikawane (who now employes over 500 people in his furniture factory), to skilled artisans operating one-man shops in urban townships. Some drove Mercedes' others came by bus.

Fashion-conscious wives mingled with their less affluent counterparts. Some participants spent lavishly at the hotel bars, others kept largely to their rooms. A sprinkling of whites representing mostly multinational companies stayed discreetly on the sidelines.

Most participants spoke with fervour about reaching the conference goal of developing "strategies for accelerating the growth of black business in the 1980s." A minority of delegates seemed primarily intent on taking advantage of the relaxed atmosphere and enjoyed the numerous banquets given by, among others, the Mayor of PE, General Motors, and Unilever.

But they all had one thing in common: In varying degrees, each had "made it" in business in a white-dominated society and appreciated the cohesiveness provided by Nafcoc.

As Motsuenyane told the cheering delegates in his presidential address: "Without unity, blacks would not surmount nor face up to the grim challenges of economic and political survival which now prevail."

If nothing else, the conference was a continued triumph for Motsuenyane. In his 13th year as Nafcoc president, he has presided over the expansion of the association's membership from about 2 000 in 1964 to about 10 000 today in 200 branches and 17 regions. By 1985, Nafcoc hopes to have over 20 000 members.

The African Bank was launched five years ago and now has assets of more than R17m.

Because of what Motsuenyane called "enormous pressure exerted from the US on American companies," many multinationals have become associate members of Nafcoc, "making our organisation more financially viable and capable of extending a wider range of services to our members."

Yet the group does have problems. Motsuenyane lashed out at uncommitted members.

"I am becoming increasingly perturbed by the slow pace at which many of our chambers are moving," he said.

"It is vitally important that our chambers be seen as working rather, than as mere talking, institutions."

FM 10/7/81 (30) (84)

That after dithering for four months, government has finally refused permission for the National African Chamber of Commerce (Nafcoc) to rent offices in central Johannesburg?

The black body's application had the support of influential white business including the CBD Association, and Sanlam — the landlord of the building proposed for Nafcoc's base. Johannesburg's Kine Centre fully approved the application.

But deputy minister of Co-operation and Development, Dr George de V Morrison (presumably after consulting the Cabinet), turned it down on the grounds that a black business organisation had no need for offices in a white area.

No Nafcoc resolutions: Angry vice-chairman accuses committee

Ev Post 10/7/81

~~339~~ 30

By BILL GARDINER

THE 17th annual conference of the National African Federated Chamber of Commerce (Nafcoc) ended in Port Elizabeth today with no formal resolutions put before delegates.

An angry deputy-chairman, Mr P G Gumede, blamed the resolutions committee for failing to do its work. This is the second year in a row that Nafcoc has failed to debate resolutions.

"I don't think the resolutions committee has done its job," Mr Gumede told delegates. "It should have drawn up resolutions every day."

The conference decided to delegate the responsibility of drawing up resolutions to the management committee which would report to the Nafcoc council later in the year.

In an interview, Nafcoc president, Mr Sam Motsuenyane, said he believed the conference had been a "great success" — notwithstanding the sudden closure without resolutions.

"We have got direction from the recommendations and ideas that came from the committee reports, which can be fashioned into resolutions by the management committee.

"This has happened before and the council, which is representative of all regions, will look at the resolutions," he said.

In his closing address Mr Motsuenyane said there was a lot of talk of goodwill and change in South Africa but it was "crucially important" that this goodwill was acted upon.

"Promises and talk are cheap unless they are fulfilled," he said.

"We would like the Government of our country to be aware that one cannot hold down a man without staying down with him.

"South Africa cannot prosper and develop with the black man suppressed and shackled."

Mr Motsuenyane said South Africa could only develop as a bastion of freedom and prosperity if the black man was free and able to make his contribution like all other men.

"If we are to make progress, we must recognise that progress is not made by taking pride in our present standards but through critically examining these standards and by attempting to achieve higher standards."

~~Cape pupil wins English Olympiad~~

~~JOHANNESBURG — A Cape Town pupil, Alfred Cockrell, of Westerford High School, has won this year's English Olympiad.~~

~~The Education Officer for the 1820 Foundation in Grahamstown, Mr Sean Coughlan, today announced the winners of the Olympiad.~~

~~The winners in order of merit are Alfred Cockrell, Ian Lowitt, Woodmead School, Johannesburg, Anton Malan, Sasolburg High School,~~

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

K Strong

URBAN &

Student Planners Award

Sigma car sales dip

KAUTT 15/7/81

By SIMON WILLSON
Industrial Reporter

SIGMA car sales in June dropped 9,4% compared with sales in June 1980, and the dip in the corporation's figures could herald the long-expected downturn in the market.

General Motors SA's car sales last month were 1,6% down on May's, although 24,5% better than sales in June 1980.

Sigma publishes its figures separately from the other motor manufacturers because it is not a member of the National Association of Automobile Manufacturers of South Africa (Naamsa).

GM — a Naamsa member — has also published preliminary sales figures independently of Naamsa but without details of its individual model sales.

Sigma's figures have emerged 24 hours before Naamsa's, and if the rest of the industry follows the 9% drop in sales, the contrast with May's sales figures — South Africa's highest monthly total ever — can only indicate that the downturn has begun.

Sigma's car sales total last month was 4 206 against 4 296 in May this year and 4 641 in June 1980.

GM's sales last month totalled 2 990 against 3 038 in May and 2 401 in June last year.

Sales of Sigma's most popular model, the Mazda 323, also dropped compared with June last year, and continue the marque's decline from the No 2 spot it held in the model sales table at the beginning of the year.

While the Mazda slips, however, sales of the new Peugeot 505 jumped by 42% last month compared to May. Sales of the Peugeot 305, 504 and Colt models dropped marginally.

The corporation's commercial vehicle sales totalled 1 166 last month.

The marketing director, Mr Peter Moss, said capacity shortages were still restricting sales.

"Sigma, in line with most other manufacturers in South Africa, is still suffering from shortages of certain local component supplies and is therefore unable to meet the demand for its products throughout the range.

"This has had the effect that all Sigma's products are still wait-listed on dealer showroom floors."

GM's June figures represent the company's most successful first half in its 54-year history at Port Elizabeth.

The company's public affairs manager, Mr Peter Ray, said that although a downward trend was expected in the new-car market during the second half of the year, GM was still expecting a record year overall.

The company's June sales gave GM its the best June retail performance since 1973.

The company's first-half commercial vehicle sales, at 8 069, were 10,5% better than last year's.

Car sales slip 3,8% from May peak

30

By SIMON WILLSON
Industrial Reporter

MAY'S all-time record for monthly car sales has proved a hard act to follow and the June car sales figures show a 3,8% drop.

But compared with June last year, the figures issued by the National Association of Automobile Manufacturers of South Africa show a 13,6% increase in new-car sales.

Ford, after leaping from fifth place to top of the manufacturer's league in May, slipped back to fourth place last month. In a return to the more familiar order of 1981, Volkswagen reclaimed the No 1 position, followed by Sigma and Toyota.

Four of the big five motor companies sold fewer cars last month than they did in May, with only Datsun improving to sell 3 146 units — 12,4% more than in May.

Datsun, helped by a good performance from the Pulsar (sales up 31,5% to 1 589), moved up a place in the manufacturer's league by overtaking General Motors for the first time since February.

A total of 25 804 new cars were sold last month against 26 820 in May and 22 717 in June 1980.

This could still be the start of the downswing in car sales which has been widely expected for the second half of the year.

The 13,6% rise for June is the lowest year-on-year increase in car sales this year apart from the returns of two freak months — January (13,3% year-on-year sales increase) when sales are usually low because of the Christmas break, and April (0,3%) when production was hit nationwide by labour problems.

For the other months, the year-on-year increases were February 19,5%, March 23% and May 20,5%.

Now the credit squeeze, higher interest rates and the dearth of funds in the overlent higher-purchase institutions seem to be taking effect.

VW's sales total for June was 4 583, only 34 units down on its May total. Sigma took second place with 4 206 units, 90 fewer than in May and 435 units down on June 1980.

Toyota's 3 783 sales were 10 under the May total, and Ford's June total was only 3 772 units, 23,8% down on its table-topping May total.

In the model popularity stakes VW's Golf/Jetta range, having succesfully withstood the challenge of the new Ford Escort in May, consolidated its position as the most popular marque by holding on to top spot with 3 388 sales, 164 units better than in May.

The Toyota Corolla held second place with 2 681, also an improvement on May's 2 649. Sigma's Mazda 323 took over third place from the Escort by selling 2 189 (144 fewer than in May), and the Escort came in fourth with a 456-unit drop from its May sales to 2 119 in June.

Ford's vehicle sales director, Mr George Simpson, said demand for the Escort was still "unprecedented", and nearly 5 000 Escorts had been sold in the model's first 60 days, which Ford is claiming to be a record for the industry.

The Escort has given Ford a record half-year sales aggregate of 21 375 units, 3 717 units better than the same period last year and 2 371 units better than the previous half-year best set in 1978.

January-June aggregate car sales this year at 146 003 are 14,9% better than 1980's first half-year aggregate.

Commercial vehicle sales last month also dropped, totalling 12 309 against 12 542 in May and 10 245 in June last year.

Datsun mirrored its lively car sales performance in the commercials field by closing the gap between it and commercials leader Toyota from 857 in May to 358 units.

Datsun's commercial sales last month were 3 368 — 15,3% better than in May. Toyota's 3 726 sales last month were 1,3% down on May's at 3 726.

January-June commercials sales were 69 991 — 19,8% better than last year's first-half returns.

URB/ REG PLA

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.
P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.
P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in fifth years re

I : N D G

II : A R Lo

III : No awa

S A Brick Ass
For the best s

Car sales dip but record still ahead

Star 16/7/81

(30)

By Mervyn Harris

Car sales dipped last month from the record set in May but are on target for a record year with total sales for the first six months 15 percent ahead of the same period last year.

Commercial vehicle sales were marginally lower last month compared with May. The combined overall new vehicle market is, however, 16,4 percent higher than the first half of last year.

Volkswagen moved back to top last month's car sales which dropped to 25 804 from 26 820 in May, but was more than the 22 717 cars sold in June 1980.

LEAP FROG

Total car sales for the first six months are 146 003 against 127 051 in the same period last year.

After leapfrogging from fifth place in April sales to first place in May, Ford fell back to fourth place last month with sales of 3 772.

In front were Volkswagen with sales of 4 583 new cars, Sigma 4 206 and Toyota third with 3 783.

Among individual models Volkswagen's Golf-Jetta range retained top position with sales of 3 388, Toyota second with its Corolla range of cars (2 681) followed by Mazda 323 (2 189) and Ford Escort (2 119).

Toyota headed the list for commercial vehicles sales with 3 726 and retained top position in the combined car and commercial vehicle market with sales of 7 509. Datsun was second with commercial vehicle sales of 3 368 and a combined total of 6 514.

TOYOTA RANGE

Toyota is bullish about prospects for the rest of the year and has invested R7,7-million in a medium to luxury car range to be launched in September.

FM 17/7/81

JUNE CAR SALES

30

	1981 June	% of Market	1981 Jan-Jun	% of Market	1980 Jan-Jun	% of Market
VW	4 583	17,76	27 655	18,94	26 725	21,04
Sigma	4 206	16,30	26 262	17,99	26 200	20,62
Toyota	3 783	14,66	20 025	13,72	12 938	10,18
Ford	3 772	14,62	21 375	14,64	17 658	13,90
Datsun	3 146	12,19	15 663	10,73	13 911	10,95
GM	2 990	11,59	16 846	11,54	12 172	9,58
BMW	1 205	4,67	6 376	4,37	5 023	3,95
UCDD	1 053	4,08	4 691	3,21	4 311	3,39
Alfa	633	2,45	4 345	2,98	6 301	4,96
Leyland	415	1,61	2 599	1,78	1 787	1,41
Other	18	0,07	166	0,11	25	0,02

June total .... 25 804 (13,59% up on 22 717 last year)
Jan-June total .... 146 003 (14,92% up on 127 051 last year)
May total 26 820

COMMERCIALS

	1981 June	% of Market	1981 Jan-Jun	% of Market	1980 Jan-Jun	% of Market
Toyota	3 726	30,27	21 621	30,89	15 325	26,22
Datsun	3 368	27,36	15 793	22,56	15 631	26,74
Ford	1 316	10,69	8 462	12,09	7 512	12,85
Sigma	1 166	9,47	5 936	8,48	4 213	7,21
GM	963	7,82	8 069	11,53	7 363	12,50
VW	522	4,24	3 350	4,79	2 554	4,37
UCDD	406	3,30	2 491	3,56	2 013	3,44
Leyland	248	2,02	1 581	2,26	1 958	3,35
Alfa	220	1,79	881	1,26	725	1,24
MAN	135	1,10	537	0,77	314	0,54
Int Harvester	99	0,80	486	0,69	354	0,61
Vetsak	46	0,37	238	0,34	72	0,12
ERF	27	0,22	136	0,19	80	0,14
Oshkosh	26	0,21	168	0,24	176	0,30
Malcomess-Scania	22	0,18	120	0,17	65	0,11
Fodens	11	0,09	62	0,09	81	0,14
Magirus-Deutz	6	0,05	50	0,07	49	0,08
VSA	2	0,02	10	0,01	21	0,04

June total .... 12 309 (20,15% up on 10 245 last year)
Jan-June total .... 69 991 (19,75% up on 58 446 last year)
May total 12 542

Indian group offers to help Nafcoc

RDM 18/7/81

By SEAN O'CONNOR
City Editor

AN INDIAN financial and business institution which was refused permission last year to open offices in Johannesburg's "white" central business district, offered yesterday to help a black organisation thwarted by the same problem.

The institution is willing to lease part of its temporary offices in Fordsburg to the National African Federated Chamber of Commerce (Nafcoc), which has been refused permission by the Government to rent offices in the CBD.

The managing director of Corporate Financial and Investment Institution Ltd, Mr Ebrahim Kharsany, said yesterday his group would be "delighted" to assist Nafcoc.

The Government's decision on Nafcoc's application was received by the Johannesburg Central Business District Association (CBDA). The notification was from the Deputy Minister of Co-operation, Dr G de V Morrison.

According to the Government, the granting of permission to Nafcoc to rent offices in the CBD would be contrary to official policy.

The president of Nafcoc, Mr Sam Motsuenyane, has described the Government's decision as "shocking", adding that it was "a deviation from the positive spirit of Dr Koornhof".

Last July, Corporate Financial and Investment Institution Ltd applied to the Department of Community Development to lease the 10th floor of the Glencairn building on the corner of Market and Eloff streets.

The letting agents approved the application, but in August the Department of Community Development rejected it.

Mr Kharsany said yesterday that although his group had signed a five-year lease on its temporary offices in the AEL Centre in Fordsburg, it was still trying at "Cabinet level" to get permission to move into the CBD.

Mr Kharsany said the group would lease part of its office space to Nafcoc, "presuming that the Government does not object to the organisation having its offices in Fordsburg".

The CBDA, which, with the Johannesburg Chamber of Commerce, has campaigned to open the city's CBD to trade, industry and professions of all races, is to persist in trying to have Nafcoc's application approved.

Ad firms do well despite business gloom

By Vera Beljakova

DESPITE the general economic gloom worldwide, the advertising industry seems to have done well, considering international advertising expenditures have risen by 20% in most countries over the past five years, states the latest Univas report.

Advertising spending for 1979 reached almost $98 000-million — a 38% increase over 1977, but the US share dropped from 54% to 51%.

In the same year South Africa's total advertising bill amounted to R381-million or 0,4% of the total worldwide advertising bill.

European countries continued to lag behind the US with advertising expenditure as a percentage of the GNP ranging from 0,3% to 1,5% compared to the US 2%.

In South Africa advertising expenditure as a percentage of GNP has hovered around the 1% mark for the past five years, but industry predicts a level of 1,02% for 1981 — or a return to the mid-seventies boom conditions.

With the introduction of black television this could rise to 1,14% by 1982.

SA's annual advertising rand per capita stands at R15 compared to the US R226 but rises to (a still meagre) R60 per capita when taking only the economically active segment of the population.

The advertising industry in SA, much as in all other non-US markets, is therefore considered to be well placed for substantial future growth, "particularly in the next 5-10 years," says Univas.

France's Univas network, of which South Africa's De Villiers and Co (DeVCo) is an associate, recorded a spectacular 33% increase reaching R1 000-million in billings last year as opposed to R750-million in 1979, says the group's 1981 annual report.

Meanwhile, in boom-riding South Africa, DeVCo outshone its parent company by showing a 44% growth in 1980 and reached R15-million for the year.

Univas networks growth rate was surpassed only by Hakuhodo (one other of the world's 20 top international agencies), making it second of all non-US international agency groups.

Leading ad company blows up a storm

S Times 19/7/81 (30)

By John Spira

SOUTH Africa's R400-million advertising industry has been thrown into turmoil after the refusal of the country's largest agency to participate in a joint guarantee scheme.

Darryl Phillips, chairman of the Grey group of companies, tells Business Times that his firm has put up R2-million in guarantees to the National Press Union (NPU) and the SABC in preference to the estimated R200 000 which would have been required had Grey Phillips agreed to go along with the joint arrangement.

Mr Phillips refuses to be party to the guarantee scheme of the Association of Accredited Practitioners in Advertising (AAPA) because "I see no advantage in standing good for the debts of my competitors".

The NPU and the SABC require advertising agencies to guarantee the indebtedness of their clients. To facilitate this procedure, the AAPA has established a guarantee pool whereby each pool member guarantees the financial obligations of all members.

The guarantee limits are determined by the size of each pool member.

AAPA chief Nick Tredoux says he is at a loss to understand the Grey attitude on the guarantee scheme. "After all," he says, "the members of the pool would be guaranteeing the obligations of the Grey Group just as it would be standing good for theirs. The arrangement is fully reciprocal."

The Grey Group, which boasts total billings of more than R50-million, is the only major advertising agency which is not a member of the AAPA. And since it is clearly a significant force on the advertising scene, the AAPA cannot hope to achieve full credibility without its support.

According to Mr Phillips: "The AAPA has, in the past, been decidedly negative on a number of important issues affecting your industry.

Cars will cost 12% more

5 Tms 19/7/81 30

By Andrew McNulty

A NEW round of increases in prices of passenger cars is imminent.

Some manufacturers have already raised their prices by about 4% from the beginning of July.

Reasons include the 12% steel price rise, the fuel price increase and other cost increases, particularly labour.

Most manufacturers have so far raised prices by 5% to 7% this year

They say they expect average price increases for the year will total about 12% — which is below the inflation rate.

They are likely to lift prices

⊙ To Page 3

Cars may cost more

⊙ From Page 1

by another 5% to 7%, phased over the next two quarters.

The motor industry has just reported their best sales for the six months to June.

Passenger car sales from January to June totalled 146 003, up by 14,9% on last year's record 127 051 for the comparable period.

Lou Wilking, managing director of General Motors, which raised prices 4% this month, forecasts that the total cars sold in 1981 will still be as high as 290 000 — sales last year were 277 000.

But he forecasts that a downturn — sparked by tight liquidity and a higher cost of money — will start making itself felt in about September.

Vic Doolan, marketing director of BMW, forecasts that the market next year could fall to 260 000 units, which could be as much as 11,5% down on this year.

BMW — like the rest of the industry — has order backlogs on new cars from several weeks to six months depending on the model.

Mr Doolan sees an improvement only by the end of the year. He adds that a price increase is "imminent".

A Volkswagen spokesman, who forecasts sales this year of at least 280 000, says the company is hoping to gain from a renewed swing to smaller cars which it believes will result from more expensive petrol.

FINANCE

AHI calls for tax reforms

Argus 21/7/81

(30) (~~210~~)

Argus Correspondent

PRETORIA. — The Afrikaanse Handelsinstituut has called for wide-ranging tax reforms to be introduced in the Budget.

Among the reforms and concessions the AHI proposes are:

- Increasing the amount deductible for married women to R2 000.
- The final equalisation of tax rates for whites and blacks.
- Raising the minimum amount tax is payable on from R1 000 to R3 000.
- Relaxing the scales of personal tax so that the maximum is achieved as close as possible to that for company tax.
- Increasing the levels at which the maximum personal tax is reached to R60 000.
- Increasing the amount of profit companies are allowed to plough back from 35 to 50 percent.
- Increasing the amounts exempt from tax in estates.
- Increasing the tax rebates for deductions such as providing housing for black farmworkers to a more realistic level in view of inflation.

DISCIPLINE

The AHI says the Government will have to continue with its policy of strict financial discipline, but warns that the policy of increasing real Government spending, coupled with growth through the private sector is not the answer.

This policy could lead to overloading the country's resources and increase the inflation problem.

Attempts must be made to present a neutral Budget in view of current economic conditions.

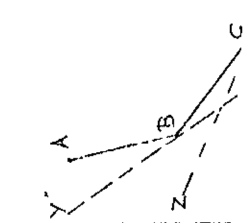
Such a Budget would prevent the increase of demand inflation while the depressing effect of inflation on consumer and economic growth would be partly relieved.

A delicate balance between growth and the prevention of inflation has to be achieved, but inflation remains the priority.

45.

is the same along each price line (isocost line), lines to the right (e.g. X'X') representing a higher cost. A choice is therefore indicated where the lowest cost line intersects the 'possibility frontier', AB, - in this case at point A. With non-linear 'possibility frontiers' the choice may involve a combination of techniques.

Choices between 3 or 4 techniques can also be shown:



At pric[...]
ratio a[...]

Techniq[...]
resource[...]
process of choice using the ratio or prices carried out by computer. The process is known as linear programming, since the relations between inputs and services rendered is assumed to be linear: i.e. a doubling of inputs leads to a doubling of outputs.

46.

The applicability of this technique may be very limited. It is doubted whether health care processes can normally be represented simply as a production process involving inputs and outputs. (Perhaps it is a reflection on the conventional types of health care that it can be so represented.) A second problem is the extremely precise information needed on each process of care. Outcomes are often unknown even in medical [...] ...ception for

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize -
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

Businessman slams proposal

RDM 21/7/81

30

By SAM MASEKO

THE introduction of black-white partnerships in the townships would stop the next generation from establishing their own businesses, a prominent Mamelodi businessman and civic leader, Mr H M Pitje, said in Pretoria yesterday.

Reacting to the proposal to build a R34-million business complex in Soweto, Mr Pitje said Mamelodi would never indulge in such a partnership in his lifetime.

He said blacks should learn to work for themselves, and this could be done by channelling their resources into their own business ventures.

"If we allow white businessmen to trade in the townships we shall find department stores mushrooming in every township, and where will our sons set up their businesses?" he said.

Mr Pitje said he was surprised to see those who criticised him when he was against the Black Bank and the Black-chain allowing black-white partnership criticising the chairman of the Soweto Development Corporation, Mr John Mavuso.

RAL NEWS

Handelsinstituut calls for range of tax reforms

8101 22/7/81 30 320

Own Correspondent

The Afrikaanse Handelsinstituut has called for wide ranging tax reforms to be introduced in the Budget next month.

Among the reforms and tax concessions the AHI has called on the Minister of Finance Mr Horwood to announce are:

- Increasing the amount deductable for married women to R2 000.
- Finally equalising tax rates for whites and blacks.
- Increasing the minimum taxable amount from R1 000 to R3 000.
- Relaxing the scales for personal tax so that the maximum is as close as possible to that for company tax.
- Increasing the level at which the maximum personal tax is reached to R60 000.
- Increasing the profit companies are permitted to plough back from 35 percent to 40 percent.
- Increasing tax rebates for deductions such as providing housing for black farm workers to a more realistic level.

The AHI said the Government would have to continue with its policy of strict financial discipline. It warned that the policy of increasing real Government spending, coupled with growth through the private sector was not the answer.

It said this policy could lead to overloading the country's resources and might increase inflation.

The current high economic growth rate could cause bottlenecks in the physical and social infrastructure. To implement Government policy of giving the private sector an increasing share in the economy these bottlenecks would have to be identified and overcome.

The AHI said Government priorities should include the continued provision for defence expenditure and security matters.

Manpower development, education and the development and consolidation of the national states were also of great importance.

Special attention should be paid to infrastructural development and housing because of the employment the construction sector generated.

The AHI said a delicate balance between growth and the prevention of inflation had to be achieved — but curtailing inflation remained the priority.

BUILDING (Continued)

Chas. McCarthy & Sons Building Prize

Awarded to the final year student obtaining the best combined marks in Building Construction III & IV.

M Yeats

The Murray & Stewart Building Management Prize

Awarded to the final year student wishing to proceed to postgraduate study who is judged to have produced the best overall results in the final year of Building.

R W Kohne

FINE ART

Sonny Cohen Prize

For the most

QUANT. SURVE

Racism in big business slammed

RDM 25/7/81 (80)

By STEVEN FRIEDMAN

THE president of the Association of Chambers of Commerce, Mr Issy Pinshaw, yesterday slammed white businessmen who refused to employ black workers in skilled positions.

He also argued that businessmen should urge the Government to introduce compulsory education for all races in "as short a time as possible" and to make more money available for black education.

The authorities should, he said, introduce an equal education system for all races "as a matter of urgency".

In an address to the Association of Personnel Service Organisations, Mr Pinshaw expressed his "concern" at the "negative attitudes of those white businessmen who refused to employ anyone but whites in positions that could well be filled by competent persons from other race groups".

Mr Pinshaw said negative attitudes towards other races by white businessmen and workers had played a major role in retarding progress in labour advancement.

Shortages

Mr Pinshaw said "very serious" manpower shortages existed in sales, clerical, skilled and semi-skilled jobs.

Whites were "disproportionately represented" in the two highest job categories — the administrative and managerial executive group.

Whites constituted 93,6% of this group, coloureds and Asians 3,7% and blacks 2,7%.

But only 7% of new entrants into the job market between now and the year 2000 would be white, whereas whites now represented 18% of the total workforce.

Thus South Africa would have to rely "more and more" on blacks.

The removal of legal constraints though a prerequisite was not enough. Training, education, productivity, orientation courses and labour market programmes were essential to combat the lack of skills, he said.

Dion launches thrust into sales by mail

S Times 26/7/81

30

THE major retailer of consumer durables and semi-durables, Dion Discount Stores, is hoping to tap what looks like a new, potential market by entering the mail-order business.

Sales by the new mail-order division are targeted to reach as high as 10% of total turnover in the next three to four years.

Dion's turnover has been estimated at R140-million for the current year.

The division is being developed along lines similar to the methods used in the United States, where mail order is a billion-dollar business — the three US leaders alone, J C Penny, Montgomery Ward and Sears Roebuck together have sales by mail order of more than $10 000-million.

By Andrew McNulty

Details of the mail-order effort were disclosed to Business Times this week by Dion executive Mike Cohen, who is heading the operation.

It was revealed also that Dion is investing more than R6-million on developing a new 7 500 sq m store in Port Elizabeth.

The store will cover an entire city block on the north side of the central business district, bounded by De Villiers, Field, Theal and North streets, and will provide jobs for about 150 people when it opens late this year, according to Bert Fleishman, a director of Dion.

It will rank for size with the three flagship stores at Wynberg, Randburg and Boksburg.

Hundreds of parking spaces are to be provided at the Port Elizabeth store, which has been specially designed as a single-level operation.

The two developments, the mail-order business and the new store, are part of major new strategies the group is designing to broaden its base for long-term growth.

Other big stores are also planned, but the chairman, Norman Cohen, is not disclosing these until a five-year strategic plan has been completed.

Clearly, however, Dion, is poised to move strongly into rural areas, as well as metropolitan centres where it so far has no presence.

Of the 15 stores, 13 are concentrated in the Pretoria-Witwatersrand-Vereeniging complex.

"One of the reasons for the mail-order business is that we have achieved a national image through widespread advertising, but don't yet have a full geographical spread of stores," Mike Cohen says.

"By ordering through our mail-order catalogue, virtually anybody in South Africa can buy from us and still have the benefits of our prices, our wide range of goods and back-up."

Although many firms sell by mail order in South Africa, this is probably the first time that a major retail group has launched an offensive into this market.

They are "well on the way" to achieving the sales target for mail-order business in the current year.

The aim then is annual sales growth for the division of more than 50%.

The key element is the mail-order catalogue, which is available on request and lists thousands of items.

The third and latest catalogue, now being printed, runs to 324 pages in full colour — half as big again as the previous issue of four months ago.

"We are producing about 250 000 copies and our printers tell us that it is the biggest single print job of its kind ever undertaken in South Africa.

"It involves 160 tons of paper and the printing bill is about R350 000."

Buyers using the catalogue to order pay a postage and handling fee additional to the store price, but, says Mr Cohen, the price is still "very competitive".

He says there have been more than 75 000 requests for the current catalogue, with a particularly strong interest from farming communities and small towns.

He adds that mail order has become one of the fastest-growing forms of retail selling in the US during the past few years, boosted by factors such as higher travelling costs, ever greater numbers of housewives working and increasing demands for leisure time.

As a result, large US groups not traditionally in the business — including Bloomingdales, Macys and Sacks Fifth Avenue — have recently entered the field.

disease statistics can best be developed only as part of ongoing campaigns or activities. It is true, of course, that some preliminary data are needed before embarking on specific activities but it is probably the case that there is already more than enough data in most fields to embark on many more preventive health activities than are now being undertaken. Further collection of disease data should be limited basically to those areas for which active programmes are planned. Priority areas need to be selected and assessment should then be made of the knowledge needed to carry out any particular programme. Such an approach would be eminently more satisfactory than the more usual one of looking at a body of (theoretical) knowledge to determine the next pieces of data needed for the further development of that particular body of knowledge, even in the absence of any plans to utilize the material as it developed.

An investor's guide to the big retail chains

(30) S Times 26/7/81

THE six retail stores chosen here for analysis are particularly intriguing in that they deal in fast-moving consumer goods — food and toiletries.

This makes the stores unusually interesting to investors in times of recession — expected shortly by many.

The recent boom has given the companies a record year 1980-81. A real growth of approximately 9,5% has been recorded for the industry — the highest since 1973.

The national growth in retail sales was at its highest in the last quarter of 1980, when it rose to 28,3%, declining to 25,6% in the first quarter of 1981.

The stores compared are dissimilar to the extent that a large proportion of business in furniture is undertaken by OK Bazaars and in clothing products also by Pep and Woolworths.

Although sales of foods hold up well in recessionary conditions, these are particularly strongly affected by steeply rising prices at present.

This inflation is also most severely felt by the country as a whole because of the high proportion of discretionary income spent on food by the lower-income groups. Salary increases have been neutralised by the effects of inflation and a higher effective tax rate.

Projected growth of the retail industry for 1981-82 is likely to be between 4% and 5% in real terms.

As to whether individual groups' profits will be reduced, only Pep is aggressively and explicitly optimistic, putting its earnings on shareholders' funds at 30%-plus for the coming years, a figure which its chairman, Renier van Rooyen, feels able to maintain annually.

Of the retailers analysed, Pick 'n Pay remains the fastest-growing company, with turnover increasing at an annual compound rate of 27,7%, while earnings per share are rising at 35,7% a year, and dividends paid at 37,5% a year.

In 1980 retail sales increased by 25%, enabling some of Pick 'n Pay's competitors to make up ground lost in the years 1978-80, when Pick 'n Pay's new hypermarkets put it well out front in the growth stakes.

NINE RATIOS HOW THE SIX COMPARE

Ratio	Clicks	Grand Bazaars	Pep Stores	Pick 'n Pay	OK Bazaars	Woolworths
Current	1,33:1	1,17:1	2,36:1	0,87:1	1,41:1	2,19:1
Fixed asset (sales turnover :- net fixed assets)	21,8	17,1	14,3	11,9	7,5	4,6
Inventory turnover (sales :- av. inventory)	6,1	7,4	3,0	12,3	5,7	7,0
Debt: equity (to total shareholders' interest	1,48:1	2,15:1	1,67:1	2,6:1	1,48:1	0,30:1
Interest-bearing debt to net worth (to ordinary shareholders' interest)	NIL	0,61:1	1,09:1	0,33:1	0,68:1	NIL
Net profit margin (after tax as a % of turnover)	5,0%	2,6%	6,8%	2,3%	2,6%	9,5%
Return on total assets (before interest and tax)	28,8%	19,5%	24,0%	17,7%	11,8%	29,9%
Return on ordinary shareholders equity (after tax)	40,1%	30,5%	35,5%	40,6%	15,0%tc 23,5%	
Cash flow as a % of total liabilities (excluding shareholders' interest and deferred tax)	29,9%	18,5%	23,1%	24,5%	22,8%	85,9%
Average payout ratio	40,8%	35,0%	43,0%	33,0%	53,0%	41,0%

Annual increase in earnings per share

	4 years to 1980	5 years to 1981
Clicks	26,2%	26,9%
Grand Bazaars	33,6%	31,6%
Pep Stores	9,5%	20,9%
Pick 'n Pay	32,5%	35,7%
OK Bazaars	9,0%	15,4%
Woolworths	13,5%	12,7%

Two of the companies which have recently been able to increase their growth rates are Pep Stores, whose annual earnings growth rose from 9,5% to 20,9%, and OK Bazaars, which pushed its earnings growth from 9% in the four years to 1980 to 15,4% in the five years to 1981.

COMPARATIVE RATIO ANALYSIS OF THE COMPANIES

Turnover index	1976	1977	1978	1979	1980	1981	Compound rate of growth pa
Clicks	100	119	131	164	216	258*	20.9%
Grand Bazaars	100	123	153	181	215	273	22.3%
Pep Stores	100	125	150	173	217	276	22.5%
Pick 'n Pay	100	118	150	212	252	339	27.7%
OK Bazaars	100	115	123	134	174	242	19.3%
Woolworth	100	109	118	135	154	173*	11.6%
Earnings index	1976	1977	1978	1979	1980	1981	Growth pa
Clicks	100	100	127	183	254	329*	26.9%
Grand Bazaars	100	115	161	237	318	395	31.6%
Pep Stores	100	116	104	127	144	258	20.9%
Pick 'n Pay	100	127	172	238	308	460	35.7%
OK Bazaars	100	95	95	109	141	205	15.5%
Woolworth	100	108	122	138	166	182*	12.7%
Dividend index	1976	1977	1978	1979	1980	1981	Growth pa
Clicks	100	100	125	175	300	350*	28.5%
Grand Bazaar	100	114	157	229	314	386	31.0%
Pep Stores	100	109	109	125	136	182	12.7%
Pick 'n Pay	100	125	165	231	308	492	37.5%
OK Bazaars	100	100	100	114	147	207	15.7%
Woolworth	100	107	127	147	187	220*	17.1%

* First half of 1981 financial year plus second half of 1980 financial year.

By Annemarie Molteno

A limiting factor with Pep Stores is the large number of country stores, while OK Bazaars is tied to its large number of centrally located stores.

Pick 'n Pay was not tied to central city stores or to country stores, but would now appear to be committed to its suburban hypermarkets and superstores.

The drought and poor farming incomes appear to have limited Pep's growth in income during in 1976-80, while with OK Bazaars a lot of business must have been lost to Pick 'n Pay as customers switched to the more convenient Pick 'n Pay suburban stores and hypermarkets.

Pick 'n Pay's policy of rapid expansion continues with a hypermarket being opened in Klerksdorp in the coming year and supermarkets in Witbank, Kimberley, Bloemfontein, Durban, Claremont (Cape) and Nelspruit.

An interesting strategy is the construction of warehouses in Johannesburg, Pretoria and the Western Transvaal to enable the group to buy forward and build up stockpiles as a hedge against inflation.

With inflation believed to be running at 30% annually for basic food items, holding stocks for six months will give an inflationary profit of 15%, almost equal to the company's return on total assets (before interest and tax) of 17,7% in 1981. (Offset against the profit attributable solely to inflation would be the holding costs, which are fairly substantial.)

The danger is that if retailers build up stockpiles further shortages will develop, causing more twists to the inflationary spiral and increasing the potential profits from stockpiling.

Of the stores analysed, Pick 'n Pay has the highest debt-to-equity ratio of 2,6:1. But with interest-free accounts payable comprising 75% of total liabilities one can hardly fault Pick 'n Pay on this count.

Raymond Ackerman's marketing expertise has certainly been the main reason for his group's exceptional performance. One can be sure that as circumstances change Pick 'n Pay will continue to adapt its strategies and to innovate to meet the changing needs of the marketplace.

Mr Ackerman's philosophy can be summed up as follows: "Pick 'n Pay has been built on the basic premise of meeting the needs of the consumer and in so doing creating a situation where shopping at Pick 'n Pay is a pleasure."

The use to which Pick 'n Pay puts its huge buying power and its extended use of trade credit is a strategy dear to all large buyers. However, much pressure on suppliers could obviously result in a worse deal for the consumer in the long term.

OK Bazaars, which until recently has appeared somewhat flatfooted in comparison to Pick 'n Pay, has a chief executive who appears fully to appreciate the marketing aspects of his business.

But one cannot change an organisation overnight, and OK's low return on assets (11,8% a year on total assets before interest and tax compared with Pick 'n Pay's 17,7%, and 15% after tax on shareholders' funds compared with Pick 'n Pay's 40%) and its large numbers of stores on long-term lease are definite limiting factors.

There has been a 52% growth in HP sales and furniture, an important element of this group's sales. In the case of Woolworths and Pep, clothing is responsible for an important slice of turnover.

Any limiting factors are not necessarily of a long-term nature, and the OK's strategy has been to continue to cater for the middle and lower income groups with its conventional stores and to develop hypermas for the upper-income groups. The OK believes that its position in the market renders it less vulnerable to a downturn in consumer spending.

Pep's approach has been that of vertical integration, with group factories supplying 50% of Pep's retail merchandise lines.

To obviate the danger of unprofitable operations being carried by the big profit earners, all factories and retail chains are treated as individual profit centres, with centralisation limited to buying, certain administration and financial controls and setting of policy. Pep plans to export surplus merchandise produced in its own factories with a long-range goal of 5% of group turnover to come from exports.

Pep's origins and strong representation in country districts as well as its vertical integration give it the lowest inventory turnover of three times, compared with Pick 'n Pay's 12,3 (using opening and closing stock divided by 2) or Raymond Ackerman's figure of just under 10, which he says is due to strategic forward buying of non-food items.

It does not pay to make frequent deliveries to outlying areas and it is therefore natural to have lower stock turns. Stock accumulation in any manufacturing and retail operation must be much greater than that of the other retailers'.

Pep's Renier van Rooyen is also a marketing-oriented manager. In moving to larger, better-situated premises, Pep will be moving slightly upmarket, and for this reason will retain the Half Price outlets to cater for the lower-income groups. The development of brand names such as Student Prince schoolwear is one of many signs of sophistication likely to ensure continued long-term growth.

The takeover of Truworths by Woolworths at the end of the first quarter of 1981 must be one of the most important events to have taken place in retailing in recent years.

As a result the combined Woolworths and Truworths group will represent a balanced merger, with Woolworths' maximum security and minimal growth and return on investment offset by Truworths' complementary gearing and high-fashion-type business.

Both Woolworths and Truworths will continue to be run as separate entities, and it is as such that Woolworths is analysed here.

At last year end Woolworths had repaid all its borrowings. The totally ungeared balance sheet and R18-million cash placed it in a unique category among retailers.

A strong financial structure and the basic conservatism of Woolworths' management are offset by the determination to extend its trading area which led to the Truworths merger. However, interim results show little growth compared with the other retailers.

26/7/81

HAWKERS, fruitsellers, food vendors, cobblers, house-painters, repairmen, makers of wreaths, paper flowers and tin trunks — all of them move in the grey area of the South African economy.

The "informal" black business sector. Small, struggling, stable and unstable, legal and illegal, they mark the emergence of a new phenomenon in Third World countries — the growth of the urban unemployed.

WILMAR UTTING

reports on the traders living in the shadow of the law

And according to two Cape Town researchers it is this very "informal" sector that holds a potential answer, not to the elimination of unemployment and poverty, but certainly to their alleviation.

In a recent study on unemployment and the informal sector, Prof David Dewar and Miss Vanessa Watson of the Urban Problems Research Unit of the University of Cape Town call for the encouragement of the informal sector, and propose how this can be done.

They make a strong plea for the establishment of a National Development Bank to finance and encourage the growth of this sector, the weakest section of the country's economy.

They point out that stringent application of the pass laws and mass removals of blacks to the homelands has led to overpopulation of these areas.

This overpopulation has, in turn, led to increasing numbers of people seeking work, legally or illegally, in the white economy, and subsequently to a high rate of unemployment.

The research findings show that, contrary to widely-held belief, the informal sector is not the whole answer to the problem of unemployment and poverty. But it can, if fostered, play a part in alleviating these evils.

It is, therefore, imperative, says the report, that traditionally-held concepts of employment be enlarged to encompass the creation of opportunities in the "informal sector" to reduce unemployment and help people at least to survive, if not to earn a decent living.

The "informal sector" is often also referred to as "backyard operations", "petty commodity production" the "casual poor" or the "squatter population".

It is best defined by what it is not, rather than by what it is. Unlike the formal sector it may be unlicensed and does not offer the opportunities of wages, dividends, pensions, unemployment benefits and workmen's compensation.

Research in black areas around Cape Town, in Heideveld, Crossroads, Vrygrond and Mitchells Plain, shows that 66 percent of small businesses are one-man shows and only 4 percent employ more than three people.

They include a wide range of operations from the licensed to the unlicensed, from the productive and expanding, to the "subsistence" businesses which aim only to supplement household income.

The research team finds the numbers of small businesses operating in Cape Town to be lower than those found in most other Third World cities. There are a large number of very small operations and almost 50 percent of them produce weekly profits of less than R24.

The most profitable businesses are those which sell food and clothing, the least profitable those which produce articles, especially knitting and sewing.

The main factors blocking their growth are legislation and finance, says the report. The overall effect has been to raise almost insurmountable barriers to entry for the new operator, and to reduce both the numbers of operators and their profits. Hawkers have been hardest hit and their numbers have, predictably, dropped — from 3 400 hawkers and pedlars in 1961 to 2 400 hawkers in 1979.

Legislation needs changing, but simply to legalise what is presently illegal or to formalise what is presently informal is the incorrect approach. Rather remove unnecessary restrictions entirely so as to allow for greater flexibility and freedom of operation.

In other words "hands off." Hands off hawkers, pirate taxis and home-based operators, all of whom provide a vital service.

Lack of finance is another strangling factor. Because small businesses can not buy in bulk, they are charged more when they buy from wholesalers.

Savings

Some are charged more because they are not "licensed". They can not compete with supermarkets pricewise, so they employ different strategies, such as "breaking bulk". That is, selling in smaller packages or in smaller units, single eggs, single cigarettes, cupfuls of cereal instead of in packets.

Most businesses were started with family savings from wage labour and small loans from friends. Since these sources are limited, few businesses manage to reach a level where "surplus profit" can be ploughed back into the business.

Banks use two criteria when considering whether to grant a loan. One is the track record of the business, the other is its assets. Obviously the majority of small businesses have neither.

Most do not keep books and have assets of under R250. Since the kind of loans needed to start a business or expand it are in the order of R20 to R500, profit-making financial institutions consider these too risky and too expensive to administer.

Paradoxical

The report draws attention to the Small Business Development Corporation which, it says, exists specifically to grant loans to small businessmen. But the SBDC defines a small business as one with: turnover not more than R1-million, staff not more than 100, assets not more than R500 000 and no more than five branches.

"Since it is highly unlikely that most operators will be able to find backers, there is the paradoxical situation that the people most in need of credit have no access to it," says the report.

The SBDF could, however, form a superstructure for a National Development Bank, the report suggests. This could work well if the SBDF broke all links with existing government corporations.

The success of the development bank is dependent on catering to the needs of the weakest section of the economy.

"This should not be a system of indiscriminate handouts. Judgment on loans should rest with trained personnel. The only criterion for the granting of a loan, however, should be the reasonable (not certain) possibility that the loan will be repaid," says the report.

There is no doubt, it says, that a number of bad debts would result, but the advantages of strengthening businesses and stimulating employment will infinitely outweigh the costs involved.

A long way to go, says Vosloo

THE Small Business Development Corporation was a long way away from being able to make "very small loans" to businessmen, and even further away from financing the backyard operator, Professor Ben Vosloo said this week.

Prof Vosloo, who moved into the managing director's chair this month, said he would not exclude the "informal" operator from financial help.

"The concept of helping the very small entrepreneur appeals to me, it is a challenge. But that is an experimental area.

"I do not want to be like Don Quixote, jumping on a horse and trying to ride in all directions at once," he said.

The SBDC is a public company formed earlier this year with backing from the private sector and the Government.

Its aim is to lend money to aspirant small businessmen and small industrialists of all races whose needs cannot be supplied by national states' development companies or other government-backed development companies in South Africa.

It has promises of R68-million in cash and pledges from the private sector.

Later this year it will take over the assets of the former Coloured Development Corporation and the Indian Development Corporation, together with small assets of the Industrial Development Corporation and the Economic Development Corporation.

"Until all this is legalised we cannot really get off the ground properly," said Prof Vosloo, formerly of Stellenbosch University.

His priorities in the meantime, he said, were to organise a core of staff members, and examine the systems of the government development organisations which were still operating independently and according to their own policies.

The corporation had to operate on good, sound principles and within its financial resources. At present there was about R20-million in paid-up shares.

It sounded a lot, but in fact would not pay the cost of one-third of the highway between Johannesburg and Pretoria.

There were already in the pipeline applications from industrialists for this amount.

Prof Vosloo said there had been many inquiries from blacks who had ideas of starting up small businesses, but their approach was less sophisticated than that of white businessmen who furnished the corporation with full reports on viability and marketing.

"We are just not equipped at this stage to investigate applications for amounts such as R1 000 or R2 000," he said. "And none of the existing procedures we will be taking over really includes the very small man.

"Before we embark on that project we will have to assemble people with the right insights and expertise."

Prof Vosloo . . . "I don't want to be like Don Quixote"

Hawkers need more room to spread their wings

BECAUSE hawkers represent a source of annoyance to established shopkeepers, they, more than any other "informal" businessman, are the subject of repeated harassment.

As legislative controls have been tightened, the numbers of hawkers in black areas around Cape Town have dropped.

To get a licence a hawker must conform to seven Acts of Parliament, the most important of these being the Factory Act, Marketing Act and Group Areas Act.

Then come the municipal regulations:

- **The chief officer of the police district in which the applicant lives must certify him as "a fit and proper person . . ."**
- **He must not suffer from any infectious or contagious disease, he must not have any discharging sore, he may not sell if his body or clothing are not clean.**
- **He may not remove his goods from his vehicle for display.**
- **He must move his location not less than 100m at the end of every hour.**

Restrictions

- **He must not litter the street, "loudly or persistently" solicit business, or in any way "obstruct vehicular and pedestrian traffic".**
- **He may not operate in areas proclaimed "prohibited".**

It is obvious that many of the restrictions are unnecessary, claim two Cape Town researchers, Prof David Dewar and Vanessa Watson.

It is obvious that present policy is to move businessmen, and in particular hawkers, out of precisely those areas where they have the best chance of earning a reasonable living, they say.

They suggest that hawkers should be encouraged to move into a "hawker space structure" within popular trading areas.

Pockets of land should be small, they must be owned by the local authority and the rentals should be pegged low and standardised. Allocation should be via a rota or lottery system.

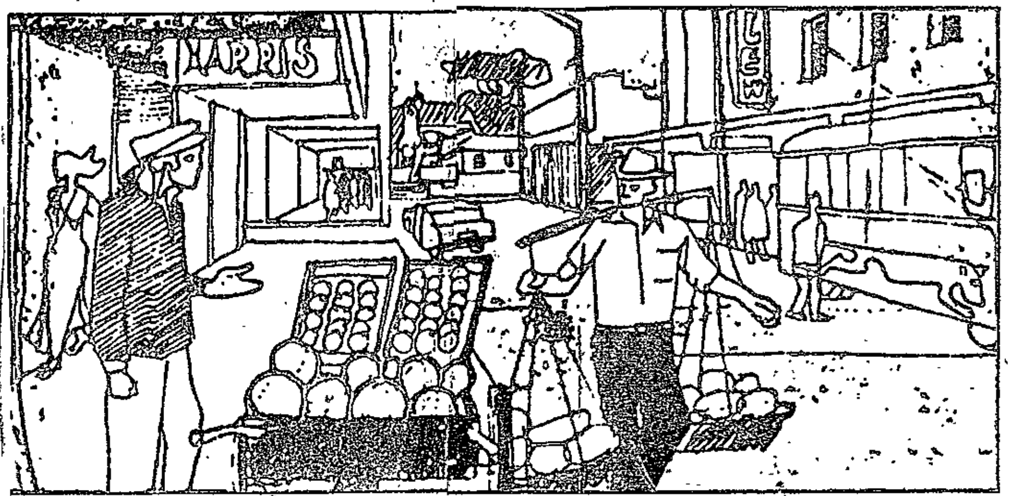
Since the goods they trade are essentially different, the presence of hawkers would not result in unfair competition with established businesses, the report claims.

SUNDAY TIMES.

Don't meddle with the pedlar

30 ~~239~~

... SAY THE UNEMPLOYMENT EXPERTS



Mobile hawkers take advantage of changing pedestrian flows and opportunities

Reduced CBD formality would allow smaller shops to spill onto the pavements

810

W Rand chambers merge

27/7/81

(30)

West Rand Bureau

The Roodepoort and Maraisburg chambers of commerce have decided to merge in the interest of better business organisation.

The amalgamation is expected to benefit Roodeport as a whole because of the increased liaison with Assocom.

It will mean that more courses will be offered to the city's business people, with closer communication resulting in better organised, informed and educated commerce.

The new Roodepoort Chamber of Commerce will have a combined strength of 65 members.

The move was instigated by Mr Donovan McDonald, president of the old Roodepoort Chamber.

The president of the new organisation is Mr Jeff Zidel.

Mr Zidel said recruiting more members would take priority.

The expected backing of Assocom which supported the merger, would be fundamental to the success of the new organisation.

The president of Assocom, Mr Issy Pinshaw, said the new chamber had a vital role to play in the future of the community. It had the power to influence decisions of municipal and Government authorities on the commercial and economic situation in which it operated.

Call to let home guard fight crime

APPS 28/7/81

20

THE formation of a guard of volunteer crime-fighters is being urged by the Cape Town Chamber of Commerce.

'While senior members of the police are totally opposed to vigilantes or home guards, the chamber believes that in the context of the high crime rate and the lack of manpower, the resuscitation of the home guard movement should be looked at afresh.

'Under proper police supervision and confined to limited areas of operation in the neighbourhood in which members of such movements reside, the chamber sees them playing an effective role in combating crime,' says the chamber.

'SERIOUS'

The chamber, in a motion to be submitted to a regional congress of chambers of commerce at Parow on Thursday, says:

'Having regard to the serious situation as reflected in the latest crime statistics and the fact that those affected should be entitled to proper protection which can be provided only by a police force of adequate strength, this congress, while commending the Government on its recent decision to improve police pay as a means of strengthening the force, believes the Government should also investigate and exploit all other appropriate means at its disposal in an all-out drive against crime.'

GANGS

A report by the chamber says it doubts if a municipal police force would be effective in combatting crime in the Peninsula.

To confront the powerful gangs roaming the townships would need a municipal police force running into many hundreds.

'The question of cost is therefore a very real one which would have to be shouldered by the already over-burdened ratepayers of Cape Town.'

The chamber asks if the police should have to raid Sandy Bay when the real priority, it says, is the prevention of muggings, robberies, rapes and murders, 'leaving nudists to their innocuous pursuits.'

There was no substitute for the policeman on the beat, on foot for preference, or on a scoooter.

Cape Town's police chief, Brigadier Daniel Nothnagel, said a home guard would have even less than the restricted powers of the municipal police.

'If citizens wish to fight crime they need only join the reserve police force. There they will have all the necessary training, equipment and protection they need,' he said.

'The reserve policeman wears the same uniform and has all the powers of arrest of a full-time policeman.'

SOWETAN, Thursday, July 30, 1981

'Whites handicapped by limited knowledge'

Sowetan 30/7/81

30

By Z B MOLEFE

TWO young men with impressive track records in their professions decided early this year that the field of marketing for blacks provided a challenge to be met head-on.

So was born the country's first black-run and owned professional marketing consultancy headed by former University of the North lecturer, Mr Ruel Khoza and former social worker, Mr Mike Maisela.

Mr Khoza, managing director of the consultancy, told SOWETAN how they met the challenge and rose to the occasion: "Basically we felt the situation was sedate. We believed there was a need for effective communicators in the total South African scene."

The soft-spoken marketing management graduate from Britain's Lancaster University, went on: "The black sector has always been seen as a sattelite of white advertising."

This, according to Mr Khoza, was borne out by the advertising houses that employed blacks "as nothing else but endorsers who were playing ... his master's voice ..."

He also added that their company had a heavy bias on the black market. One of the reasons for this bias was that the black market is under-research.

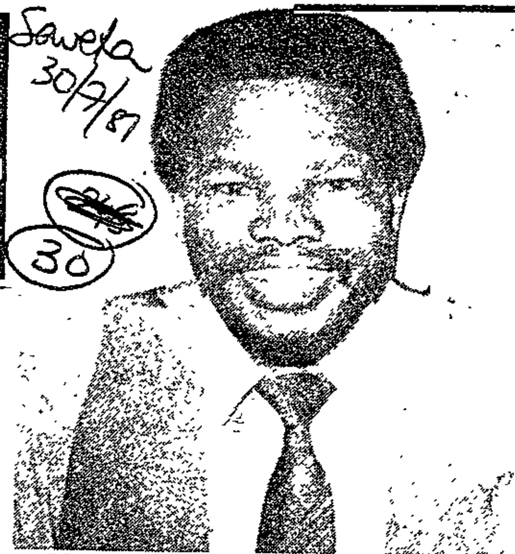
He was joined by Mr Maisela, the company's director of planning and research, who did not hide his conviction that they had an advantage over most companies in the communications field as affecting blacks.

"We are at an advantage because we understand both the black and white worlds. Unlike others in our industry who are handicapped by their limited knowledge of the black sector," added Mr Maisela.

What services are offered by the consultancy? What the consultancy offers.

According to Mr Khoza and Mr Maisela, they are:

- Market analysis — at macro, micro and product levels using desk research, group discussions and fieldwork.
- Advertising testing and media evaluation.
- Attitudinal and motivational research with special emphasis on lifestyle and psychographics.
- Marketing consultancy comprising such areas as planning, marketing strategy development, new product and feasibility studies.
- Sales promotion: strategy and tactics recommendations as well as supervision where required.


Mr Ruel Khoza, managing director.


Mr Mike Maisela, director of planning and research.

BLACK BUSINESS (20)

Reasons to be angry

FM 31/7/83

Black businessmen continue to believe they are getting the short end of the stick from Pretoria. They point to two recent developments.

Firstly, the National African Federated Chamber of Commerce, Natcoc's application for office premises in central Johannesburg was turned down by the Department of Co-operation and Development. CAD informed Natcoc that its members live and trade in black townships, so they should stick to "their" areas.

This decision has come in for criticism from Central Business District Association chairman Nigel Mandy. "We favour the development of black areas, but consider that certain areas should be accessible to all races for business. The Johannesburg CBD is the nerve centre of business, and blacks should also benefit from it. The economy is one and Natcoc should have access to Chambers of Commerce and trade unions where it is most convenient."

Natcoc nonetheless wants protection for black traders — at least until race bars fall in "white" areas.

Meanwhile Pretoria has relaxed its brakes on the inflow of white capital into black areas. The Verwoerdian embargo on white private capital going into black areas has now been replaced by the 51/49 formula. Pretoria, eager to step up black urban development, has thus given white capital the green light to lodge itself in these areas, with the proviso that blacks maintain control.

But blacks fear that this is a signal for the demise of the small traders and that the development of black enterprise will be hampered. The proposed multi-million rand shopping development project in Soweto has apparently given credence to this misgiving. The project, already billed as providing the beginnings of a Soweto CBD, is being developed under the auspices of the black registered company, Soweto Development Corporation. Already Pick n Pay, Dion, and major shoe, clothing and furniture chains have indicated that they will move in when the project comes on stream.

The Soweto Chamber of Commerce and Industry, SCCI, and Natcoc, supported by Dr Nthato Motlana of the Soweto Civic Association, are apprehensive about the content of the black/white business relationship. They charge that blacks are being used as "fronts." Moreover, they insist there should be no white capital in black areas, and have put out a call for protection until there is a strong and viable black business foundation to form a substantial partnership with others.

Not all white capital is filtering into black areas through the 51/49 formula, even if it is meant to work "fairly." Major banks have established branches throughout the townships and there is no question of blacks getting a shareholding, let alone a majority one. Pretoria's inconsistency is aggravated by the position of the African Bank. The Group Areas Act still prevents Afribank from opening branches in "white" areas.

"The major banks are getting the best of both worlds and we cannot open a branch in town," says Moses Maubane, African Bank's assistant general manager.

The Blackchain supermarket, geared to establishing branches in black areas, is barred from operating outside black areas. But, it appears, major "white" supermarkets will be moving into black townships soon.

Discrimination is compounded by the ethnic considerations that face black business in the "homelands." These territories are apparently not keen to admit blacks who are not citizens, and this has created problems for the multi-ethnic Nafcoc. Motsuenyane's call for greater mobility is not only going unheeded, but the black businessmen's overall territorial reach is actually decreasing.

Racial and ethnic separation is evidently not doing much for the development of the black business class which Pretoria has said is needed as a buffer against the avalanche of a black radical thrust on the political and economic structures. The situation needs swift redress.

COMMERCE GENERAL

1/8/81 — 31/12/81

City chamber and municipal police force

CT 01/8/81 281 30

THE Cape Town Chamber of Commerce issued the following statement yesterday concerning its attitude towards the establishment of a municipal police force in Cape Town:

"In view of the prominence given by the newspapers to the views attributed to both the Cape Chamber of Industries and ourselves on the question of the effectiveness of the municipal police force, the chamber wishes to set the record straight.

"First, may we refer you to the written evidence which the Cape Town Chamber handed in when it appeared before the Bloomberg Committee last April. It will be seen from this evidence (which we assumed would be taken as essentially representing the views of the chamber) that we elaborated on a number of reasons why we believed that a municipal police force would not be effective in combating crime in the municipality of Cape Town.

"We followed this with this paragraph which we quote in full from the memorandum: 'A further point to be borne in mind is the fact that if there is a clamp-down on crime in the coloured townships, crime could increasingly spread to white residential areas and here again this would call for protection from a municipal police force with the result that its strength, already insufficient to cope with crime in the coloured townships, would be further dissipated resulting in its becoming an even less effective means of coping with the problem of crime'."

'Submission'

"May we stress therefore that we were merely asking that account be taken of the point mentioned above which was only part of a fairly lengthy submission to the Bloomberg Committee.

"The Bloomberg report states that: 'The chambers emphasized what they regard as a dangerous possibility should the police force be effective. They fear that criminal elements would then move into other areas, particularly the central business district. And that the chambers representatives considered therefore that it would be preferable for the crime to be contained in its present locality'."

"The above does not square with our written evidence, nor that which was given orally, the latter having been based strictly on the written evidence.

"Clearly therefore our evidence has been wrongly interpreted and it is to be regretted that because the Bloomberg report has not accurately reflected the views put forward by the chamber, it should now have attracted the criticism that has so unfairly been levelled at it.

"In its discussions over the years with the divisional commissioner of police, chief magistrates, attorneys-general, the commissioner of police and the minister of police himself, the problem of crime in the coloured townships has been probed constantly by the chamber in an effort to find a solution.

'Effective force'

"Visits have been made to the townships at night, discussions have been held with members of the home guard movement when it operated at one time as an effective force in Manenberg, in keeping crime out of the area.

"A number of meetings with leaders of the coloured community were held in order to get their views, and here may we mention that it was unanimously agreed that the number one priority was to strengthen the police force.

"A municipal police force is no new idea. It was mooted by the chamber in a lengthy memorandum on crime submitted to the minister of police as long ago as 1975, although it had to be conceded that for the very reasons spelt out to the Bloomberg Committee, the chamber's motivation in support of a municipal police force had rested on thin ground despite the fact that its essential aim was to help to combat crime in the coloured townships.

"The chamber wishes to stress in conclusion that its sole aim has been, and will continue to be, to find an effective counter to crime, particularly crime in the coloured townships. However we see crime prevention being the responsibility of the South African Police — a view which, as earlier mentioned, is shared by leaders of the coloured community.

'Relentless'

"Accordingly the chamber stressed in its evidence to the Bloomberg Committee that constant and relentless pressure should be exerted on the minister to strengthen the permanent establishment of the police and to provide the incentives necessary to achieve this end.

"The chamber did not believe that it made good sense to relieve him of this responsibility, bearing in mind the point also that crime extends over areas administered by several different authorities, which raises the question of the right of pursuit or encroachment across the borders.

strong force of trained and experienced police who could cope most effectively with crime in this part of South Africa."

O Mr Jack Roos, director of the Cape Chamber of Industries, also made a statement yesterday on the proposal that Cape Town should have a municipal police force.

This says "At no time did the Cape Chamber of Industries make any comment on the effects which a city police force would have on the central business district and I am at a total loss to know how the chamber's name could have been associated with the statement published in this regard

"Our primary concern has always been — and will remain — the protection of our workers in the places where they live at work and while travelling to and from work.

"We have been very aware of the misery and danger to life and limb experienced by our workers from criminal elements and hooligans at home and while travelling We have taken this matter up at the highest levels of authority in our endeavour to secure better protection

"There have been occasions when we have included representatives of the workers themselves in these discussions. Approaches in this regard have included the protection of employees going home from work with large pay-packets at certain times of the year, and the attacks upon them in the areas in which they live — on the streets, in their homes and while commuting.

"There can be no doubt that an all-out effort to stamp out this type of crime is needed but it is the chamber's view that this could best be achieved by strengthening the established police forces This is the view it has consistently advocated.

"When asked to appear before the Bloomberg Committee at short notice, the chamber expressed certain reservations regarding the possible limited sphere of operation of a municipal force and in this connection it was pointed out that the problem concerned not only the municipal area of Cape Town but also affected the whole of the Peninsula and even further afield.

"There was no difference of opinion on the need to provide protection for workers. It was merely a question of the most effective means by which this could be achieved."

Russells gets over hurdles

30

By DAVID CARTE 4/6/81 R/On

ECONOMIC slowdown and the prohibition of no-deposit selling should not prevent Russells, the Kirsh group's retail furniture chain, from increasing earnings this year, says the outgoing chairman, Mr WL du Plessis, in his annual report.

Mr Du Plessis, who is to stand down from the chairmanship for Mr Les Mankowitz, the present managing director, says management will overcome the problems posed by a cooling economy, curbs on the money supply and the prohibition of no-deposit selling.

But he warns that earnings are unlikely to grow at last year's rate.

Last year Russells lifted sales 33,5% to R222-million, pre-tax profit 30% to R27 064 000 and earnings 33% to R12 195 000. Earnings a share were 89,1c (1980: 67c).

This was in spite of increasing the provision for unearned finance charges by more than R2-million to allow for interest rates.

The annual report does not disclose the size of the unearned finance charge provision, saying only that the change knocked earnings by 3,6c a share.

At the yearend Russells had 363 outlets including 37 stores of the associate Boymans Clothiers group.

At the end of February six stores trading under the name of Sleep Shop were acquired and consolidated with Russells bedding chain, 40 Winks.

Two Joshua Doore outlets were opened, one in Steeledale and one in Vanderbijlpark. Another two are planned this year — one in Durban and the other at Klerksdorp. But these will probably not be opened in time to affect 1982 results.

Seven Wanda, three Tiger Furnisher and nine Arrow Furnishers were opened last year. Existing Russells and other branches are being expanded and improved.

The balance sheet shows total net debt up 42% to R66 108 000 compared with equity of R66 134 000.

Considering the HP book, gearing was not excessive and interest cover was comfortable at more than 6. Net cash flow could mop up net debt in less than four years.

The increased debt was used mainly to finance increased stocks and debtors and the current ratio dipped from 2,2 to a still-easy 1,95.

Stocks rose 41% to R27 456 000 and debtors 28% to R167 341 000.

ECONOMY SQUEEZE IS EXPECTED TO HAVE LITTLE EFFECT ON SALES

Best year ahead for car industry

S. Times 9/8/81

By Andrew McNulty

THE motor industry is continuing to head for its best-ever year in 1981, despite fears of a declining money supply.

Even more encouraging is that the industry is expecting no worse than a relatively modest slackening in demand for new cars next year.

This softens forecasts that passenger cars — big ticket consumer items — will be first in the firing line of sectors likely to suffer from lower consumer spending resulting from a squeeze on finance.

"About 70% of new car sales can be classified broadly as corporate, and we foresee only a minor adjustment in demand during 1982 — nothing that should cause companies to change their policies, especially as the labour supply is still tight," says Peter Whitfield, joint managing director of Messina, which produces Datsun.

Overall, there seems little concern that the industry could face anything remotely like the severe recession of the mid to late 1970s.

"Circumstances today are very different from those of 1976 and 1977," Mr Whitfield adds.

Capital expenditure plans totalling well over R500-million have been announced by manufacturers to increase their production capacity during the next few years.

Bad news for buyers is that Sigma marketing director Peter Moss expects car prices to continue rising at about 15% next year.

As unit sales are the most crucial factor influencing profitability of the industry, shares listed in the motor sector of the stock exchange may be underrated if industry projections are correct.

Average dividend yield on Tuesday's share prices was 7.7%; stocks such as Saficon (12,7%), Sakers (13,7%), Toyota (10,1%), and McCarthy (9.3%) could have even better potential.

Listed companies with motor dealerships are also far better structured than during the last recession — most have greatly improved gearing positions and are leaving HP financing to the banks.

Companies with most emphasis on new cars and on corporate purchases will be most favourably placed.

Sales estimates by manufacturers polled this week for the current year all vary from 285 000 to 290 000 compared with the previous record-breaking 275 000 in 1980.

Sales in the first six months totalled 146 003 units (127 051 in the same period last year).

If the forecasts are on line, then a decline can be expected to start from September.

Mr Moss anticipates total sales of 285 000 this year declining to 265 000 in 1982.

"We see the market declining by 10% between October this year and next March, after which demand should start picking up again."

Mr Whitfield forecasts the combined passenger and commercial vehicle sales to be about 435 000 this year (290 000 cars and 135 000 commercials), falling to a combined total of 400 000 next year, with commercials falling off slightly more sharply.

"There has been considerable anticipatory buying of commercials ahead of the Atlantis project next year."

The managing director of General Motors, Lou Wilking, expects a fall-off of about 7% during the second half of this year against the same period of 1980.

Buyers most vulnerable to the tighter money supply are clearly individuals who rely on obtaining HP finance and they will be likely to defer new car purchases next year.

Stannic general manager Ron Winter, who estimates corporate buying at about 55% of the market and rising, says: "We could easily see fleet buyers keeping their cars longer, particularly in the upper bracket.

"But with fleet managers becoming increasingly aware of cost control this may not happen to a great extent.

"The used market, where there is minimal corporate buying, must be more sharply effected — which raises the question: If you can't move the used how do you move the new?"

A Wesbank spokesman expects a downturn next year of 5% to a maximum 10%. "But compared with the years before 1980 this is still a very good market that the industry can live on."

He adds that the used-car market has already started declining, however, and will be affected relatively severely.

Some finance houses are refusing finance to pre-1979 cars, while others are applying stricter criteria to these models.

The used-car market is affected both by availability of finance and by the fact that interest on purchases below R5 000 — the bulk of this market — is now at 24% compared with 21%.

But, though demand may shrink during coming months, the momentum of unfulfilled orders will help keep sales moving.

All manufacturers found that delivery delays were unavoidable in the past year, when shortages of plant capacity of components resulted in order backlogs of from four weeks to more than six months.

Some cars — the executive models such as Mercedes Benz and BMW, for example — still take well over six months to deliver.

with the dissident workers calls into question

nature of capital, labour and the State in turr

Cape Town.' It is to these related issues that

The Headmen

The role of the headmen both in procuring a lat
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sents in its most graphic form the articulation
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system of headmanship that the contradictions b
modes emerge most clearly.

McCarthy rides to 131% boost on soaring motors

By JOHN MULCAHY

SUBSTANTIALLY improved sales of motorcycles and motor vehicles boosted McCarthy Group's net profit by 131% in the year to June 30, and the final dividend has been raised by 107%.

Turnover figures have not been released, but the group's unit sales of motor vehicles were 25% higher than in the previous year and motorcycle sales rose by 384% after the acquisition of the Charlie Young Yamaha franchise and increased market share by Kawasaki.

Net profit was R20 496 000 compared with R8 869 000, earnings rose to 120c a share from 52,2c and the final dividend has been raised to 27c from 13c, making a total for the year of 42c, which is more than double the previous year's 19c. The dividend cover, at 2,8 times, is unchanged from 1980.

Earnings represent a return of 48% on total shareholders' funds.

In the past year trading conditions were buoyant, say the directors, and the motor-vehicle market rose by 23% in unit terms. The motorcycle market was 49% higher.

Motor-vehicle sales still contribute most of McCarthy's earnings, but the acquisition of the Yamaha motorcycle franchise has given the group 49% of the South African market, according to figures released by the Motorcycle Association of Importers and Distributors.

Motorcycles are playing an important role in McCarthy's fortunes, although the proportionate contributions from the different divisions will be given in the annual report

Operating profit rose by 114% to R37 725 000 from R17 601 000, the interest charge was slightly down at R1 705 000 from R1 799 000 and tax rose to R15 326 000 from R6 671 000.

The group has been active in further diversification, and since the yearend has acquired 50% of Grosvenor Industrial Engines — with an option to acquire control — as well as increasing its motorcycle interests with the purchase of Motor Cycle World.

McCarthy has sold its Cape Town Peugeot dealership, Carsons Cape, for R1 700 000, including goodwill of R300 000.

The chairman, Mr Brian McCarthy, said last week he expected 1982 sales to be lower than in the current year, but there should be continued real growth for the motor industry.

He said that while motors would remain the mainstay in the McCarthy Group, it would continue to seek diversification opportunities.

COMMENT: It was clear at the interim stage that McCarthy was in for a good year, and results for the second half are in line with the directors' expectations.

While the new-car market has started to flatten out, and is expected to slacken further in the coming months, because of the high cost of consumer financing, the group's involvement in the Atlantis Diesel project should be a good backstop.

Growth in the motorcycle market has also exceeded all expectations, and even in the event of a downturn in sales of new units, the group has the advantage of a stake in the after-sales market through Motor Cycle World.

At yesterday's closing price of 815c McCarthy is on a historic yield of 13,3% — well above most returns available on any industrial share on the JSE, and competing with money-market rates.

Growth similar to that achieved in the past year is unlikely to be repeated this year, but the diversification should help to offset the expected fall in vehicle demand.

ABSTRACT

The two generally accepted treatments that can be accorded to the interest charge incurred by an enterprise can influence their recorded results, and possibly lead to erroneous impressions being forme[d] ... decisions being taken. A third ... yet found acceptance, has also be[en] ... further complicate matters.

RUSSELL (30)

Better returns

FM 14/8/81

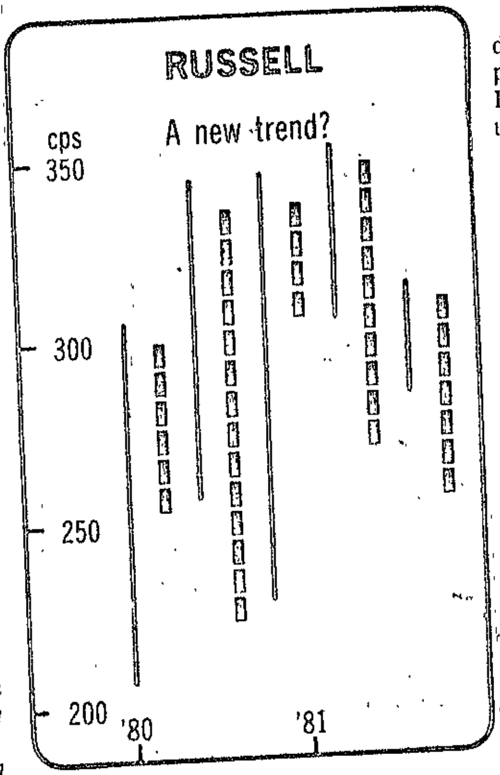
Activities: *Retails furniture, household appliances, clothing and outdoor living products through 363 (287) outlets. Also has property interests. The Kirsh group owns 54% of the equity through Coki Corporation.*
Chairman: *W L du Plessis; managing director: L Mankowitz.*
Capital structure: *18,2m ordinaries of 10c. Market capitalisation: R49,1m.*
Financial: *Year to April 30 1981. Borrowings: long- and medium-term R31,2m; net short-term, R32,6m. Debt:equity ratio: 97,4%. Current ratio, 1,9 Group cash flow: R17,6m. Capital commitments: R2,75m.*
Share market: *Price: 270c (1980-81: high, 360c; low, 200c, trading volume last quarter, 377 000 shares). Yields: 32,8% on earnings; 8,1% on dividend. Cover: 4,0. PE ratio: 3,1.*

	'78	'79	'80	'81
Return on cap (%) ..	20 8	20,4	20,7	21,5
Turnover (Rm) .	118	135	166	222
Pre-tax profit (Rm)	14,2	16,3	20,8	27,1
Gross margin (%) .	14,8	14,9	15,1	14,7
Earnings (c)	40,6	47,6	67,5	88,5
Dividends (c)	10	11	16	22
Net asset value (c)	234	268	312	363

In contrast to many retailers, Russell has not produced an exciting return picture in the past four years. The return on capital employed has fluctuated around 20% as the gross margin remained almost constant on sharply rising sales. In 1980-81, despite higher gearing and increasing finance costs, some end to this plateau seemed in prospect as earnings rose 29%.

Since 1977 Russell has opened or acquired 152 stores and expanded its retail coverage to nine chains with the takeover last year of the 13-store Sleep Shop operation. This expansion meant fixed assets grew from R6,8m in 1977 to R15,8m last year, while current assets advanced to R195,4m (R92,8m) in the same period. This partly explains the static asset yields, as does a conservative accounting policy for debtors.

Financial 1981 was a year of strong expansion — 76 outlets were opened or



acquired, while certain stores were enlarged — and yet the return on capital increased nearly one percentage point. This was after increasing the provision for unearned finance charges, which reduced taxed profit by R658 000 On an unchanged basis, therefore, the group improved the return on equity to 24,6% (21,6%) last year.

Expansion in 1981 was spread over all sectors of the group's operations But chairman Willem du Plessis says the impact of some of the new stores will only be felt during the current financial year In addition, the 1980 merger of the Boymans and Woolfsons chains is not performing satisfactorily after a reconstruction loss. Hence his forecast of increased earnings despite slower economic growth and the new no-deposit selling laws

Expansion this year will focus on two new outlets for Joshua Doore, additional branches for Wanda Furnishers, Tiger Furnishers, Arrow Furnishers and the Arrow clothing chains. Du Plessis says Russell outlets will also continue to be improved.

Despite this expansion and the increased borrowings last year — to R64,4m (R35,3m) — Russell should not be strapped for cash The increased cost of financing the debtors book has been built into the provision for unearned finance charges and annual interest and leasing payments are covered a comfortable 5,8 times by profit.

On the basis of market estimates, Russell could earn around 105c this year Dividend cover is traditionally high, though with more emphasis on borrowings in financial 1981, the percentage distribution was increased marginally

At 270c, with the possibility of a 26c dividend this year, the share yields a prospective 9,6%. At this level, given the Kirsh control, it looks an attractive medium-term income hold

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Hans. 14/8/81 Col 63

National African Federated Chamber of Commerce (30)

*30. Mr. H. H. SCHWARZ asked the Minister of Co-operation and Development:

Whether a request has been directed to him by the National African Federated Chamber of Commerce to utilize office accommodation in Johannesburg; if so, (a) what was the nature of such request and (b) what was his (i) reply and (ii) reasons for such reply?

†The MINISTER OF CO-OPERATION AND DEVELOPMENT:

Yes.

(a) Application has been made to occupy offices in the Kine Centre, Johannesburg.

(b) (i) The application was at first refused in terms of the present policy as determined by section 19 of the Group Areas Act of 1966. After fresh representations and a re-appraisal of prevailing circumstances, the matter has been treated as a special case and the application approved as such.

(ii) Falls away.

turnover. Sales are expected to double in 1973 easily, judging from the speed of incoming orders from home (and overseas) for the stylish mod denim and twill gear.

There is a case that Back may be a bit optimistic. Rich Rags is the leader of a modern trend – any young designer riding on the back of the slump in the CMT trade, is trying his hand at denim design. Many are just as successful as Rich Rags whose strength at the moment is size and acceptance.

The fantastic growth and acceptance over the year is a sure indication that this may only be a passing trend and Rich Rags which only offer design potential may not be as valuable as all that. Already the larger chain fashion stores are buying exclusives from small suppliers, and many clothing stores are heavily overstocked.

Exports may be the solution. Problems here are with the size of orders and the cost to stores overseas after tariffs. If denim is truly fashion it will not pay to gear up to export size. If it is not, cost may kill, and Back, with his factory complex in Cape Town may still not be in as competitive a position as his friends who may be able to consider the homelands as a proposition.

and statement labels.

9) RESTORE to restore the users program to an earlier state of execution.

10) SAVE - to save the current state of a users program for later restoration.

11) SET - to change the value of a variable.

12) SETBP - to set a breakpont when a variable is set reprieved.

13) SNAP - to produce a dump of the program.

14) STEP - to set a breakpoint at a certain number of statements ahead in the program.

15) TRACE - to turn the statement trace on or off.

16) CALL - to allow execution of a particular subprogram only.

17) WALKBACK - to obtain a trace of subprogram references that have occured during this program execution.

18) HELP to receive an explanation of the above commands.

5.2.2. Interactive Post Mortem Dump

If the F option is specified on the @FTN command, then interactive FTNPMD (Post Mortem Dump) mode may be entered. It should be noted that the Z option should not be specified on the @MAP command when collecting

Interactive

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CT 15/8/81 (30)

Record vehicle sales last month

Industrial Reporter

THE National Association of Automotive Manufacturers of South Africa yesterday reported record car and commercial vehicle sales for the industry last month in a barometer of continued strength in the economy in spite of a downward phase in the business cycle.

Naamsa's acting president, Mr Peter Searle, said the figures came in the face of many predictions that there would be a drop-off during the second half of the year. Instead, conditions were buoyant in spite of higher interest rates and the tighter money supply.

He attributed the continuing sales improvement to factors including the inability of manufacturers to meet demand in the first half of the year, high wage and salery increases, market stimulation from the introduction of new models and a possible degree of pre-buying out of fear that the Budget would boost GST.

The Naamsa figures show car sales at 27 384 units in July, compared with June's sales of 25 804 units and against 24 313 units sold in July 1980. Sales in the first seven months of the year totalled 173 387, up some 14,55 percent against the 151 364 sold in the same period last year.

Ford headed the sellers list with 4 968 units sold, followed by Volkswagen with 4 705, Sigma 4 360, Toyota 4 022, Datsun 2 920 and General Motors 2 760.

The top commercial seller was Toyota with 4 385 units sold, followed by Datsun 3 724, General Motors 1 608, Ford 1 315, Volkswagen 1 116 and Sigma 859.

The black businessman takes off...

S. Tribune 16/8/81 30 ~~B44~~

By Ingrid Stewart

FOURTEEN years ago a young articles clerk in Madadene, near Newcastle decided to open a small general dealers store.

The tiny shop didn't have a storeroom or an office and the law prevented him from expanding.

Today Patrick "P.G." Gumede is one of the most powerful businessmen in South Africa. As president of the 1 800-member Inyanda Chamber of Commerce, which represents millions of rands worth of black buying power in Natal, his demands on white commerce and industry are taken very seriously.

He has persuaded more than 80 white businesses to take out affiliate membership of his chamber.

Last year he brought a multi-national company to its knees by threatening a boycott of their products.

He sees himself as the figurehead. What all this means to him is that the black businessman has met the challenge of overcoming the legal and financial restrictions of the past and is well on the way to taking an equal place with white business in the South African economy.

Behind them, black businessmen now have the well-established African Bank. They will soon be in a position to move into the fields of insurance and building societies.

They have opened their first chain store in Soweto which, after only a year, reports a turnover of R600 000 a month. Several individual black businessmen are turning over R1 million a year.

PATRICK GUMEDE: Powerful now

The chamber has set up education committees to "bring about a better informed class of businessman," says Gumede.

Seminars on business management, wise buying, merchandising and banking are held regularly for members. In collaboration with Rotary, Inyanda is also providing their members with access to professional people who can share their business expertise with them.

"Inyanda has capitalised on the convictions of a few companies who recognise the need to assist black business," says Gumede.

"They realise that the free enterprise system cannot survive unless it is seen to be benefitting all population groups. It is in the interests of multi-national companies to help black entrepreneurs to become part of the free enterprise system. If blacks were to turn against the free enterprise system, it would collapse."

Gumede would like to see more white business involvement.

"They could second some of their trained personnel to black business and so transfer their expertise and experience," he says.

He rejects the criticism levelled at the black entrepreneur by radical groups that they are being allowed to develop as a buffer between the white minority and the black underprivileged masses."

"It would be unwise for black business men to be part of boycott strategies because they might actually be asked to sacrifice their own privileges if they are seen to be identifying fully with the suffering masses.

"The economic development which has taken place in South Africa has been a joint effort of black and white — the whites provided the capital and technical skills and the blacks have contributed their labour which in most cases has been exploited."

As black businessmen move into industry, the chamber's attitude to trade union movements has been discussed.

"We acknowledge the fact that unions have come to stay and, while, at the moment they are focusing their attention on big manufacturing concerns, very soon they will focus their attention on black businessmen," says Gumede. "We have decided to adopt a wait-and-see attitude.

"We will look at our relationship with the unions once the unions have been properly organised. We see present union activity as sporadic and disorganised.

"There is a lack of consistent leadership — just a lot of chancers rushing in at the moment. It would be a futile exercise to make a cut and dried policy at this stage."

searching of the … ere daily occurrences for the Cape Mus… but to resort to bribery if they … ison.

Those of them wh… ere liable to arrest when apprehended … had the option of paying the const… ree rixdollars to secure their imm… prison and paying a fine of ninepen… son they submitted to the petty extor… ne so frequent that it led to an offic… hat the police were more concerned with … with "the apprehension of culprits".[49]

Hans 3 21/8/81 Col 125 (30)

Soweto: trading licences

*2. Mrs. H. SUZMAN asked the Minister of Co-operation and Development:

How many trading licences were operative in Soweto as at 1 January 1981?

†The MINISTER OF CO-OPERATION AND DEVELOPMENT:

The number of licenced businesses in Soweto as at 1 January 1981 were 2 435. The number of licences issued in respect of these businesses, however, are considerably more as several licences can be issued to each business for its different trading lines by the local authorities concerned. These statistics are however not available.

Nowhere else is their own acceptance of their inferior socio-political status more clearly articulated than in the letter of Frans of Bengal to Sir George Young, requesting a mosque site in 1800. Frans humbles himself completely, beseeching the Governor to grant his request. Young agrees, and refers the letter to the Burgher Senate for ratification,[49a.] from whose records all traces of their reply have disappeared. At least one source indicates that the request was rejected. Hudson in his diary writes that "such was the prejudices of the Old Inhabitants" that Frans' good intentions "were over-ruled".[50]

Frans, however, bided his time and when the Cape was taken over by the Batavian Republic, he bargained his community's loyalty in exchange for a mosque site. The new governors, Janssens and de Mist, imbued with the spirit of liberalism which prevailed in Europe after the French Revolution, were more eager for reform. They had an additional motive. A British invasion of the Cape was pending, and they needed the loyalty of all the population groups at the Cape. Hence, they not only granted Frans his mosque site, in exchange for the formation of two 'Javaansche Artilleries', but also granted him a burial ground for the use of his people.[51]

Though during the years 1803 to 1806, religious prejudice disappears on the official level with the granting of religious freedom on 25th July 1804,[52] the racial prejudice persisted.

MAIN OCCUPATIONS OF ... S IN 1918-1919

OCCUPATION	%
General dealers and merc	17,3
Tailors, cutlers, draper	15,5
Outfitters	2,4
Shoemakers	6,0
Import-export, commercia	8,2
Liquor industry	1,7
Watchmakers, jewellers	4,0
Butchers	2,4
Cabinet-makers and othe	3,9
Furniture dealers	2,5
Engineers, mechanics, p ... etc.	5,5
Bakers	1,2
Hairdressers	2,8
Hotels and boarding-hou	4,7
Clerks, shop assistants	3,0
Professionals (doctors, ... , etc.)	7,4
Building industry worke ... ers)	4,0
Manufacturers	1,7
Travellers, hawkers	1,9
Auctioneers	,9
Printers	1,2
Tobacconists	1,4
	99,6

Ford leads the way

S. Times 23/8/81

30 1982

By Elizabeth Rouse

FORD tractors recaptured market leadership in July, setting a new industry record with sales of 748 units for a market share of 32,1%.

Fiat took second place with 427 units (18,3%), followed by Massey Ferguson with 409 (17,5%).

In addition to being the company's best-ever sales month, July was also a record month for the industry, with 2 333 units being sold.

Ford's sales increased by 87% over the 400 units sold in July last year and were 30% up on the June 1981 figure of 575.

This has boosted Ford into top position for the first seven months of this year with a total of 3 360 units, an increase of almost 60% over the 2 102 tractors sold in the same period last year.

Ford's tractor sales manager, Aubrey Gouws, says that the company is confident of retaining its leadership for the rest of 1981 to make it the market leader for the fifth consecutive year.

"This significant increase in our sales was due to the free availability of our models which enabled us to satisfy the pent-up demand, particularly in the 37kw to 75kw class.

"The market continues to be strong and we are forecasting record sales of 23 000 units for the industry."

Though not <u>all</u> economically active Jews appear in the table, and there is no clear distinction between self-employed and productive artisans, overall, this table shows the occupational distribution of the economically active Jewish population.

Jewish workers' solidarity in Cape Town goes as far back as 1898, when they established a workers' club,[45] and their unionist activities go as far back as 1902 and 1903, when they were operating a tailors' society, a bakers' association, a carpenters' society and a cooperative bakery.[46] As I have indicated elsewhere,[47] Bundist ideology had a strong impact on Cape Town Jewish workers up to a certain period. As historical circumstances called for

Pay increase ends coal yard strike

RDM 25/8/81 ~~130~~ 30 ~~139~~

Workers grossly underpaid for years, says firm's boss

By STEVEN FRIEDMAN

ABOUT 200 workers at coal merchants W R McPhail's Kazerne yard went on strike briefly over pay demands yesterday — and the company's new managing director said the workers had been "grossly underpaid for years".

"They have been appallingly paid. Anybody who was getting those wages would probably have done the same." said Mr A J Laughland, who took over as managing director on July 1 after McPhails, together with other coal merchants, were taken over by the Triton group.

He said the strike had been settled after two hours when management agreed to bring forward a planned 20% increase by one month — the first in a series of increases planned by the company's new management. The increase would come into effect immediately, he said.

The new increase was the first step in a plan to raise wages of all McPhail employees "from top to bottom", Mr Laughland said.

He added that this had been regarded as a priority since the takeover but that, for administrative reasons, management had planned to introduce the 20% increase next month. When the strike occurred, it had decided to bring the increase forward.

Sharply criticising wage levels paid by the company before the takeover, Mr Laughland said that when the new management had taken over they had dicovered that workers were being paid the bare minimum provided for in a Government wage determination for the industry.

A Government wage determination gazetted in June sets minimum wages in the coal trade at between R18 and R26 a week.

"Our priority is to sort out the mess which has existed in the coal trade up to now. And part of that is obviously to ensure that people are paid adequately," he said.

The increase sought to improve basic wages and also to introduce a bonus scheme.

The new wage scales were "still only 20% above a Government minimum — which obviously leaves room for improvement", he said. But he said these were merely the first step in an attempt to improve pay and conditions in the trade.

Guaranteed loans for small businesses

26/8/81 RDM (30)

By HAROLD FRIDJHON

THE Small Business Development Corporation (SBDC) has taken a big forward step by inspanning the branch network of major commercial banks and instituting a bank guarantee scheme for all small businessmen.

The chairman of the SBDC, Dr Anton Rupert, said at a news conference in Johannesburg yesterday that by mobilising the bank network, the corporation was bringing financial assistance to the doorstep of all existing and new small entrepreneurs, irrespective of race, colour or creed.

An agreement has been signed with Barclays, Nedbank, Standard Bank, Trust Bank and Volkskas whereby the managers of hundreds of branches will be able to consider applications for loans of up to R25 000 for small businessmen. These applications will have to comply with the norms set by the SBDC at branch level.

For approved loans, the banks will arrange for security and the SBDC will guarantee 80% of the financing facility.

For loans of more than R25 000 and up to R150 000, the banks will submit applications to the SBDC for consideration. If the application is approved, the SBDC will guarantee up to 80% of the financing facility.

This guarantee scheme will be monitored and will be adjusted in the light of experience. It is intended to extend the scheme by involving the smaller banks as soon as possible.

Mr Johannes Hamman, a member of the interim SBDC management team, says one of the big advantages of the scheme is that people who want loans will not have to go further than the nearest bank.

Banks look for security and the scheme means that, together with other assets, the banks will be fully secured, he says.

The SBDC has received 400 applications for loans. Some of these applications came from chancers, but the SBDC has approved about 50 applications involving more than R3-million.

They include people in trade and industry, as well as those in professions, such as lawyers and advocates. If these people do not have sufficient experience in running their own affairs, they were told to acquire experience first — as an "apprenticeship".

Assistance for small businessmen is not confined to financial help. It includes counselling and individual "after-care" service — which can be costly.

One of the SBDC projects is a R600 000 industrial park in Soweto where 16 would-be industrialists will be helped financially and by guidance. This project should be off the ground by September next year.

The Small Business Development Corporation is still being formed and may incorporate similar organisations, depending on amending legislation which may be considered in the current Parliamentary session.

There is a Johannesburg head office, but regional offices are envisaged in Cape Town, Durban and Johannesburg to serve the Southern African region.

Black business 'to boom'

Mall Reporter

BLACK businessmen must mobilise capital and management skills through the formation of companies and partnerships to share in the expected black disposable income of R19 000-million by the year 2000, banker Mr Llewellyn Mehlomakulu said yesterday.

Mr Mehlomakulu is the business development manager for the international section of Barclays Bank.

Addressing the Inyanda Chamber of Commerce conference in Madadeni, Newcastle, Mr Mehlomakulu said a recent survey had shown that black incomes, which now total R9 000-million, will rise to R19 000-million by the turn of the century.

Partnerships would enable blacks to make a significant contribution to black development.

Mr Mehlomakulu said his bank's responsibility did not end with making profits. It also had a moral obligation to contribute to the development of the communities in which it operated.

Group sales up 38%, earnings 50%

Jet power for R409m Edgars

By DAVID CARTE

EDGARS Stores, SA's biggest clothing chain, Jetted to a 50% earnings and 48% dividend increase in the year to June.

Thanks largely to an increase of 62% in sales and 147% in profit of Jet Stores, the all-cash subsidiary, group sales leapt 38% to R409-million and pre-tax profit 56% to R51 726 000.

In what the chairman, Mr Sydney Press, calls "unusually buoyant conditions", taxed attributable profit, after a R4 437 000 lifo provision, soared 50% to R24 529 000. Lifo-based earnings a share rose in line to 1 289c.

A final dividend of 365c has been declared, bringing the total for the year to 570c against 385c last year.

Edgars, I am told, contributed 65% of taxed profit, Sales House and Jet about 12,5% each, Celrose clothing factories 2% and Zimbabwe 8%.

The managing director, Mr Adrian Bellamy, says that with the economy on the downside, earnings growth cannot again reach 50%, but sales of R500-million — a 25% increase — are the target for the current year.

Mr Bellamy said he was confident for the current year "which has started very well".

With these results Edgars attained a return on shareholders' funds of 39%. It did this by increasing capital employed by only 17% and borrowings only 8%.

The lifo provision reduced taxed profit nominally by R4 437 000 (R2 611 000), but increased real cash flow with a tax saving of R3 196 000.

Mr Bellamy estimated that national sales of clothing, footwear and household textiles rose 25% in the year under review.

Edgars beat the national average and improved market share through emphasising merchandise assortments, strict stock control and astute marketing, he said.

Margins were improved by improved productivity, careful asset management and the spread of costs over a greater volume of sales.

While sales had risen 38% and floor space by 31 000 square metres, stocks rose only 14% and debtors 32%. Stock turn had accelerated appreciably. Jet's success in cash sales also reduced the need for borrowings and financing costs.

Mr Bellamy said the tax rate had risen to a full 42,5% because in 1980 the group had done a greater portion of business in SA than in the adjacent territories where, Zimbabwe excepted, rates were generally lower.

The group is to commission another 43 000 m² of shop floor this year. The Germiston store is being renovated and a 10 000 m² store will open in Sandton sin 1983. New stores are planned for Witbank, Klerksdorp and Sasolburg.

Sales House is to open stores on President Steyn and Vaal Reefs mining premises.

Mr Bellamy said the lifo provision rose 70% last year because the higher rate of inflation increased the base of the provision.

He and Mr Press said higher interest costs were a matter for concern, although gearing was only 43% and interest cover was twice the level required by Edgars institutional investors.

He and Mr Press expected interest costs to rise 60%. With Edgars financing its own debtors, higher interest costs could not easily be passed on.

Rental commitments are well covered by gross profits. This cover improved 44% in the past five years.

Mr Press said Jet had had a successful year because its formula was right. Jet offered Edgars high fashions at cash prices and drew equal numbers of black and white buyers. It had immense growth potential.

Asked if the Edgars share price would ever be split or a capitalisation issue considered, Mr Press said no because more than 80% of holders in Edgars and Edcon were institutions.

Mr Press and Mr Bellamy said merchandise suppliers were hard pressed to meet Edgars orders of about R550-million a year and delivery delays had been frequent, complicating stock control. He expected this problem to be less acute in future.

COMMENT: At 8 200c the shares are 5,4 times fifo-earnings of 1 524c (999c) and yield 7% on the new dividend. Woolworths is on a PE of 12 and a yield of 4,2% while Foschini stands on 7,3 times earnings and a yield of 6,2%. Edgars looks the better value.

Witness: store burnt after sackings

30

RDM 24/10/85 (17)

By MONTSHIWA MOROKE

A STATE witness told the Germiston Regional Court yesterday that a man charged with arson had vowed to set a Germistion branch of Edgars Stores alight after the store had sacked its black women employees.

Ms Elsie Njokweni was giving evidence before Mr P Muller at the trial of four former employees of the store — Mr Lesley Maphosa, 24; Mr John Leputla, 23, Mrs Edith Qhamakoane, 23; and Miss Nomsa Ngwenya, 23. All are charged with arson.

They have pleaded not guilty to setting alight Edgars Stores, in President Street, Germiston, on March 30.

Ms Njokweni said that while she was working in the stockroom of the store on March 27, Mr Maphosa, a cleaner and security guard, told her that three security guards at the stores had been sacked. Later he told her that all black women employees at their branch, except those working in the stockroom, had been sacked.

Ms Njokweni said Mr Maphosa then told her: "I will not leave this place before setting it alight because of the sackings."

Manager

~~40~~ 30

When she heard this, she "tiped off" one of the managers the following day, a Saturday, she said. The manager made several trips to the stockroom that day.

Ms Njokweni said on the following Monday Mr Maphosa arrived for work 10 minutes late and in a drunken state

But, she said, she thought he was conscious of his actions.

"Lesley said he did not feel like doing any work that day. He ... going to phone of South Africa', its leaders, members and sympathisers would continue to fight, with the vision of the impossible revolution as the guiding force.

FOOTNOTES

1. H.J. and R.E. Simons, Class and Colour in South Africa 19 - 19 , Harmondsworth, 1969; D. Ticktin, 'The Origins of the South African Labour Party 1888-1910', unpublished Ph.D. thesis, UCT, 1973; Sheridan Jones, 'Marxism-Leninism in a Multiracial Environment: The origins and early history of the Communist Party of South Africa 1914-1932', unpublished Ph.D. dissertation, Harvard University, 1965; and 'The birth of the Communist Party of South Africa', The International Journal of African Historical Studies IX (3) 1976, pp.371-400; E. Katz, A Labour Aristocracy, Johannesburg, 1976.

2. E. Roux, Time Longer than Rope, University of Wisconsin Press, 1966; and S.P. Bunting: A Political Biography, The African Bookman, 1944; R.K. Cope, Comrade Bill: The Life and Times of W.H. Andrews, Workers' Leader, Cape ... son, Memoirs of a Socialist, Ca...

3. The ISL-Jhb's ... th different political and ideologic... ist faction' under Bill Andrews consi... builders, etc., while a large sectior... small shopkeepers and tailors. Mar... Friends of the Russian Freedom', a ... others were ex-anarchists affiliated t... ess'. See E.A. Mantzaris, 'A short hi... Africa'; Die Zeit (in Yiddish); L... g (in Yiddish), Johannesburg, 1956, ...

4. The best accounts of the history of the ... uring its early period are in Ticktin and ... tory of this important organisation ne...

5. See S. van der ... Africa, Oxford University Press, London, ... Wages Commission Table VIII, 'Movement of Pri... 910-25'.

6. On wages, see pa... 'Average weekly wages..."; see also UG 1-19... evidence by H.H.R. Eaton, p.2.

7. Cost of Living C... s C and C(1).

8. Op cit., Appendix

Small Business Development Corporation

27. Mrs. H. SUZMAN asked the Minister of Industries, Commerce and Tourism:

Whether any loans have been approved by the Small Business Development Corporation; if so, (a) how many, (b) to members of which race group and (c) for what amount in each case?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

Since the Small Business Development Corporation is registered as a private company in terms of the Companies Act,

AUGUST 1981 202

1973 (Act 61 of 1973) and is only responsible to its shareholders, the required information cannot be furnished by me. If shareholders require information they can approach the Managing Director of the Small Business Development Corporation, who can supply information according to the provisions of the Companies Act, 1973.

107. The summary of the Congress is extracted from the Cape Argus and Cape Times. See also Bolshevik, 1, 8, May 1920, p.7.

108. See Bolshevik, 1, 2, p.3; pamphlet 'The Bankruptcy of Trade Unionism', and E. Mantzaris, 'Syndicalism on the shop floor...', p.8.

109. Pamphlet of the organisation entitled 'Socialism versus violence', reproduced in Bolshevik, January 1920, pp.2-3.

110. For a complete history of the American IWW, see P. Rensaw, The Wobblies: The Story of Syndicalism in the USA, London 1967.

111. On the importance of these two principles (undermining the capitalist institutions and educating the workers) in anarcho-syndicalism and basics for direct action, see Emma Goldman, Syndicalism: Its theory and practice, photocopied pamphlet, Mother Earth Publications, 1913.

112. See Bolshevik, 1, 7, April 1920, p.1, editorial.

113. Ibid., 1, 2, p.4.

114. See the Secre ... Bolshevik, 1, 8, May 19...

115. Industrial S ... nd Financial Report for t ... . Glass and M. Walt. Ju ... er of SAP to Secretary of ...

116. Ibid.

117. Secretary's

118. Ibid.

119. See Bolshevik, 1, 4, January 1920, p.4.

120. Justice 267, 3.1064.18, part 1, Letter from Commissioner of SAP to Secretary of Justice. 30th October 1920. See also Johns, 'Birth of the CP', p.383.

121. See Bolshevik, 1 ... ce 267.

122. Ibid. See als ... p.1.

123. See the article ... ik, 1, 2, December 1920.

124. N. Lenin, Colle ... Wishart, 1963, 16, pp.414-415.

125. See 'What can a ... evik, 2, 4, February 1921.

126. See 'Prepare fo ... evik, 2, 4, February 1921.

127. Ibid.

128. The term is borrowed from B. Pribicovic, The Shop-Steward Movement and Workers' Control (Oxford, 1959), p.17.

207 FRIDAY, 28 A

company in terms of the Companies Act, 1973 (Act 61 of 1973) and is only responsible to its shareholders, the required information cannot be furnished by me. If shareholders require information they can approach the Managing Director of the Small Business Development Corporation, who can supply information according to the provisions of the Companies Act, 1973.

Small Business Development Corporation

64. Mr. P. R. C. ROGERS asked the Minister of Industries, Commerce and Tourism:

(1) (a) How many applications for financial assistance has the Small Business Development Corporation received to date and (b) what is the total amount for which such assistance has been (i) requested and (ii) granted;

(2) whether the Corporation has sufficient (a) personnel and (b) funds to deal with the applications already received?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

Since the Small Business Development Corporation is registered as a private

FM 28/8/81

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JULY CAR SALES

	1981 July	% of Market	1981 Jan-Jul	% of Market	1980 Jan-Jul	% of Market
Ford	4 968	18,14	26 343	15,19	21 047	13,90
VW	4 705	17,18	32 360	18,66	31 203	20,61
Sigma	4 360	15,92	30 622	17,66	31 737	20,97
Toyota	4 022	14,69	24 047	13,87	15 447	10,21
Datsun	2 920	10,66	18 583	10,72	16 106	10,64
GM	2 760	10,08	19 606	11,31	15 200	10,04
BMW	1 306	4,77	7 682	4,43	6 034	3,99
UCDD	1 113	4,06	5 804	3,35	5 079	3,36
Alfa	634	2,32	4 979	2,87	7 237	4,78
Leyland	568	2,07	3 167	1,83	2 245	1,48
Other	28	0,10	194	0,11	291	0,02

July total .... 27 384 (12,63% up on 24 313 last year)
Jan-Jul total .... 173 387 (14,55% up on 151 364 last year)
June total 25 804

COMMERCIALS

	1981 July	% of Market	1981 Jan-Jul	% of Market	1980 Jan-Jul	% of Market
Toyota	4 385	30,12	26 006	30,74	18 341	26,33
Datsun	3 724	25,49	19 517	23,07	18 734	26,89
GM	1 608	11,01	9 677	11,44	8 686	12,47
Ford	1 315	9,00	9 777	1 156	9 026	12,96
VW	1 116	7,64	4 466	5,28	2 927	4,20
Sigma	1 055	7,22	6 991	8,26	4 962	7,12
UCDD	536	3,67	3 027	3,58	2 373	3,41
Leyland	318	2,18	1 899	2,25	2 268	3,26
Fiat	204	1,40	1 085	1,28	835	1,20
Int Harvester	107	0,73	593	0,70	434	0,62
MAN	97	0,66	634	0,75	368	0,53
Vetsak	54	0,37	292	0,35	106	0,15
Malcomess-Scania	28	0,19	148	0,18	85	0,12
ERF	21	0,14	157	0,19	98	0,14
Oshkosh	19	0,13	187	0,22	211	0,30
Fodens	12	0,08	74	0,09	99	0,14
VSA	5	0,03	15	0,02	23	0,03
Magirus-Deutz	4	0,03	54	0,06	82	0,12

July total .... 14 608 (30,29% up on 11 212 last year)
Jan-Jul total .... 84 599 (21,45% up on 69 658 last year)
June total 12 309

SMALL BUSINESS (30)

Bring in the banks

FM 28/8/81

The Small Business Development Corporation (SBDC) has reached agreement with the five major banking groups on a guarantee scheme for the funding of small business concerns under SBDC definitions, according to chairman Anton Rupert.

The SBDC says it has a wide range of criteria for considering applications but the basic rule of thumb is that only potentially-productive industrial, commercial and professional concerns are eligible.

The details of the scheme are that loan applications of up to R25 000 can be granted by banks on the understanding of an 80% SBDC guarantee while those between R25 000 and R150 000 require prior SBDC approval but attract the same percentage guarantee. Repayment periods and rates are dependent upon the nature of the different facilities granted.

SBDC's Rupert . . . small is beautiful

The SBDC says it has been inundated by applications so the decentralisation of loan consideration and granting procedures through the banks' branch network has administrative advantages. Of about 400 applications already made, 57 have been granted, comprising a capital value of R3m and making the average loan size about R53 000. Loans over R150 000 are not normally considered.

The SBDC also undertakes infrastructural development and has already instituted an industrial site in Soweto for an investment of just under R1m. Their services and, presumably those of the banks involved, extend as well to post-loan counselling.

Decentralising loan applications to branch level also has the advantage that regional particularities can be more fully accounted for. But with the banks carrying a 20% risk on small business development loans, the question should be posed as to whether regional bank managers who have been brought up on rigid formula for credit-worthiness are the best administrators of what are basically soft loans.

Pikwik makes it safe for Ackerman

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By DAVID CARTE

29/8/81 RDM

PICK 'n Pay's reconstruction and share split will secure control of the company for Mr Raymond Ackerman and his family and enable shareholders to participate in the company at a price of about 430c instead of the R60 required now.

Pick 'n Pay's new holding company is to be called Pick 'n Pay Holdings and will be abbreviated to Pikwik.

The restructuring will be achieved in two steps. First, Pick 'n Pay is to have a capitalisation issue of 40 new shares for every 100 and these new shares will be renounced in favour of Pikwik for 400 Pikwik shares.

Thus, a Pick 'n Pay shareholder with 100 shares will retain his 100 shares and in addition, for no outlay, will get 400 Pikwiks.

After this, Pick 'n Pay will split its shares on a 5-for-1 basis, so the holder who started off with 100 Pick 'n Pay's will end up with 400 Pikwiks and 500 Pick 'n Pay shares.

Pick 'n Pay shareholders have the option of converting all or part of their existing holdings into Pikwiks, but are discouraged from doing so.

The main object of the exercise is to ensure the control of Mr Ackerman and his family. This will be achieved anyway, as Mr Ackerman has had indications from holders of 35% of the equity — mainly institutions — that they will stay in the bottom operating company to maximise his holding in the top company.

He is to convert all his Pick 'n Pay shares into Pikwiks. This and the renunciation of the 35% of participation in Pikwik means his control is secured.

Mr Ackerman and UAL are adamant that those who do stay in the operating company will not be at any disadvantage, as one of the conditions of the restructuring is that any offer for the top company will have to be made to the bottom company minorities as well.

In addition, any acquisitions will go into the bottom company. The top company will be a pure pyramid with no other interests apart from Pick 'n Pay.

UAL says that ultimately one Pick 'n Pay will be worth about two Pikwiks and at the current market price, this would put a value of about 430c on a Pikwik and 860c on a Pick 'n Pay share after the restructuring.

Market watchers expected Pikwik to end up with 55% of Pick 'n Pay and Mr Ackerman to have 55% of Pikwik. They expected a few minorities to swop their Pick 'n Pay shares for Pikwiks purely to be in the cheaper, more marketable stock.

The three objectives of the exercise will thus have been achieved — to secure control, so that Mr Ackerman can get on with running the business without having to watch his back, to enhance marketability, and to enable acquisitions and expansion by way of share issues.

UNIVERSITY OF CAPE TOWN

DEPARTMENT OF ACCOUNTING

TAXATION AND ESTATE DUTY II - 1981

COURSE OUTLINE/READING LIST - 3rd & 4th QUARTER

LECTURE DATE	LECTURE NO.	TOPIC	THE INCOME TAX ACT
31 August	20	Tax Planning for Asset Acquisitions - leasehold improvements - lease or buy decisions - leverage leasing	ss.1 defi[illegible] 11(f[illegible] 8(4)
		VACATION	
14 September	21	Tax Planning for Business Acquisitions - partnerships and joint ventures (briefly) - acquiring assets and liabilities - acquiring shares - interest payable on acquisition	ss. 22,
21 September			EXAMI[illegible]

N.B. THE TUTORIALS REFER TO 'QUESTIONS ON S.A. INCOME TAX 1980' AND THE SOLUTIONS ARE PREPARED ON THE BASIS THAT THE QUESTIONS ARE UPDATED BY ONE YEAR.

Star 21/8/81

Good year for Garlicks

Own Correspondent

CAPE TOWN — Garlicks, the Cape Town-based department store group, increased pre-taxed profits by 41,5 percent in the year ended June to R5 785 000. This compares with earnings of R4 089 000 last year.

Taxed profit increased 46,6 percent from R2 292 000 equal to 73,1c a share to R3 360 000 equal to 108,7c a share.

In addition there was an extraordinary profit of R863 000.

The final dividend has been raised to 22c making a total payment of 40c for the year, a third more than last year's 30c a share.

Greatermans tops a billion sales

350 ~~247~~ 1601m 31/1/81

By DAVID CARTE

GREATERMANS Stores, owners of the Checkers, Greatermans and Ackermans retail chains, cracked sales of R1 000-million for the first time and produced profits just up shareholders' street in the year to June.

Sales surged 27% to R1 004-million and thanks partly to a turnaround in the department stores, pre-tax profit leapt 82% to R13 223 000.

The department stores became liable for tax again, so the group tax rate rose from nearly nothing to 27%, restricting the earnings advance to 41%.

Greatermans share of the profits of associates, mainly the meat and vegetable companies, rose 35% to R1 567 000, with the result that earnings were 41% better at R14 816 000, or 215c (1980: 153c) a share.

"In view of the healthy level of profits earned," says the company, "your directors have declared a final dividend of 50c a share".

This makes the total for the year 85c — a 42% improvement on 1980's 60c.

A Greatermans' director, Mr Harold Joffe, told me the tax rate would increase to nearer the full rate of 42% in the next couple of years. It would not reach the full rate, but he would not be surprised to see the tax rate rise 9 percentage points next year.

Much of the tax bill, he said, was deferred because although these profits were stated on the fifo basis of stock valuation, downline subsidiaries were on lifo.

The contribution from associate meat and vegetable companies should rise healthily this year as Greatermans was to increase its stake in these.

The unchanged level of dividend cover was likely to remain at current levels for the foreseeable future.

Mr Joffe said Greatermans planned to open another 11 Checkers stores, two of them hypermarkets at Kempton Park and Klerksdorp.

Only four of the new stores were in new locations. Others were in areas where Checkers was represented in older stores.

Food sales in Checkers dominated turnover. Greatermans would not be pushing its department stores in the future and saw Checkers as the main growth arm.

Ackermans would expand rapidly in middle-market discount fashion for cash.

Asked if the food market was not approaching saturation by the major chains, he said he did not believe so as they had only 55% of the total food market.

COMMENT: At 1 115c the share is priced at 5,2 times earnings and yields 7,6%, compared to Pick 'n Pay's PE of 7,2 and yield of 5% and OK's PE of 8,2 and yield of 6,5%. There is no obvious anomaly in the ratings.

Pep negotiating for control of I L Back

CT 4/8/81 30 28R

STELLENBOSCH. — Rembrandt Group and Pep Stores announced yesterday that the parties are negotiating on the basis of an acquisition by Pep Stores of the interest of Rembrandt in I L Back and Company Ltd.

The Johannesburg stock exchange is being requested to suspend trading in Pep Stores and I L Back for one week after which a further announcement will be made. A spokesman for Rembrandt indicated that I L Back broke even during the first quarter of the present fiscal year. Because of the fact that the nature of the clothing industry was essentially that of a family and fashion enterprise, Rembrandt was interested when approached by Pep Stores.

Mr Renier van Rooyen, chairman of Pep Stores, said that in accordance with his group's stated objective of further involvement in manufacturing in areas that concentrate exclusively on the local outside market and export trade, the potential acquisition of the majority interest in I L Back, made good sense.

I L Back will continue as an autonomous entity and no changes are envisaged in the marketing, general policy or management of the company. — Sapa

BDM 4/8/81 30

Pep wants I L Back

REMBRANDT Group and Pep Stores are negotiating for Pep to acquire the Rembrandt interest in I L Back & Company.

The Johannesburg Stock Exchange has been asked to suspend trading in Pep Stores and I L Back for one week.

A spokesman for Rembrandt indicated that I L Back broke even in the first quarter of the present fiscal year.

Because the clothing industry is essentially that of a family and fashion enterprise, Rembrandt was interested when approached by Pep Stores.

Mr Renier van Rooyen, chairman of Pep, said that in accordance with his group's objective of further involvement in manufacturing, the potential acquisition of the majority interest in I L Back made good sense.

I L Back would continue as an autonomous entity and no changes were envisaged in its marketing, general policy or management. — Sapa.

Pep hopes to get Back by Monday

~~932~~ ~~184~~ 30

By DAVID CARTE

RDM 13/8/81

TAKEOVER talks between Pep Stores and I L Back, Rembrandt's clothing group, should be concluded and terms announced by Monday, says the chairman of Pep, Mr Renier van Rooyen.

Mr Van Rooyen told me yesterday that the talks were progressing, but were taking longer than expected because of technicalities.

The shares of both Pep and IL Back would be relisted immediately terms were announced.

IL Back, which last year lost R2 722 000, bringing accumulated losses over the years to R13 312 000, has published an annual report.

The non-executive chairman, Rembrandt's Mr P F Brink, says last year's loss was "disappointing".

"It is not my intention, either now, or in the future, to indulge in optimistic prognosis," he says. "Future results will have to speak for themselves. The management team is enthusiastic, competent and has the full confidence of your board".

Mr Brink says I L Back's products "continue to find excellent acceptance in the market place and sales for the year increased by 28%. We expect growth in sales to continue."

I L Back intends to increase its capital base. Rembrandt has indicated its willingness to underwrite the increase.

The balance sheet reveals that stock and debtors at the yearend were tying up R23-million or nearly all capital employed. This was after a R2-million provision against stocks.

Debtors rose 29% to R11 174 000, more or less in line with sales, but the rise in stocks was 64% to R11 607 000. Total debt was R16 629 000 (R7 270 000) and shareholders' funds R4 661 000 (R7 363 000), making the debt:equity ratio 356% (99%). The net cash outflow was R2 439 000 (R1 644 000).

COMMENT: The burning question about I L Back is how Pep thinks it can succeed where Rembrandt failed.

Mr Van Rooyen would not be drawn yesterday.

But I am told by people close to I L Back that in the past year 80% of senior management has been replaced by "top clothing men", headed by a new managing director, Mr FA du Preez, 33, formerly of Unlewinkels, part of Scotts Stores.

The story they tell is that previous management comprised "cigarette people from Rembrandt", who were "lost in clothing". If Pep gets I L Back, it will also get the new management.

I L Back is heavily overstocked. Once that is remedied, I am told, I L Back, "which is already making profits", will go from strength to strength. This may account for the 40c spurt in the Pep share price immediately before the suspension.

If the takeover talks succeed, it will presumably not be necessary for Rembrandt to make another capital injection. One would imagine it would be hesitant after its huge losses in this venture.

BUSINESS

Sales of new cars strike record levels

Star 14/8/81

36

By Patrick McLoughlin

Car sales hit record levels last month and a jubilant motor industry leader, Toyota, is predicting that the year's total might be 450 000 commercial and car vehicles.

This would be an 11,2 percent jump from last year's record sales of 404 756. The forecast follows figures released by the National Association of Automobile Manufacturers of South Africa (Naamsa) showing that new car sales were up 12,6 percent to 27 384 units from 24 313 in July 1980.

The industry is also running well ahead of last year's record figures for the first seven months with a 14,5 percent boost to 173 387 cars sold (151 364).

Toyota's managing director, Mr Colin Adcock, said: "With 257 986 vehicles (commercial and cars) sold up to July the industry could reach an unprecedented 450 000 total by December.

"We have sold everything we could produce this year and would have had more than 9 500 sales last month had stocks been available."

The leading manufacturer for last month was Ford with sales of 4 968 units, followed by Volkswagen (4 705) Sigma Motor Corporation (4 360) and Toyota (4 022).

In combined car and commercial sales, Toyota kept No 1 position with sales of 8 407 units, followed by Datsun (6 644) and Volkswagen (5 821).

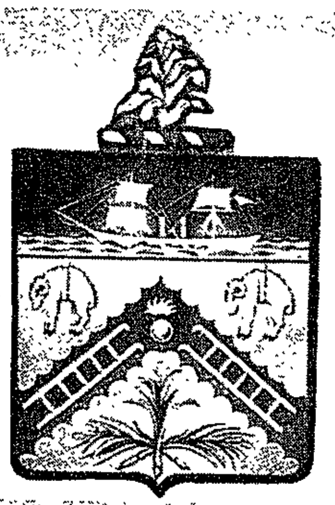
COMBINATION

Toyota also retained its lead in the commercial vehicle field with sales of 4 385 units. Datsun sold 3 724 units and General Motors trailed with 1 608.

Mr Adcock attributed booming sales to a combination of factors — pre-Budget buying, a still buoyant economy and apprehension about the cost increases resulting from phase five of the local-content programme for commercial vehicles.

In the sale of individual models, Volkswagen's Golf/Jetta range remained on top with 3 508 units sold followed by Toyota's Corolla (3 101). Ford's Escort (2 368), Sigma's Mazda 323 (2 212) and another Ford product, Cortina (2 157).

Durban Chamber of Commerce — 1856 - 198



Progress and problems

LAST year was one of the most prosperous in the 125-year history of the Durban Chamber of Commerce, and certainly the best since World War II

This is the view of Mr J R McCarthy, president of the Chamber

Although Natal lagged somewhat behind the rest of the country and more particularly behind the very high levels recorded on the Witwatersrand, most members should have had a very successful year, he said

There has been no shortage of problems to engage the Chamber during the past 12 months

These have ranged from container congestion to inadequacies at the airport manpower problems housing shortages, inadequate hospital facilities, commuter rail services, trade union recognition export incentives the promotion of trade missions multi-racial trading facilities and shop hours to mention but a few

'When one looks back over the 125 years during which the Chamber has played such an important role in the growth and development of Durban one is struck by the remarkable similarity of the problems which have demanded the Chamber's attention over that period,' said Mr McCarthy in his annual message

It is only during recent years that the Chamber has become significantly involved in labour matters but it seems that in years to come this involvement will deepen and grow.

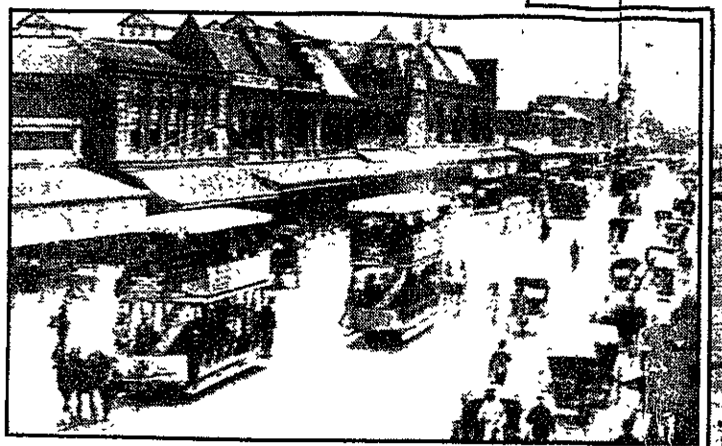
With the new dispensation accorded to labour in South Africa, employers must expect rapid changes in the field of employee relations and must be prepared to play an active and constructive role in the formulation of a new relationship with labour, in which the influence of black trade unions is likely to increase dramatically.

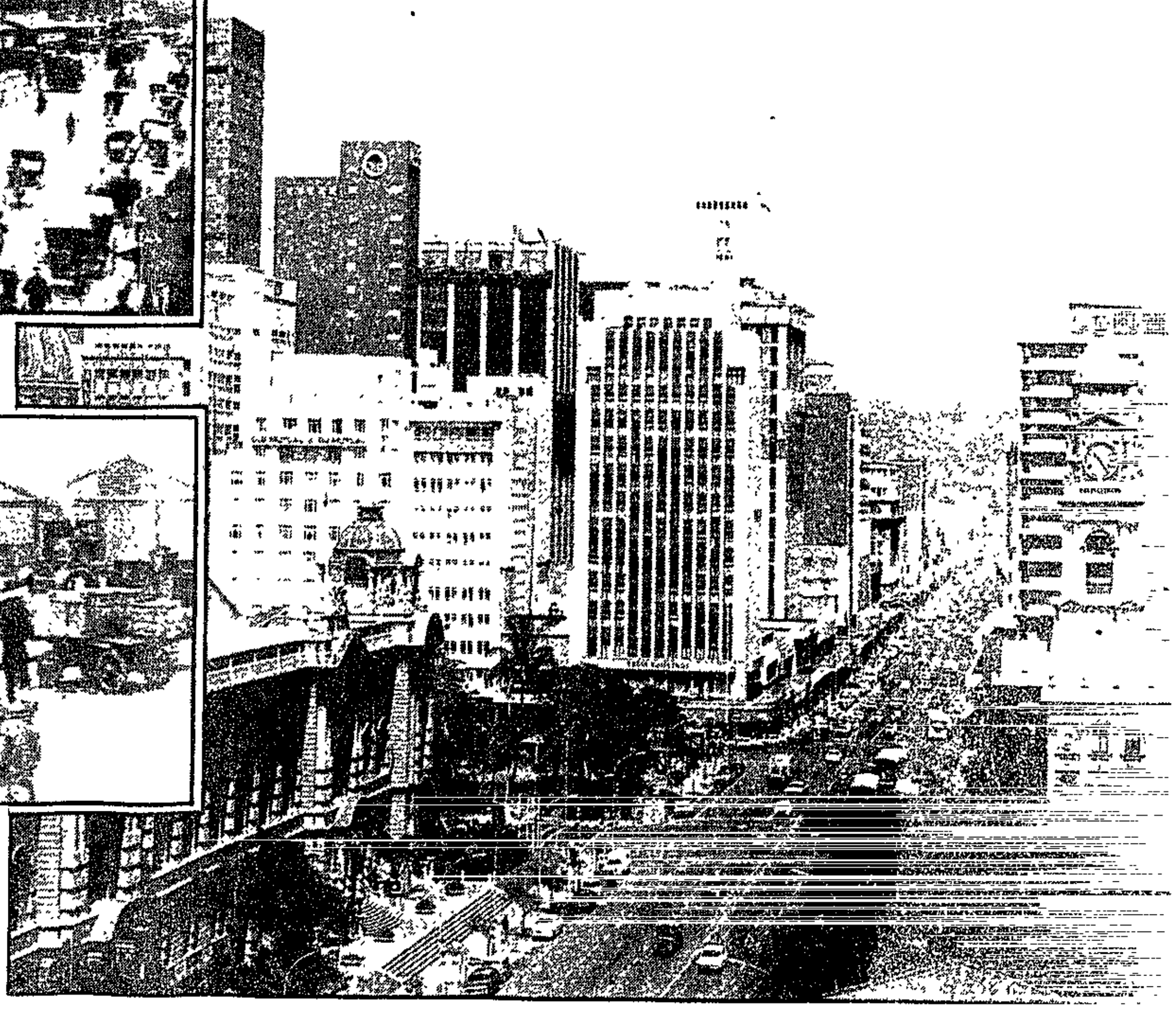
'The Chamber has always been careful to avoid in- [illegible] written rule that no one can hold Chamber office and at the same time hold office in a political party But the Chamber's attitude to political matters appears to have varied over its long history

'Last year the Chamber again became involved in the political arena when it came out strongly against moves towards the further consolidation of KwaZulu

'The Chamber co-sponsored with the Sugar Association the preparation of the Lombard Report, suggesting alternatives to consolidation and advised Assocom to accept representation on the Buthelezi Commission with one of the two Assocom representatives coming from Natal,' said Mr McCarthy

Many of the problems which come before the Cham- [illegible] are not capable of rapid solution Representations [illegible] to be persisted with over a lengthy period of time [illegible] one cannot but be impressed by the persistant and [illegible] way in which the multitudinous problems which have beset the commercial community of Durban [illegible] the years have been tackled by the Chamber, he





Since its inception in 1856 the Durban Chamber of Commerce has been actively concerned in ensuring the promotion of Durban as a premier port, competitive enterprise and the free market system.

Seeking the sea trade

THE Durban Chamber of Commerce celebrates its 125th anniversary today.

As the progress and development of the Chamber is so closely interwoven with that of the City of Durban — and indeed that of Natal itself — it is interesting to trace its history.

Durban was first settled in 1824 and by 1858 comprised about 1 000 persons, was proclaimed a borough and embarked on a policy of growth and development.

The first known mention of a possibility of a Chamber here seems to have been made in The Natal Mercury in 1855 which noted that a number of gentlemen had recently formed themselves into a club and contemplated commodious buildings in Smith Street 'We trust' said the article 'that none who have hitherto been accustomed to spend their evenings at home with their families, will be led astray by the new abstraction We should have preferred a Chamber of Commerce and a Reading Room!'

However, the Chamber was actually established under the title The Natal Chamber of Commerce a year later in August 1856, just one month after Natal became a separate colony The Mercury duly expected most important results and that 'beyond being an effective agency for the promotion and protection of our trading interests, it hoped the Chamber would be a convenient agency for settling disputes by arbitration in the face of the considerable amount of litigation which had become the 'purgatory of Natal'"

The establishment of the Chamber was due particularly to the energy of Mr Richard Vause who had been mayor on five occasions and who acted as its first secretary under President Alfred Evans.

There were 12 directors and 39 members each paying an annual subscription of one guinea

Immigration

Among the wide range of matters discussed at the 17 meetings of the board during the year were, somewhat predictably, harbour improvements which engaged so much purposeful attention by the Chamber over the years, the need for a steam tug and dredger, improved roads and bridges, the alienation of crown lands needed for settlers, the need to promote immigration, the enormous increase in customs duties and the scarcity of silver and copper coins.

Rivalry

Durban was founded by a trading party and from the outset trade was its objective. It was very dependent on shipping and therefore on the harbour and on other forms of transportation as well as on communication.

Furthermore, when Natal became a separate colony, the Cape was still the senior colony and there was a great deal of rivalry and competition between the two which naturally increased as the Orange Free State and the Transvaal developed and had to be supplied by the seaboard colonies.

This became even worse when Delagoa Bay, or Lourenco Marques, as it was later known, also competed for through traffic with the Transvaal, particularly after gold was discovered.

So the whole purpose of Natal, and its future, depended on its getting a share of the sea-borne traffic to the Transvaal — and not unnaturally, the Chamber, as the body most concerned with trade at the time played a most prominent role in the struggle — not always with success, but always with vigour and determination

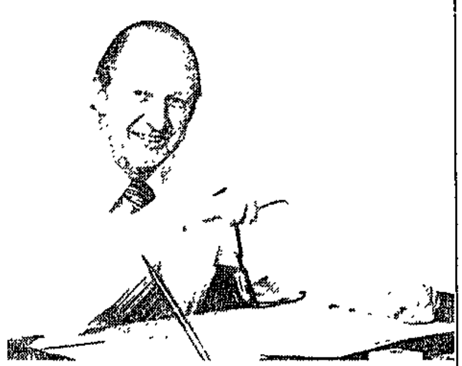
The harbour

Against this background, it can be appreciated that the scene was highly conducive to keen rivalry and this provided a tremendous stimulus to the Chamber in those times to exert itself, as it certainly did, to claim the share that Durban's resources and geographical location suggested was its due

To advance its initial position as a type of trading outpost, Natal had to

Continued on page 14

At your service



MR Ken Hobson, general manager of Durban Chamber of Commerce.

THE Durban Chamber of Commerce is an association of business and professional firms a sort of businessman's trade union which exists to promote and protect the interests of commerce not only in the City of Durban but throughout the Province of Natal

It was founded in 1856 and from its original 39 foundation members now boasts a membership over over five thousand engaged in all sections of the economic life of the City of Durban and the Province of Natal This makes it the biggest Chamber in the Republic

Small firms

Something like two-thirds of its total membership consists of firms with six employees or less which disproves the generally held view that the Chamber is representative of only the big firms

The Chamber is different from other trade associations in that it seeks to represent all sections of the business community including the wholesale and retail trades banking and insurance, shipping and transport, industry, finance and professional services.

Control

Its objects are to encourage co-operation among business firms for the common good and to ensure that no one section of the business community is protected or promoted to the detriment of the other

The Chamber stands for free competition in business which it sincerely believes makes for greater efficiency development and the promotion of human welfare

The affairs of the Chamber are controlled by a Council of Directors which is elected by the general membership of the Chamber and is assisted by various co opted and honorary directors

Every year the Council appoints a management committee and various standing committees which govern the detailed business of the Chamber.

All in all more than one hundred members give their time voluntarily to attend Committee meetings

The Officers of the Chamber that is, the President, the Vice-Presidents and the Treasurer are elected from amongst Committee members and they serve in an honorary capacity — in other words they receive no remuneration The Chamber does, however employ a permanent staff of 40 people

National matters

The Durban Chamber of Commerce is a member of the Association of Chambers of Commerce of South Africa which is the national body for all Chambers of Commerce throughout the country

The Association or Assocom, as it is known for short, deals with all national matters on behalf of the individual Chambers

Three parts

The work of the Chamber falls into what might be termed three broad avenues of service Firstly there is what might be called the action work of the Chamber secondly information and advisory work and thirdly the provision of special services.

The action work of the Chamber is done through a number of committees These committees consider the many problems which beset the businessman today and advise on the representations which should be made by the Chamber of the appropriate authorities

Information

The second avenue of service which the Chamber offers is informaton and advice A weekly Information Digest brings to all members the latest business news.

Members interested in the buying requirements of public and other institutions are provided with a daily tender information service: those connected with the harbour receive details every few days of cargo lying uncleared in the State Warehouse

The Chamber has an information department which deals with requests for general information and trade enquiries This department alone handles more than four hundred enquiries a month of a diverse nature.

Services

The third avenue of service consists of a group of specialist services

Credit is often called the life blood of commerce but unlimited and uncontrolled credit as we all know can be disastrous The Chamber therefore provides a specialist service in this field. It has an associated company which assists firms in financial difficulties, calling meetings of their creditors and generally assisting in their rehabilitation This is known as the Natal Creditors' Protection Association

Translations

The Chamber provides a translation service for its members and also a telex service so that those members whose telex requirements do not warrant the installation of their own telex can use the Chamber's on a co-operative basis

The Chamber certifies shipping documents as to source of origin on goods for export, issues introductions to members of the Chamber proceeding overseas and also provides a document copying service.

Labour advice

A labour advisory service is made available through the Natal Employers' Association entitling members of the Chamber to obtain information on industrial legislaton and in particular advice on labour disputes, wage regulations and other conditions of service.

An employment register is maintained by the Chamber with particulars of senior and junior executives available for appointment published in the weekly Information Digest.

Luncheons

Quarterly luncheons are arranged at which addresses are given by speakers on a variety of subjects of interest to businessmen

Welfare

The Chamber services, however, are not solely concerned with the business side of commerce and industry Staff welfare is not forgotten The Chamber provides a group scheme under which even the smallest member firm can provide pension benefits for its staff, and medical aid can be made available to everyone who works for a Chamber of Commerce member A personal insurance plan is also available.

Charter flights

One of the most popular services offered by the Chamber its periodic charter flights to Europe In May each year and also at Christmas a Boeing is chartered from South African Airways and this enables members and their staffs to travel to Europe for four or five weeks at a very reduced rate Chamber staff are eligible for these flights

Exports

The Chamber plays its part in the country's export drive and for a number of years has sent trade missions to most countries in Europe and many in Africa. The Chamber also assists with the reception of missions from other countries to South Africa.

Financed

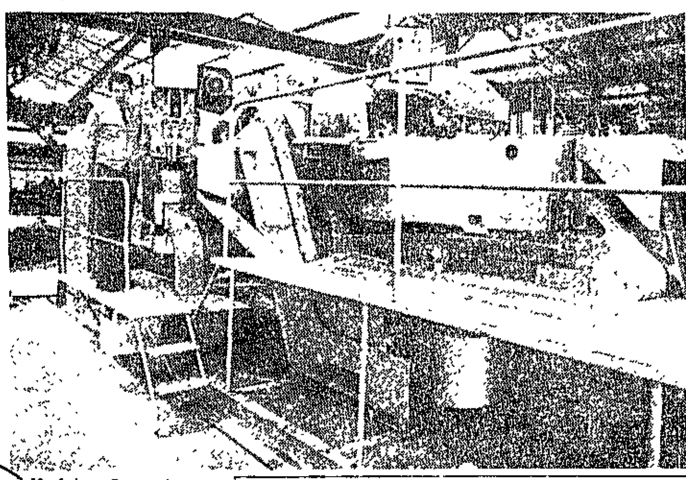
The Chamber's income each year is in excess of R4m but the vast majority of this is paid out again to provide the many benefits for members particularly for pensions and medical aid for employees.

The Chamber itself is financed entirely by subscriptions and fees for its services and in particular it must be made quite clear that it receives no grant or subsidy from the City Council, the Provincial or State Government

The Durban Chamber today is an alive and effective organisation.

It is respected by the Government by the Province and by the City Council and is looked to continually on a multitude of subjects for wise counsel and advice It provides tangible practical services to the business community

It has a lot of power — but it is a power for good, not only for business interests but for the general economic welfare of Durban upon which the prosperity of all in this City depends



Mr Aubrey Diamond, managing director of Industrial Fastener Manufacturers (IMF) with the new R1-million bolt maker which will help to increase the company's production by at least 150 percent.

'This machine can produce bolts, ranging from M16 to M27 in size and up to a length of 180 mm at a variable speed of up to 100 pieces a minute, says Mr David Pritchard, Durban-based director of IMF.

'This amounts to a maximum production rate of 400 tons a month'

IFM a member firm of

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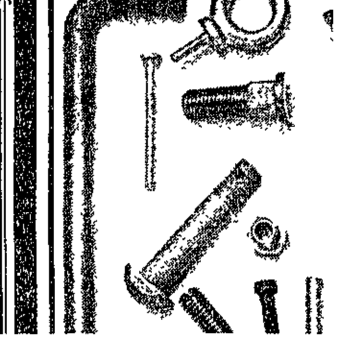

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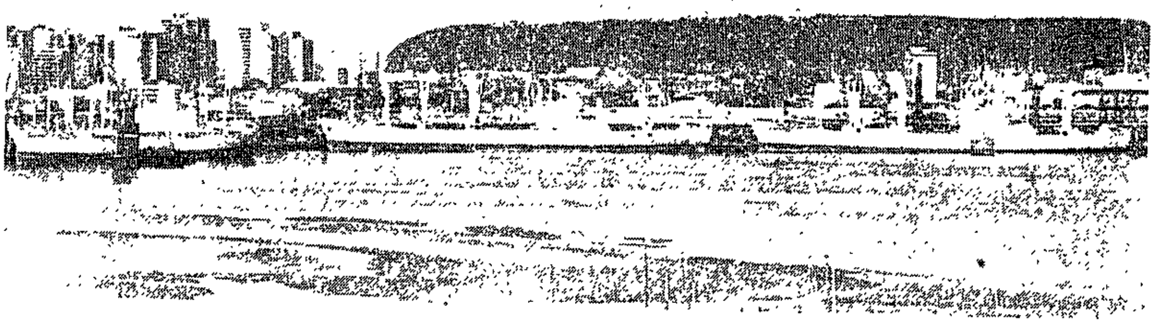


improve its natural harbour so as to accept shipping which was often wrecked or unable to gain access and it had to improve communications encourage settlement and find suitable labour

From the outset, the Chamber devoted much time to the development of the harbour and as time went by to the need for deepening the sand bar at the entrance, building breakwaters dredging tugs, wharfage sheds appliances, freight and rail rates, coal supplies, trucks and a graving dock

Many schemes

Many harbour schemes were examined, notably that of Captain Vetch, who never actually visited the port and whose plans were felt to be too expensive and not feasible, that of Peniston, who felt the Umbilo River could be channeled into the Bay to force a way out and so scour sand from the entrance; to Milne, and finally to Edward Innes under whom much progress was made so that by 1887 when he died the South Pier had reached 700 feet and had brought about a conspicuous improvement in conditions

In that year, a railway link to the northern Natal coal fields had been achieved and the port could justly entertain well founded hopes of becoming a great coaling station.

During this time, the Chamber had pressed for a Harbour Board This was finally established in 1877 and included two Chamber representatives Participation in this Board has of course continued almost uninterruptedly ever since, to good effect

Thwarted

In 1893 it was said that vessels were entering the port, of a size undreamed of 10 years before, and by 1899, during the Boer War when the break-water had reached 2 050 feet, British troops were able to disembark in the harbour whereas during the Zulu war of 1879, they had had to disembark in the outer anchorage

Indeed, in 1901, ships lay three deep in the harbour making heavy demands on the harbour facilities and pointing to the need for more wharves and a graving dock, more coal and more trucks

In 1903, the Hartley-Barry Scheme, which was believed likely to make

The first president of the chamber in 1856 — A W Evans

Durban Harbour one of the world's best, was set aside, when the corporation decided to preserve the view from the esplanade, and so thwarted a scheme which would have extended a solid wharf right through to Congella or the present Maydon Wharf and which had been supported at a meeting of the Chamber with representatives of no less than 42 shipping companies using the port

Nonetheless, by 1906, Durban was seen as the premier port of South Africa in position, facilities and equipment, and deserving of rank among the chief ports of the southern hemisphere By then, the depth at the bar had reached 32 feet By the outbreak of war in 1914 Durban was leading South African ports in tonnage, both in imports and exports, and was also collecting the most in customs duties of an Union port

Congella

The Durban Chamber had influenced the decision to reclaim the Congella area for industrial development and for the development of Maydon Wharf

In 1919 the grain elevator was commenced, and in 1924, the graving dock was finally opened by The Prince of Wales who entered it on HMS Protea

The Durban Chamber played a very prominent and purposeful role throughout the years in pressing for such developments and also in related matters having a great bearing on the use of the port, e g customs duties, ocean freight, ocean passenger delays, railway rates and railway facilities serving the port in respect of coal supplies, transit goods and produce

In respect of the harbour it might be said of the Chamber, what is said on the tomb of Sir Christopher Wren in St Pauls Cathedral in London — 'If you seek his monument — look around you'

The railways

But the Chamber also took a prominent role on a much wider and less localised canvas, in respect of the development of the Natal Railways, starting from its commencement from the Point to Durban itself.

By 1869 it had urged a survey of the colony for a suitable railway route, in 1880 it called for a comprehensive railway system to the nearby states, and in 1882 for railway extensions through to the borders In 1885 it prevailed on the Natal Legislature to press on to the coal fields and to the borders of the Transvaal and Orange Free State, fearing the Cape and Delagoa Bay rail links would finally meet and result in Natal being totally by-passed

By 1886, the line only extended 190 miles to Ladysmith The discovery of coal at this time further north in Natal led to redoubled pressure from the Chamber for a link through from Durban

Inevitably, when gold was found in the Transvaal and there was a significantly greater need to develop the transit trade and also to convey passengers to and from the diggings, the Chamber exerted even more pressure Thus by 1891 the line — a single line — reached Charlestown near the Transvaal border, Dundee and Newcastle, and was due to reach Harrismith by mid 1892

In 1892 a Chamber motion to the Congress of the newly formed Association of Chambers to Commerce of South Africa — Assocom — called for railway extension to Johannesburg, and this was finally achieved in 1895 so completing the link to the other great trunk lines

The Chamber's very active transportation committee meets monthly and is closely involved with the operation and development not only of Durban Harbour but also Richards Bay.

Demand for coal

This in turn resulted in a marked increase in railway revenues so that by 1900, the Natal Railways had 520 miles of single track 2 million passengers (up from 1 4 million the previous year) and its gross revenue was £1,2 million (up from £940 000 the previous year)

These factors, the demand for coal at the port and the unprecedented increase of trade during the Boer War resulted in further demands by the Chamber for a doubling of the railway track — a matter which continued to be pressed for a long time until discussions were finally held with the general manager of Railways in 1920 on a new alternative line to connect the Natal coal fields with Durban the electrification of the Natal lines and the supply of electric power to consumers along such routes

Complaints

However, the Chamber also made its needs and those of the community at large felt in a much broader sphere It had grave complaints about postal facilities and mail deliveries to and from other parts of South Africa and overseas

In 1883 it supported the Cape Town Chamber (the only older Chamber, founded in 1804) in a call for telegraphic contact with the United Kingdom via Aden and it followed this through the next year calling for a route to Aden via Madagascar, Reunion and Mauritius — a distance of over 4 000 miles at £300 a mile, and in 1871 it induced the Natal government to agree to subsidise this scheme to the tune of £2 500 a year for 20 years

The future

This scheme finally materialised in 1879 when, on July 5, the land end of the cable reached Durban, and on December 27 the submarine telegraph was first used — thus establishing direct communication with England and assuring immediate knowledge of market rates

Not least among matters upon which the Chamber has been most articulate in recent years, has been the vital and urgent need to enhance socio-economic conditions, to promote full committment to free competitive enterprise and the free market system — to which the Government has itself at last declared its commitment, and which offers equality of economic opportunity and most promise for all the peoples of this country and which alone can assure peaceful progress and prosperity in the future

● A message by Mr I J Pinshaw, President of the Association of Chambers of Commerce of South Africa (ASSOCOM) to the Durban Chamber of Commerce on its 125th anniversary.

ASSOCOM salutes the Durban Chamber of Commerce on its 125th anniversary and warmly congratulate it on its outstanding record of achievement over the years in the interest of both the local business community and commerce in general

The Durban Chamber was a founder member of Assocom in 1892 and since then has made an outstanding contribution to the affairs of the association by its active participation in all its forums Chamber members have also served in every capacity within the national movement and have on eight occasions served as president

Being the largest, and one of the leading, constituent chambers of Assocom, the Durban Chamber has been a major force in assisting the national body to reach its present position of importance in the policy making of South Africa

The views of Assocom carry a great deal of weight on behalf of the business community of South Africa and its policies are designed to strengthen the role of private enterprise in our economy and to make it as accessible as possible to all our peoples

The open and formal recognition and acknowledgement by Government of the significant role of Assocom in our economy is in no small measure attributable to the efforts of the Durban Chamber

We have entered an era which will call for bold decision making by the authorities, all sectors of the economy and the population at large, and organised commerce in South Africa will undoubtedly be called upon to play a major role in the developments which lie ahead. Each businessman should ensure that he becomes part of this process by a renewed commitment to his Chamber

The Durban Chamber has reached a milestone in its history through a century and a quarter of service to commerce in South Africa and will at this important juncture in our history be called upon to continue playing its meaningful role in influencing the course of events in this country

May the Chamber go from strength to strength and may it meet the challenges of the future with enthusiasm and dedication

Office bearers for 1981-82

DR N A LABUSCHAGNE, Chairman of John Orr Holdings, has been elected President for the Chamber Year commencing August 1981

He was born in Tongaat and educated at Hilton College He practiced as a dental surgeon before starting a career in commerce Dr Labuschagne will be inducted at the Chamber's 125th anniversary dinner

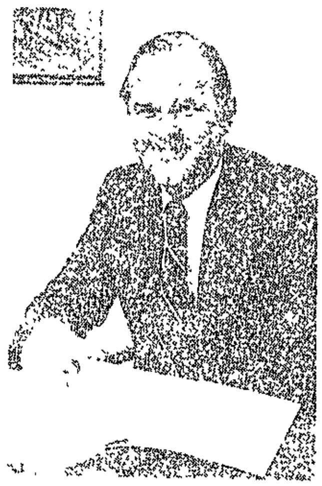
MR MORRISON is a chartered accountant in public practice and serves on the Chamber's Economic Advisory Committee He is a former president of the Natal Society of Accountants and has served on the National Body He has also been secretary to the Natal Provincial Institute of Architects for the past 33 years

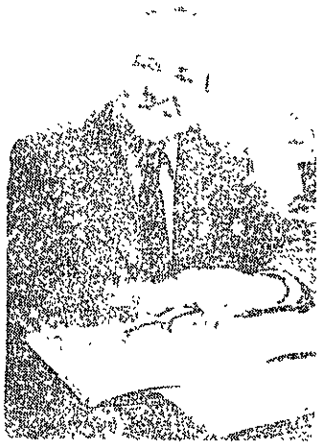
MR J A WHYSALL has been elected First Vice-President with Mr A A Morrison as Second Vice-President Mr P Quinton is the new Honorary Treasurer

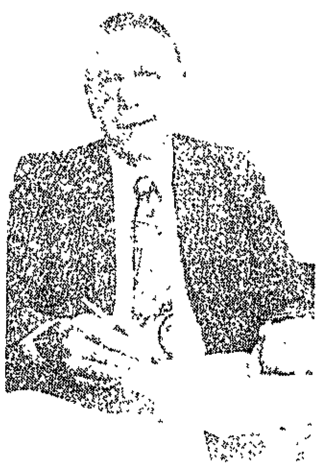
Mr Jeremy Whysall is managing director of Whysall's (Pty) Ltd and has served as Chairman of the Chamber s Distribution Committee He has qualified as a pharmacist and is also a chartered secretary

THE incoming Honorary Treasurer, Mr Peter Quinton, is a chartered secretary and managing director of Metboard (Natal) Ltd Prior to becoming managing director of his company, he was involved in finance in the motor industry as well as in the hire purchase and general banking fields


N A Labuschagne


J A Whysall


RJ Draper, immediate past president


J W Gafney, honorary treasurer

Huge hidden costs in protection

RDM
29/8/81

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Mail Correspondent

THE COSTS of trade protection should be clearly seen, said Sir Reay Geddes, president of the International Chamber of Commerce, in Durban last night at the Durban chamber's 125th birthday banquet.

He said countries were trying to export more and import less and protectionist arguments grew.

The arguments of protection were "to allow time to adjust, to offset competition which looks unfair, to favour a poor region and always, of course, for national security".

"Even liberal traders must accept that protection will be given, but we need to see as clearly as may be the costs it imposes on other business sectors, on consumers and taxpayers."

Sir Reay said that in 1979 Canadian consumers paid $400-million extra for garments because of tariffs and quotas.

"It costs at least $40 000 a year to subsidise one job paying $20 000 a year in the Swedish shipbuilding industry."

What was harder to measure was that protection delayed adjustment to viable jobs and products with more painful changes later.

"This is one part of a balance of terror. The other is fear that protection today invites counter-protection tomorrow."

Sir Reay said that the recent Ottawa summit was right: "Those who believe in competitive enterprises must fight for freedom to change in response to the open multilateral system of the General Agreement on Trade and Tariffs."

"It is in everyone's interests to make it work well and see it extended in two ways: first in respect of agriculture and the service trades; and secondly by the progressive inclusion of the newly industrialising countries."

The new countries grew by changing the pattern of trade flows, competing first in simple manufacture, but then, surprisingly fast, going up market and up in technology.

Their buying power rose quickly for imports of plant and machinery, raw materials and consumer goods and for capital funds, technology and management skills.

"Multinationality is itself a growth industry, from north to south also now south to south."

Sir Reay said that in spite of the drawbacks of protectionism "the great gains of liberalisation from rounds of tariff-cutting have not been seriously eroded".

But there was one issue which Ottawa could not address itself. "Even when growth resumes and so change and risk-taking become easier, is technology increasing productivity and storing knowledge so well that urban unemployment cannot be cured?"

The questions of the future of work, the sharing of jobs and earned income, the treatment of ageing city centres needed increasing attention.

"Business cannot leave them to public authority alone."

In Britain the balance between rights and duties, between discipline and self-discipline, between individuality and committment to the future had been disturbed and to correct these ills the present policies were severe and withdrawal symptoms evident.

Managing file storage - what the Computing Service does

Obviously mass storage devices cannot be one hundred percent reliable - files stored on them can be lost or corrupted. Also users may accidentally corrupt or delete their own files. So there has to be some sort of backup of mass storage files on another medium. There also has to be a mechanism for dealing with the inevitable overflow of files from the mass storage devices. The UNIVAC executive system provides this mechanism. When there is insufficient available space on mass storage an algorithm (using information from the Master File Directory) decides which files should be 'rolled out' to make space available on mass storage. The term 'roll out' suggests that a tape is loaded and the files copied on to it. In fact this doesn't usually happen because on our system the backup of files is done on tapes and there is no need to make another copy of the file if a current backup copy of it already exists on tape.

Obviously there cannot be a continuously up to date backup of all files. The Computing Service attempts to provide backup that is not more than 24 hours out of date (60 hours at week-ends). This only applies to files on 'fixed' disc - files on removable disc are backed up less often and user files stored on drum are not backed up at all.

Each night Monday to Thursday and at about midday on Saturday a program called SAVPAR is run. This program searches the Master File Directory for (fixed disc) files which have been updated or created that day and causes a copy of each such file to be written on a tape. It also notes the name of the tape and the date in the Master File Directory. If a file is being used at the time SAVPAR wants to make a copy of it on tape then the copy is not made. Typically SAVPAR makes copies of 300-500 files per night and requires 5 tapes.

On Friday evenings a program called SAVALL is run. This program causes a copy to be written on tape of every file that is currently catalogued on fixed disc. This includes those files which have been 'rolled out'. For these files the copy is made from the previous backup copy on tape. SAVALL also notes the name of the tape and the date in the Master File Directory. SAVALL takes a long time particularly when a large number of files are 'rolled out'. Typically SAVALL copies 4600 files requiring 23 tapes. If these files were all on mass storage simultaneously they would require approximately 100 000 tracks of storage compared with approximately 80 000 tracks currently
availabl are kept for four weeks. (After that the tapes are
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Greatermans aim is to boost sales by 20 percent

Star 24/8/81

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Mr Isaac Kaye, chairman of the Greatermans group, says in his report for the year ended June 30 that the retail divisions plan an increase in sales in 1981/81 in excess of the national expectation of 20 percent.

Mr Kaye is confident that both sales and profits will maintain a sustained rise in the pattern of the figures reported.

In the longer term he looks for growth of the Greatermans organisation along lines which will produce increases in profits and dividend distribution.

Up to June 30 Greatermans' sales exceed R1 000-million for the first time, producing earnings a share of 215c and yielding record dividends of 85c.

Commenting on new ventures — the purchase of a controlling interest in both the delicatessen concern, Rieses, and the Cape Town "Cake and Coffee Shop," and, together with Foschini, a controlling interest in the UK fashion chain, Irvine Sellars — Mr Kaye said it was policy to acquire further investments and subsidiaries.

Among points made in the review of operations in the financial statements are:

● Checkers' contribution to group results was a 45 percent increase in pre-tax net profit generated from a sales increase of 30 percent.

● During 1980-81, six existing supermarkets were replaced with superstores and one new hypermarket; five new supermarkets were opened and major refurbishments of 16 stores were carried out.

● During 1981-82, 15 new Checkers' stores will be opened — four superstores as replacements for existing supermarkets, two new superstores, seven new supermarkets and two Hypermarkets. At the same time 19 stores will be refurbished.

● Gross margins in the department stores' division have dramatically improved as has overall profit contribution.

● Sales of Ackermans increased by more than 40 percent despite only two stores being opened during the year. — Sapa.

As mentioned above user files stored on drum are not backed up. In fact they are liable to be lost if the system has to be 'rebooted', for example after a system crash. Furthermore the operators normally run a program called REMDRUM each morning. This program deletes user files from the drum without making a backup copy.

Recovery of files or elements of files

The Computing Service will, as a matter of course, recover the latest available copy of any file lost because of system problems. A file which has been 'rolled out' will be 'rolled back' without further user intervention if any run tries to assign it. There is obviously a delay while the correct tape is found and loaded. This can be a problem if the run which requires the file is a demand run - see the section 'Tips for Users' below. Obviously files cannot be 'rolled back' when the computer is unmanned.

Users can request the Computing Service to recover files in various other circumstances. A file which has been REMOVEd by the Computing Service within the last year can be reloaded on request by the user. Fill in the form provided for this purpose at Reception. Reloading of the files is normally done only in the late afternoon or evening.

A file which has been accidentally deleted may be recoverable if a request is made before all copies on backup tapes have been destroyed - this may be days or weeks depending on circumstances. Enquire at Reception. A file which has been corrupted by a user error should likewise be recoverable provided the request is made before the last uncorrupted backup copy is destroyed. If a user realises immediately that he has corrupted a file he can REVERT his file in a demand or batch run. In this case the file must not be deleted - see the explanation in 'Tips for Users' below. The advantages of REVERT are that the process can be initiated by the user without having to call at Reception and that the recovered file should be available for use within perhaps half an hour (provided the computer is manned) rather than hours.

Users frequently corrupt (or accidentally delete) elements rather than whole files. Recovering the whole file from backup involves losing all changes made since the backup copy was made. If an ... ipted copy of the element (or the accidentally del... in the file (i.e. if the file has not been ... r the user since the corrupted elemen... tion occurred) it can be reinstated. This ... See 'Tips for Users'. However RESCUE c... It is unfortunately necessary for S ac... SCUEd by the HOT SEAT advisor.

Backup of files tha...

User files which a... for both the Computing Service and the use... tely fourteen months WILL CERTAINLY BE L... often!

Any user who has ha... REMOVEd and has had to wait for it to be re... rustrating experience worth avoiding. ... a seldom used file is corrupted this may ... uting Service) backup copies have been cor...

If it is known tha... e user should arrange his own backup on ta... nt in the case of programs developed o... an individual. Such programs tend to be ...

Tapes can be purchas... eception. They are available in three si... ot and cost from R13 upwards (cash or orde... etin from time to time. Users' tapes c... or by the users.

Micor turns in huge profit rise

SA 25/8/81

By Mervyn Harris

Scintillating results from its finance and transport subsidiaries helped Micor Holdings boost taxed profit by 85 percent from R1,13-million to R2,09-million in the year to June.

The group, whose activities also range from insurance and travel services to commerce and industry, lifted pre-tax profit by 86 percent from R1,8-million to R3,4-million.

Profits attributable to shareholders increased by 66 percent from R1,07-million to R1,77-million. Earnings a share were up by 61 percent to 64,8c.

The directors say all divisions made a contribution to growth in a year of generally favourable business conditions.

The results reflect a 47 percent return on shareholders' funds and means Micor has achieved a rise in earnings of an average annual compounded rate of 47 percent for the past six years.

The directors attribute this success to efficient management of the group's resources which enabled it to fund the considerably increased turnover.

Recently acquired subsidiary, Cohen and Sons of Germiston, contributed 7,9c to the group's earnings a share.

This is considerably higher than the interim profit forecast and reflects better than expected trading results together with the tax benefits from investment in fixed assets.

Banks to assist small business

Star 26/8/87

(36)

The chairman of the Small Business Development Corporation, Dr Anton Rupert, has announced the commencement of a bank guarantee scheme as a further step in the development of support for the small businessman in southern Africa.

This scheme aims at mobilising the extensive bank network of the commercial banks throughout southern Africa to bring financial assistance to the doorstep of existing small entrepreneurs — and new ones — irrespective of race, colour or creed.

The agreement concluded with the banks entails the following:

- The banks will consider loans up to R25 000 which comply with the norms set by the SBDC at branch level.

For approved loans the bank will arrange for the necessary security while the SBDC will guarantee 80 percent of the financing facility.

- For amounts in excess of R25 000 but no more than R150 000, the banks will submit applications to the SBDC for consideration. The SBDC will guarantee up to 80 percent of approved financing facilities.

- The guarantee scheme will be monitored and adjusted in the light of experience and it is intended to extend the scheme in the future.

At this stage, agreements have been concluded with the five major commercial banks: Barclays Bank, Nedbank, Standard Bank, Trust Bank and Volkskas.

As a next step the SBDC intends to extend this scheme to include the smaller banks as soon as possible. — Sapa.

Edgars weaves another 50% rise

Star 27/8/81

By David Bamber

Edgars, now claimed to be Africa's largest specialist retailer of clothing, footwear and home textiles, has increased earnings by more than 50 percent for the second year in a row.

This follows a 38 percent rise in sales from R296,2-million to R409,2-million and an increase in the operating profit margin from 12,7 percent to 14 percent.

This left profit before taxation a whopping 56 percent higher at R51,7-million at the June year-end (R33,1-million).

The LIFO system of stock valuation adopted in the previous financial year reduced this year's pre-tax profit by R7,6-million, resulting in R3,2-million being wiped off the R22 million tax bill.

TAX HIGHER

However due to the increase in profits, tax was still 62,6 percent higher than in the previous year leaving the adjusted net profit 49 percent above last year at R25,3-million (R17-million).

Outside shareholders' interest was slightly up on last year at R727 000 (R507 000) but there were no extraordinary items (R103 000) so that profit attributable to ordinary shareholders was left 50 percent higher at R24,5-million (R16,4-million). (R16,4-million).

Translated into earnings a share, there was a 53 percent increase from 999c to 1 524c on the old system and a 50 percent rise from 861c to 1 289c on a LIFO basis.

Dividends grew at a slightly slower rate after the directors raised cover from 2,6 to 2,7 but are nevertheless substantially higher than last year's at 570c (385c).

Compounding the excellence of Edgars' results is that they were achieved with an increase of capital employed of only 17 percent while the level of borrowings rose a mere eight percent.

According to Edgars' chief executive, Mr Adrian Bellamy, one of the major factors, other than a buoyant economy, which had favourably affected the results was increased productivity.

He said sales per retail employee increased 22 percent from R36 000 to R43 000. This must, however, have been ably backed up by a further increase in administrative efficiency as profits per employee rose 37 percent from R3 500 to R4 800.

In terms of space productivity, sales increased from R928 to R1 169 a square metre and profits from R104 to R148 a square metre.

During the year some 31 000 sq m were added to gross trading space, bringing the total to 350 000 sq m. This will rise to 550 000 sq m within the current five-year planning period.

While the Edgars stores account for about 65 percent of earnings, much of the expansion will take place in the group's Jet stores chain.

Mr Bellamy pointed out that there are at present 73 stores in the Jet chain and that this would be expanded to about 250 "during the 1980s."

Turning to the future, Mr Bellamy said prospects for the current year remain encouraging and predicted growth in the region of 20 to 25 percent.

Garlicks nearly double

24/8/78

GARLICKS department stores came close to doubling profits in the year to June.

Attributable income rose from R2 100 000 to R4 100 000 — the equivalent earnings a share of 108,7c against 73,1c. A final of 22c has been declared, making a total for the year of 40c (30c).

Sales rose from R41 400 000 to R50 300 000 with trading profits of R5 780 000 against R4-million. Extraordinary items of R863 000 are included in this year's attributable earnings — mainly from property sales.

The chairman, Mr John Garlick, said last night that the increased profit was contributed by all the stores.

At the halfway stage Garlicks earnings a share were 55% up. Earnings a share for the six months were 62,9c (39,9c). The interim dividend was raised from 12c to 18c.

Garlicks expect 'modest' rise in profits

1/10/81 30 C.T

Finance Reporter

GARLICK LTD do not expect their Cavendish Square store in Cape Town to contribute to profits in its first year of operation, but see for the group as a whole a "modest improvement in profit" should be achieved.

The group's annual report notes that for the Cavendish operation there is likely to be some disruption of trading, due to extensive alterations and the need to conduct considerable training of staff.

"It is an unfortunate fact that staff turnover in the retail trade is extremely high and the effort put into staff training is frequently wasted".

Garlicks acquired the lease on the Cavendish premises from Greatermans and paid R1,5m for the stocks and fixed assets, with an additional goodwill payment of R550 000. The lease and various option periods cover the next 67 years.

On prospects, the report says that turnover growth over the past few months has shown a steadily declining trend which is expected to continue.

Although turnover in the first two months of the year should show an increase of 18 percent, uncertainty on trends makes a forecast of profits "impossible".

In the year to June, the group achieved a turnover of R50 335 000 (R41 429 000), pre-tax profit was R5,79m (R4,09m) and earnings per share of 108,7c (73,1c). Dividends increased from 30c to 40c.

The company is continuing to seek investment avenues for its cash resources, and is examining "a number of interesting propositions".

Hous 9 **Railway-station refreshment rooms/kiosks/bookstalls** (30)
QC 583-4 2/10/81

433. Mr. G. B. D. McINTOSH asked the Minister of Transport Affairs:

How many railway-station (a) refreshment rooms, (b) kiosks and (c) bookstalls are (i) operated departmentally and (ii) leased to private persons who are (aa) White, (bb) Coloured, (cc) Indian and (dd) Black?

The MINISTER OF TRANSPORT AFFAIRS:

	(a)	(b)	(c)
(i)	12	Nil	Nil
(ii) (aa) ...	37	116	44
(bb) ...	1	1	Nil
(cc) ...	Nil	12	Nil
(dd) ...	Nil	27	Nil

Mamelodi traders urged to join Rowntree boycott

THE Mamelodi Chamber of Commerce decided this week to advise all local traders to join the boycott of the Wilson Rowntree products.

Spokesman for the Chamber which is the local branch of the National African Federated Chamber of Commerce said yesterday the decision was taken at a meeting on Tuesday night.

This followed calls by youths calling themselves the action committee for a total boycott of the products following the alleged firing of 500 employees by the company's Port Elizabeth branch earlier this year.

Pamphlets have been distributed to various shop owners in Mamelodi and Atteridgeville calling for the boycott of the products mostly sweets.

Mamelodi traders are aiming to beat the deadline of an ultimatium from the youths that they remove the products from their shelves within two weeks.

Atteridgeville and Saulsville traders belonging to the local chamber have already implemented a complete boycott of the products in respond to the call.

Assocom, and FCI may merge

RDM 2/10/81 ~~133~~ ~~100~~ 30

By HAROLD FRIDJHON

TWO of South Africa's largest employer organisations, the Association of Chambers of Commerce (Assocom) and the SA Federated Chambers of Industry (FCI) have recently held exploratory talks on the possibility of a merger at the national level between the two bodies.

Presidents of both organisations, Mr Issy Pinshaw of Assocom and Mr Chris du Toit of the FCI were very circumspect when asked to comment last night.

Both said that talks about a possible merger had been going on over a number of years but with no decisions having been taken. Mr Pinshaw added, however, that as a result of fresh talks the matter had been taken a little further. It would be more fully discussed by Assocom in the near future.

Mr Du Toit said that the subject had flared up again but no one had taken any positions. He gave the impression that the issue was wide open and that there were no commitments.

For many years past, leaders in both organisations have felt that the interests of industry and commerce would be better served by a single employer organisation representing the full weight of the business section of the community.

Difference

There was some historical justification for two organisations years ago when the Assocom stance was for low tariffs, free trade and an open import policy, while the FCI stood for the encouragement of industry, protection and import control.

But that difference of attitude has long since disappeared. Both organisations are at one when it comes to the encouragement of industry so as to create job opportunities for a growing population, and of working for the real and fundamental growth of the South African economy.

The policy lines of both organisations are the same when it comes to education and training so that the country can provide its own skilled labour force.

Both organisations have expressed their opposition to State interference in the business sector.

If the two bodies can be welded into one powerful employer body, the unified structure will be more powerful and influential, particularly in Government cicles where it would represent the concerted view of private enterprise.

Proliferation

Maintaining the two structures is costly, both in terms of money and also of the time which businessmen have to devote to chamber work. It has been suggested that the larger business and financial groups which support both Assocom and the FCI would probably give added support to a more powerful and representative employer organisation.

There is another aspect that must be considered. In recent years there has been a proliferation of smaller business organisations which have sought to plough their own narrow furrows.

These organisations would be attracted to a strong power group which talks to Government and other authorities with one authoritative voice. In all probabilities, if the merger should eventuate it would attract wider a wider membership.

Pick 'n Pay's turnover up 31,8 pc

(30)

Argus 2/10/81

THE Pick 'n Pay group is continuing to experience rapid growth, the chairman, Mr Raymond Ackerman, reports.

In the six months to August the group had a turnover of R441,4-million, which was R107-million or 31,8 percent up on the year-ago figure.

Net profit before tax in the first half of this year was R13,35-million, up 41 percent on the R9,4-million earned last year.

Earnings attributable to ordinary investors amounted to R8,16-million, up 43,6 percent on the year-ago figure.

CONVERSION

However, because of the conversion of preference shares, earnings a share did not match this increase, rising 23,9 percent to 300c from 242c in the same period a year ago.

Nonetheless, the interim dividend of 81c is up 44,6 percent on last year's 56c.

Mr Ackerman predicts further growth in the six months ending February 1982.

Several new stores are being opened in the next six months and on top of this the group's results are usually stronger in the second half of the year.

Then Christmas and the non-food business in the hypermarkets contribute greatly to group profits.

Mr Ackerman appeals to businessmen to remain confident about the economic outlook and not to talk themselves into a decline.

He says there is no reason why the economy cannot keep going at a strong pace in the next six months.

Derek Tommey

control 50% of the equity.
Chairman: *J E van der Burgh*
Capital structure: *5,4m ordinaries of 50c. Market capitalisation, R5,0m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R1,8m; net short-term, R4,2m. Debt:equity ratio; 96,1%. Current ratio: 1,4. Group cash flow R2,2m.*
Share market: *Price: 92c (1980-81: high, 187c, low, 42c; trading volume last quarter, 137 000 shares). Yields; 39,9% on earnings; 12,0% on dividend. Cover: 3,3. PE ratio: 2,5*

	'78	'79	'80	'81
Return on cap (%)	8,1	6,0	14,3	33,[illegible]
Turnover (Rm)	33,4	38,9	51,0	94,7
Pre tax profit (loss) (Rm)	0,4	0,09	1,1	[illegible]
Gross margin (%)	2,6	1,4	2,7	5,0
Earnings (c)	3,9	--	14,8	36,7
Dividends (c)	–	—	5,5	11,0
Net asset value (c)	99	97	97	121

ALDERSON & FLITTON

Tougher year ahead

20 FM 2/10/81

Activities: *Holding company. Main operating subsidiaries are motor dealers with GM and Sigma franchises, appliance distributor and manufacture Siman (80%), and generator manufacturer of electrical goods distributor Isando Electrical Industries (80%). Directors*

**After continued strength in the motor car market in the past 18 months, this year is likely to be more difficult with margins trimmed by higher interest rates and smaller demand, according to chairman Johan van der Burgh.

Trading is likely to be dominated by the motor companies juggling for market share, he adds, but sales and profits are both forecast higher. Although the financial year has started off slowly, there has been a "very acceptable" sales rate from the Mazda introduced only a couple of weeks ago.

Management has started introducing methods to improve operating efficiencies to cope with more difficult conditions, starting with tighter stock control.

Brisk trading over the last year inevitably placed some pressure on liquidity, although Van der Burgh says finances are not strained and he is not unhappy with the 96% (73%) gearing. Virtually the entire increase in interest-bearing debt was in short-term acceptance credit, much of it aimed at financing larger stock for electrical appliance distributor Siman ahead of the busy first half.

Indeed, of the R6,0m increase in stock, fully 44,5% is attributable to electrical and household appliance equipment, the value of which climbed from R971 000 to R3,6m. This stock figure relates to both Siman and Isando Electrical. Motor stocks rose from R1,4m to R3,4m, responsible for 32% of the total stock increase.

The appliance market is "very buoyant," says Van der Burgh, and it is likely that there will be a widening of the gap in the divisional contributions to earnings. Last year, motors provided 46% of taxed profit, and appliance distribution 49% after Siman had "substantially" exceeded budget.

Isando weighed in for only four months, but this year is well on course to beat its warranted pre-tax earnings of R275 000.

The balance sheet is sound. Although total interest payments rose sharply from R305 000 to R1m, most of it attributable to short-term borrowings, the interest and leasing bill was covered 3,5 times by pre-tax profit.

The investment in Peter Gain's granite and quarrying company Marlin has been sold and Van der Burgh says A & F is "in a position to make further acquisitions." Expansion, he says, need not be in traditional operating areas. He will not be drawn on any expansion of the franchise base of the motor division.

Last year's 11c (5,5c) dividend was the second since 1977, so a payout trend has yet to be established. The share, at 92c, is well down on the year's high and has dropped 18c since the preliminary results.

At this level the high historic 12% dividend yield is in line with the rating given to "pure" motor companies. But the broader operating base assures reasonable growth this year and the share seems under-priced.

Scott Hawker

Company reports by ANN CROTTY

Obstacles ahead for newly formed group—Susman

Star 2/10/81 (30)

Turnover for the newly formed Woolworths Truworths group in the current financial year is expected to be less buoyant than it was in the 1981 financial year.

In the first annual report the group chairman, Mr D R Susman, said that a downturn must be expected in view of the sharp rise in interest rates, in particular those paid by homeowners on mortgage bonds, together with the curtailment of consumer credit.

"The rate of inflation continues to be of grave concern, and until the policies applied by the authorities succeed in bringing it under control, it is unlikely that measures to stimulate further growth will be introduced."

Mr Susman lists a number of factors, however, which will ensure that the company will make steady progress during the year;

- The natural development of the newer stores,
- The opening of newer stores.
- The expected contribution from Truworths.

Commenting on the merger among Woolworths, Truworths and Bonmore Investments, last year's Woolworths' chairman, Mr R S Sonnenberg, said that it resulted from the excess liquidity of Woolworths and the need to seek an investment for these funds.

Woolworths had investigated several propositions but decided that the investment should be one similar to its own activities.

It is intended that each company will retain its own character and identity but Mr Sonnenberg says that there are many areas of activity and policy which are common to both businesses and which will be developed in the years ahead.

He notes that the profits of Truworths for the 12 months ended June 1981 "approximated the forecast at the time of the merger." Because they are pre-acquisition these profits are not distributable.

Booming car sale forecast, but ...

S. Times 4/10/81 (30)

	1976	1977	1978	1979	1980	1981 Jan-Aug	1980 Jan-Aug
Total sales	185 132	166 764	204 736	213 270	277 058	197 036	176 497
	%	%	%	%	%	%	%
Toyota	18 114 (9,8)	14 154 (8,5)	16 267 (7,9)	18 795 (8,8)	30 541 (11,0)	27 198 (13,8)	17 233 (9,8)
Sigma	15 921 (8,6)	18 549 (11,1)	40 986 (20,0)	48 005 (22,5)	55 176 (19,9)	34 394 (17,5)	36 778 (20,8)
VW	28 772 (15,5)	24 960 (15,0)	36 721 (17,9)	44 754 (21,0)	55 186 (19,9)	36 180 (18,4)	36 107 (20,5)
Ford	28 257 (15,2)	27 739 (16,6)	35 976 (17,6)	32 781 (15,4)	41 442 (15,0)	30 852 (15,7)	25 451 (14,4)
Datsun	24 187 (13,1)	19 298 (11,6)	20 671 (10,1)	22 238 (10,4)	30 551 (11,0)	20 927 (10,6)	19 602 (11,1)
GM	21 254 (11,4)	17 836 (10,7)	17 920 (8, 8)	15 971 (7,5)	27 371 (9,9)	22 183 (11,3)	17 179 (9,7)
M Benz	9 158 (5,0)	7 628 (4,5)	9 292 (4,5)	7 433 (3,5)	9 058 (3,3)	6 947 (3,5)	6 086 (3,4)
BMW	6 040 (3,3)	6 218 (3,7)	7 027 (3,4)	8 271 (3,9)	11 218 (4,1)	8 932 (4,5)	7 049 (4,0)
Alfa	5 371 (2,9)	3 916 (2,3)	4 328 (2,1)	4 592 (2,1)	7 237 (2,6)	4 920 (2,5)	4 482 (2,5)
Leyland	9 846 (5,3)	7 490 (4,4)	8 162 (4,0)	3 571 (1,7)	4 364 (1,6)	3 596 (1,8)	2 685 (1,5)
Fiat	4 972 (2,7)	6 767 (4,1)	7 292 (3,6)	6 803 (3,2)	4 829 (1,8)	699 (0,4)	3 799 (2,2)
Peugeot/Citroen	12 620 (6,8)	12 075 (7,2)					

The table shows annual passenger car sales for the past five years, with manufacturers' units sold followed by the company's percentage market share in brackets. The second-last column shows the current year to August and the last column is for the comparable period of last year. Peugeot and Citroen sales appear separately for 1976 and 1977 but they subsequently became part of Sigma

By Andrew McNulty

DESPITE the looming economic slowdown, booming car sales are still forecast for 1982 — but market shares and profitability of manufacturers will be under strong pressures.

This outlook is clearly emerging as the industry heads towards new, all-time sales records in 1981.

Projections of sales for 1981 now vary between 285 000 and 300 000, compared with last year's record of 277 058.

As unit sales are the key factor in the motor industry, manufacturers are confident that this will be a year of exceptional profits after the pressures of the late 70s, when sales dipped to as low as 166 764 in 1977.

The imperative for cash flow is all the greater as makers are now faced with huge capital investment demands that could exceed R500-million for new-car manufacturing capacity alone in the next five years.

Demand for cars relates strongly to economic cycles and sales must be slowed by tighter money supply, higher interest rates and the declining disposable income in the pockets of consumers.

One estimate is that rises in the mortgage rate has pushed the average white home-owner's monthly bond repayments up by about R100 in the past year.

However, manufacturers believe that several factors will help bolster demand.

First, there is still tremendous momentum in the market.

Both fleet and private owners kept their cars for longer periods during the recession.

Average replacement cycle rose from the normal 30 months to 36 and then 48 months. Although the replacement rate quickened during this year the cycle is still at about 46 months and the process still has a long way to go.

Manufacturers have all suffered in the past 12 to 18 months from shortages of stock and there are still long backlogs of orders in many areas.

This should help keep sales strong well into the second quarter of 1982.

The problem is that most manufacturers are aiming for bigger market shares in a smaller market.

The big danger is that the industry as a whole — as in the past — is highly likely to overreact to its stock shortages and optimistic forecasts with the likely result that expensive stocks will build up from mid-1982.

Brand Pretorius, sales director of Toyota, believes that this will lead to enormous competitive pressures. For the first time for two years, makers and dealers will start competing avidly to push cars through to the consumer.

"This could further stimulate the market next year and our current 1982 forecast of 270 000 car sales for the industry could well be conservative," Mr Pretorius says.

Toyota (other than the Messina group subsidiary, Datsun, the only JSE-listed vehicle manufacturer) forecasts on "conservative" basic assumptions that the next upturn will start in the third quarter of 1983, leading to total sales not far below 300 000 in 1983 and perhaps 310 000 in 1984.

He adds that the coming phase of tight competition between manufacturers should keep car prices down during 1982 and ensure that they again escalate at a rate lower than the inflation rate next year after accelerating to rise at least with the CPI during 1981.

With prices squeezed, the battle for market share is certain to intensify.

Sales figures over the past five years (see table) show that the recession and subsequent recovery has left a major reshuffling — which is far from complete — of market share rankings.

During 1976 the leaders were: VW 15,5%; Ford 15,2%; Datsun 13,1%; General Motors 11,4%; Toyota 9,8%; Sigma 8,6%.

● By 1979, Sigma had leapt into the lead with 22,5%, followed by VW 21%; Ford 15,4%; Datsun 10,4%; Toyota 8,8%; General Motors 7,5%.

Rankings for the first eight months of 1981 are: VW 19,4%; Sigma 17,5%; Ford 15,7%; Toyota 13,8%; General Motors 11,3%; Datsun 10,6%.

Among smaller producers, Leyland's 5,3% in 1976 has faded to only 1,8%; BMW has steadily lifted its market share from 3,3% to 4,5% while Mercedes Benz has slipped from 5,0% to 3,5%, Alfa has remained static at about 2,5% and Fiat is disappearing altogether.

All the front-rankers are acting to increase market share; Sigma, which blamed its fall from lead position largely on stock shortages, is investing heavily in new capacity and could be in a position to supply as much as 40% of total new car sales in a few years.

Also, more emphasis will be placed by some on cars rather than commercial vehicles because they consider long-term profits to be more secure in cars.

Mr Pretorius says that Toyota, which with 57 128 units, or 19,3%, is well in the lead in combined commercial and car vehicle sales (followed by Sigma with 42 480 units or 14,4%), has adopted a policy over the past two years of swinging heavily towards the passenger-car market.

"The local content programme will definitely reduce profitability of manufacturing commercial vehicles," he says.

Toyota now sells about equal volumes of commercial and passenger vehicles compared with 65% commercials a couple of years ago, and forecasts that the ratio will be 55% passenger vehicles by this time next year.

Clearly, however, Fiat's withdrawal notwithstanding, nobody is now predicting the major rationalisation of manufacturers and shrinkage of model ranges that was confidently predicted in the early 1970s.

Bumper car sales?

RDM 5/10/81

30

By JOHN MULCAHY

INDICATIONS of a return to bumper car sales are given by Ford in an announcement that vehicle shipments by the company reached an all-time high of 8 081 units in September.

In July this year when SA car sales reached a record high, Ford shipped its previous highest level of 7 750 units.

The September shipments were 28,7% higher than the same month last year, and exceeded 8 000 units for the first time in Ford's 58 years in this country.

Ford's acting vehicle sales and marketing manager, Mr Keith Butler-Wheelhouse, said yesterday: "Our year-to-date position is equally encouraging, with the shipment of 51 299 units, representing a growth of 17,3% over the same period last year".

Ford's tractor division also had a good month, with shipments of 866 tractors, an increase of 102% over September 1980. For the year to September Ford shipped 5 964 tractors, a hike of 73% over the corresponding year-ago period.

BLACK BUSINESS FM 6/11/81

Complex controversy

30 343

~~Controversy has flared~~ over moves by the black-run company, Soweto Development Corporation (SDC), to raise finance from the Small Business Development Corporation (SBDC) for a multi-million rand Soweto shopping complex.

The *FM* understands that the SBDC plans to reject the loan application.

As the cost of the project is well over R20m, but the loan requested from the SBDC is said to be about R2m, the SDC must have raised the balance from elsewhere.

SBDC spokesman Tony Kedzieski says he cannot comment on specific loan applications but does point out that his corporation's brief is to finance small businesses.

Indeed, SBDC guidelines specify that funding should be channelled only into businesses with "assets that do not exceed R500 0000, staff that does not exceed 100 and turnover not in excess of R1m."

White intrusion

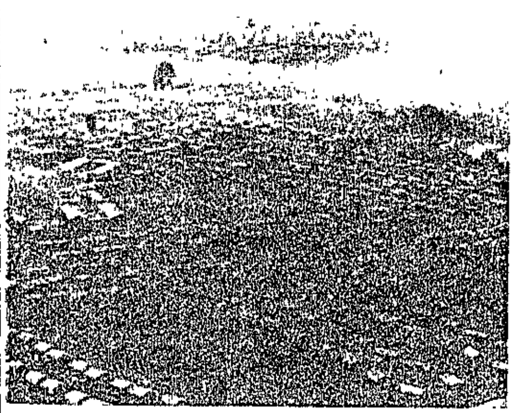
The other snag holding back this development is that many black businessmen feel it is merely a front for an intrusion by white business into Soweto.

If the SBDC is seen to be party to an unholy alliance, it could lose credibility, thereby losing the ability to function effectively in black business.

The argument on the other side is that because the Soweto community needs a shopping centre so desperately, no retarding factors should be placed in the way of its establishment.

"It is merely another try at convincing us that the company represents black businessmen," says Vela Kraai, president of the Soweto Chamber of Commerce and Industry (SCCI).

"But both the businessmen and the consumers in Soweto know what it is about. We suspect that the black interests involved in the project do not have sufficient capital. The fact that they ask the SBDC for a couple of million does not fool us. Nor are we ignorant as to where the rest of the money is coming from.



Soweto . . . needing a shopping complex

"The chamber and members of the community will fight non-genuine black business to the bitter end. Even if the complex is built, it will become a white elephant if the Soweto community are not behind it."

Black businessmen argue that white investment in Soweto would be unfair to black interests at this stage. "We want protection for black traders — at least until race bars are lifted in white areas," states Leonard Masala, vice-president of the Committee of Ten.

Kraai echoes this view. "We have been placed here by the laws of the country and find it difficult enough digging out profits without the additional disadvantage of unfair competition.

"Besides, we cannot trade in the white areas without a permit. Why should the rules be any different for white businessmen?"

If the SBDC has a view on this issue, it's not telling.

BEARES (30)

Still growing

FM 6/11/81

Activities: *Retailer of furniture (147 outlets) and clothing (52 outlets) through several chains, mainly Beares, Savells and Furniture Mart. Clothing chains are Bee Gee and Dennis. Also owns Game Discount World, which operates six general and five specialised stores. Holding company is Beares Family Holdings.*

Chairman: *A Beare; managing director A Rogoff.*

Capital structure: *14,1m ordinaries of 50c. 19 000 convertible debs of 70c. Market capitalisation: R41,6m.*

Financial: *Year to June 31 1981. Borrowings: long- and medium-term, R6,1m; net short-term, R24,3m. Debt:equity ratio: 66,6%. Current ratio: 1,9. Group cash flow: R14,3m.*

Share market: *Price: 295c (1980-81: high, 330c; low, 220c; trading volume last quarter, 284 000 shares). Yields: 31,1% on earnings; 7,1% on dividend. Cover: 4,4. PE ratio: 3,2.*

	'78	'79	'80	'81
Return on cap (%)	23,0	22,8	23,6	26,5
Turnover (Rm)	107,0	122,0	153,5	227,8
Pre-tax profit (Rm)	9,0	11,1	14,6	21,5
Gross margin (%)	10,6	11,0	10,8	10,4
Earnings (c)	51,6	61,7	78,9	91,8
Dividends (c)	11	13	16	21
Net asset value (c)	201	249	257	326

The consumer spending spree, particularly in the first half of the financial year, boosted Beares' sales to record levels, but profitability slipped slightly as the group continued its expansion programme. Sales rose 48,4% to R227,8m, while the accompanying advance in pre-tax profit was marginally more slow at 47,3% to R21,5m.

Operating margins came under pressure, slipping from 10,8% to 10,4%. In addition, return on capital employed rose 2,9 percentage points to 26,5% (23,6%) — which is not much higher than the level of three years ago. It could be argued that in terms of those ratios, Beares' performance during a boom year for retailers has been disappointing. That view is, however, rather narrow and the decline in margins probably stemmed, at least in part, from the group's rapid expansion.

Before the takeover by Beares in 1976, discounting subsidiary Game was confined to running a single operation in Durban. Since then Game has extended its operations at an increasingly rapid rate and recently announced plans to move into the Transvaal and the western Cape. The company has a R18m expansion programme, aimed at doubling trading space to more than 60 000 m² by the end of financial 1982. The expansion has not been confined to Game stores. Chairman Aaron Beare says 27 additional stores were opened during the year, bringing the total number of outlets operated by the group to 210.

Already 12 additional stores are planned to come on stream in the furniture division alone during the current year. Game also plans to extend its flagship store in Durban and new outlets in Ladysmith and Nelspruit are on the drawing boards.

Beares' expansion over the past few years has been achieved with only a single small earnings drop in 1977, but while the company's growth record is impressive, shareholders may feel uneasy about possible over-exposure during a downturn.

Nevertheless, financing does not appear to be a problem. Despite the increase in borrowings last year from R24m to R30,5m, the debt:equity ratio was lower at 66,6% (69%) and annual interest and leasing payments were covered 9,4 times (8,3).

As for this year's prospects, Beare says only that a lower rate of growth is anticipated.

Beares should manage earnings of around 110c and a total payout for the year of 25c. On that basis the share seems fully valued on a prospective yield of 8,4%.

Chris Wilson

Commerce looks at PWV plan

RDM 8/10/81

By PAT SIDLEY

30

ASSOCOM and the Johannesburg Chamber of Commerce are to investigate areas of complaint by the business community on the draft Spatial Development Strategy for the PWV complex, and submit a report to the Office of the Prime Minister.

A seminar of about 120 businessmen with a panel of academics was held yesterday under the auspices of Assocom and the JCC.

The chief executive of the JCC, Mr M de Jager, said the view was that the report contained a number of areas which would require further investigation. Among them were:

- Insufficient attention was given to transport in the report. It would seem to be a key area in the development of the PWV region. There was not enough information on costs, distances and social implications. The report "appeared simply to accept that there would be transport".
- There was an apparent lack of co-ordination in planning among various Government departments.
- Government policy appeared to block the availability of industrial land. There was scope for the zoning of new industrial land, but it appeared as through this was being blocked. That would force up prices of industrial sites and cnsequently be inflationary.
- The Government's decentralisation policies, which businessmen had opposed for many years, had failed. It seemed that insufficient heed had been taken of lessons from the policy failure. The section in the draft report dealing with this appeared to be Section 3 of the Environmental Planning Act "in disguise". (This section deals with the ratios of white and black workers).
- There were discrepancies in population forecasts between this report and other Government forecasts.

Call for all-race trading

Argus 6/10/81

~~179~~ 30 ~~33~~

THE Cape Town Chamber of Commerce wants white central business districts of cities and towns to be opened immediately to businessmen of all races.

It says so in a motion it will put before the 1981 congress of the Association of Chambers of Commerce in Durban next week.

The chamber also wants the congress to urge the Government to:

- Phase in the opening of other business areas still restricted to a particular race group, to businessmen of all races.
- Repeal laws prohibiting the use of black, coloured and Asian managers in white-owned businesses in white urban areas.

The congress, usually attended by several hundred businessmen from all parts of the country and by high-level State officials, is one of the key events in the business calendar.

Cape Town president, Mr Tony Silberberg, will present a background report which claims that only a 'miniscule proportion' of the city's total business area is involved in an area which the Department of Community Development is thinking of opening to all population groups for business, trade or professional purposes.

That area is in central Wynberg, confined to a strip between the railway line and the Main Road: 'a less important and small part only of the Wynberg business area.'

This, as far as Cape Town is concerned, 'can hardly be regarded as progress,' and at that rate 'it will be years before we will see trading areas of any significance being opened up for occupation by members of the various racial groups.'

The Prime Minister, Mr P W Botha, at a conference with business leaders in 1979 had said the Government accepted in principle that certain trading areas within the group area of one population group could be opened to others.

'However, the chamber cannot agree that the principles enunciated by the

(Continued on Page 3, col 3)

Star 8/10/81

30 152 56 67 145A

Traders in Mamelodi and Atteridgeville townships near Pretoria are boycotting Wilson-Rowntree products in their shops as part of a countrywide campaign against the sweets firm for its dismissal of about 500 workers at its Port Elizabeth branch earlier this year.

About 100 township

BERZACK FM

Profit surge

Activities: *Distributes machinery, equipment and supplies to the clothing industry. Other interests include domestic sewing machines, plastic products and electrical cable labelling equipment, furniture manufacture and property.*
Chairman: *M Berzack.*
Capital structure: *1,25m ordinaries of 50c. Market capitalisation, R20m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R1,3m; Net cash R2,3m. Debt:equity ratio, 11,1%. Current ratio: 2,1. Group cash flow: R11,4m. Capital commitments: R1,7m.*
Share market: *Price: 1 600c (1980-81: high, 1 700c; low, 600c; trading volume last quarter, 105 000 shares). Yields: 51,6% on earnings; 3,4% on dividend. Cover: 15,0. PE ratio: 1,9.*

	'78	'79	'80	'81
Return on cap (%)	31,6	34,8	41,6	53,0
Turnover (Index*)	125,8	164,5	237,1	298,7
Pre-tax profit (Rm)	3,8	5,5	8,3	16,0
Gross margin (Index*)	149,3	168,1	175,4	225,4
Earnings (c)	214	281	432	825
Dividends (c)	14,5	19	29	55
Net asset value (c)	703	1 010	1 413	2 187

* Base 1976 = 100

Chairman Maurice Berzack has once again proved he is an extremely cautious man. Last year he warned against a general slackening in demand and forecast a profit improvement of 15% in financial 1981. In fact last year's buoyant economic conditions were clearly reflected in the results. Taxed attributable profit rose 91% to R9,8m (R5,2m) and record levels were achieved in both turnover and earnings.

Berzack says, however, that there were "setbacks and difficulties" during the year. Sales of machinery to the clothing industry were hampered by supply bottlenecks and a chronic shortage of skilled labour. In addition, textile subsidiaries were hit by erratic supplies from local mills. Despite this, Berzack says profitability continued to improve along with the higher volumes of trimmings manufactured and distributed.

No divisional split is given, but the directors say all areas experienced solid growth in both turnover and profit. The plastics operation is to be expanded this year and a 3,2 ha site has been purchased. This is expected to come on stream by March 1982.

Berzack says profit from the cable division held up under severe competition, though the new electrical cable factory was under-utilised. He anticipates that this will be an important profit source this year.

The group has diversified into confirming by purchasing 75% of Rivee Confirming. An

Berzack's Berzack ... an extremely cautious man

office has been established in the US and the UK subsidiary has been restructured to service the new division. The confirming operation broke even, despite start-up expenses and only three months' trading.

The high plough back rate has been used to finance rapid expansion and diversification. The 56,6% compound earnings growth rate over the past three years is evidence of high efficiency and supports the directors' view that retained profits are more beneficial in the business than they would be in the hands of shareholders. Justification of this view is provided by the return on capital employed which rose significantly to 53% against 41,6% previously.

The profit increase further strengthened the balance sheet. Despite the acquisition and expansions, gearing fell to 11,1% from 17,7%. The interest bill is covered 60 (33) times by gross profits.

Group cash flow rose significantly to R11,4m (R6,3m) and funding this year's R1,7m capex should be no problem at all.

Berzack offers no forecast for this year, but with a strong financial position and expanded activities, the group seems well-placed for further growth. At 1 600c, Berzack yields 3,4% on dividend and is on a PE of only 1,9. The market tends to value on dividends, but Berzack has gained market approval for its retentions policy. Chris Wilson

CLICKS

Sound hold

(30)

FM 9/10/81

Activities: *Discount retailer of toiletries, cosmetics, gifts and other merchandise nationwide. Has two retail operations in the US. First listed in 1979. Directors and staff control 50% of the equity.*

Chairman and managing director: *H J Goldin.*

Capital structure: *10m ordinaries of 50c.* *Market capitalisation: R50,5m.*

Financial: *Year to June 30 1981. Net cash: R3,8m. Current ratio: 1,2. Group cash flow: R4,1m. Capital commitments: R66 000.*

Share market: *Price: 505c (1980-81: high, 515c; low, 230c; trading volume last quarter, 133 500 shares). Yields: 7,6% on earnings: 3,4% on dividend. Cover: 2,25. PE ratio: 13,2.*

	'78	'79	'80	'81
Return on cap (%)	—	62,5	71,4	79,0
Turnover (Rm)	31,3	39,1	51,5	70,9
Pre-tax profit (Rm)	2,3	3,2	4,5	6,6
Gross margin (%)	7,3	8,3	8,9	9,5
Earnings (c)	—	18,8	25,8	38,3
Dividends (c)	—	—	12	17
Net asset value (c)	—	51	64	85

Many retailers are beginning to worry about the slowing growth rate in consumer spending. But, surprisingly, Clicks' chairman Jack Goldin makes no mention of this. And though he cautions that costs, particularly salaries, are squeezing operating margins, he is confident of "satisfactory earnings growth" this year.

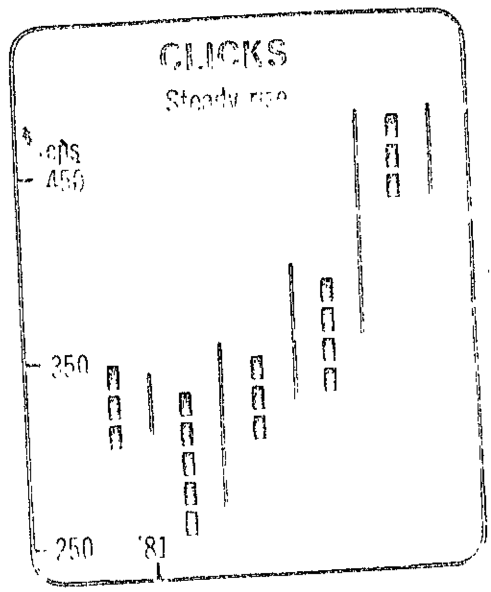
The reasons for this confidence, which the JSE recognises by rating the share on a respectable 3,5% dividend yield, include Clicks' medium-term expansion plans and increasing market share. The expansion, which will add 10 455 m² — 48,5% — to trading area, means Clicks moving strongly into the Transvaal, Eastern Province and South-Western Districts, opening new stores and enlarging others.

Because of the group's expansion the accounts reflect slowing stockturn for the second year running. In financial 1981 stock was turned an average 5,9 (6,1) times as two additional stores were opened and others enlarged to give a total trading area of 20 871 m² (18 031 m²). The result was stock on hand at end-June of R14,1m (R10,0m) and a current ratio of 1,2 (1,3).

Even so, with its strong cash flow and improved turnover per unit of trading area, Clicks was able to fund this expansion without resorting to borrowings. The only debt was short-term bridging finance during the peak December trading period. At end-June the balance sheet was totally ungeared.

This could change as plans to open 12 new stores in the next year require the establishment of a warehouse in Woodstock and a distribution and administrative centre in City Deep Johannesburg. Goldin says the building on the City Deep property will probably be financed partly by a mortgage bond. Finance for the balance of the store expansion programme should come from cash flow if trading budgets are met and asset management maintained.

The fact that Goldin expects "satisfactory" growth this year justifies the JSE's view of the share. Since Clicks came to the market in 1979 earnings have increased at a 40% annual compound rate. And with 12 new stores coming on stream in the next two years, profit performance should [illegible] main improvement from June 19[illegible], assuming



no major recession, earnings should start to move fast as establishment costs are written off and turnover rises sharply. Clicks remains a sound longer term hold. [illegible]

WOOLTRU 30

Great expectations

FM 9/10/81

Activities: *Holding company of Woolworths and Truworths retail chains. Woolworths sells principally clothing and food. Truworths manufactures womenswear and retails both women's fashionwear and menswear.*
Chairman: *D R Susman.*
Capital structure: *13m ordinaries of 50c; 20m ordinary "A" shares of 50c; 230 000 6% cum prefs of R2; 25m variable red cum prefs of 1c. Market capitalisation: R115,7m.*
Financial: *13 months to June 30 1981. Borrowings: long- and medium-term, R13,3m; Net cash: R9,6m. Debt:equity ratio: 15,7%. Current ratio: 1,6. Group cash flow: R29,2m. Capital commitments: R15,4m.*
Share market: *Price: 890c (1980-81: high, 890c; low, 440c; trading volume last quarter, 170 000 shares). Yields: 9,1% on earnings; 4,4% on dividend. Cover: 2,1. PE ratio: 11.*

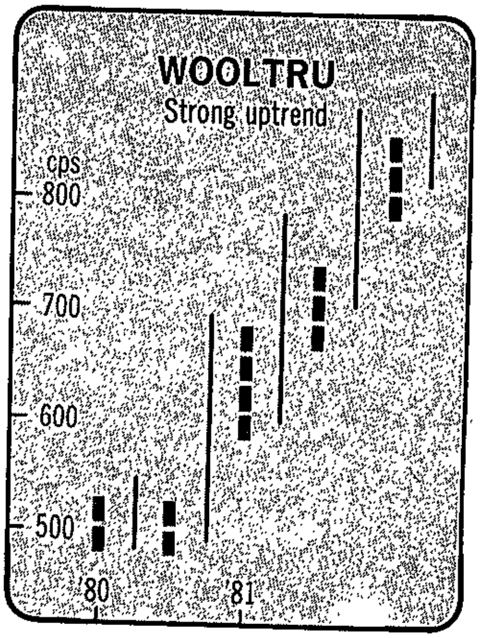
	*'78	*'79	*'80	'81
Return on cap (%)	33,1	29,5	32,8	27,9
Turnover (Rm)	149	170	194	273
Pre-tax profit (Rm)	23,4	25,5	30,1	46,5
Gross margin (%)	16,1	15,2	15,5	17,1
Earnings (c)	45,9	51,7	60,9	80,8
Dividends (c)	19	22	28	39
Net asset value (c)	238	273	310	360

* Year to end-May.

Woolworths' excellent performance in the 13 months to end-June clearly illustrates the cash-generating capabilities of the retail group and adds strength to the post-merger financial structure. Income from Truworths and Bonmore has yet to be consolidated — the merger became effective on the last day of financial 1981 — but return on capital dropped only 4,9 percentage points to 27,9%, despite the increase in equity.

Considering the large cash element involved in the merger — R39m from a total

Woolworths . . . better earnings in the bag



package of R58m — the group is still liquid. This was one of the major benefits of the deal, since Woolworths' strong cash position can be used to fund Truworths' debtors as well as finance further expansion.

A year ago, Woolworths was ungeared. Now, however, total borrowings are R22,7m, most of which was presumably taken over from Truworths. Group debt:equity is still low at 15,7%, excluding the R14,1m then outstanding on the merger. The directors say almost all of this has now been paid to Truworths and Bonmore shareholders.

Borrowings are covered 1,3 times by cash flow, which increased from R19,7m to R29,2m. Capital commitments are fairly heavy at R15,4m. But the inclusion of Truworths' income this year should relieve this financing burden.

Last year, Truworths increased turnover 31% to R155m (R118,5m), while taxed profit rose 108% to R11m (R5,3m). This sort of performance will be difficult to match if economic conditions turn down. But the synergy of the merger should ensure that Truworths' earnings benefit group results.

Former chairman Richard Sonnenberg expected that demand could taper off at the start of 1981, but the past financial year was one of the best ever for Woolworths. Turnover rose 41% to R272,9m (R193,6m) compared with 14,1% the previous year. This reflects the buoyant trading conditions rather than increased market penetration. Pretax profit advanced 54% to R46,5m and the gross margin improved from 15,5% to 17,1%. New stores in Rosebank and Nelspruit increased Woolworths outlets to 66 (64) which helped boost turnover and profit.

Chairman David Susman says a downturn in the retail market seems possible this year due to higher interest rates. The expected contribution from Truworths should, however, more than counter lower demand.

No forecast is given for this year, but group potential has been enhanced by the merger. This is reflected in the 890c share price and the maintenance, despite a weaker market, of the low 4,4% historic dividend yield. That is probably a fair rating.

Chris Wilson

NFS MOTORS (30)

Softer markets

FM 9/10/81

Activities: *Markets motor vehicles, agricultural machinery and industrial and construction machinery. Also carries on wholesale distribution of parts and accessories and operates a vulcanising division.*

Chairman: *C E Fairweather; managing director: W A Archbold.*

Capital structure: *3,9m ordinaries of 50c; 18 700 5% cum prefs of R2. Market capitalisation: R6,2m.*

Financial: *Year to June 25 1981. Borrowings: long- and medium-term, R3,2m; net short-term, R3,3m. Debt:equity ratio: * 94,7%. Current ratio: 1,6. Group cash flow: R2,3m. Capital commitments: R1,8m.*

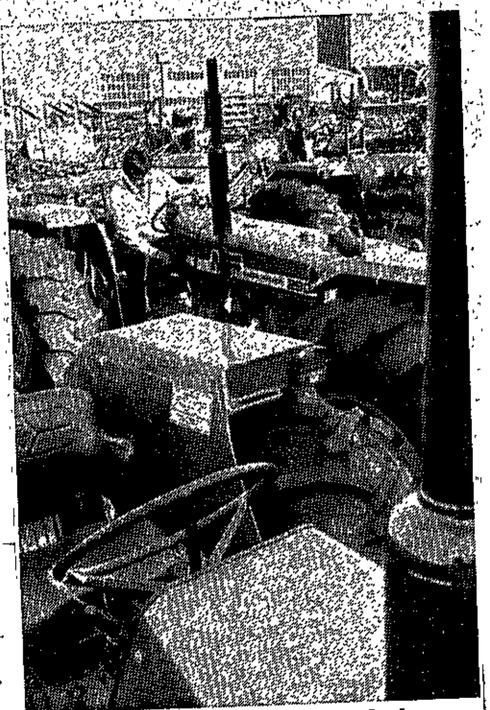
Share market: *Price: 160c (1980-81: high, 195c; low, 133c; trading volume last quarter, 8 500 shares). Yields: 35,9% on earnings; 9,4% on dividend. Cover: 3,8. PE ratio: 2,8.*

* Includes suspensive sale

	'78	'79	'80	'81
Return on cap (%)	8,7	14,0	16,5	21,5
Turnover (Rm)	46,9	47,5	57,5	90,0
Pre-tax profit (Rm)	1,1	1,0	1,6	3,1
Gross margin (%)	3,7	3,3	3,5	4,7
Earnings (c)	39,2	27,5	39,6	57,5
Dividends (c)	10	11	11,5	15
Net asset value (c)	289	250	280	259

Northern Free State Motors benefited from strong car and tractor sales in the year to June 25 and turned in record earnings of 57,5c (39,6c). Though car and tractor sales are expected to slow this year, it seems likely that the broader operating base, and the venture into property, should easily maintain earnings this year.

During the year NFS derived the bulk of its income from the sale of agricultural equipment, partly because of a buying build-up ahead of the opening of the Atlantis Diesel Engine plant next year. This rush to buy ahead of expected price increases meant tractor industry sales grew 70% to 22 618 units.



NFS tractor ... sum of the parts this year

It seems likely tractor sales will fall back to 13 000 units this financial year. [illegible] step taken by the company to supplement tractor sales with [illegible] parts and accessories should insulate the agricultural division. [illegible] other agricultural [illegible]

The motor division performed well as a result of record [illegible] sales of new and used vehicles. However, [illegible] interest rates and tighter [illegible] sales will taper off this year. Nevertheless [illegible] marketing and strong income from ancillary areas such as parts and accessories, satisfactory [illegible] are possible.

The third NFS division operates in the industrial and construction machinery [illegible] In a new venture a [illegible] town house was built [illegible]

Last year's profit boom allowed NFS to expand its [illegible] and raise R2m through a 12% debenture issue. [illegible] with the market for vehicles turning softer, the group should be adequately funded. Management [illegible] holding share [illegible] of total assets is close to [illegible] 44% [illegible] the financial year.

The share currently stands at 160c where it yields an historic 9,4% on a PE of 2,8. Growth should continue, particularly with diversified interests smoothing the earnings curve. The share should thus still have strength.

[illegible]

McCARTHY

Maintained dividend

Activities: *Largest [illegible] organisation in SA. Franchises include BMW, Datsun, Ford, Leyland, Mercedes-Benz, Peugeot, Sigma, Renault, Toyota and VW. Also distributes Kawasaki and Yamaha motorcycles, Perkins engines and Grosvenor industrial engines. Directors hold [illegible] of the equity.*

Chairman and managing director: *B C McCarthy.*

Capital structure: *17,1m ordinaries of 50c; 75 000 5,5% cum prefs of R2. Market capitalisation R51,3m.*

Financial: *Year to June 30 1981. Borrowings long- and medium-term, R5,2m; net short-term, R4,2m. Debt:equity ratio 26,9%. Current ratio 1,6. Group cash flow R21,1m. Capital commitments R6,1m.*

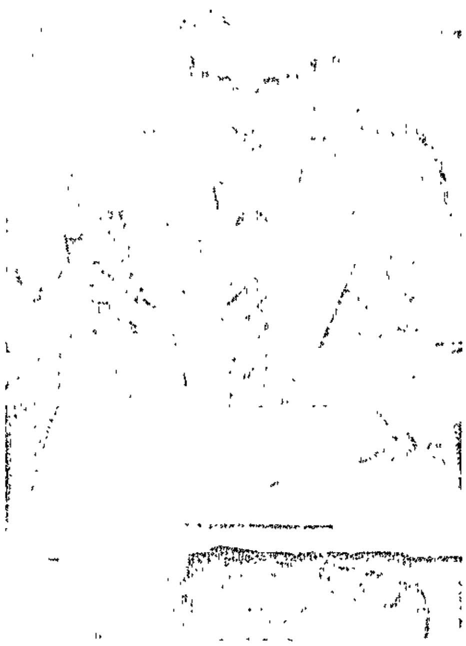
Share market: *Price 300c (1980-81: high, [illegible]; low, 115c); trading volume last quarter, 1,2m shares. Yield 13,3% on earnings, 14% on dividend. Cover 2,5. PE ratio 2,5.*

	'78	'79	'80	'81
Return on cap (%)	[illegible]	[illegible]	31,6	[illegible]
Turnover (Rm)	[illegible]	[illegible]	[illegible]	[illegible]
Pre-tax profit (Rm)	[illegible]	[illegible]	15,8	[illegible]
Gross margin (%)	[illegible]	[illegible]	4,1	[illegible]
Earnings (c)	[illegible]	[illegible]	[illegible]	119,8
Dividends (c)	[illegible]	8	[illegible]	[illegible]
Net asset value (c)	201	[illegible]	[illegible]	[illegible]

After four years' strong growth, McCarthy is heading for an earnings slowdown. Chairman Brian McCarthy believes sales in the motor sector have held up "surprisingly well," but liquidity considerations and slower economic growth now suggest lower earnings.

An earnings reduction following strong diversification is [illegible]. [illegible] group [illegible] R[illegible] [illegible] could [illegible] [illegible] [illegible] higher interest rates [illegible] [illegible] [illegible] [illegible] including salaries could cause the [illegible] to happen despite strong asset [illegible].

[illegible], McCarthy is [illegible] certain to weather a downturn better than its rivals. The group is the major force in the new and used vehicle markets. [illegible] the industry's cycles in mind, management has



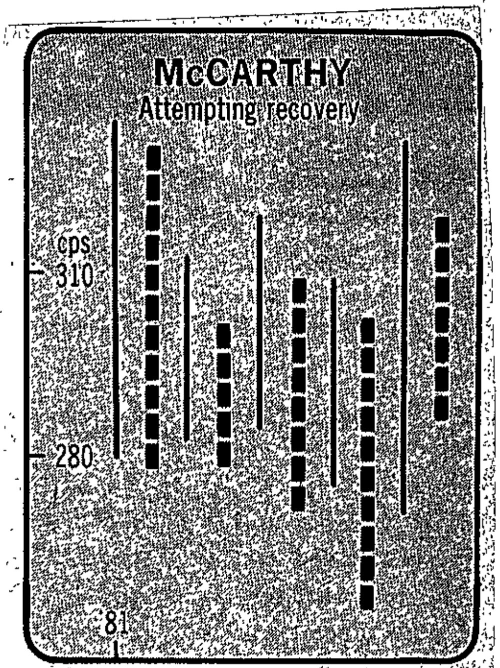
McCarthy's McCarthy ... reading lower earnings

moved away from over-reliance on one model or manufacturer and broadened its product range in the motorcycle and industrial engines market.

Even after expanding, McCarthy entered financial 1982 in fine shape. Total borrowings rose to R[illegible]m (R[illegible]m), but the total liabilities:shareholders' funds ratio was little changed at [illegible] ([illegible]). Annual interest and lease payments were covered a comfortable 11,9 (7,4) times by gross profit.

McCarthy's financial capacity is highlighted by the fact that total borrowings were equivalent to less than one year's cash flow. So, even if profits do fall sharply, the group has the financial muscle to guard against being forced into lower margin business.

Last year McCarthy lost market share as a result of shifting leaderships in the total vehicle market. The group's new car sales



increased 25% compared with a national 28%. But, helped by Car Bar outlets on the Reef, the group's share of the used car market rose. And in the motorcycle market, with the acquisition of Charlie Young Yamaha to add to its Kawasaki range, McCarthy improved unit sales by 373% to 42 787 — over 40% of the market.

These developments should help keep sales up this year, though in the motorcycle market some discounting of used machines is beginning as high interest rates kill demand. In the car market daily order-taking is slowing.

Off-setting this to some extent is McCarthy's acquisition of Grosvenor Industrial Engines (now trading as McCarthy Grosvenor) which distributes Ford and Rolls-Royce industrial units. It has been awarded a franchise for the Atlantis diesel engine, which could substantially increase turnover.

In 1981 management expects R22m turnover from McCarthy Grosvenor, which means that the new subsidiary could have a major impact on profit. Last year McCarthy Allied Holdings, including motorcycles, vehicle hire and accessories, and of which McCarthy Grosvenor is now a subsidiary, turned over R88m.

Though the McCarthy group has budgeted for lower profit this year, any fall is likely to be slight. And the group's strength and liquidity suggest the dividend is safe. The share, at 300c, offers a 13,3% prospective yield. An earnings increase is not out of the question, so the 14% yield and 2,5 PE looks cheap for this diversified motor group.

Des Kilalea

ELLERINE (3C)

Slower growth

Fin Mdes

Activities: *Retail furniture, mainly to blacks, from 213 outlets. Trades under the names Ellerine, Rheingold, Subway, Royal, Volks, Fishers, Town Talk, Jako and Oxford. Tedelex owns 50,5% of the equity.*

Chairman and managing director: *E Ellerine.*

Capital structure: *6,9m ordinaries of 50c. Market capitalisation: R34,5m.*

Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R11m, net short-term, R17,9m. Debt:equity ratio: 61,3%. Current ratio, 2,8. Group cash flow: R14,3m. Capital commitments: R650 000.*

Share market: *Price: 500c (1980-81 high, 610c; low, 400c, trading volume last quarter, 33 600 shares). Yields: 23,4% on earnings, 9% on dividend. Cover, 4,0. P/E ratio, 2,7.*

	*'78	'79	'80	'81
Return on cap (%)	†17,0	19,1	[illegible]	24,[illegible]
Turnover (Rm)	87,6	[illegible]	101,9	131,6
Pre-tax profit (Rm)	12,0	[illegible]	11,8	2[illegible],4
Gross margin (%)	18,7	[illegible]	[illegible]	[illegible]
Earnings (c)	103	96	[illegible]	1[illegible]
Dividends (c)	28	24	[illegible]	45
Net asset value (c)	456	4[illegible]	59[illegible]	7[illegible]

* 18 months. † Annualised

Not surprisingly, given the present economic climate, Ellerine chairman Eric Ellerine is a lot less optimistic about prospects than he was this time last year.

But the outlook is surely not as bleak as the market seems to make out. From a high of 610c in October last year, the shares have fallen 18% to their present 500c and, after taking into account the 45% increase in dividends paid for the year to end-June, the historic yield is 9,0%. With the prospective yield for the industrial market as a whole probably not more than 7,5%, it seems that Ellerine would have to reduce its payment by about 9c this year for the present rating to be justified.

Not that Ellerine has been singled out by the market. Compared with 1980 highs, current prices in the furniture sector are almost without exception well down, with losses of up to 33%. At the same time, the average dividend yield of 8% for the sector is two percentage points higher than the industrial market average. Ellerine's rating does not compare badly with other retailers such as Amrel (9,0%), Montays (11,1%) and Samstel (8,3%).

Negative points cited by Ellerine as regards the outlook for the current year include the slowdown in economic growth, erosion of consumer optimism, the new Credit Agreement Act, inflation and its effect on overheads and the high cost of borrowings.

However, none of this appears to be interfering with the group's expansion plans and Ellerine says new stores will be opened at a rate of about one every 15 days this year. This implies that the total number of outlets to come on stream will at least match 1981's 22, increasing the chain to 230 stores by June next year. Five have already been opened since the year-end.

Following the trend of recent years, the group had no difficulty in financing its higher level of activity in 1981. Additional working capital needs were modest in relation to the 33% increase in turnover and the group consequently needed to add only R3,5m to borrowings — one-third the amount by which shareholders' funds increased.

The debt:equity ratio was reduced from 69% to 61%, which is very conservative for this type of company. Interest cover has moved up from 8,8 to 9 times.

An interesting aspect of the working capital equation was that hp debtors increased by only 24%. This was three percentage points less than in 1980, whereas turnover growth was maintained at about the same level as the previous year (33%). The implication is that the group is becoming slightly more cautious on the granting of credit, although it has not proportionately increased its provisions for doubtful debts which remain at 28,6% of the gross book.

Ellerine gives no indication of an earnings target for the current year but, given the continued rapid expansion of outlets, I would be surprised if growth is less than 20%. Dividend policy has remained constant over the past three years at 25% of earnings and, on the assumption that this continues, the payout could be increased by 9c to 54c. This would put the share on a prospective yield of over 10,8%, high enough to discount whatever uncertainties exist over the future trend of consumer spending. *Brian Thompson*

Ellerine . . . a lot less optimistic than last year

Ackerman's pledges

RDM 13/10/87

30 2312

Mail Correspondent

PICK 'N PAY's chairman, Mr Raymond Ackerman, has urged minority shareholders to approve the scheme of arrangement which will lead to the formation of holding company for the group and vest control in the Ackerman family.

He says in letter which forms part of the offer documents that the best interests of Pick 'n Pay will be served if control is firmly in his hands and if he is in a position to allay the fears of management regarding possible takeover bids and enable the staff to concentrate on running the company.

The scheme could cost up to R1-million to implement with the bill being met by the holding company Pikwik.

As previously announced, the proposals include a cap issue by Pick 'n Pay of 40 for every 100.

The right to this allotment is then renounced in favour of the pyramid company Pikwik, and Pikwik in turn issues 10 of its shares for each cap share.

The Ackerman family interests are to exchange 820 321 shares in Pick 'n Pay for ordinaries in Pikwik in the same ratio.

Although all shareholders are entitled to offer Pikwik their Pick 'n Pay shares and receive Pikwik shares, Mr Ackerman has appealed to minorities not to do so and follow the example of institutional shareholders with 35% of Pick 'n Pay shares who have agreed to remain in the bottom operating company.

If minorities decide to back his suggestion the Ackerman family will end up holding a 59,4% stake in Pikwik which will hold a 50,1% interest (9 540 220 shares) in Pick 'n Pay.

Mr Ackerman says he has been conscious that shareholders in both companies should not be prejudiced in any way and he has given certain undertakings.

The undertakings incorporate similar protection for Pikwik shareholders in the event of an offer being made for Pick 'n Pay.

A restriction has been included in Pikwik's memorandum of association preventing the company from holding trading assets or any material investment other than Pick 'n Pay shares. All expansion will be through Pick 'n Pay, with Pikwik remaining a pure holding company. Pikwik will distribute all its dividends from Pick 'n Pay.

To add to the safeguards the major shareholders have been excluded from voting on the scheme of arrangement.

The costs of the scheme will be financed through a private placing of a maximum of 250 000 Pikwik ordinaries at 400c with the staff and directors of Pick 'n Pay.

The board of the new controlling company will be virtually indentical to Pick 'n Pay. Pikwik's board will be Mr Ackerman (chairman), Mr A Fine, Mr A J Rosin, Mr R P de Wet, Mr C D G Hurst, Mr H S Herman and Mrs Wendy Ackerman. All these directors are on the existing Pick 'n Pay board. The addition to Pikwik is Cape Town attorney Mr Arnold Galombik.

The major stake of Mr and Mrs Ackerman in Pick 'n Pay is given ast 791 561 shares held by Raymond Ackerman (Pty), in which they have a 97,75% beneficial interest.

Massey Ferguson tractors have lead over Ford

STAR 13/10/81 (30)

Retail sales statistics for the tractor market for August show that Massey Ferguson headed the market with sales of 522 units for a 26,4 percent market share.

Second was Ford with 20,9 percent followed by John Deere on 17,8 percent and Fiat on 14,5 percent.

On a 12 month year-on-year basis Massey Ferguson continues to lead the industry. The 12 month year-on-year sales picture among the leading manufacturers is:

Massey-Ferguson 24,2 percent.
Ford 23,5 percent
Fiat 20,5 percent.
John Deere 14,4 percent.

The tractor industry, operating at near-record volumes on the eve of the introduction of ADE engines in August, shows a growth of 41,2 percent over the previous 12 months.

Mr J R Turpin, general manager of Fedmech Farm and Construction Machinery Limited, the manufacturers of Massey Ferguson, in commenting on the sales results, said that he expected the high demand to continue while the prices of tractors remained at their present levels.

The combined effects of the ADE cost impact and price increases on the imported content of tractors would, however, lead to significant increases in tractor prices in the next few months and this could be expected to affect the demand pattern.

GRAND BAZAARS

A grand entrance

(30) FM 13/11/81

Being second only to Pick n Pay over a range of growth parameters is hardly a bad record. And with chairman Manual Sachar now plotting a new expansion path, Cape-based retailer Grand Bazaars looks well placed to at least maintain this position.

Though performance slipped a little over the past year or so as the boom passed the company by, Grand Bazaars' compound annual earnings growth rate over the last 10 years has been an impressive 32,8%, while Pick n Pay achieved a 39% rate over the same period. There has been a similar pattern in turnover, but Grand Bazaars has lagged a little in dividend growth, turning in a 21,7% long-term growth rate, against Pick n Pay's 36%-plus. Even so, over the last five years no quoted store chain other than Raymond Ackerman's has beaten Grand Bazaars' payout growth.

Grand Bazaars has not fared quite as handsomely in its returns on equity, largely because of a consistently narrow operating margin. Sachar admits this is a problem, but says the present product mix will be maintained. If possible, emphasis in future will be placed increasingly on sales of higher margin hard goods.

Sachar's interface with the consumer, and his answer to Pick n Pay's highly successful hypermarket concept, is the ultramarket — a store with a floor space of between 5 000 m^2 and 6 000 m^2 in a downtown section of a high population area, and offering a full range of goods. Currently, the company sells in excess of 30 000 items through its 16 outlets, offering clothing and consumer electrical appliances as well as perishables and other foodstuffs.

The group's product range is aimed largely at the black and coloured market at the moment or, as Sachar puts it in the broader context, the 'C' and 'D' income brackets. Obviously, such a mix creates problems in terms of slower stock turn and thus higher working capital requirements as well as in its reaction to market conditions. But the higher available average margin should, in the longer-term, be of greater benefit than, for instance, a food-only range.

Most of the stores now in use operate in the ultramarket style and Sachar insists that all new outlets will be in this form. This year the group is opening an ultramarket in Claremont as well as two slightly smaller stores in Diep River. There is also an extensive refurbishing programme under way aimed at converting existing small stores to ultramarkets.

And in November comes the group's first major geographical diversification when Grand Bazaars opens its first Transvaal site in Rosettenville, Johannesburg. This would certainly seem to be the area which promises most growth, and Sachar's plans there look very promising.

Grand Bazaars' restricted store expansion programme over the past couple of years, when the economy has been operating at its peak, may have caused it to miss the best of this boom, but branching out into the larger Johannesburg market should assure the group of a better share of future consumer spending.

Grand Bazaars' Sachar . . . now looking North

In the past, the company has had a policy of maximising profitability in existing outlets, but the pending expansion programme should have the effect of multiplying sales area, turnover and earnings within the next 18-24 months.

The group's total sales area at the end of financial 1981 was 27 000 m^2 and this year's initial move north looks like being just the beginning of a broader strategy which could see a further half dozen stores within the next few years. At least four sites in addition to Rosettenville have already been negotiated.

Sachar believes that Grand Bazaars is well suited to the much talked-of rigours of the Transvaal market. He reckons that competition in the food markets in the Cape is even tougher than in the north of the country and points to the company's experiences in the Port Elizabeth area last year when an ultramarket opened at the same time as three other major stores. The result, says Sachar, was "murder."

At present, business in

PTO

the existing stores is "exceptionally good," Sachar says, adding that he does not expect to be badly affected by the coming slow-down. Discount stores like Grand Bazaars tend to manage well in slower economic conditions, he says, as the consumer does his best to stretch his rand.

The downtown positioning of the group's stores is an advantage too, he believes, as shoppers are able to compare prices more easily, helped by scientific layout designed by overseas experts. The group has its own store development department working on the open-display format, which Sachar describes as being based on an allied sequence of layout.

Though rentals are obviously proportionately higher than they would be in the areas outside the cities, the comparatively small size of the ultramarkets compared with the hyperstores means that rent payments remain a fairly small part of the overall expenses bill.

The expansion into the Transvaal has a number of side-issues. Firstly, of course, staff will have to be found to man and manage the new outlets as they start up — especially as the development programme really gets under way.

Sachar says the Port Elizabeth stores are already run on a more decentralised basis than in the Cape Town region, and the Transvaal operations will be even more so. He seems confident that sufficient staff will be available for the Johannesburg markets, though he admits that the middle- to lower-management positions on the shop-floor are frequently difficult to fill.

At the same time, of course, additional finance will be required for the Johannesburg move. At the end of last year, the group's debt:equity ratio was 62% — fairly high for a retail-type business, though the bulk of borrowings were short-term — and the dividend cover policy seems unlikely to move from the 2,9 times which has been maintained since 1978. So on the surface it looks as if additional finance could cause a bit of a problem.

Sachar, however, believes there will be no difficulties. He says that projections of the Transvaal expansion indicate that, even if there is no profit at all from the Johannesburg region in the next two years or so, gearing will not be strained.

Long-term finance for the programme is already assured, he says, and leaseback arrangements on the premises to be used will help keep the tax rate below the ceiling for the next few years. At the halfway stage this year, it was trimmed from 43% to 34,4%, though it is unlikely to be maintained quite this low in the medium-term.

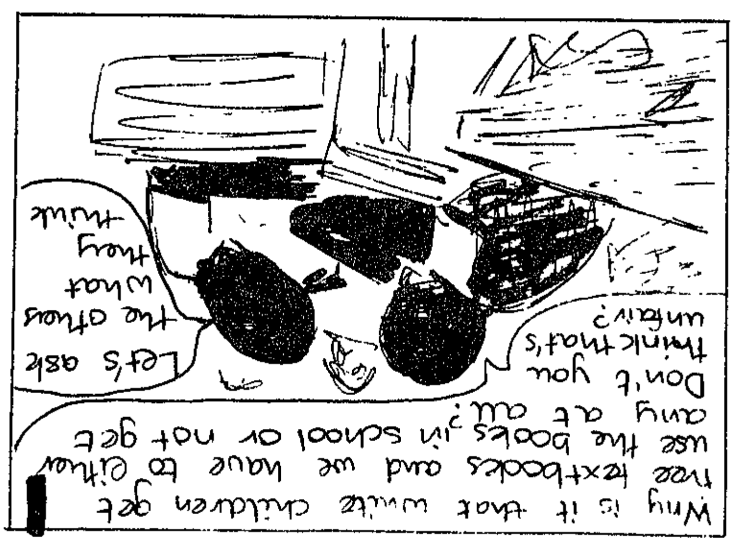
When Sachar's cousin Max retired in 1980 after more than 41 years in the business, he sold a stake of around 35% of the issued equity to an unnamed financial institution. The sale reduced the directors' holding in the company from 63,3% to 39,6%, but unfortunately did nothing to increase the marketability of the share.

Whether or not Sachar would consider a rights issue to enlarge the 2,1m shares in issue — a level which has been maintained for at least the last 10 years — remains to be seen. It will obviously depend on finance requirements in the longer-term and one could perhaps envisage such a move within the next five years or so. Only then might it be possible for the man in the street to get hold of additional stock.

The share trades at 520c at present, well down on its year's peak of 635c, but off the bottom. On the past 12 months' dividends, the share offers an historic yield of 5,6%. If this year's earnings reach 110c (77,3c), the total dividend should be 38c for a prospective yield of 7,3% over the next six months.

This is virtually on average for the sector, fully reflecting near-term prospects and the somewhat disappointing performance over the past year and a half. However, the chain has considerable room for increasing its exposure in retail markets, and now appears to be waking up to its real potential. Longer-term, the share could have capital growth attractions, as well as offering a steady income rise, and the patient investor could be well-rewarded.

Scott Hancker



MONTAYS 30

Slow slide

FM 13|11|81

Activities: *Cape-based furniture and clothing retailer, operating 23 stores and serving mainly the black and coloured markets. Directors own 65% of the equity*

Chairman: *S Kriseman*

Capital structure: *3m ordinaries of 50c. Market capitalisation: R2,6m*

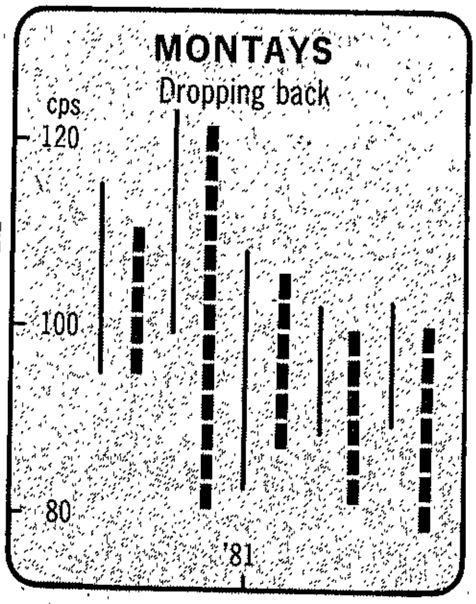
Financial: *Year to June 30 1981. Borrowings long- and medium-term, R2m, net short-term, R1,7m. Debt:equity ratio: 82,3%. Current ratio: 3,1. Group cash flow: R669 000*

Share market: *Price: 85c (1980-81, high, 135c, low, 80c; trading volume last quarter, 44 800 shares). Yields: 25,5% on earnings; 11,8% on dividend. Cover: 2,2. PE ratio 3,9*

	'78	'79	'80	'81
Return on cap (%)	18,8	16,1	16,2	13,2
Turnover (index)	100,0	118,6	169,1	246,9
Pre tax profit (Rm)	1,0	1,0	1,2	1,1
Gross margin (index)	100,0	82,9	67,7	51,1
Earnings (c)	19,3	18,9	22,4	21,7
Dividends (c)	8	8	10	10
Net asset value (c)	115	125	138	150

The annual statements of chairman Sydney Kriseman are frequently enlivened by forthright views on a variety of topics. Recent subjects have been inflation and government discipline (1978), progressive taxation (1979) and now, in 1981, "the greed and immorality" of clothing manufacturers.

The latter is not altogether a diversion from corporate matters. Kriseman is bitter about a R182 000 loss incurred by Montays' mail order division which, he says, was due largely to delivery delays, caused by manufacturers accepting orders far beyond their



capacity to execute. In the event, orders amounting to "hundreds of thousands of rands" had to be reversed and Kriseman adds that the group is "seriously considering" closing the division to concentrate on the profitable furniture business.

That, in fact, looks like a good idea, as the mail order operation has not done much for the group since it diversified into this area in 1978. Even in 1980 the division was apparently still running on no more than a break-even basis. It is reasonable to assume, therefore, that the very steep decline in overall profit margins over the period has been largely attributable to the lack of success in earning adequate returns from this activity.

Montays has traditionally never disclosed turnover. But it is nevertheless apparent, through comparison of the trading profit rise with percentage turnover increases, that 1981 group margins were little more than half the level of four years ago.

Put another way, if margins had been maintained at their 1978 level, pre-tax profit would have been more than double the R1,1m actually achieved last year. So, too, would the gross return on capital employed have been a far more acceptable 26% instead of only 13%.

The improved cash flow would probably have obviated the need to increase borrowings from R1,7m to R3,7m and the group would consequently have ended the year with a far more modestly structured balance sheet. As it is, however, the debt:equity ratio increased from 43% to over 82% — although this in itself is not excessive for an hp operation.

Kriseman is nevertheless optimistic about the current year, saying that both cash flow and sales are ahead of budget. Dependent on moving the mail order stocks at minimal losses, he anticipates higher profits and dividends.

The market, however, seems a bit more cautious. At an historic 11,8% on dividend, Montays has the highest yield in a sector which is, admittedly, out of favour at the moment. Trading at a substantial discount to net worth, the company would make a good takeover prospect for anyone who can shake loose the 65% control of the present board.

Brian Thompson

RDM 14/10/81

Assocom warns on exploiting firms

30

Financial Reporter

A WARNING the Government might act against companies which "exploit" consumers unless such practices were stopped voluntarily was made last night by Mr Issy Pinshaw, the president of the Association of Chambers of Commerce.

He was speaking at the formal opening of the Assocom annual congress in Durban.

Mr Pinshaw said: "In recent months Assocom has received complaints from the authorities to the effect that certain businesses are not making their contribution in co-operating with the Government in its fight against inflation.

"Accusations of outright exploitation have been levelled against certain sectors in the economy and Assocom regrets that it has had to agree with the authorities that a small minority of firms are not acting responsibly.

"Although I am sure that only a small minority are guilty of this it is the few bad apples that spoil the rest."

Mr Pinshaw said: "What the guilty parties fail to appreciate is that unless they put their respective houses in order Government may be compelled to force them to do so.

"This would come at a time when active steps are being taken by the authorities to deregulate business.

"Legislation is costly to enforce, has disturbing side effects and often prevents sound competition and so should be avoided as far as possible.

"Such irresponsible behaviour by a small group of businessmen unfortunately damages the image of the free enterprise system as a whole.

"I, therefore, urge such businessmen to adopt a more reponsible attitude in their approach to consumers and to cease those practices which result in the cry of exploitation being made."

Mr Pinshaw said: "At the same time consumers should realise that the most effective weapon in their hands remains competition.

"It is just as much the task of the consumer to make competiton work by insisting on value for money and a fair deal."

STAR 15/10/87

Woolworths golden gift

Consumer Reporter

Woolworths will give R250 000 to charities, welfare organisations, universities and technical colleges around the country to mark its golden jubilee this month.

The company started as a single store in Cape Town on October 30, 1931. Today it operates 67 stores with an annual turnover of nearly R300-million.

Retail slowdown a challenge, says OK

RDM 15/10/81 (30)

CONSUMER-spending growth in South Africa will rise at a considerably slower rate this year than in 1980, with the increase in retail sales falling to about 4% from 9% last year.

JOHN MULCAHY reports from Assocom's congress in Durban

Mr Meyer Kahn, managing director of OK Bazaars, said there was little doubt that business activity was on the downswing, with most economists predicting a real growth rate of between 4% and 5% this year against 8% last year.

But Mr Kahn said the slowdown was a challenge to commerce — "A downturn is a time for courage and nerve, not timidity."

The constraining factors appeared last year, but were overshadowed by the boom, and were now coming to the fore, said Mr Kahn, with inflation likely to accelarate to about 15,5% from 13,5% last year. With wages rising at a slower rate than they did last year, real earnings were at best stagnating now.

The boost given to overall demand in 1979 and 1980 by new jobs had been reversed this year as unemployment started to rise again. Direct tax paid by individuals was likely to rise by about 25% this year against an increase of only 7% in 1980. Statistics showed that consumers were not dipping into their savings to the extent they did in last year's boom when almost half the spending increase was financed by credit and saving. This reduced the ratio of personal savings to disposable incomes from 10,5% in 1979 to an unusualy low 6,7%.

Higher interest rates had dampened consumer demand more directly in the sense that purchases financed with credit had become considerably more expensive over the past 12 months than in the revious year. The ripples of expensive and scarce money extended beyond high-priced durables, such as cars and houses, as the decline in demand for housing affected sales of a wide range of products associated with a new home, such as garden equipment, domestic appliances and furniture.

All these factors — lower disposable incomes, tighter money and higher savings — were convincing evidence that the boom was ending, and even those sectors which were still relatively buoyant would experience a marked fall-off in business over the next few months.

In spite of these negative factors, Mr Kahn was optimistic that, barring a sustained collapse in the gold price, chances were good that the present downward phase in the business cycle would be relatively brief and mild.

"It seems most unlikely that South Africa will experience in 1982 and 1983 a recession as painful as that of the mid-seventies when the growth rate dropped to zero."

The coming downturn was likely to be felt most severely in the sale of durable goods, most of which were expensive "big-ticket" items, such as cars, large domestic appliances and furniture.

Sales of these goods rose particularly fast in the boom, with total consumer spending on durables rising by an "astronomical" 27% in real terms last year. Purchases then were encouraged by low interest rates and freely available credit.

Many households had delayed committing themselves to heavy outlays in the last downturn, and the reverse was now true. Stricter credit terms were a strong discouraging factor to potential buyers, and it was also possible to postpone purchases of durable goods for a considerable time because they normally had a relatively long life and could be kept in sound condition by maintenance and repairs.

Sales of durable goods were likely to rise by about 10% in real terms this year, but there would be a sharp drop in 1982 and 1983 to a marginal increase of no more than 1% or 2%.

In contrast, food sales should remain steady over the next two years. After a modest rise in sales of food and other non-durables last year, their growth rate was unlikely to fall below 3% a year between 1981 and 1983.

Mr Kahn predicted that the growth in consumer spending would undergo a significant geographic shift in the next few years. Many of the large public and private investment programmes being undertaken were not in urban areas but on the platteland where employment opportunities were likely to grow faster than before.

The trends in consumer spending and in the overall economy woud make the next two or three years more challenging for most companies than 1979 and 1980, starting with a marked drop in growth of sales volumes. Revenue would also be eroded by keener price cutting and a shift in sales patterns. High-margin operators could be expected to lose market share because consumers would be under extreme pressure to economise.

"In fact, pricing will remain the major marketing tool of the 1980s, and average margins on total sales are likely to narrow considerably."

On the supply side, with inflation unlikely to drop into single figures for some time, raw-material costs would continue rising sharply, and passing on the cost increases would be more difficult than it was during the boom as consumer demand would be sensitive to rising prices.

The result would be a classic squeeze between the pressures of higher costs and stagnant or falling demand. Many companies would be tempted to meet the situation by pulling in their horns, aiming for the lowest possible performance targets. Advertising budgets would be cut, promotions curtailed and expansions shelved in the belief that by surviving, the company could at least live to see the next upturn.

"We believe these arguments to be wrong, and possibly even dangerous. The lights should not be on amber during the downturn, they should be on green."

Reaganomics — good and bad for SA

RDM 15/10/81 (30)

INTERNATIONAL banking considerations may play an important part in the determination of South Africa's economic fortunes.

Professor Jan Lombard, head of the department of economics at the University of Pretoria, told Assocom that gold's value depended on the need among bankers for international reserves other than key currencies, such as the dollar.

From this fact it emerged that the behaviour of the US economy and the nature of US economic policies were the major sources of the international challenges and changes facing SA business in the foreseeable future.

If applied long enough, the Reagan Administration's form of supply-side economics could technically succeed in its objectives, and this could spell good and bad news for SA business.

On the negative side, success of Reaganomics could in the short term lead to slower growth in expenditure on internationally tradeable goods, relatively high real interest rates, a strong dollar and a sluggish gold price.

These restrained conditions would be transmitted to the UK and the rest of Europe, said Professor Lombard, and would be further intensified by the uncompromising monetary policies of the UK and the German determination to avoid domestic inflation.

Such trends would put pressure on SA's balance of payments in the form of sluggish foreign exchange earnings and a drain on liquidity.

For these reasons the "foreign sector" in SA's economic accounts would over the next few years turn out to be a weak generator of domestic activity, and it could also represent a sensitive parameter of constraint on the scope of domestic fiscal and monetary policies to allow for domestic expenditure expansion.

The good news about the ascendancy of US economic policies, said Professor Lombard, was that in the longer run, they policies could lead to a renewed and rapid expansion of real demand for industrial inputs, to stable prices of capital goods imports, and to more stable international currency exchange rates.

Exciting business activity could not be expected from the international economy in the short term as President Reagan's strategy had to be allowed "to have its sanitary impact" on the roots of inflation. Success of the Reagan approach would not necessarily be negative for gold, as the gold-mining industry's long-term fortunes did not depend on the failure of international economic stabilisation policies.

Although the industry had suffered from "certain unrealistic" gold-price policies of the US and the International Monetary Fund in the 1960s, Professor Lombard suggested that in the Reagan-type scenario gold was not scheduled to be subjected to that kind of unrealistic price control.

Professor Lombard said that although the Opec oil-price increases since 1973 were not an unmixed disadvantage for SA, which as a major producer of opil from coal benefited in many ways from the change — both in commercial and strategic economics.

"It is worth a thought that Sasol, whose management in the 1950s had to almost annually plead for special fiscal support in order to break even, could in the late 1970s attract more private equity finance even from abroad than it could use for its huge new capital outlays."

It would, however, be incorrect to conclude that SA should normally gain from increases in energy prices as it was still a net fuel importer, consuming more energy than it produced. Increases in energy prices relative to the index of all other international commodity prices were still to the net disadvantage of the SA economy.'

'In the 1970s South Africa did happen to gain, on balance, from the entire oil strategy, but indirectly through the effects of international balance of payments there was instability in the commodity price of gold in terms of most other currencies."

Escom to remain top borrower

RDM 15/10/81

By JOHN MULCAHY

ESCOM is likely to remain South Africa's major capital spender for at least the next 10 years, making substantial demands on the domestic and foreign capital markets.

Dr Joop de Loor, Director-General of Finance, in supporting a motion at the Assocom congress in Durban yesterday that thew Government ensure correct priorites were accorded to State capital spending, said one of the main tasks of the capital priorities committee was to monitor Escom spending.

The motion before congress called for greater control over expenditure by State corporations, and said the Department of Finance should determine the limits to which capital programmes should be financed from revenue.

Dr De Loor said there had to be an element of self-financing of future capital spending from current revenue, and financing was already monitored by the capital priorities committee.

He stressed that capital spending had to be divided into continuing long-term expenditure, such as on Escom, the Railways and the Post Office, and ad hoc expenditure, required by the "small spenders", Iscor and the SABC.

The Cape Town Chamber of Commerce expressed concern that neither Escom nor Iscor was required to submit for approval annual budgets, although Escom did consult the Department of Finance on its loan proposals.

A related motion, tabled by the Pretoria chamber, and calling for the establishment of an additional private-sector consultative body to advise the Cabinet on State spending priorities, was defeated after an explanation by Dr De Loor on budgetary machinery.

Firstly, said Dr De Loor, there was the capital priorities committee, which considered major elements of long-term capital expenditure. One example was the decision to raise the coal-export ceiling, involving hundreds of millions of rands, and which was considered a high priority becasse of its foreign-exchange earning potential.

Expenditure bottlenecks had been caused because of the conscious attempts by the Government to reduce real capital spending, and it was reaching the stage where the State had to be more slective because of limited funds.

Defence was regarded as the top priority, followed by education and housing, and requirements for the other sectors had to fall in line.

Once the inputs from the high priority long-term projects were received, they had to be matched with the current year's Budget requirements.

Mr Denis Paxton, a past president of Assocom and a member of the Economic Advisory Council, said that whatever machinery there was to monitor expenditure, it was disturbing that there were numerous bodies, from the public and private sectors, which were "trying to jump the queque".

Levies in any form were a means of circumventing budgetary capital allotments, said Mr Paxton. The Department of Community Development, in trying to borrow money from building societies, aimed to "get around" the priorities.

IN A TERSE statement Assocom yesterday confirmed that it was considering a merger with the Federated Chamber of Industries. It said: "The Assocom domestic session of congress yesterday considered the possibility and feasibility of a merger between Assocom and the Federated Chamber of Industries. Assocom agreed that the matter be investigated further jointly with the FCI with a view to formulating recommendations ~~for submission~~ to both organisations as soon as possible." RDM 15/10/81 (30)

Assocom plea for all-race CBDs

RDM. 16/10/81 By JOHN MULCAHY

30

ASSOCOM issued a strong plea to the Government yesterday to open central business districts to all races. Its congress in Durban called on the Government to encourage the development of business and managerial skills among blacks, coloureds and Asians, and to open the free enterprise system to everyone.

The motion was propsed by the Cape Town and DuRban chambers of commerce.

The Cape Town Chamber viewed in a serious light the lack of progress in implementing the Riekert Commission recommendations for the removal of racial barriers.

It said the report found there was a considerable difference of opinion on the desirability or otherwise of free trade ares and the three main options were maintenance of the status quo, completely free trade, or demarcated free trade areas.

The commission found that the disadvantages of the present system were the cost of resettlement to the State, dissatisfaction among traders, inconvenience to the public and the fact that only a small proportion of the community benefited by the protection of trading rights.

While the Government had accepted in principle that certain trading areas within the group area of one population group be opened to other groups, the Cape Town chamber could not agree that these principles were being applied with the speed believed to be necessary for blacks, Asians and coloureds to take part fully in the free-enterprise system.

The Durban chamber said that for practical reasons the legal restrictions on mixed trading could only be phased out because it would be necessary to protect less-experienced trading groups, especially coloureds and blacks. This was necessary because restrictions on mixed trading had deprived these people of training opportunities and business experience over many years.

It should not be regarded as reverse discrimination, said the chamber, but as providing them with an opportunity to catch up with those members of society who had enjoyed more privileged conditions in the past.

As a first step, the central business districts of larger towns and cities should be opened for mixed trading as soon as possible, providing business opportunities for coloured, Indian and black traders who believed they were capable of competing on equal terms with the rest, and at the same time providing a training ground for management.

Opening of central business districts to all races would also provide opportunities for inter-racial partnerships which were now often not practical.

"The natural aptitudes of the various race groups are frequently different and the formation of inter-racial partnerships could encourage optimum use of the natural expertise of all groups," said the Durban representative.

Assocom had raised these matters directly with the ministers of community development and of co-operation and development who confirmed that removal of restrictions was Government policy, but that they had been referred to the President's Council and no action could be taken until its report was received.

R63m given to Small Business Corporation

RDM 16/10/81

30

By JOHN MULCAHY

THE private sector has contributed about R63-million to the Small Business Development Corporation, and since its inception in February this year the Corporation has financed 80 projects at R5 500 000.

The managing director of the SBDC, Dr Ben Mouton, told the Assocom's congress in Durban yesterday that the corporation had received more than 680 applications from prospective clients, involving R17-million. Of the initial applications, 120 had been transferred to banks, with recommendations that the "bank guarantee scheme" be implemented.

Dr Mouton said the SBDC, as a public company, had to maintain a balance between its development function on the one hand and staying in business on the other.

For this reason it had been decided to calculate the interest rate charged on loans advanced at 14% for the first two years of any loan, after which it could fluctuate.

For the time being applications were restricted to applicants with assets not exceeding R500 000, and whose loan requirements did not exceed R150 000.

In evaluating applications, the SBDC looked to see whether the proposition would assist private ownership, and whether it would assist in the economic development in the areas where it was most needed.

There were now some activities which would not be financed by the SBDC unless exceptional circumstances existed, and these were agriculture — for which the Land Bank was responsible — speculative property investments, purchase of existing businesses, replacement finance and any finance regarded as speculative.

Explaining the bank guarantee scheme, Dr Mouton said the SBDC had signed an agreement with Barclays Bank, Standard Bank, Nedbank, Trust Bank and Volkskas in terms of which it would grant a 80% surety guarantee for money which a bank granted to an entrepreneur.

The scheme was the first of its kind in the world under which banks could consider loans up to R25 000 provided they confirmed to the agreed norms, and where the banks were required to find security up to 20%.

Where loans exceeded R25 000 and were under R150 000, the banks would still recommend these applications to the SBDC, and the 80% guarantee would still be applicable.

Dr Mouton said the sbdc would concentrate on four main areas before trying to provide the whole spectrum of services to small businesses. These were:

- Financial assistance by granting direct loans or share capital to viable enterprises.
- Provision of business facilities, such as flats and shopping centres, in areas where they either did not exist or where private developers were not prepared to take the risk of building.
- To assist entrepreneurs with management problems by means of practical training and counselling services
- To underwrite or guarantee loans and credit facilities by various financial institutions to small businesses.

Dr Mouton said his major task now was to organise the structure of the SBDC in line with the absorption of the various corporations being transferred by the Government to the SBDC — the Development and Finance Corporation, the Indian Industrial Development Corporation, the small industries section of the Industrial Development Corporation and certain assets of the Economic Development Corporation.

As an interim arrangement the administration of the SBDC was being handled by management under the guidance of the IDC until legislation became effective for incorporating the other corporations

dr Mouton said the SBDC aimed to be fully operational by December 1 and it was envisaged that the present Development and Finance Corporation —previously the Coloured Development Corporation — would be the regional office of the SBDC and the Indian Industrial Development Corporation the Natal regional office.

A Transvaal-Free State regional office was being formed, said Dr Mouton, and there would be a small head office co-ordinating the activities of the regions.

STEELMETALS FM 16/10/81

Strong orders

30

Activities: *Markets and services machine tools, materials handling equipment and construction machinery. Also undertakes contracting operations in mechanical engineering fields. A 73% subsidiary of Anglovaal, through ATI.*
Chairman: *J C Robbertze; managing director: M L Gandy.*
Capital structure: *3,2m ordinaries of 50c. Market capitalisation: R11,2m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R804 000; net short-term, R7,3m. Debt:equity ratio: 58,4%. Current ratio: 1,4. Group cash flow: R4,3m. Capital commitments: R600 000.*
Share market: *Price: 350c (1980-81: high, 511c; low, 295c; trading volume last quarter, 26 900 shares). Yields: 42,5% on earnings; 11,4% on dividend. Cover: 3,7. PE ratio: 2,4.*

	'78	'79	'80	'81
Return on cap (%)	17,2	22,0	31,7	32,2
Turnover (Rm)	26,7	33,6	49,2	61,6
Pre-tax profit (Rm)	1,4	2,5	4,6	6,5
Gross margin (%)	7,7	9,3	10,6	12,0
Earnings (c)	48,2	68,7	111,9	148,6
Dividends (c)	17,5	27,5	35	40
Net asset value (c)	349	391	425	455

This year has opened on a buoyant note for Steelmetals. At July 1 it had an order book totalling R35m, 40% up on the same date a year ago, and in the first two months it took in additional orders of R15m. The company thus seems on safe ground in forecasting another satisfactory year, despite the probability that slower economic growth will start to impact on demand at some stage.

Profits could be further enhanced if management is able to curb the losses of File Hire. Since this company was acquired during the 1980 financial year, it has chalked up a deficit of over R1m, of which R367 000 accrued in the year to end-June.

The group's balance sheet was strengthened by a one-for-two rights issue in February which raised R2,9m. Most of these funds were used to reduce borrowings, but the year-end debt total nevertheless increased R900 000 to R8,4m. The debt:equity ratio, however, was reduced from 84% in 1980 to a more modest 58% as a result of the capital base expansion.

The debt ratio would have been even lower had it not been for a marked increase in stocks. These rose from R12,6m to R22,1m, resulting in an additional investment in net working capital (stocks plus debtors less creditors) of almost R8,5m. However, with an eye on the possibility that demand will slow, management is starting to reduce stocks selectively and this, coupled with tight debtor control, should lead to a further drop in the debt ratio this year.

The 14% increase in the annual dividend to 40c was modest in relation to the 33% improvement in weighted average earnings. There is nothing sinister in this, however, as it is directly attributable to the rights issue. Dividend policy was, in fact, slightly more liberal than in 1980, with the total cost of the payout on the increased capital covered only 2,9 times by net earnings, against 3,2 previously.

In any case, shareholders who followed their rights have already had a substantial return on their new investment. The offer closed about 18 weeks before the year-end and on an annualised basis, the 40c dividend therefore represents a return of some 42% on the 275c rights price. They are also showing a capital appreciation of more than 27%.

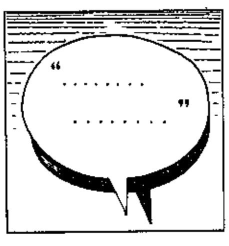
Despite the seemingly promising outlook, the historic dividend yield is very high at 11,4%. This compares with an average of 6,6% for the engineering sector, where Steelmetals is listed, and an industrial market average of 5,8%. Investors may, of course, be wary of anything connected with machine tools after the Salect debacle, but on a prospective yield which must be in excess of 13%, the share has to be undervalued.

Brian Thompson

ASSOCOM CONGRESS

Squaring up to PW

FM 16/10/81 (30)



Within the next couple of weeks, PM PW Botha could well be faced with a delegation representing this country's most influential businessmen. What they will be trying to do is stop his Cape Town meeting next month with a few hundred businessmen from running slap into a brick wall.

They have reason to fear a collision that could jeopardise an increasingly delicate rapproachment. For, in November 1981, Botha will be facing an audience in a very different mood to that at the Carlton Conference in November 1979. The major reforms they had expected would flow from the earlier conference have not, they believe, materialised. Businessmen are openly hostile.

This was made abundantly clear on Tuesday and Wednesday at the annual congress of the Association of Chambers of Commerce (Assocom) in Durban. It was stated explicitly in at least one major address and was implicit in many of the resolutions due for discussion in later sessions.

In the opening address, the chairman of the Tongaat Group, Chris Saunders, who is also on the PM's Economic Advisory Council and a member of various important commissions, was quite specific. Much change had taken place over the past decade; it was substantial and not superficial, he said. There had been a redistribution of wealth, viable black unions had emerged, social discrimination had been relaxed, and there had been more state spending on black housing and education.

But there had been a lack of symbolically significant change in the political and socio-economic structure. Government had, for party political reasons, played down the significance of what it had achieved. And since the April election more momentum had been lost.

"The pressures and demand for a reappraisal of our society are such that if systematic and symbolically significant reform is unlikely to emerge from the State then ... it is vital that the business community consider promoting the necessary reforms," he declared.

Tongaat's Saunders ... mixed we will be

By that, he told the *FM*, he meant that business would itself have to provide the housing, education and other needs of black employees, and use them more efficiently, even if in the process some restrictive laws had to be bent.

Saunders' remarks on the Buthelezi Commission, of which he is a member, made clear his opposition to broad government policy. He believed that, as a widely representative body, the commission's views, which take account of political and economic realities, should be taken as a blueprint for the whole country's future.

From what he said it is quite likely that the commission is going to recommend that separate development be abandoned. His remarks also explain something of Chief Gatsha Buthelezi's opposition to KwaZulu's becoming independent. Saunders said: "To the great majority of black South Africans, a fundamental non-negotiable part of any acceptable future dispensation is that there is a single South African nation with a common citizenship for all its peoples.

"There is no doubt that we cannot take the most populated parts of our country (Natal) and subject thousands of people to further physical movements and upheaval in order to support the philosophy of apartheid, which is not acceptable to the majority of inhabitants.

"We have a choice ... of being mixed, capitalist and free: or being mixed, marxist and dominated. But mixed we will be. I know the choice which I have made."

Saunders, like many Assocom delegates, is distressed that the reports of so many commissions and other bodies advocating reform are being held up by the Cabinet, or adopted only in part, or ignominiously rejected. Partly, this is reflected in some of the resolutions being debated at the congress, as is government's sluggishness over reform.

A call for a national housing policy, especially for lower income groups, reflects Assocom's view that after so many years of its being a low priority, even a 10-fold increase in the budgetary allocation for housing would scarcely solve the problem. And it will entail intolerable tax increases or unacceptable cut-backs in other areas — or a combination of both.

Another resolution, in similar vein, called for the report of the Viljoen Committee on the private sector and the housing backlog in Soweto, which has been submitted to government, to be made public without delay.

Yet other resolutions concerned the opening of central business districts and other areas to all races and the repeal of existing legislation which prohibits the use of black, coloured and Indian managers in white-owned businesses in white urban areas. There was also criticism of government's tardiness in implementing aspects of the Riekert Commission. Another criticism was that government is using delaying tactics in removing legal barriers to black employment in white areas.

Apart from debating these matters in public, Assocom decided in closed session to investigate a merger with the Federated Chamber of Industries. The proposed merger aimed at closing business ranks and presenting a more powerful and united front to government when seeking reform.

Those business leaders who fear an acrimonious clash with PW Botha in Cape Town next month believed that Botha himself might also be intransigent. They fear he will point out to businessmen that he pledged no specific changes at the Carlton conference but left a way open for businessmen to take the initiative. They would no doubt point out to the Prime Minister that the business world cannot by its very diverse nature easily act in unison outside of the legislative framework.

But more important is the fact that, as business activity slows in the months ahead, government's failure to respond to the expectations raised at the Carlton meeting will increasingly create uncertainty. This, in turn, could undermine confidence in the economy and thus unduly depress growth potential — although the stock market doesn't share that view (see P269).

As an astute politician, Botha may sense — and be quite right in doing so — the political advantage in spreading emotive reforms over as protracted a period as possible. But political advantage has to be weighed against the loss of economic growth, which is one of the few means SA has of overcoming its social problems. There is simply not enough time for the easier and more leisurely political way forward.

Moreover, as Saunders told delegates: "The claim that the economic future of whites is dependent on the perpetuation of apartheid is simply not valid. Indeed, the full removal of present restraints on blacks as producers and consumers will stimulate a considerable amount of economic growth from which whites as well as blacks will benefit."

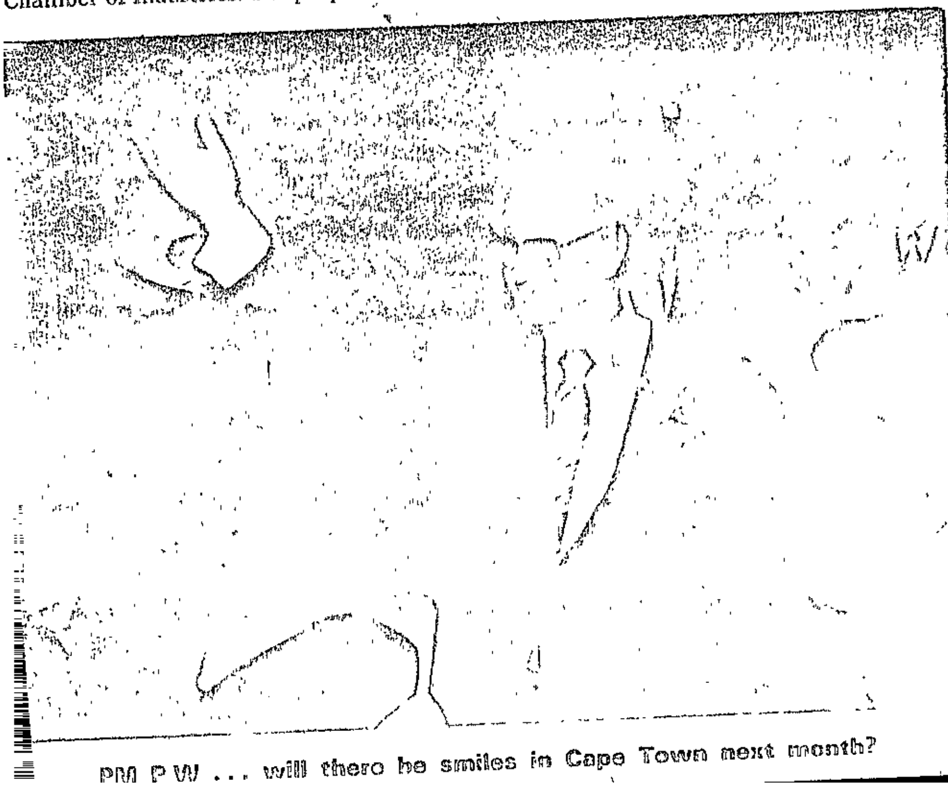
If the Prime Minister fails to appreciate the dismay he has created among businessmen by not having risen to the expectations he created at the Carlton Conference, he risks the loss of the mainstream of business co-operation.

Partly, business apprehension over the Cape Town conference has been heightened — and possibly exaggerated — by the secrecy surrounding its proceedings. No one knows precisely what the Prime Minister has in mind and he does not appear to want to say. Perhaps greater clarity on this from Union Buildings would help to avert the dangers of conflict, and the threat to relations between government and business.

While, in the *FM*'s view, businessmen have every reason to be unhappy at Botha's obvious retreat from active reforms, they should acknowledge his courage and conviction in arranging another major get-together — one at which he must know he will face trenchant criticism.

It is right that Botha's doubtful record of reforms since November 1979 be held up for public examination. But knowing the Prime Minister's difficulties with his rightwing, maybe if business placed initially more emphasis on lobbying rather than outright confrontation, rewards would ultimately be greater. Perhaps a top level delegation to Pretoria ahead of the meeting is an idea not without merit.

Businessmen made the mistake in November 1979 of being too anxious to please without presenting PW with any bill. They should be wary now of going to the other extreme. If it is worth talking to PW, it is worth doing so in a constructive manner.



PM PW ... will there be smiles in Cape Town next month?

Quotable

Former Israeli Ambassador to the UN Chaim Herzog in the ***Wall Street Journal***

One other lesson must emerge for the Western powers from the events in Egypt. That is the inherent instability in the Arab world and in the Middle East, an instability caused by the impact of the 20th Century on medieval society and the reaction to that impact. The inherent stability of Israel against the background of endemic instability in the surrounding areas suggests the strategic value of Israel to the West.

President Sadat was one of the few who personally changed history. The strategic implications for the West in the Middle East after Sadat's death are serious beyond exaggeration. There are indeed many questions now about the course of Egyptian policy, but above them must loom the broader question of how Western and, above all, American leadership will react to the challenge posed by the new developments in the Middle East.

SWEET BOYCOTT 30

Traders in Mamelodi and [illegible] townships near Pretoria are [illegible] to sell Wilson Rowntree products as part of the national boycott campaign against the firm. FM 16/10/81

DAN PERKINS (30)

Newcomer's rating

FM 16|10|81

Activities: *Motor holding company with Toyota, BMW, Hino and Renault franchises. Trade & Industry group owns 11% of the equity.*

Chairman: *D S Perkins; managing director: A C Jacobson.*

Capital structure: *5,2m ordinaries of 50c; 830 000 7,5% cum conv prefs of R1. Market capitalisation: R4,9m.*

Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R113 000; Net cash: R1,4m. Debt:equity ratio: 20,3%. Current ratio: 1,4. Group cash flow: R1,4m.*

Share market: *Price: 95c (1980-81: high, 100c; low, 66c; trading volume last quarter, 85 000 shares). Yields: 27,7% on earnings 10,5% on dividend. Cover: 2,6. PE ratio: 3,6.*

	'81
Return on cap (%)	41,9
Turnover (Rm)	57,8
Pre-tax profit (Rm)	2,5
Gross margin (%)	4,6
Earnings (c)	26,3
Dividends (c)	10
Net asset value (c)	84

Dan Perkins easily beat its earnings forecast last year, reflecting the wave of high sales in the booming motor sector. Earnings for the year were 26,3c a share, compared with the directors' 16,6c forecast in the prospectus, while the 10c dividend total is 3c more than originally indicated.

The second half saw accelerated growth, but the company was well ahead of target at the interim stage with earnings of 11c at end-December. As the pre-listing earnings forecast was published in November last year — around the peak of the motor boom — it seems reasonable to suppose the directors had more information about prevailing market conditions than they were telling shareholders at the time.

No divisional profit split is disclosed, but the company obviously benefited strongly from sales of Toyota, BMW, Renault and Hino vehicles. The directors say emphasis was placed on the heavy truck market, which also achieved "good results." In addition, a new truck hire division was opened in Wadeville and plans are in hand to start a motor parts retail outlet.

Increased demand for used cars helped to boost overall income and through further diversification into the used car market, particularly in black areas, the group is probably aiming to cushion the effects of a downturn in demand for new cars. The movement into truck hire will also place the company in a less vulnerable position relative to some of its less diversified competitors.

Overseas operations failed to make a contribution to this year's results and the directors say turnover was curtailed because of a general downturn in international trade. The group's London-based operation, which was in the red when the company was listed last year, is now believed to be in a break-even situation although, at this point, prospects remain fairly dim.

Dan Perkins also has branches in the US and Israel. According to the prospectus, losses on overseas operations in the year prior to listing totalled almost 6c a share. The directors say these subsidiaries are now "relatively inactive"

As a result of burgeoning sales, gearing was reduced from the pre-listing position and the debt:equity ratio now stands at 20,3%. Nevertheless, dividend cover was increased slightly to 2,6 times, which directors say is prudent in view of the prevailing economic conditions.

At 95c the share yields an historic 10,5%, which is higher than the average in the motor sector, but well below more established dealers such as Schūs, Sakers and McCarthy. The share offers an attractive income, but in comparison with these other dealers seems fully valued. Chris Wilson

Dan Perkins' product . . . above earnings floor

CURRIE

In favour

30

FM 16/10/81

Activities: *Motor retailing, parts and accessories, furniture; hp and leasing; property; and insurance broking.*

Chairman: *A Jaffe; managing director: E N Swirsky.*

Capital structure: *2,3m ordinaries of 50c; 50 000 6% cum prefs of R2. Market capitalisation: R16,1m.*

Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R1,3m; Net cash: R3,7m. Debt:equity ratio: 6,2%. Current ratio: 2,2. Group cash flow: R4,6m.*

Share market: *Price: 700c (1980-81: high, 740c; low, 430c; trading volume last quarter, 35 000 shares). Yields: 26,8% on earnings; 12,9% on dividend. Cover: 2,1. PE ratio: 3,7*

Somewhat surprisingly after McCarthy's forecast of lower 1982 earnings, Currie Motors expects another record year. Chairman Abe Jaffe says the rate of growth will be slower than 1981's 67% and it appears much of the advance will come from diversified operations. But motor sales are still expected to contribute more this year than last, despite the likelihood of lower national demand after the 1980-81 boom.

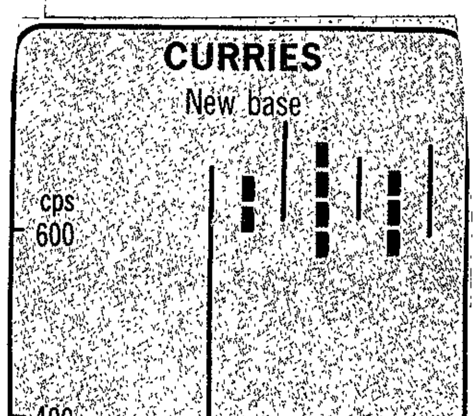
	'78	'79	'80	'81
Return on cap (%)	15,5	15,8	19,8	29 2
Turnover (Rm)	41,6	40,0	48,7	66 0
Pre-tax profit (Rm) ..	3,4	3,4	4,6	7 7
Gross margin (%)	10,1	10,2	10,5	12,2
Earnings (c)	79,2	84,4	112,0	187,3
Dividends (c)	40	40	60	90
Net asset value (c) . .	781	825	920	1 008

The motor boom and General Motor's successful new product range meant vehicle sales produced 62% of Currie's pre-tax profit. This compares with a low of 13% at the bottom of the market in 1977. In rand terms motor sales have thus produced profit growth from R183 000 to R4,7m in the last four years.

Not only did the boom boost Currie's motor division, but it also resulted in a 42% increase in the pre-tax contribution of diversified interests to R2,9m (R2,1m). In contrast, diversified operations contributed R1,2m in 1977 — equivalent to 87% of total pre-tax profit.

Jaffe says motor market conditions will become more "normal" this year as higher interest rates curb credit demand. But Currie's market strengths are expected to compensate and support Jaffe's expectation of higher earnings from motor sales.

The furniture division — Barnetts — is expected to "substantially" increase profit this year after a 54% rise in 1981. And Goldies, the group's motor spares subsidiary, is now in the black and expects a further improvement



Another reason for Jaffe's confidence is Currie's financial state. Most motor retailers are in a superior financial position to five years ago, but Currie is probably lower geared than most and total borrowings could be repaid from four months' cash flow. Hence the group is able to take advantage of credit and leasing agreements in a year of high interest rates.

On the basis that "Currie's ... skills and expertise" will indeed produce what Jaffe forecasts and that the dividend is at least held, the share yields 12,9%. At this level Currie must rate a good medium-term income hold unless management's prognosis is totally incorrect.

Des Kilalea

CURFIN 30 FM 16/10/81

Substantial prospects

Activities: *Holds 50% of Currie Motors and has interests in freight, hp and leasing, motor trading and property.*

Chairman: *A Jaffe; managing director: E N Swirsky.*

Capital structure: *14m ordinaries of 50c. Market capitalisation: R38,5m.*

Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R2,9m; Net cash: R6,5m. Debt:equity ratio: 9,4%. Current ratio: 1,7. Group cash flow: R13,7m.*

Share market: *Price: 275c (1980-81: high, 295c; low, 130c; trading volume last quarter, 2,2m shares). Yields: 20,3% on earnings; 7,3% on dividend. Cover: 2,7. PE ratio: 4,9.*

If Abe Jaffe's chairman's statement in the Currie Motors' annual report seemed optimistic, Curfin's goes one step further. Not only does he repeat that growth is expected, but he says Curfin's earnings will show a "substantial" advance, with increased dividends on the cards.

In the past three years, Curfin has been re-rated by the market as its diversified base and solid financial structure produced ever-increasing profit. So successful has this diversification been that annual compound earnings growth in the past 10 years has exceeded 24% — a record not easily found elsewhere in Diagonal Street.

	'78	'79	'80	'81
Return on cap (%)	31,2	43,4	45,7	39,7
Turnover (Rm)	40,7	43,8	57,9	140,0
Pre-tax profit (Rm)	4,5	6,3	9,4	19,3
Gross margin (%)	13,5	16,7	18,1	14,9
Earnings (c)	22,1	26,2	40,3	56,8
Dividends (c)	7,25	9,25	11,75	20
Net asset value (c)	63	80	121	189

Surprisingly for a record motor year, vehicle and allied operations did not contribute the lion's share of Curfin's profit. Currie Motors (now a subsidiary) and Rex Evans (BMW and Datsun franchisee) failed to eclipse the highly profitable freight subsidiary Safcor. This company's profit rose 30% to R8,5m last year and remained the prime earnings contributor.

Nevertheless, motor profits did kick in a higher 62% growth rate as both Currie and Rex Evans grew almost at the same rate. In both cases Jaffe looks to another profit advance, though apparently not at anything like last year's rate. In contrast, Safcor is budgeting for "substantial" growth.

Other interests, including furniture and financial, came up with a 26,3% profit improvement. With the acquisition of Silva's Engineering and the benefits accruing to a strong financial group in a period of high interest rates, solid growth is likely in 1981-1982.

Curfin remains financially very strong. Scope for increased diversification is reflected in a debt:equity ratio of only 9,4% and a high level of liquidity. The only deterioration in the statistics last year — a lower return on capital employed — resulted from the Currie consolidation. The return on equity also dipped to 28,5% (33,1%) but remains respectable.

PRE-TAX PROFIT SPREAD

	'80 %	'81 %
Freight	46	43
Motor	33	38
Leasing/finance	13	10
Furniture	6	7
Property	2	2
	100	100

On the basis of Jaffe's forecast of a "substantial" earnings advance, a distribution increase of 20% — half the three-year compound annual rate — should be attainable. This puts the share, at 275c, on a fairly cheap prospective 8,8% yield.

Dés Kilalea

GARLICKS (30)

Profit surge

FM 16/10/81

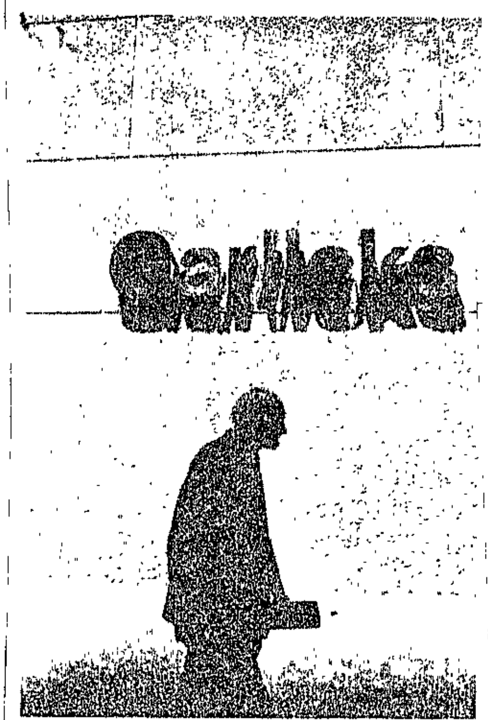
Activities: *Department store chain with 10 outlets nationwide. 65% controlled by the Garlick family.*
Chairman: *J Garlick.*
Capital structure: *3m ordinaries of R1; 1m 5% cum prefs of R2. Market capitalisation: R14,3m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R1m. Net cash: R3,9m. Debt:equity ratio: 16,6%. Current ratio: 2,7. Group cash flow: R3,9m. Capital commitments: R1,7m.*
Share market: *Price: 470c (1980-81: high, 480c; low, 310c; trading volume last quarter, 7 000 shares). Yields: 23,7% on earnings; 8,5% on dividend. Cover: 2,8. PE ratio: 4,2.*

	'78	'79	'80	'81
Return on cap (%)	13,9	13,3	20,5	23,5
Turnover (Rm)	33,2	33,0	41,4	50,3
Pre-tax profit (Rm)	2,5	2,5	4,1	5,8
Gross margin (%)	8,3	8,4	10,5	11,8
Earnings (c)	42,9	43,0	73,5	111,5
Dividends (c)	23	23	30	40
Net asset value (c)	491	511	552	649

Garlicks' profit surge last year was due largely to the economic boom and the consumer spending spree, rather than to increased market penetration. Turnover increased 21,5% to a record R50,3m, although second-half results could not quite keep pace with those of the first half, which include Christmas.

At the halfway stage, earnings showed a 55% advance to 62,9c (39,9c) a share, while year-end earnings increased 51,7% to 111,5c (73,5c). Nevertheless, profits continued to rise at a faster rate than turnover over the full year. Better results from department stores more than compensated for lost sales following the disposal of the company's office machinery interests in Zimbabwe.

Pre-tax profit rose 41,5% to R5,8m (R4,1m) and the directors say this was



Garlicks ... walking more slowly this year

achieved without any addition to the trading area. Operating margins, therefore, widened from 10,5% to 11,8%.

Unlike many retail operations, Garlicks has maintained the same outlets over the past few years, electing to improve existing outlets rather than open new stores. However, the company recently departed from this policy when it took over the lease of Greatermans' store in Cavendish Square, Claremont, for R2,1m.

The decision was prompted by a need for more effective use of capital resources, the directors say. Because of extensive alterations to the store, it is not expected to contribute to profits this year. They add, however, that the new outlet is likely to have a "material" effect on income in the future.

The company has budgeted capex of R1,3m for point of sale equipment in some of its stores. There should be little difficulty in financing these commitments Garlicks ended the year in a strong cash position and although borrowings rose from R2,2m to R3,6m, the debt:equity ratio is still a low 16,6% (11,8%).

With consumer spending growth likely to taper off this year, the directors are understandably hesitant about forecasting. They are confident, however, that a "modest" improvement in profit should be achieved.

Garlicks has proved a relatively steady profit performer in lean times, though return on capital has picked up only recently. During the economic slump between 1975 and 1978 earnings remained fairly steady, while some competitors recorded losses. On that record, the share price has advanced 50c over the past year and is currently trading 10c off its high at 470c. Provided consumer spending does not fall too sharply this year, the company should achieve earnings growth of around 20%.

With the high level of liquidity, there should be no constraints on dividend this year and the total payout could be in the region of 48c a share. On this basis, Garlicks yields a prospective 10,2% and an historic 8,5%, compared with the average sectoral yield of 5,2%.

Chris Wilson

ORGANISATION FOR SMALL TRADERS URGED

ARGUS 16.10.81 (30)

INDEPENDENT clothing retailers should form a country-wide organisation to stand up to the power of the big chain stores and manufacturers, says a Cape Town trader.

They should support the creation of NICRA, a National Independent Clothing Retailers' Association, Mr Philip Krawitz, managing director of Sparks and Ellis and Cape Union Mart, said today.

He said the small retailer's existence was now threatened by a three-way squeeze:

- He has no bargaining power on prices as manufacturers are aware of his precarious position and refuse to entertain price reductions.
- He is forced to compete with the chains through his inability to get exclusive merchandise.
- Non-deliveries and insufficient supplies rob him of the ability to maximise his profit potential.

The big clothing chains, because of their muscle and huge orders, were given priority by hard-pressed clothing manufacturers. The small retailer had to wait at the end of the queue.

'No manufacturer in his right mind would mess around a giant like the Woolworths - Truworths organisation.'

However, numerous complaints had been received by the Cape Town Chamber of Commerce from small businessmen who received late, reduced or — worse still — no supplies at all from certain manufacturers.

This reduced profits and prevented growth to meet the increased demand.

'The result is a strengthening of the chains and a weakening of the independent retailers — an alarming situation.'

Mr Krawitz, speaking to traders and clothing manufacturers at a Menswear Group meeting this week, said there was nobody to represent the thousands of independent retailers.

Mr Colin McCarthy, secretary of the Cape Clothing Manufacturers Association, said manufacturers would welcome the formation of a clothing retailers organisation.

'We would prefer to see it cover the whole spectrum of retailing, big as well as small.'

Record Ford sales point to SA's best month

RDM 17/10/81 (30)

By JOHN MULCAHY

CAR SALES almost certainly reached a record in September, with Ford establishing an industry record of 5 560 units in a month.

After hitting a record 27 384 units in July, car sales dipped in August to 23 649 units, and it appears the industry has not only recovered from the August hiccup, but surged ahead.

It seems likely that the September sales topped those for July, and passenger vehicles are headed for 300 000 this year. In 1980 sales were a record 277 058.

Assuming that 27 500 units were sold in September, output for the nine months totalled 224 536, and sales for the last three months of the year need to average 25 000 a month to break 300 000 for the year.

The average monthly sales figure for the first eight months of this year was 24 630, and there is every chance of increasing the average to 25 000.

Most manufacturers have for some time been unable to meet demand for new cars, and meeting the backlog alone has aided sales from month to month. This factor could influence sales well into 1982.

Some manufacturers have forecast sales of more than 270 000 next year, although retailer Mr Brian McCarthy, in his group's latest annual report, warned that sales could be substantially down in 1982, and the group expected for total industry sales of 250 000 passenger vehicles.

He forecast adverse influences on sales of durable goods from high interest rates, reduced liquidity among banks and financial institutions, as well as pending price increases.

In September, Ford broke Sigma's record — set in July last year — of 5 537 units, and sales were 23,3% higher than the 4 509 cars sold in August.

The high July sales were attributed partly to pre-Budget buying, with buying ahead of a possible increase in general sales tax. Purchases which would normally have gone through in August were made earlier.

Sigma sold 4 174 cars in September compared with 3 772 units in August, with sales of the new Mazda 323 front-wheel drive reaching 2 687 units.

A Sigma spokesman said the company had a good month, but the industry had an "excellent" month.

Official figures from the National Association of Automobile Manufacturers are expected early next week.

Ford's acting vehicle sales and marketing manager, Mr Keith Butler-Wheelhouse, said the sales improvement was spread over the Escort, Cortina and Granada ranges, the new Escort experiencing its best month with 2 680 units against 1 955 units in August.

Ford's total vehicle sales also reached a record in of 6 925, beating the previous best of 6 914, established in June 1978.

Mr Butler-Wheelhouse said Ford's truck sales were also substantially up in September, with sales of the Louisville range increasing by 60%.

Assocom: critical questions for PM

S. Times 18/10/81 (30)

ONE could hear the ideological palpitations rumbling "between the lines" at Assocom's annual congress in Durban this week.

By Stephen Orpen

However gentlemanly, and protected in bureaucratic flannel, this was a congress to remember. Most un-Assocom — and quite right, too....

Unfortunately, what should have been the central issue — *who* will *do* all the things now apparently necessary to secure the country's future — was not addressed.

Hopefully, it will loom large at the Prime Minister's summit on November 12.

An important if tacit objective at the congress was to prepare the ground for a collected and rational case from business at the Prime Minister's critical "Carlton Revisited" summit meeting next month.

Yet the clear message from key speakers — and the overall nervous system — at the 300-strong gathering was of sharp frustration, exasperation and unease. By contrast, the feeling about the business outlook itself was sanguine. OK Bazaar's managing director, Meyer Kahn, characterised the mood with predictions of slower growth next year but a gradual recovery thereafter — and little chance of the grievous downturn of the Seventies.

Likewise, in assessing Reaganomics, Professor Jan Lombard, special adviser to the Reserve Bank felt that, if given ample time, there were favourable odds that it might produce, as intended, a combination of price stability and rapid real growth in output.

"For South African business, the good news about the ascendancy of classical economic policies in Washington is that, in the somewhat longer run, these may lead to a renewed, rapid expansion of real demand for industrial inputs, to stable prices of capital goods imports and even to more stable international exchange rates for currencies."

(Of course, short-term, there could be slower growth in spending on goods traded internationally, relatively high real rates of interest, a strong dollar and a sluggish gold price.)

There was hope, too, in the extraordinary common sense, founded in years of hard work and painstaking forethought, from men like the Railways' Kobus Loubser, who provided a (proven) blueprint for the integration of blacks even in the most "diehard Afrikaner" organisations.

But the warnings in the opening address by usually restrained Chris Saunders, chairman of the Tongaat group and member of the PM's Economic Advisory Council, about the consequences should *business* (as opposed to Government) fail to hasten labour and social reforms (and should *Government* fail to keep pace politically) rocked delegates in their seats.

Equally, the cool appraisal by Professor Jan Lombard of the consequences of failure to redistribute the regional and racial concentration of wealth was all the more frightening because of its meticulous base.

Mr Saunders emphasised that the three key conditions for the break-up of a society, as defined by historian Toynbee, were now all present in South Africa:

- The secession and revolt of the internal proletariat (defence budget).
- The revolt of the external proletariat (United Nations, Organisation of African Unity, defence budget).

To Page 3

Assocom: some queries for PM

S. Times 18/10/81 (30)

From Page 1

- The revolt of the intelligentsia (De Lange Commission).

He lobbied frankly for acceptance of the imminent recommendations of the Buthelezi Commission, pointing out that "it is more than probable that even in Natal the black population is now close to an absolute majority".

"Whites living here must clearly understand and accept that they will have to choose between growth, with its in-built dynamic for social and political change, or artificial restrictions on growth to try to maintain the status quo."

Later, Professor Lombard quipped that Mr Saunders had largely represented the "Victorian English and Zulu" relationship — yet his most important message was in warning not to forget the Afrikaner imperative for survival.

Professor Lombard went on to note that the gross domestic product of the South African economy is now about R60 000-million and the total population 30-million, giving a per-capita figure of R2 000.

"In fact, however, this average disguises a very skew geographic distribution — with areas like Botswana, Lesotho and Swaziland averaging less than R500 per capita....

"On the other hand, in the highly industrialised Pretoria/Witwatersrand/Vereeniging area, the comparable figure would be around R3 500.

"In Natal, the per-capita income in the Durban metropolitan area is much more than 10 times higher than in KwaZulu..."

Thus the PWV area produces 40% of the income of the economy using only 26% of the economically active population.

An altogether new approach (as outlined in the report of the special committee for consolidation to the Government in July?) to decentralisation and homelands and independent island states was necessary at once if the drift to the PWV and Durban/Pinetown areas was not to become an avalanche — while areas like the Eastern Cape and northern Natal withered, said Professor Lombard.

Frasers has record 40% profit growth

S Times 18/10/81 (30) 70

By Andrew McNulty

FRASERS, the nationwide wholesale-retail group, has achieved a record-breaking 40% growth in profits in the year ending September.

Consolidated net taxed profits leapt to R10,5-million from R7,5-million the previous year.

The company operates 304 retail and 56 wholesale outlets.

Earnings a share — based on the weighted average of fully paid shares in issue during the year and adjusted for the October 1980 one-for-two capitalisation issue — rose to 73,4c from 52,4c.

The chairman, Donald Campbell, comments that the growth in profit is due less to higher turnover than an improved turnover mix and good expense control.

He attributes the better-quality turnover mainly to higher wages and to higher levels of employment.

These developments have resulted in increased amounts being sent by breadwinners working in larger centres to their families in the rural areas, where Frasers is well represented.

The improved turnover quality, he adds, was boosted by a boom in the conventional wholesale market and in much improved furniture and clothing profits.

It is encouraging to find that the bulk of the growth has been derived from existing outlets, with trading conditions over the past six months being very buoyant.

Mr Campbell says that indications are that the company is heading for its best Christmas season, although the continuing depressed state of the economies of some of South Africa's trading partners is certain to have an effect on the country's growth.

He says that an economic downturn can be expected in the early months of next year but an upswing could follow.

The final dividends for Frasers Ltd and for Frasers Consolidated (the pyramid company whose only asset is 50% of Frasers Ltd's issued share capital) will be declared soon. But Mr Campbell says the intention is that dividends for both should equate effectively to net earnings.

Business whites get an 'open city' call

STAR 19/10/81 (30)

By Yussuf Nazeer

Top white businessmen, meeting the Prime Minister next month, must make a concerted effort to get the Government to scrap racial discrimination and allow the black professional sector to occupy offices in the city, a leading Indian company director who has been invited by the Pemier to the business summit, says.

Mr Ebrahim Kharsany, managing director of the Corporate Group, crammed into limited premises in overcrowded Fordsburg, Johannesburg, has been trying for several years to get larger offices in the central business district.

His applications to the Department of Community Development — the latest at Cabinet level — have been unsuccessful. The Group Areas Act, says Mr Kharsany, stands in his way and that of scores of other Indian, African and coloured business and professional men.

Fordsburg had only two limited centres for offices — the Oriental Plaza and the AEL Centre — which were fully occupied with no space for expansion.

Scores of other professional men were in shabby, make-shift premises in the area. Some were forced to operate from their homes under frustrating conditions, Mr Kharsany said.

He said the situation was intolerable and disgraceful, especially where impressions were given that free enterprise in this country was open to all enterprising businessmen.

The Premier has invited Mr Kharsany along with other leading businessmen, industrialists, financiers and free enterprise developers to a business summit in Cape Town on November 12 for follow-up talks to the 1979 Carlton business conference.

The PM told Mr Kharsany in his invitation that this business get-together would, among other things, "reflect on the progress of the past two years" with a view to planning "further for the future of our country."

Mr Kharsany said he hoped this planning would consider the setbacks and frustrations being experienced by the black enterprise sector due to the colour bar laws.

FUTURE

It would be ironic, he added, for black businessmen to plan along with the Government "further for the future of our country" if racial discrimination continued to operate against the black business and professional sector.

He spoke of the "ridiculous situation" currently prevailing in the central business district.

"While Indian, coloured and African professional and the business men cannot freely occupy blocks of offices in the CBD, hundreds of black professional and other commercially trained personnel are being employed by white companies to run their district and branch offices in white premises.

"Entire floors in white business city blocks are totally manned by blacks from managers down to the switchboard operator and reception and public relations girl," he said.

"If this is allowed to white companies, why can't black companies also operate freely?"

He said it was imperative that free trade be conducted without racial discrimination. He refused to conduct his business under a nominee situation or under false pretences.

Although top white businessmen had asked the Government to scrap the colour bar, he did not think a truly concerted effort was being made to urge the significance of this on the Government, Mr Kharsany said.

Home buying scheme launched

(30) RDM 20.10.87

A "BUY at Home Campaign" organised by the Katlehong Chamber of Commerce to sell cheaper goods to consumers will be introduced in two weeks.

Mail Reporter

Customers will also be able to dial a number for speedy orders and deliveries.

Manufacturers, wholesalers, the National African Federated Chamber of Commerce (Nafcoc) and township residents have pledged their support for the campaign.

Mr Moleke Namane, chairman of the Katlehong Chamber of Commerce, said yesterday: "For three successive years traders in our area have been selling books to scholars at rock-bottom prices.

"This time we are taking a bigger plunge by introducing the buy-at-home campaign and the aim is to bring food and other products to the consumer's doorstep at low costs.

"The consumer will benefit a lot from the campaign because there will be no travelling to do.

"Customers will also be able to place orders by telephone and in cases where large quantities have been ordered deliveries will be made."

The campaign will start on October 27 and last until November 9.

Record Sept car sales

NOM 20/10/87

30

A RECORD 27 626 new cars were sold in SA in September, beating the previous monthly best of 27 384 set in July.

Sales in September were up 4,3% over last year's September figure of 26 490, according to figures from Naamsa in Port Elizabeth and Sigma in Pretoria.

Sales for the first nine months this year at 224 662 are up by 10,7% on last year's January to September figure of 202 987.

Commercial vehicle sales are maintaining their strength, showing a month-on-month increase of 16,7% — 12 364 in September last year and 14 424 last month. The increase for nine months is 20,6% — from 93 568 to 112 830.

Ford retained overall the lead in car sales with 5 560, followed by Toyota (5 091), Sigma (4 174) and Volkswagen (4 160).

VW's Golf-Jetta range sold 3 084 units, followed by Toyota's Corolla (2 832), Sigma's Mazda 323 (2 687) and Ford's Escort (2 680) and Cortina (2 383).

Toyota kept at the top in commercial vehicles with 4 131, followed by Datsun (3 597) and General Motors (2 063).

In the combined car and commercial field, Toyota was not far short of 10 000 with sales of 9 222. Then came Ford (6 925) and Datsun (5 995). — Sapa.

Black group to occupy offices in CBD

Star 22/10/81 ~~243~~ 30

Mr Sam Motsuenyane, president of Nafcoc, and business tycoon, has obtained Government permission to open offices in the heart of Johannesburg.

By Yussuf Nazeer

The Government has given a black business group permission to occupy white premises in the heart of Johannesburg's central business district.

This go-ahead decision from the State for the National African Federated Chambers of Commerce (Nafcoc) to move out of Ga-Rankuwa, north of Pretoria, on to the 25th floor of Sanlam's Kine Centre opposite the Carlton Centre, Johannesburg, has been hailed by the Central Business District Association.

"This is a right move by the Government in the right direction," said CBDA's chairman, Mr Nigel Mandy, who was largely instrumental in making the successful application — the second after the first was turned down — on behalf of Nafcoc.

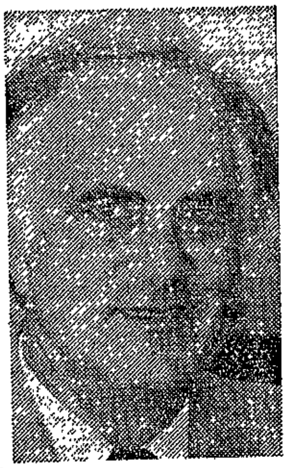
Nafcoc's president, Mr Sam Motsuenyane, who is also chairman of the African Bank, and a member of the Urban Foundation, said he was pleased the Group Areas Board had abandoned its initial stand.

Nafcoc's initial application to be allowed to take up offices in the centre of Pretoria was flatly rejected by the Government.

Nafcoc is based in the Pretoria district. Its large staff live in Ga-Rankua. Commuting daily to Johannesburg is going to provide some problems initially, a Nafcoc spokesman said.

When CBDA's first application on behalf of Nafcoc for premises in Johannesburg was turned down, an Indian company in Fordsburg offered Nafcoc part of its offices.

Mr Mandy said he saw the permit system for black business enterprise at this stage as an interim trading measure. The CBDA, he added, did not favour the permit system, nor discrimination on the grounds of race or colour.



Mr Nigel Mandy helped a black businessman get his city offices.

Mr Motsuenyane is one of the top businessmen who has been invited by the Prime Minister, Mr Botha, to his business summit in Cape Town on November 12.

Mr Motsuenyane said he declined the invitation as he would be away on business.

He moves into his Kine Centre offices at the end of this month. The rent, he said, would be more than R2 000 a month.

30

BRADLOWS 30 08

Higher retentions

FM 23/10/81

Activities: *Furniture dealer with 50 outlets nationwide, three stores in Zimbabwe and two men's clothing stores in Durban. Controlled by Bradlow Investments, which is jointly held by the Bradlow family and W & A. Great Universal Stores (UK) holds 30%.*

Chairman: *E P Bradlow; managing director: G R Baker.*

Capital structure: *1,7m ordinaries of 40c; 100 000 6% cum prefs of R2; and 100 000 'A' cum prefs of R2. Market capitalisation: R6,8m.*

Financial: *Year to June 30, 1981. Borrowings: long- and medium-term, R4,5m; net short-term, R1,1m. Debt:equity ratio: 47,9%. Current ratio: 2,5. Group cash flow: R2,7m.*

Share market: *Price: 400c (1980-81: high, 540c, low, 275c; trading volume last quarter, 300 shares). Yields: 39,2% on earnings; 8% on dividend. Cover: 4,9 PE ratio: 2,6.*

	†'78	*'79	'80	'81
Return on cap (%)	12,1	15,6	19,4	23 6
Turnover (Rm)	21 0	25 9	33 1	42 9
Pre-tax profit (Rm)	1 1	2 6	3 0	4 5
Gross margin (%)	8,0	10,1	10,3	11 9
Earnings (c)	34,1	66,4	99,5	156,7
Dividends (c)	12,5	15	27	32
Net asset value (c)	464	534	606	729

* Annualised † 12 months to end-February

Bradlows' performance over the past two years predictably has followed the upturn in the highly cyclical furniture industry. How much of the improvement is due to the revamp of management in 1980 is hard to say. The directors' report is of little help in this regard, providing scant information other than a repetition of the results.

Nevertheless, the company obviously benefited from the higher volume of consumer spending. Turnover rose to a record R42,9m (R33,1m), accompanied by a 52,4% pre-tax profit advance to R4,5m (R3,0m). That resulted in a widening in gross margins to 11,9%, against 10,3% previously. In addition, increased stock turn — 8,4 times compared with 7,5 times in financial 1980 — together with the increase in sales helped to boost taxed attributable profit 59% to R2,6m (R1,6m).

There are indications, however, that the higher sales placed a strain on finances. The 21,6% increase in debtors from R19,9m to R24,2m suggests that much of the expansion in sales was self-financed. This is a trend which has been running for some time and the pressure on financial resources appears to be making itself felt.

Although the directors do not quantify capital or lease commitments, several new stores are due to be opened during the coming months and there are plans for refurbishing a number of existing outlets. Funds for the expansion will have to come from internal resources, they add. After an increase in borrowings last year from R4,8m to R6,1m, the group's ability to gear up further is likely to be limited by the 30% holding of UK-based Great Universal Stores.

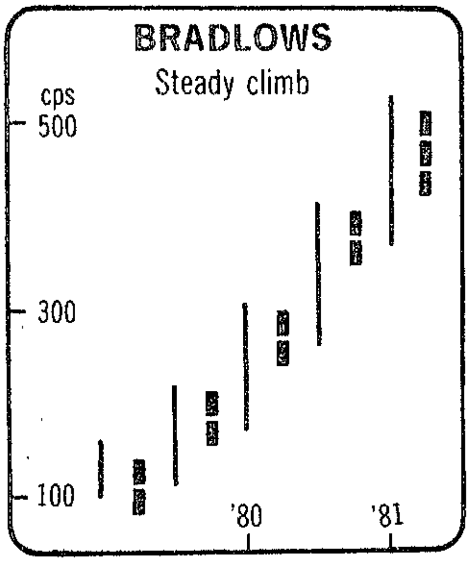
Bradlows . . . new outlets to be internally financed

The need for higher retentions is reflected in the increase in dividend cover from 3,7 times to 4,9 times. This boosted group cash flow to R2,7m (R1,7m), but it also meant that dividend growth fell far short of the earnings improvement.

Dividends increased from 27c to 32c last year — an 18,5% improvement and only marginally ahead of the current inflation rate. The directors say the outlook is "a little uncertain at present," but the general expectation is for a downturn in consumer demand during the coming months. That should help the debtors book, but the stock position seems fairly high — 31,3% up on the previous year at R6,7m (R5,1m) — in view of the directors' uncertainty.

At 400c, the share is 60c below its level of a year ago and yields an historic 8% on dividend. This is very close to the average sector yield and lower than shares like Amrel and Afcol. That is somewhat surprising in view of the share's poor marketability.

Chris Wilson



(30) FM 23/10/81

SEPTEMBER CAR SALES

	1981 Sept	% of Market	1981 Jan to Sept	% of Market	1980 Jan to Sept	% of Market
Ford	5 560	20,13	36 412	16,21	30 164	14,86
Toyota	5 091	18,43	32 289	14,37	20 056	9,88
Sigma	4 174	15,11	38 568	17,17	42 136	20,76
VW	4 160	15,06	40 340	17,96	41 115	20,26
GM	2 629	9,52	24 812	11,04	19 424	9,57
Datsun	2 398	8,68	23 325	10,38	22 627	11,15
BMW	1 231	4,46	10 163	4,52	8 093	3,99
UÇDD	1 150	4,16	8 097	3,60	6 886	3,39
Alfa	636	2,30	6 225	2,78	9 299	4,58
Leyland	579	2,10	4 175	1,86	3 127	1,54
Other	18	0,07	226	0,10	60	0,03

September total .... 27 626 (4,29% up on 26 490 last year)
Jan-Sept total .... 224 662 (10,68% up on 202 987 last year)
August total 23 649

COMMERCIALS

	1981 Sept	% of Market	1981 Jan to Sept	% of Market	1980 Jan to Sept	% of Market
Toyota	4 131	28,64	34 061	30,19	24 845	26,55
Datsun	3 597	24,94	26 605	23,58	24 496	26,18
GM	2 063	14,30	13 681	12,13	11 440	12,23
Ford	1 365	9,46	12 351	10,95	12 911	13,80
Sigma	1 175	8,15	9 261	8,21	6 612	7,07
VW	710	4,92	5 631	4,99	4 136	4,42
UCDD	444	3,08	4 389	3,89	3 219	3,44
Leyland	381	2,64	2 575	2,28	2 770	2,96
Alfa	202	1,40	1 458	1,29	1 077	1,15
Int Harvester	114	0,79	791	0,70	558	0,60
MAN	107	0,74	835	0,74	537	0,57
Vetsak	42	0,29	367	0,33	136	0,15
Oskosh	24	0,17	227	0,20	287	0,31
ERF	35	0,24	226	0,20	139	0,15
Malcomes Scania	15	0,10	185	0,16	127	0,14
Fodens	12	0,08	97	0,09	125	0,13
Magirus Deutz	7	0,05	74	0,07	130	0,14
VSA	—	—	16	0,01	23	0,03

September .... 14 424 (16,66% up on 12 364 last year)
Jan-Sept total .... 112 830 (20,59% up on 93 568 last year)
August total 13 807

CAR MARKET FM 23/10/81

Still no crash

(30)

Several major car suppliers are expected to increase prices by up to 5% next month.

Both Volkswagen and General Motors have confirmed that price hikes are likely in November. Volkswagen estimates a 5% increase and GM considers 2%-5% possible.

Ford won't confirm or deny trade talk that 5% will be added to the new Escort range before December. Ford raised the price of its Cortina range by about 8% in October.

If Escorts go up next month, it will be the second increase since the range was launched in April.

Datsun adjusted upward by about 3% in October and Toyota by about 4% in September. Apart from a possible further rise in one Toyota model, prices of both ranges should be pegged at least until year-end. Alfa, BMW and Mercedes have also increased prices recently.

According to manufacturers, major factors influencing prices have been unfavourable foreign exchange rates and wage pressures.

Buyers, however, seem undeterred. A new record of 27 626 sales was recorded in September. The previous monthly record was 27 384 (July).

Small-to-medium cars dominated the market, with VW's Golf-Jetta range topping the list with 3 084 units. The Toyota Corolla (2 832), Mazda 323 (2 687), Escort (2 680) and Cortina (2 383) followed close behind.

Toyota took the lion's share of the upper range by selling 1 621 Cressidas.

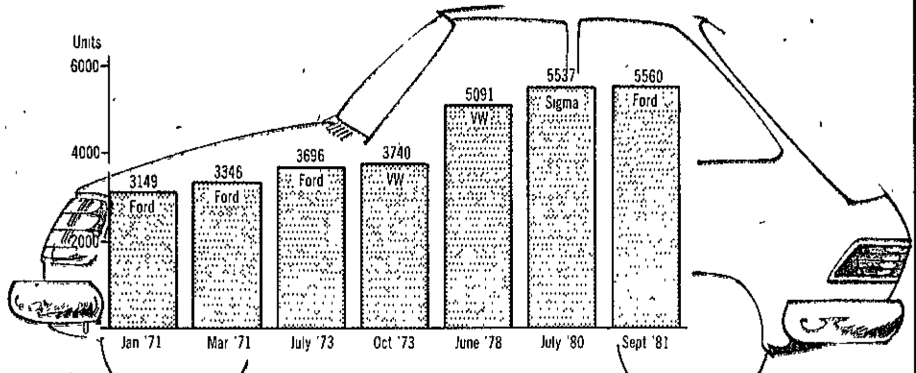
Toyota MD Colin Adcock says sales of the Cressida have outstripped his wildest dreams. It's the second consecutive success for Adcock, who says Toyota's Corolla, launched a year ago, is in short supply.

Delivery time on the two cars varies from five weeks to seven months. Adcock says customers grumble a little but are prepared to pay deposits and wait.

He attributes the Cressida's popularity to its "winning" style and notes that the Corolla is now one of the few rear-wheel drive small cars on the market. The simplicity of building a rear-wheel drive car gives Toyota a price advantage, he says, even though the Corolla is bigger than most small cars.

PASSENGER CARS: MONTHLY SALES RECORDS

1971 — SEPTEMBER 1981



Source. NAAMSA and MIF (via Naamsa)

Sigma launched its new Mazda in September and some dealers are still selling off old stock. So public acceptance of the new version will probably be better reflected in October figures. A Sigma spokesman says the company is delighted with the response by bulk buyers — fleet owners and government agencies.

With sales continuing to rise, car manufacturers now believe that 1981 sales could touch the 300 000 mark — even higher than the 285 000 predicted earlier this year.

PW's politically paralysed, say black leaders

30

RDM 24.10.81

THE Prime Minister Mr PW Botha was politically paralysed and unable to initiate reforms which would satisfy the country's business community.

By GERALD REILLY

This was the view yesterday of leading black politicians and businessmen on the summit meeting of business leaders and the Prime Minister in Cape Town on November 12.

The leader of the Labour Party, Rev Alan Hendrickse, said businessmen were finding out what black politicians had found out years ago — that National Party rhetoric on reform seldom if ever followed through into action. "This meeting in Cape Town will serve no purpose".

Mr Hendrickse said reform in South Africa was irretrievably bogged down. The Prime Minister was using the President's Council as a crutch to delay making decisions vital to the future of South Africa.

If the President's Council did recommend significant movement away from discrimination it had to go to the party congresses for approval.

"And we know what would happen in the Transvaal and Free State if any effort were made to remove the institutionalised political, economic and social protection enjoyed by whites," he added.

The chairman of the African Bank and of the National African Chambers of Commerce, Mr Sam Motsuenyane, said the expectations aroused at last year's Carlton summit, and other expectations, could not be realised within the framework of present Government policies.

White businessmen agreed. One said some of the minor changes made are seen by the Right as "bloody revolution" and by the Left and Centre as ineffectual cosmetic adjustments.

Housing

The private sector was being asked to participate in solving the crucial black housing problem.

"But there is no land for expansion in the urban areas. The Land Act of 1936 stands squarely in the way of eliminating this major grievance and source of dissatisfaction and unrest."

"Businesmen have become despondent about the possibilities of change," he said.

The PFP's finance spokesman, Mr Harry Schwartz, said the Government should open all metropolitan Central Business Districts for trade to all races, and deal with economic decentralisation with "good sense" instead of bringing in politics or ideology.

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PLEASE CIRCLE ITEMS REQUIRED

Truck sales jump

RDM 26/10/81

30

30.

COMMERCIAL vehicle sales had leapt 30% in the past three months as buyers tried to pre-empt big price increases expected next year, said the chairman of the McCarthy Group, Mr Brian McCarthy, in Durban.

Mr McCarthy told shareholders at the annual meeting that the jump in heavy vehicle sales could be attributed to predictions that prices would rise sharply next year after it became obligatory to fit such vehicles with ADE engines.

The increase in lighter commercial vehicle sales was caused by expectations of price increases arising from the implementation of the 66% local content programme.

Mr Mc Carthy said that in the three months sales of cars had increased 4% over figures for the same period last year.

However, motorcycle sales had shown a 25% decrease and current prices were static and regarded as unrealistic. It was expected that prices would rise sharply in four to five months' time.

In 1982 car sales were likely to drop 12,5%, commercial vehicles 20% and motorcycles 25%. — Sapa.

All traders unite

TRADERS should unite and build modern shopping centres and "forget about individualism and greed", said Mr M Peta, deputy president of the Atteridgeville/Saulsville Chamber of Commerce and Industries (Ascoci).

Speaking at the local traders' meeting last week Mr Peta urged the businessmen to stand up and build themselves and do business the correct way. The meeting was attended by more than 20 traders.

He called on the local traders to secure loans from the Small Business Development Corporation (SBDC) in an effort to help in building modern shopping centres where local residents could be adequately served.

"We struggle to make profitable business when there are private sectors which are not prepared to help us. This goal can only be achieved if we forget the old system of individualism and greed," Mr Peta said.

Mr Z Z Mashoa, president of Ascoci, announced that they would stage a fund-raising dinner at the Boulevard Hotel, Pretoria, on November 7, as from 8 pm.

The aim, he said, was to allocate bursaries to the stranded local students in post-primary schools and to assist the Zodwa Day Care and training centre for mentally-retarded children.

"There are about 70 mentally-retarded children cared for by women, some of whom do not even get paid for their services. The community centre needs money and we should identify ourselves with the community," said Mr Mashoa.

Mr Sam Motsuenyane, president of Nafcoc and guest speaker at the fund-raising ceremony, will also present marketing and basic book-keeping course certificates to 23 traders who completed the course in August.

The tickets, sold at R12 per person, are obtainable from Mr L Moraka, Atteridgeville Market, Komane Street, Mrs J Mawela, cor. Sehloho and Komane Streets, Mr Mashoa, cor. Seeso and Maraba Streets, and Mr Peta, cor. Maunde and Sekhu Streets.

NAFCOC: Sam Motsuenyane guest speaker.

Nafcoc chief warns on survival

RDM 27.11.81

By SUE DALLAS

CAPITALISM would never survive where the majority of the population were forced to live as South Africa's blacks had to live.

That warning came from Mr Samuel Motsuenyane, president of the National African Federated Chambers of Commerce (Nafcoc), speaking at a building industry congress in East London yesterday.

Mr Motsuenyane described the way blacks lived as "without basic rights and under intolerable conditions of poverty and dependancy".

He spoke in favour of allowing freehold land rights to blacks in urban areas and said that despite 99-year-leaseholds, black businessmen would be unable to freely operate their own property companies until opportunities for blacks in the property market improved.

Mr Motsuenyane was speaking on the entry of black entrepreneurs into the construction industry.

He said the shortage of black businessmen was a result of no less than 900 laws which had excluded blacks from the economy.

He said the country's racial policies were the main cause of slow economic growth in South Africa's developing area and not entrepreneurial talent as many people believed.

Blacks' role

Until quite recently blacks had been legally barred from any role in the economy besides unskilled and semi-skilled jobs.

Recent Government and private sector attention to training blacks and allowing them to occupy management positions was "only in the face of the present acute shortage of skilled manpower".

The radical structural changes of the country's labour and economic policies proposed by the Wiehahn and Riekert commissions forced a choice between stagnation and sustained economic development.

Black education had failed to be technically oriented.

Quoting findings of a Ford Foundation commission in 1977, Mr Motsuenyane said the number of blacks who took exams as artisans had been 207 compared to 10 000 whites. These students emerged from six white colleges and two black colleges.

Of the total black work force 82% were semi-skilled or unskilled, 9% held clerical jobs and only 5% were skilled, 3% professional and 1% supervisory.

He said white technical colleges should be opened to blacks.

"A country faced with such a severe skilled manpower shortage as South Africa cannot really afford the luxury, nor even justify the failure, to optimise the use of its established educational and training institutions."

Reef responds to boycott call

Star 28/10/81

30

By Drew Forrest

About 1 000 traders in the Pretoria - Witwatersrand-Vereeniging area agreed recently not to stock Wilson-Rowntree products — indicating that the consumer boycott of the East London sweet company is spreading.

African traders in the Transvaal were not fully drawn into the Fattis and Monis dispute two years ago and their response to the boycott call is a novel development.

It is bound to strengthen demands for Wilson-Rowntree's recognition of the SA Allied Workers Union (SAAWU) and the reinstatement of 500 workers dismissed after going on strike in February this year.

The president of the Soweto Chamber of Commerce and Industries, Mr Vela Kraai, said yesterday that there had been "a good response" to the boycott call.

He estimated that at least 500 Soweto traders had committed themselves to not renewing Wilson-Rowntree stocks.

Earlier this month the Atteridgeville - Saulsville Chamber of Commerce, representing about 100 traders; the Mamelodi Traders Association and the 200-strong Katlehong Traders Association promised to support the boycott.

A spokesman for the Transvaal Wilson-Rowntree Workers' Support Committee said that several traders in Sebokeng and Evaton, near Vereeniging, and in Mabopane, near Pretoria, had also thrown their weight behind the boycott campaign.

The campaign would "be intensified" in the coming weeks, he said, prime targets being traders in Alexandra and on the East Rand.

He revealed that expressions of support had been received from the British Bakers, Food and Allied Workers Union and from the Dutch Anti-Apartheid Movement.

Attempts to contact the company's management for comment on the effectiveness of the boycott failed yesterday. The Star was told that the only Wilson-Rowntree executives in a position to comment were overseas.

NDH's first drop in five years

30

RDM 30/10/81

By HAROLD FRIDJHON

AFTER five years of rising profits, the NDH Group which owns the National Discount House showed a lower disclosed profit for the year to September 1981. It dropped by 42,5% from R2 921 000 to R1 681 000.

Earnings a share were 12,5c against 21,8c, but the dividend has been maintained at 12c a share.

In his chairman's statement, Mr Derek Keys says that this result accurately reflects the most difficult year yet experienced in the South African money market as interest rates rose at a speed and to an extent hitherto unknown.

"Profits of a discount house are inherently cyclical. Falling rates of interest generate additional profits in a good year and the converse will result in years of poorer profitability. By all standards of the past 20 years, the year under review represents an extreme example of the adverse section of this cycle."

This is the first year for a considerable period that NDH starts without a substantially enlarged capital base. This should not inhibit growth. If further capital is required, NDH is well placed to mobilise it.

Two years ago R2-million was mobilised from internal resources and the group still has a large sum in unappropriated profit which can be committed if needed.

The present composition of the asset portfolio is "super-short" which reflects the group's continuing uncertainty as to the stage reached in the upward movement of interest rates.

"This uncertainty relates not so much to the diagnosis of the state of the economy as to the philosophy likely to govern the actions of the authorities.

"We do not know how much the new monetarism is expected to accomplish nor at which points, once it is effective, its effects will be moderated.

"Overseas markets have shown us during the last decade that there is a learning process involved in switching to this way of controlling an economy, and that it is to be measured in years rather than months.

"During this period term-commitments can very quickly look ill-judged: we have opted to keep it simple and stay short."

Margins on all assets improved last year, the biggest improvement being in bank acceptances where the continuing supply on the part of issuers at times drove discount rates close to prime overdraft levels with the result that the cost of acceptance finance was for a short time above prime overdraft rate.

"This (bank acceptance) rate is probably the closest to a truly free rate in the economy since the discount market has so far been able to avoid rationing the regular inflow of bills requiring discount."

Mr Keys pays tribute to the monetary authorities who have gone out of their way to ease adjustments to the new situations of the past year. They kept the market functioning and "we have never been better informed of their intentions and conclusions".

2

WORLD (30) FM 30/10/81

Taking in stores

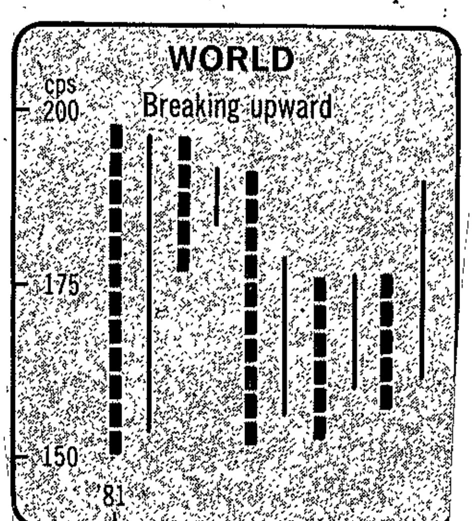
Activities: *Retail furniture chain operating 97 stores in the black market. Also owns the 8-store Jazz supermarket chain. W & A owns 56% of the equity.*
Chairman: *R Swidler; managing director: H Rose.*
Capital structure: *5,7m ordinaries of 50c. Market capitalisation: R11,7m.*
Financial: *Year to June 30 1981. Borrowings: long- and medium-term, R12m; net short-term, R3,3m. Debt:equity ratio: 73,6%. Current ratio: 2,2. Group cash flow: R2,7m.*
Share market: *Price 205c (1980-81: high, 210c; low, 120c; trading volume last quarter, 34 000 shares). Yields: 21,9% on earnings; 4,9% on dividend. Cover: 4,5. PE ratio: 4,6.*

	'78	'79	'80	'81
Return on cap (%)	16,8	18,2	18,7	13,8
Turnover (Rm)	16,7	18,9	24,8	44,2
Pre-tax profit (Rm)	1,9	2,3	2,9	4,0
Gross margin (%)	15,3	16,8	14,9	12,6
Earnings (c)	21,2	25,2	32,3	44,8
Dividends (c)	6,5	7,25	8,25	10,0
Net asset value (c)	100	117	141	172

Last year's retail boom and the acquisition of 39 furniture stores which Trust Bank had inherited from Trump benefited World enormously. Turnover grew 78,2% to R44,2m, while pre-tax profit advanced 37,9% to R4m. Perhaps most importantly the buoyant trading period allowed the consolidation of the new outlets for only seven months without critically harming asset returns.

Like Ellerine, World has not been on the list of high asset yielders. A return on capital employed of under 19% in the past four years is hardly good. But had it not been for the consolidation of the new outlets, it is a fair bet 1981's yield would have been over 20%, as happened in the case of Ellerine.

The acquisition of the Trump stores also means the end-June accounts do not accurately represent the financial state of World. The R16,5m (R2,7m) total borrowings includes a R9,2m interest-free portion of a R12.7m loan made by Trust to fund the acquisition. So the 74% (34%) debt:equity ratio may be expected to ease over the next year or so. The level of debtors — R42.7m (R24,8m) — can be expected to fall relative to turnover when 12 months' trading statistics are included for the acquired outlets. The same is true of the R5,1m (R1,6m) stocks.



Chairman Ruben Swidler takes a view contrary to many of his retail competitors. Despite the changed credit sale regulations and higher interest rates, he expects World to produce further profit growth. The basis for this confidence is the rising standard of living of World's black customers, expanding electrification of black urban areas and the start of TV2. These should generate greater sales volume while World also plans new outlets and expanded product ranges in the furniture and Jazz supermarket chains.

In the past week, World shares have been fairly popular on the JSE, rising from 180c to 205c. At this level the shares yield an historic 4,9%, which compares with a 7,6% sector average. Whether the company can justify such a premier rating remains to be seen, but a higher dividend is certainly on the cards this year.

Des Kilalea

Sweet' n sour as traders join boycott

Star 31/10/87

182 188 881 1404 1882 30

By Tony Davis
Labour Reporter

The Wilson-Rowntree dispute has been going on for nine months and shows no sign of abating as the boycott campaign spreads in the Transvaal.

An estimated 1 000 traders in the PWV area have agreed not to sell Wilson-Rowntree products in response to the growing boycott campaign.

In Soweto alone about 500 shopkeepers have agreed not to renew their stocks of sweets from Wilson-Rowntree.

A benefit concert for dismissed Wilson-Rowntree workers was held recently at the University of the Witwatersrand.

But the cause of the actual dispute that eventually sparked the boycott campaign in May is not generally known.

Early in February three workers at the Wilson-Rowntree plant in East London were dismissed after they refused to repair machinery, a job they claimed they were not trained to do.

Ninety workers downed tools and demanded that their colleagues be reinstated. They too were dismissed after management said they had "dismissed themselves" for refusing to do work.

The dispute then began to snowball as more and more workers at the plant downed tools and demanded reinstatement of their dismissed colleagues.

About 500 workers were dismissed over the month of February.

The South African Allied Workers Union (Saawu), which represented a number of the workers, failed in trying to bring management to negotiations and in early March the union telexed the parent firm — Rowntree-MacIntosh — protesting against the dismissals.

However, the protest was unsuccessful and Saawu asked British unions to lend support and put pressure on the parent company.

The dispute also saw violence as police dispersed sacked workers who gathered in front of the factory gates. Some people appeared in court on charges of assaulting other workers.

Both Mr Donald Baroon, chairman of Rowntree-MacIntosh, and Mr Steve Scheepers, of the Sweet Workers Union at the factory, blamed Saawu for the unrest.

VIOLENCE

In March Saawu announced the start of the nationwide boycott campaign and Wilson-Rowntree executives flew to London to discuss the dispute with their superiors.

In response to claims that Saawu was guilty of intimidation of workers and other forms of violence, the union's general secretary, Mr Sam Kikine, said Saawu believed in consultation and not violence.

He blamed management for being unwilling to hold talks with Saawu.

Boycotts are certainly not new to the townships — from the red meat boycott in the Cape, the bus boycott in Lebowa and the nationwide Fatti and Moni boycott campaign — and organisers of the Wilson-Rowntree boycott see a sweets boycott as an easier campaign to initiate as sweets are not staple foods.

(81)

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OFFICE OF THE PRIME MINISTER

No. 2356. 13 November 1981.

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

No. 112 of 1981: Small Business Development Act, 1981.

KANTOOR VAN DIE EERSTE MINISTER

No. 2356. 13 November 1981.

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

No. 112 van 1981: Kleinsake-ontwikkelingswet, 1981.

More financial aid for small businesses

31·10·81 EVENING POST (30)

By KEITH ROSS

EAST LONDON — More financial help may soon be made available to start or expand small businesses in the Eastern Cape.

The managing director of the Small Business Development Corporation, Dr Ben Vosloo, said in East London this week that his organisation was considering expanding its activities in the region.

"Our services must be provided where they are needed most and this area deserves special attention in view of its unemployment figures," Dr Vosloo said

The Small Business Development Corporation was started in February as a result of the Prime Minister's Carlton conference.

It provides financial help and guidance to small businessmen of all races.

"We will soon incorporate the Coloured and Indian Development Corporations, and we are expanding our offices in Port Elizabeth to cope with the increased flow of work," Dr Vosloo said

"It is possible Port Elizabeth will soon become a regional office There is enough work in this area to warrant it."

He said towns and cities could expect an increasing flow of blacks in their areas as the economy developed.

"Urbanisation is an uncontrollable part of economic development We must expect it with industrialisation

"On the other side of the coin, we will see the depopulation of the country areas with a tendency toward economic stagnation"

Dr Vosloo said the development of small businesses could help to provide jobs in the cities and slow the progress of depopulation in the country areas

"The small entrepreneur gives the natural form of business enterprise to the sparsely populated areas," he said.

"He can more easily adjust to the specific local needs and thereby achieve a better distribution of economic activities"

He said it was the corporation's aim to help people to get into business and stay there as a viable enterprise.

"But when we consider helping a business we must take account of the contribution it will make to the welfare of the community."

RETAIL CHIEF HITS AT LATE DELIVERIES

Argus 14/11/81

By TOM HOOD

30

TOP executives of garment, textile and footwear manufacturing companies were given a tongue-lashing by Mr Adrian Bellamy, managing director of the giant Edgars Stores group, in Cape Town this week.

He came to present awards to some of the 49 suppliers who gave Edgars 'distinguished service' in the past year.

But he also complained of late deliveries of merchandise. On average one out of every three orders was seriously late, he said.

'I am a frequent visitor to America and Europe and I can categorically say that the delivery performance we have been forced to accept over the past 18 to 24 months is seriously deficient by international standards.'

HIGH LEVELS

He accepted that the clothing, footwear and textile industries faced exceptionally high levels of demand. But so had many other sections of the economy and they had generally responded well to that challenge.

'We must share some of the blame for the problem. There are, however, a sufficient number of firms that are performing in an exemplary fashion with deliveries that I must suggest those with a tarnished record should first look at the quality of their own management for a solution.'

MR A D P BELLAMY, managing director of Edgars Stores.

He said Edgars was essentially in partnership with its suppliers. The group's professional divisions could help suppliers in matters such as quality assurance, industrial relations, data processing and organisation structure.

FOREIGN MARKETS

Edgars' policy was always to buy South African, except where South Africa could not provide.

'Over the past 18 months we have been forced into foreign markets because of the non-availability of local merchandise. Frankly, faced with your delivery record we had no alternative.

'The solution to our future success in textiles, clothing, footwear and the associated retailing is effective management, not import permits or draconian duties.

'It is indefensible for any industry with such a record to be simultaneously launching a public programme for protection. How much more satisfactory, surely, to put these enormous efforts into an improved performance.'

● Complaints like Mr Bellamy's will be discussed next week at the National Clothing Federation convention in Sun City, the president, Mr Simon Jocum, said in Cape Town.

'Retailers and many others will attend and we want to investigate the extent of these delays.

'South Africa has 1 150 clothing factories and each one claims his deliveries were on time. Obviously, some are better than others and we are concerned at statements like this.'

(30) FM 20/11/81

Sparkling Christmas prospects

Business activity is declining and prices are going up. So prophets of gloom are not hard to find. But the nation's shopkeepers are not among them. They eagerly anticipate a 30% increase in turnover after a surge ahead this Christmas — or 15% if inflation is taken into account.

Last year saw sales gingering up during the year and leaping ahead over the Christmas season. Annual retail turnovers amounted to R3,6 billion. This year the equivalent figure is expected to be R4,6 billion or R4,1 billion at constant prices.

There are plenty of indications that demand is continuing to spiral upwards. Imports are at an historic peak and aggregate spending has for some months outstripped the value of domestic production. And the margin between the two shows no sign of reducing.

This is being financed partly by bank credit — which is still rising strongly, although not as fast as earlier in the year. The 50% increase in the money supply in the first quarter has been working through the financial system and will enable the banks to continue increasing lending relatively fast for some months yet.

There is always a lag before tighter monetary measures curb demand. So the reduction in the growth of the money supply, which is evident from rising interest rates, will only begin constraining demand materially after the festive season.

Consumers are also digging into savings. In fact, domestic savings have fallen from a peak of 33% of the value of domestic output in the third quarter of last year to 24% in the second quarter this year.

In addition, the level of investment in manufacturing capacity is continuing at a high rate. This ripples through the economy putting many more rands into consumer pockets before there is a commensurate increase in output.

Finally, there have been considerable wage increases this year, particularly to public servants. And the prospect of higher prices eroding the value of the rand is clearly sending consumers hot-foot to retail counters.

In fact, apart from odd dips during the year, retail buying has been largely sustained. Take, for example, car sales. They were thought to have peaked mid-year, but went on to record levels in September and remained very high during October.

Pick n Pay's Raymond Ackerman reports that for the four accounting weeks ending November 7, 41 of 58 P n P stores chalked up all-time record turnovers — beating Christmas last year and opening months. In September, 21 record figures were attained. The group, he says, is running about 30%-35% up on last year for the first six months and real growth could be 20%.

CNA, Clicks, Checkers and Hyperamas all report good early trading and expect strong Christmas buying with turnover figures up between 25%-30%.

Retailers around the country report that there is a greater emphasis on value for money than ever before. And if getting quality means paying more, there seems to be no hesitancy.

Assessments of what the money will be chasing are varied. Practical household goods appear to be high on the list, according to early credit applications.

Television game mainframes, at around R229 and cartridges priced from R30 upwards, are listed near the top of customer wants by nearly all retailers. Frank & Hirsch, distributors for Atari TV games, expect to double the number of units sold last year.

Black consumers' showing buying power

These are not the simple, quickly mastered, games that first appeared on the market. Atari now has a range which includes not only space games but top level stud poker and black jack. Other manufacturers have produced three dimensional games. Definitely fun for the whole family.

While TV games increase in popularity there is also a strong return to traditional, basic toys, but with the emphasis on quality products. Baby-like dolls, priced from about R15 upwards, which cry and wet and come with all accessories, and electric racing cars (R65 plus) remain ever-popular.

Television sales have been given a boost by several factors. Since the Post Office changed the licensing laws, more people are opting for a second set. There is also a growing renewal market and the approaching introduction of TV2/TV3 is beginning to influence demand (see *Business*).

Despite some doubt about the movement of the bigger white goods items, Dion Discount's Norman Cohen expects that they too will show good growth.

Ronnie Tanur, of Tanur Jewellers, says that by early November the company was way ahead of last year's turnover figures. Although these could have been slightly distorted by the large Skal congress in Johannesburg, Tanur believes jewellers are in for a good year.

Main reasons, he says, are the current "realistic" prices for gold bullion and diamonds. Although the company is carrying its usual lines, it has also stocked up on expensive items, like 18 carat gold watches. Tanur says he will be happy if in money terms he sees a 25%-30% turnover increase.

Tanur's sentiments are echoed by Katz & Lourie's Geoffrey Katz, who says rampant inflation is making people feel they want to give gifts of real value. Katz says popular items will be gold set with pavé diamonds — particularly bracelets, bangles and pendants.

"There are a lot of people who have made money and want to spend it while the going is good," he says. But, he stresses, the buying is very selective. Customers want to know the weight of diamonds and gold in the articles and are seeking value for money whether they spend R20 000 or R1 000. He adds that there could not be a better time to buy diamonds.

The food and beverage specialists are certainly not being left out. Solly Kramer's Andy Murray predicts that black purchasing strength will be even more evident this year.

Murray says current trends show a 20%-25% increase in black spending on liquor and believes this could rise even higher at Christmas. By comparison white market increases have been around 12%-15% this year.

Black spending, he says, now accounts for nearly 80% of malt beer sales and about 15%-20% of the natural wine market. Malt beer dominates the liquor market with about 41% of sales in money terms.

Norman Kramer, who sells to the "upstream set," is another who expects a bumper Christmas. Whisky is a popular gift, he says, and some companies are going for more expensive, exotic drinks like cognac. Kramer says there is definite evidence among all communities of trading up and expects at least 30% growth in monetary terms.

Like some other retailers he sees black buying power manifesting itself more than ever before this year.

Clearly it is not going to be an austere summer, although it may to some extent be an Indian one. The shopkeepers have, nevertheless, every reason to make hay now. For the policymakers in Pretoria are likely to see Christmas consumer euphoria as further evidence of an overheated economy. They can do nothing about that. To a large degree, it is the inevitable consequence of past events. But they are unlikely to be sanguine, and policy measures to check excessive demand can therefore not be far off.

DEVELOPMENT BANK

Birth pains

(30) FM 20/11/81

The proposed South African Development Bank, the financial cornerstone of Prime Minister PW Botha's concept of a constellation of southern African states, will not be opening its doors next April as planned.

Although this has not yet been officially acknowledged, informed sources say an April opening is out of the question. The PM hinted at this last week when he told businessman in Cape Town that the bank "has needed more time to take shape than was originally expected."

The underlying reasons for this were evaded by the PM last week, but a highly placed source in Pretoria says they concern the questions of international co-operation and multilateral control. These are seen by the architects of the scheme to be essential prerequisites for its success.

Both are fraught with difficulties, from both potential participators in the bank, and the rightwing in the National Party.

The concept of the bank has not succeeded in winning the support of any countries other then SA and her homeland satellites. The other southern African countries have combined to form the Southern African Development Co-ordination Conference which, under the leadership of Zimbabwe, aims specifically to counter SA's economic dominance in the region.

Now even the homelands are dragging their feet on the issue, largely for political reasons. Pretoria would like a guarantee from the homelands that they will accept independence as a precondition for full membership of the bank. Chief Gatsha Buthelezi's Kwazulu, which rejects independence outright, has already said it will have no part in the scheme under such conditions. In order to maintain their political credibility, the other homelands will also be seeking to ensure that they are seen as independent and equal partners in the project.

The bank would be a non-stanter without at least their full co-operation. They will be using this fact not only to give themselves greater leverage over the structure and functioning of the bank, but also to squeeze as good a deal as possible out of Pretoria in other areas.

Another problem plaguing the proposed bank is opposition from the rightwing in the National Party, who feel that control of a development bank must be in Pretoria's hands. The verkramptes fear that the "constellation of states" could be preparation for a confederation of states with limited power-sharing on matters of common interest. If the black states are to have an equal say in the running of the bank, they suspect this is another step towards joint decision making and ultimately power sharing.

A further factor which could be influencing the delay in the project is the financial position of the SA Government itself. The government has promised to invest R17m as an initial subscription to the capital of the bank — not a large sum given that the bank expects to embark on a lending programme of about R1 billion a year.

Pretoria, however, has undertaken to make standing appropriations from existing tax levies, probably from company and gold mining tax revenue, to account for 50%-60% of the bank's funds. But with predictions of a tough budget next year, can the government really afford to finance the bank to this extent?

Verligtes like Professor Jan Lombard, adviser to the Reserve Bank, want the bank to be financed through a standing appropriation, while the verkramptes would like to see finance alloted annually through parliament. Only the former option can give the bank the necessary independence from the SA Government, without which the co-operation of homeland governments and any other interested parties will be difficult to secure.

While Pretoria is keeping silent on its ideas for the bank, Jan Lombard has repeatedly spelt out that "a true development bank for southern Africa would have to be the creation of all or most of the economically important governments in the entire economic region" and that "the bank cannot be, or be seen to be, the extension of the administration of any particular government in the region."

Local and overseas business interested in the concept of the bank want clarity on precisely what role Pretoria envisages for itself in the running of the bank. While the private sector might welcome the security of de facto control of the bank by Pretoria, foreign business could find itself walking a political tightrope if it is seen to be investing in a direct appendage of Pretoria.

If the Development Bank is to fulfill the pivotal role envisaged for it in the financing of new decentralised growth points, the hesitancy and silence surrounding its gestation should be ended. Pretoria should make clear to business, both local and foreign, what it has in mind.

30 FM 20/11/81

OCTOBER CAR SALES

	1981 Oct	% of Market	1981 Jan to Oct	% of Market	1980 Jan to Oct	% of Market
Ford	5 221	19,06	41 633	16,52	34 227	14,96
Toyota	4 904	17,90	37 193	14,76	23 644	10,34
Sigma	3 973	14,50	42 541	16,88	45 851	20,04
VW	3 962	14,46	44 302	17,58	46 176	20,19
GM	3 428	12,51	28 240	11,20	22 102	9,66
Datsun	2 157	7,87	25 482	10,11	2 5981	11,36
UCDD	1 404	5,13	9 501	3,77	7 793	3,41
BMW	1 154	4,21	11 317	4,49	9 145	4,10
Alfa	649	2,37	6 904	2,74	10 215	4,47
Leyland	518	1,89	4 693	1,86	3 541	1,55
Other	24	0,09	250	0,10	74	0,03

October total .... 27 394 (6,34% up on 25 762 last year)
Jan-Oct total .... 252 056 (10,19% up on 228 749 last year)
Sept total 27 626

COMMERCIALS

	1981 Oct	% of Market	1981 Jan to Oct	% of Market	1980 Jan to Oct	% of Market
Toyota	3 955	26,97	38 016	29,82	28 472	26,76
Datsun	3 294	22,47	29 899	23,45	27 348	25,71
GM	2 296	15,66	15 977	12,53	13 185	12,39
Ford	1 352	9,22	13 703	10,75	14 608	13,73
Sigma	1 297	8,85	10 558	8,28	7 746	7,28
VW	1 057	7,21	6 688	5,25	4 799	4,51
UCDD	468	3,19	4 857	3,81	3 736	3,51
Leyland	274	1,87	2 849	2,24	2 976	2,80
Int Harvester	188	1,28	979	0,77	621	0,58
Alfa	166	1,13	1 624	1,27	1 148	1,08
MAN	128	0,87	963	0,76	640	0,60
Vetsak	71	0,48	438	0,34	162	0,15
ERF	38	0,26	264	0,21	159	0,15
Oshkosh	25	0,17	252	0,20	327	0,31
Malcomess-Scania	24	0,16	209	0,16	152	0,14
Fodens	17	0,12	114	0,09	138	0,13
Magirus-Deutz	11	0,08	85	0,07	146	0,14
VSA	1	0,01	17	0,01	23	0,02

Oct total .... 14 662 (14,39% up on 12 818 last year)
Jan-Oct total .... 127 492 (19,84% up on 106 386 last year)
Sept total 14 424

Retail giants set to swoop on the minnows

RDM 26/11/81 (30)

A MAJOR realignment of South African store groups' interests is likely as cash-flush predator companies flex their muscles for increased market share.

By PAUL DOLD

The stores sector on the Johannesburg Stock Exchange is mirroring negotiating activity as share prices rise sharply in tightly held stocks amid speculation about likely predator groups.

Share analysts predict that the number of retail groups will shrink after a rash of takeovers. They forecast that the major retail chains will swallow the minnows as they battle for a larger stake of the consumer's rand.

Although the consumer spending growth rate is expected to fall over the next 18 months, growth by acquisiton will enable the big groups to increase their earnings and dividends fairly substantially during consolidation in the economy. They will be well placed to net a far larger share of retail spending when the upturn occurs.

A major consideration for the groups will be the acquisition of management teams and middle management. A severe obstacle to expansion in the retail field is the shrinking number of retail specialists. The accent will be on small groups with reasonably strong management teams or companies which can be readily absorbed under the existing overhead structure.

Mr Raymond Ackerman's Pick 'n Pay is said to be gearing for the addition of a third chain to its hypermarkets and supermarkets. In addition the group is expected to announce its entry into Australia in a deal with an Australian company, Half Case.

Control problems were overcome with the formation of Pikwik and Mr Ackerman is priming Pick 'n Pay for a series of major deals. These will ensure the continued high growth of the group and safeguard its position.

Mr Ackerman heads the best retail food team in SA and analysts believe he is determined to add a third medium-sized chain to the operation.

With competition increasing in the food sector it would not be surprising if Pick 'n Pay chose to buy a non-food group.

One of the strongest performers in the stores sector recently has been the Cape's Grand Bazaars which is set to make a strong entry next year into the booming Transvaal market. Speculators believe Grandbaz is attractive to the major chains and a bid cannot be ruled out.

The approximate 36% of the equity in the hands of a mystery buyer who may recently have been topping up his stake has added to the interest in this stock.

Edgars is also widely tipped for a predator role. For some time Mr Adrian Bellamy has been keen to expand the group through acquisition. The market has been linking the group with the recovering John Orrs, but hints of any deal have met with a swift denial.

Pep Stores is being watched by analysts particularly because of its strong position in the black consumer market as well as its expanding Shoprite chain. The recent appointment of a new chairman has helped to feed speculation.

The Greatermans group, whose Checkers is showing tremendous growth, may also be close to a deal. Checkers is tackling one of the largest expansion programmes in its history. Analysts forecast that a deal — or several deals — giving the chain new key sites is feasible. They say Checkers cash flow is strong with the group enjoying record turnover and profits.

They believe that the chairman, Mr Issac Kaye, may decide to hive off the Ackermans group which has been sucessfully revamped by Mr Stewart Cohen to allow the maximum effort to be placed behind Checkers huge growth plans

Ackermans, which has been given a new look within a year, looks set to earn significant profits in the next upswing and must be an attractive proposition for groups wanting to diversify into home fashion and budget clothing.

Its Cape trading results have been most encouraging and after a slow start Transvaal sales are improving. Further increases are predicted as more of the stores are converted to the new look

The higher immediate returns from Checkers could influence Mr Kaye, but on the other hand Ackermans is poised for significant growth in the longer term and is well positioned in the mass middle market The group also has one of the best retail teams in SA.

Given access to prime sites there is little doubt that the existing retail concept of discount houseware and affordable fashion could prove highly profitable

FRASERS/FRASCON

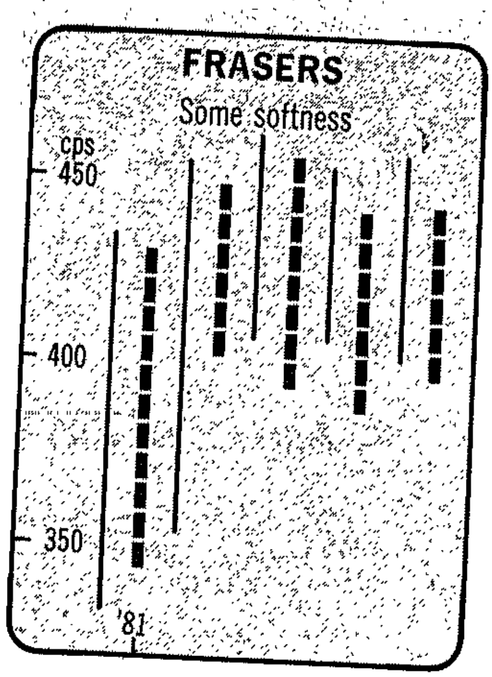
Outlet expansion

FM 27/11/81 30

Activities: *Distributor of soft goods, furniture and building materials through 361 outlets. Pyramid Frascon holds 50% of the equity and is in turn held more than 50% by the Fraser family and Tiger Oats.*
Chairman: *D G S Campbell.*
Capital structure: *14,4m ordinaries of R1. Market capitalisation: R61,9m.*
Financial: *Year to September 30 1981. Borrowings: long- and medium-term, R9,5m; net short-term, R37,9m. Debt: equity ratio: 91%. Current ratio: 1,4. Group cash flow: R11,8m. Capital commitments: R2,3m.*
Share market: *Price: 430c (1980-81: high, 460c; low, 290c; trading volume last quarter, 120 000 shares). Yields: 16,8% on earnings; 5,7% on dividend. Cover: 2,9. PE ratio: 6,0.*

	'78	'79	'80	'81
Return on cap (%)	19,8	16,4	18,4	20,6
Turnover (Rm)	138	162	205	245
Gross profit (Rm)	11,0	12,2	15,2	21,3
Gross margin (%)	7,9	7,5	7,7	8,7
Earnings (c)	36,0	41,0	52,8	72,2
Dividends (c)	12,5	14,0	17,3	24,5
Net asset value (c)	233	281	315	366

After a successful first-half performance, Frasers stepped up its earnings growth during the second half of the year, despite the tighter economic climate and the fact that most of the expansion in trading area came late in the year. While the new stores are expected to contribute to profit this year, chairman Donald Campbell says most of the improvement last year came from existing outlets.



Frasers' Campbell ... further expansion this year

In addition, the group's long-standing objective of improving the turnover mix finally met with some success, mainly because of the increased buying power of black consumers in rural areas. Frasers' mostly country-based business is insulated to some degree from economic downturns by the vast growth potential of its important black market. And general increases in wages have a marked effect on the results. While a levelling in consumer demand is generally expected towards the start of 1982, Frasers' directors are predicting one of the best ever Christmas seasons this year.

Gross margins improved from 7,7% previously to 8,7% last year. This is due, at least in part, to better expense control, which Campbell says was particularly evident in the furniture division. This was helped by decreased debtors reserve requirements which resulted in a 4% reduction in the expense to income ratio. Profitability in the clothing division continued to improve in both existing and newly opened outlets.

Despite the improvement in return on capital, the high cost of borrowings remains a source of concern to the directors. Campbell believes that measures to control inflation have come close to an "overkill" situation and points out that interest payments could cost the company an additional R1,7m this year.

Nevertheless, the group intends to follow its policy of increasing retail trading areas during cyclical downturns and is planning 31 new outlets for the current year to bring the total close to 400. With borrowings totalling some R48,3m and a debt:equity ratio of 91% (77%), the high debt profile leaves the group uncomfortably vulnerable to further increases in interest rates. While the current R2,3m capital commitments figure should not place undue strain on finances, it is possible that the group will increase the level of retentions this year in an attempt to cut down on outside borrowings.

The 15c final dividend brings the total for the year to 24,5c. Campbell says the company will be looking for an increase in growth appropriate to the 2% or 2,5% real growth generally forecast for the economy. Since last year's 40% earnings growth was achieved during a period when SA's economic growth rate was around 5%, Campbell's prediction could imply earnings growth this year of approximately 20%.

This points to possible earnings of 87c a share for financial 1982 and — assuming marginally increased dividend cover — a payout of around 27c. On this basis, the share yields a prospective 6,3%.

Pyramid Frascon, which derives all its income from a 50% stake in Frasers, lifted taxed attributable profit to almost R6m. Earnings per share, however, are calculated on taxed attributable profit of R5,3m, which excludes a dividend from Frasers of R718 000 in respect of the previous financial year. Therefore, from earnings of 36,2c a share, Frascon has declared a final dividend of 7,5c, bringing the total for the year to 12c.

Since one Frascon share is roughly equivalent to half a Frasers share, the dividends are in line. At 170c, Frascon yields an historic 7,1%, which is fairly attractive relative to the current sector average of 5,3%.

Chris Wilson

ST 29/11/81

Pick 'n Pay Ray

RAYMOND ACKERMAN

slips 'n drops a family business

30

By PAUL LANGE

CONSUMER king Raymond Ackerman lost out this week in a frantic takeover bid — to buy back the family business.

Edgars, the massive clothing group which includes Jet Stores and Sales House, beat Pick 'n Pay to the draw when they snapped up the nationwide Ackermans chain for R30-million.

Highly placed business sources disclosed this week that the reason for Edgars putting through such a speedy deal with Greatermans to secure the Ackermans chain was the threat of Raymond Ackerman, Pick 'n Pay's managing director, leaping at the chance of securing his family's original retailing business, which was sold to Greatermans in 1946

Asset value

The deal, which was put together in less than five days, is a victory for Edgars, which has wanted the chain for over a year.

The managing director of Edgars, Mr Adrian Bellamy, was excited about the prospects the new chain would add to those of the group.

He was also pleased with the price paid.

"We bought Ackermans for its asset value only — the earnings potential was not reflected in the price.

"We will sell off the property, which should realise R13-million, so in effect Ackermans would only have cost Edgars R17-million."

The new crop of stores, 35 in all, will help Edgars fill a gap in its target market.

Ackermans will place an emphasis on cheapness. It will, according to Mr Bellamy, cater for the lower socio-economic group, where it has "an important following".

In their other chains, fashion or value has been the key factor.

"Ackermans has already been dubbed our fourth dimension," Mr Bellamy said.

There are plans to expand particularly the footwear and clothing side of Ackermans.

With the takeover, Edgars will be entering a new area in retailing as the recently aquired company sells foodstuffs, health and beauty products.

Enormous opportunities

These lines will be expanded.

Mr Bellamy believes there are enormous opportunities for expansion within the new company.

"Most (80 percent) of the stores are in the Western and Eastern Cape, which leaves many untapped areas where Ackermans outlets can be established — particularly in the Transvaal," he said.

Edgars calculates that it turns over R1 200 a square metre of floor space each year.

Ackermans will add 100 000 sq m to the group's floorspace.

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Computers' vital role in retailing

THE retailing climate could alter substantially next year as the South African economic growth rate falls after the past two boom years. In this article retailer RAYMOND ACKERMAN continues examining the trading outlook for 1982 and forecasts that vast technological changes lie ahead for the industry. The speech was made at the Financial Mail investment conference in Johannesburg.

Technological changes or Telematics

This word is the new "in" thing in American today — it is data processing basically extended to the homes all over the country, with videos, home buying, baking etc, and there is no question that we are in the technological age, and as one person put it to me, 90 percent of all scientists who have ever lived are actually living today.

The most important development for retailing is the UPC product coding, or the EAN product coding, in Europe.

This is the scanning method whereby retailers can gain information at their tills on a unit control basis, control their security and generally run a much more efficient operation for the consumer.

Over 3 900 stores up to 1981 have already been converted in America to scanning, over 220 retailers are involved, and nearly every retailer of major importance that I have come across is mass marketing, not just food marketing, in the world, is planning to go into scanning or has already gone into scanning.

The hard and soft benefits in more information, cost cutting, security control, are so tangible that any retailer who ignores this factor in the 80's, according to the Americans and Europeans, will not be around in the 90's — that is how important they view this.

Accuspace, or space management, is another major development which many mass marketeers are working on consciously together with UPC, and this is planning space usage accurately of the lines on their shelves and not just leaving it to chance.

With high rental costs and energy costs, it is crucial to keep one's stock investment planned and space management under tight control, and this is becoming a professional development.

I could go on for a long time enumerating all the Telematic developments — many people are aware of the development of videos and home usage computers etc, and this is going to be a growing factor that retailers will have to watch as a competitive force in the 80's and a developing force.

Mr Raymond Ackerman

Overseas investment by retailers

One of the phenomena of the late 70s and 80s is the fact that retailers are travelling into other countries for more extensively than they have done before.

In the early 70s very few retailers had successful ventures in other countries, and even today there are many failures along the road, but there are some very interesting developments in this area, and the most important area of diversification into retailing in another country has come from Europe with the Europeans going to America.

The huge Tengelmann group bought out A & P and they are having enormous problems in America; Fedmart on the west coast, a German group from Karlsruhe, came over and bought out a massive chain of stores and turned them into mini-hypers; both these are having enormous problems and hopefully will get out of them, but there are examples such as theh Dalhaize group from Belgium who have had a successful venture into America.

They decided that they had run out of sites in Belgium through zoning problems and other factors and they did not want to diversify into small stores, because they are a major mass-marketing group, so they decided to go to a land of economic freedom and they felt that America had greater freedom for development, and there were fewer rules against zonings, large traders etc.

main line of business that you are in, and if you do decide to diversify into another type of retailing, to run it as a totally separate operation.

John Sainsbury of England, who runs probably one of the finest food chains in the world, has built Sainsbury's into such an eminent position by concentrating on running a strong food chain with careful development in persishables, and has only diversified into hypermarkets by operating a separate company, and now is further diversifying into home centres and DIY stores, again by opening a separate company in partnership with a European chain.

He is a great believer in concentrating on your main line of businss, and if you want to develop further because you fear competition, study the market carfully, plan strategy, but the key facotr is to run it entirely separately and not try to be all things to all people.

On the other side of the coin, Dayton Hudson in America were running a poor department store group which was in serious trouble, and they decided to diversify into discount stores which have done extremely well; they then bought a chain of bookshops, as I have mentioned earlier, and jewellery shops and clothing shops, and have turned their company around by diversifying but they also stated that the key factor is to run each chain entirely separately with different management.

[redacted]

Energy saving

One Australian retailer told me that one cent of energy saved per staff member in his company represents a saving of over R60 000 per annum, and he would have needed R3m of extra sales merely to equal the saving.

Energy saving is becoming absolutely critical with the cost of energy coming up today to be nearly equal to the cost of rental, which is a major factor in expense management, and this is a worldwide phenomenon and every retailer is having to watch this and go into professional energy control.

New retail formats

As mentioned above at the outset of this section, in view of inflation and the changing, consumer, there are so many new retailing outlets and formats being developed in the world, and this is a phenomenon and a trend that retailers must watch very assiduously.

The position is far more blurred than it was 10 years ago; there are different types of supermarkets such as limited-range stores, basic warehouse stores, superstores, hypermarkets, conventional supermarkets, just to name a few.

The same thing is happening in the clothing field, and the whole reason is that the consumer is continually changing and retailers have to plan their strategy, as I hae discussed previously, and work out what formats suits their particular consumer.

The different formats really are based on price or assortment; one format is going for higher luxury goods and appealing to a certain type of consuymer who wants these goods in very elegant surroundings; another format is going for a limited range of basic lines; another format is going for wide range of clothing, food and hardware under one roof such as hypermarket.

An equally important development is that the small speciality chains and stores are coming back into their own, and many retail chains such as Dayton Hudson (a huge chain of departmental discount stores in America) are now going deeply into the speciality business, buying into bookstores, jewellery stores, clothing stores, and this is a very important trend.

The small trader who does a very good job is beginning to worry the big chains in their mass marketing because of the reason mentioned above.

They made a detailed study as to what country to go to, and chose America first.

Then they looked for areas of demographic and economic growth, and they took a partnership in a chain of 17 stores in 1974 doing $92m, and in 1980 they have built up their holding from a minority stake to 52 percent, and they are now doing $545m in about 60 stores.

What was interesting was that the American people in this particular company wanted to sell because they were tired of being taken over by a large United States company and being swallowed by them, and the management needed capital, liked the Belgian company saying that the dividends would remain in America to build the company.

They needed self-financing, they didn't have enough themselves, the management wanted to keep their jobs, not be swallowed up and also to sell some of their own shares so they could personally capitalize a bit and not have all their capital at risk in the business.

Lastly, the Americans wanted a company to go with them, who wanted to develop and would give them expertise on management structures etc, and Dalhaize has been a shining example of how a company can diversify in another country if it follows certain basic principles and work carefully with their overseas counterparts; but it is a dangerous rocky road, and not for the fainthearted.

Diversification

I have mentioned above various forms of retailing that have developed, and I have spoken to so many retailers who have tried to change their main basis of retailing and have come very unstuck.

For instance, many chains in America in food have opened up limited-range stores, which they learnt about from Germany, and these have been extremely unsuccessful although some have made it, but generally they are unsuccessful.

Some chains have gone for basic warehouse stores in food alongside, or in competition with, their own supermarkets and have found that this doesn't work either; and the general feeling that I have got on talking to so many people who have tried to diversify into another type of business, is that it just hasn't worked, and they have strongly advised me in all discussions to stick to the

Investment in 1982: The retailing scene

C. Times 1/12/81

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THE retailing climate could alter substantially next year as the South African economic growth rate falls after the past two boom years. In this, and subsequent articles, retailer RAYMOND ACKERMAN examines the outlook for 1982. The speech was made at the Financial Mail investment conference.

WHEN I was in Hamburg in June of this year at an international retailing conference (CIES), Terry Spratt, MD of Safeway, UK, summarized the major address he gave on retailing in the following words: "If you don't chase sales, they don't chase you."

I feel this really epitomizes what retailers will have to do in 1982 and onwards to enjoy the fruits of successful retailing, and I would like to open my talk today with a few quotations that I have found very relevant to the retailing scene today.

Then I want to go into a short discussion on the economic scene facing us; to discuss the trends in retailing that I have picked up from my studies and trips around the world, and from the Hamburg conference at which over 800 retailers were present, and finally to summarize how I feel retailers should tackle the challenges both from the international situation and the economic scene in South Africa, and particularly the question of investment in retailing for the 80's.

Quotations relevant for retailers in the 80's

When Stanley Marcus, head of the famous Nieman-Marcus group in the southern states of America, was asked to comment on the most crucial aspects of retailing, he said:

"The real secret of the retail business today is to learn how to deal with getting big without compromising quality and service, and this is quite a challenge."

He also said that he had "really learnt the most about my stores from customer complaints, and it is a funny thing about life, if you refuse to accept anything but the best, you very often get it."

From an entirely different field, Kissinger said: "The task of the leader is to get his people from where they are to where they have not been. The public does not fully understand the world into which it is going. Leaders must invoke an alchemy of great vision — those leaders who do not, are ultimately judged failures even though they may be popular at the moment."

This comment has so much relevance to retailing today, in my opinion.

South Africa's renowned Anton Rupert said at his annual general meeting in 1978: "In the highly competitive world of today, a company can only stay in front by thinking and acting creatively; by taking and retaining the initiative; by being the architect and not the victim of change and renovation. Rather bet on growth; it is frenetic, erratic and often messy; but stability does not work well in business, and a good balance sheet is no substitute for competent management that wants to go somewhere.

"You will agree with me that there can be no talk of choice. Growth and progress are infectious; they create prosperity which can, if it is shared, lead to greater prosperity. South Africa has too many mouths to feed to be able to afford not to let enterprises grow."

The head of Dupont in America replied recently when asked what his views of business were, especially regarding social obligations: "I think we are the means to an end, and while producing goods and providing jobs is our primary function, we cannot live successfully in a society if the hearts of our cities are decaying and our people cannot support their families."

He went on in this vein and I really think this summarizes the businessman's attitude as it should be in South Africa today.

The relevance of these quotations will, I hope, flow after I continue a little further. South Africa is poised at a very crucial time both from the sociological and economic point of view, and I feel that this conference is relevant if we all take note of what role we must play in solving our country's problems.

Retailing figures and the economic scene

What is the retailing "cake" in South Africa? What are we really talking about at this session in terms of figures?

Retail sales all dealers:

	Rm	% increase
Dec 78	11 563	5,9
Dec 79	12 753	10,2
Dec 80	15 961	25,2
Dec 81 (Exp)	19 300	20,9
Dec 82 (Exp)	23 160	20,0

Retail sales food:

	RM	% Inc	% Total Retail
Dec 78	3 678	6,9	31,8
Dec 78	4 132	12,3	32,4
Dec 80	5 283	27,9	33,1
Dec 81(Exp)	6 600	24,9	34,2
Dec 82(Exp)	8 250	25(?)	35,6

Economic factors

Far more eminent people at this conference and elsewhere will have quoted and discussed the economic scene facing us in South Africa at the moment. Suffice it that I just summarize certain factors that I feel will vitally affect retailers in the years ahead.

The last budget was an accommodating budget. The share market has not dropped as much as people expected, in fact it has been extremely buoyant, because the government allowed money to come into the country. It was not a restrictive budget, it was basically a budget to prevent unemployment.

However, we are faced with high interest rates with a tighter monetary policy, and the fact that the gold price has gone down severely from what it was about 18 months ago.

These factors obviously affect retailers because with higher interest rates there will be less disposable income, particularly on durables and other related items.

The surge of the dollar and the weighting effect on the American scene are crucial aspects that are affecting us all, because the surge of the dollar has increased the cost of imports enormously, and the Reagan situation and the wait-and-see situation is affecting our exports to this crucial country for our exporters.

The deterioration of economic conditions in America and Europe are certainly not helping South Africa, together with the gold price which is a crucial determinant of our income, and I feel that South Africa will definitely feel the effect of these factors and is already beginning to feel it; but I do not feel that the conditions are such as to cause depression as I feel that South Africa will weather these storms, and that the gold price has a very strong likelihood of going up shortly in 1982.

Inflation is probably the most cruel and worrying aspect facing us as consumers and as businessmen, because there is no doubt that the rising rate of inflation is having a very strong effect on standards of living, spending power, and businessmen will have to take very careful note of how they view inflation over the next few years.

The real rate of growth has gone down, as we all know, and there will be an enormous fight by retailers to get a slice of the reduced consumer "cake" from a growth point of view.

This can only spell more efficient retailing, more aggressive marketing, more aggressive negotiating with manufacturers, and in many ways it can reduce some of the "fat" that may have crept in to manufacturers and retailers in the buoyant years.

The squeeze on liquidity and high interest rates are going to be cardinal factors in the next years, and retailers will have to watch their inventories and control their inventories extremely carefully if they want to reduce interest costs and yet serve their consumers properly.

The relevance of these few brief comments will hopefully be seen under the next section where I discuss the trends in America which are aggravated by far worse conditions than we have, and by looking at the scene in America and Europe and seeing what the trends are and how they are tackling them, I feel that we in South Africa will be able to weather our temporary storms effectively and be thankful that our conditions are far less severe than those facing European, United Kingdom and American businessmen.

I always find it comforting and encouraging when one realizes that one is not alone with certain problems, and frankly when one realizes all the benefits that we have in South Africa, it makes me very confident of our future, in spite of the fact that we are going into an economic slow-down.

As John Steinbeck said in one of his famous books: "How can one know colour in perpetual green? And how can there be warmth without cold to give sweetness?" And I think this epitomizes the economic situation that we are in today. I think it is a challenge to solve our social, economic and political problems.

Section III: International retailing trends

One of the largest food retailers in America is the ailing A & P company, headed by James Wood, an Englishman, who has recently been made president and chief executive, and he, in talking about the changing face of retail distribution, stressed that America primarily is plagued by an over-capacity of stores, inflation, and the fact that working women have grown enormously in number and have changed the methods that retailers have to adopt to attract them.

Margins are down because of little growth in the food industry in particular, and new formulas have to come about to attract the consumer.

A Mr J W Allen, a great strategist about retailing, put it in another way by saying that "no single strategy is suitable for one retailer". A truism, but this is rally the basis of what retailing is all about. We have to stress that consumers are changing and many of us don't analyse clearly what and who our consumers are.

Consumers today are living under stress in America and Europe; there is a lot of moonlighting to cover inflation; a lot of working women; and this is growing.

The huge inflationary spiral is becoming a crucial factor in retailing development and we have got to look at these splinter groups of consumers today and not necessarily just talk about mass marketing as we used to.

The first major trend that I would like to stress is strategic planning. This is nothing new to certain companies in South Africa, but there is no doubt that this is becoming a major function in assessing where a company should go, what its customers want etc. — i.e. the importance of understanding the changing consumer.

- Sunday shopping and weekend and night shopping is coming whether we like it or not;
- Competition is changing with the addition of all types of stores such as the limited-range food stores in Europe and America, warehouse stores which are stores stripped down to basics without any of the retailing frills, further development of convenience stores, development of superstores with food and clothing, and the chains are going more and more into retail diversification into speciality shops etc.
- As a strategy, retailers have more and more effectively to deliver goods to their consumers and to do it more efficiently. This is a key factor for the 80's.
- With consumers battling against inflation, competition is going to get fiercer, retailers are going to fight harder for discounts from suppliers, and suppliers are going to fight harder to maintain their place against generic brands, house brands etc.

More consumers are going to save as interest rates go up, and this is going to affect durable goods. Consumers are going to demand more and more flexible shopping hours, as mentioned above, as competition gets tougher.

Monopolies are going to be attacked even more assiduously as consumers battle against the inflationary spiral.

Advertising is going to increase as retailers battle to gain more and more consumer acceptance.

There is no doubt that there are going to be changes in consumer buying habits such as changing to more chicken and egg eating as a cheaper protein than meat; this has happened strongly in America.

Therefore, understanding of strategic planning with the emphasis on the consumer is a crucial trend that we must look at very carefully.

Death of national brands?

Many retailers and suppliers, not only at the conference I attended but all over the world, are debating whether national brands have a future, and there is no doubt, after having heard many discussions on this, that national brands have a very deep future.

We only have to look at companies like Levers, Heinz, Kelloggs, Nestlé, just to name a few, to see that those suppliers who really concentrate on brand development, interpreting what the consumer wants, not only have a place now but will have a place in the future; but there is no doubt that the growth of generics, or no-name brands, and the development of house brands, is a growing phenomenon much hated by the manufacturer but generally much loved by the consumer — primarily because they are inflation-fighting lines.

A trend that I find all over the world is suppliers trying to get government to prevent large chains from negotiating strongly, and generally this is being fought tooth and nail by government and retailers, and it was pleasing to find English government ruling against the manufacturers and also the South African government ruling against the manufacturers, and letting the market place decide.

One of the reasons for this is the inflation situation which is so critical in all governments' minds; however in certain countries, including America, supplies have got the upper hand with certain legislation which allows them to develop what they call "fair" trading practices, which are unfair for the consumer and certainly an inflationary factor, and it does prevent a lot of the negotiation that we have in South Africa.

Whether one is in Germany, France or Holland, the same fight and the same debates continue, and it is comforting to know that this is a world-wide trend and not just a South African phenomenon.

Tony O'Reilly of Irish ruby fame, now head of the famous Heinz 57 Varieties company, put it best when he said that those suppliers who are going to survive are the ones who fight back and keep their products strong and their costs down.

He stressed that Heinz are going on a planned cost-cutting exercise and not just saying they have got to cut costs by five percent with lovely eulogistic phrases, but really going into every aspect of the business to cut costs, pour money into advertising, and build their brands, and work more closely with the retailers and stop fighting them.

CAPE TIMES 3/12/81 30

Great opportunities for food exports

THE retailing climate could alter substantially next year as the South African economic growth rate falls after the past two boom years. In this final article retailer RAYMOND ACKERMAN examines the trading outlook for 1982 and beyond, forecasting major opportunities for food exporters and advising retailers how to cope with the fast-changing economic outlook. The speech was made at the Financial Mail investment conference in Johannesburg.

World food situation

I found a very interesting trend development among European food retailers and American food retailers, on the question of world food supplies. I attended a talk by a Mr Yeutter and this was really fascinating, on a broad subject which is of huge importance to all of us, and a major trend for the 80s.

● The world supply of food increased over the last 30 years from 1950 to 1980 by 2,3 percent, whereas the demand increased by about the same.

● The projection for the 80s is that the demand is going to increase by about 2,5 percent per annum, and the supply side may well drop to 2,2 percent, and therein lies the huge problem for the world.

It is not so much that there is not enough food in the world, but it is being produced in the wrong areas, and there is a huge opportunity for those countries who have surplus food to export, and this he sees as one of the greatest opportunities for the 80s for the food exporters. This obviously applies particularly to South Africa.

● One of the most fascinating poionts is that the United States is in reverse; it has a 1,3 percent consumption of its entire food supply growth per annum, and a two percent supply, and frankly, according to him, the United States has saved the world from starvation, as the United States exports 35 percent of its entire food production.

The overall point he made is that a trend we must watch in the 80s is that we must look for a shortage of food, because of the figures quoted above; a huge exporting of food from America and other exporting countries; and an increase in food prices primarily because of this factor.

Another factor which he feels government should fight against is subsidizing exports at a loss.

Americans have thrown out all subsidies, they help the farmer to stay on the land by giving him an overall allowance, but they will not subsidize exports.

Exports have to be sold at the price ruling on the world market, and there is a whole world campaign in the United States agricultural department to try to prevent countries like South Africa, Australia, the EEC and others, from exporting at a loss and taking their consumers, as he put it "by the throat" — i.e. charging higher prices to their own consumer at home and exporting at a loss.

An interesting development that he made, and I have seen this developed right through the world, is that broiler chickens are going to get stronger and stronger, as they are such good converters of expensive feed into protein, whereas beef is one of the slowest converters and most expensive, and therefore we will see a decline in beef and an increase in broilers and in pork, which is also a good converter.

He made another very interesting point that there has been a huge increase in purchasing power throughout the world. It has actually gone up 3,2 percent per annum on food since the war, and he made the startling statement, backed with facts, that the real price of food in real dollars has actually declined in 20 of the last 25 years, which few people appreciate, and he showed documentary proof of this.

He also made the point that the population growth is actually dropping, and will drop in the 80s — it will drop to about 1,8 percent growth per year, which is far less than in the 60s and 70s, which proves that birth control is working, but it still means huge growth in bodies to be fed.

For example, he quoted that 300m Chinese are going to be born in the next 20 years, and that is in spite of the drop in the birth rate.

I could go on and on with further trends, in boxed meat instead of the normal carcase meat in butcheries; I could discuss at length the development of flexible shopping hours, the changing consumer, and various other aspects which time does not permit me to develop, but I think the above trends certainly show how wide awake retailers have to be in a strange, exciting and hungry world in order to interpret what the consumer needs and wants in their retailing developments.

How does the South African businessman adapt to the changing economic conditions?

With the tougher economy facing us and consumers changing, just as is occurring in the Western World, I believe that the main policy that retailers should adopt is to get back to real old-fashion consumerism, and really understand that retailing will be successful if it interprets what consumers want and distriutes efficiently what the consumers need.

This is so basic and I don't think, in spite of all the other points I have made, that there is anything else more important than a real understanding of basic consumerism.

I am going to list briefly, under four headings, the areas that I think retailers should watch in interpreting the problems facing them in the South African scene today, keeping a very careful watch on what is happening in the world.

Administration

Liquidity: It is absolutely crucial to be as liquid as possible in view of economic trends, without losing the guts to buy forward or to buy sufficient stock to run one's business efficiently.

To have confidence and to realize that economic declines come and go, and we will have a boom shortly after the decline, and that confidence breeds confidence.

Store planning is a long-term policy and retailers must interpret the future needs of their consumers and put stores down for the 90s and for the year 2000, now, and not be put off by the present economic climate. Populations are growing and opportunities are enormous.

Retailers must realize that maximization of profits is an old-fashioned concept, because with the needs in social responsibility, housing etc, maximizing of profits, although understandable, is certainly not a philosophy for the 80s.

I am a great believer in profits, but maximization of profits forces people to sit down with competitors and create monopolies and cartels and this certainly is not a method that I would advise in the 80s, with the consumer demanding efficiency and anti-inflationary practices.

Retailers must look at the huge black area urbanization and development. The black market will be twice the present size of the entire South African market today, by the year 2000, and anyone who ignores this factor does so at his peril.

Already we are allowed to go in on a 49—51 percent basis into black areas, and the laws are changing virtually all the time in this regard, and this is a critical area for retailers to watch.

In a strange, tough, terrorist world, improved methods of security are going to be absolutely critical, with bomb scares, terrorist attacks and other factors wich are going to add to retailing problems.

Building costs go up by 25 percent a year and energy costs, as mentioned in the overseas side, are critical factors to watch, and retailers who do not put down their stores now but are waiting for better days will only be paying 100 percent more for their building in four years' time.

Retailers should watch and interpret what their consumers want and not fight for a share of the market, which is unprofitable and totally against a share of the market concept for retailers.

To fight for an unprofitable share is absolutely foolhardy and one should rather interpret what one's consumers need and go for the right number of stores and not put down stores for the sake of a share of the market.

Merchandise

One of the crucial aspects, bearing in mind the economy and the cost of money, is going to be stockturn, and retailers must, through UPC, Telematics and other methods, improve their stock management and control in the years ahead.

An understanding of inflation and what it does to the consumer is absolutely critical if retailers want to face the 80s with confidence — an understanding of cartels, monopolies and price-fixing which should be relics of a bygone age, is cardinal.

Loyalty to suppliers, I think, is critical, understanding their problems of generics and house brands, as mentioned above, is a very important aspect for retailers. It is all very well fighting with suppliers but they have their problems as well, and I think a clear understanding between retailers and manufacturers is critical.

The importance of space usage, as mentioned in Section III, together with UPC is going to be critical.

Development of own brands is important, but the importance of national brands must not be overlooked because they will be here and strong in 1990.

Black TV is going to be a huge opportunity for appliance people and the expenditure on furniture and household goods by blacks alone will be 3 times the present expenditure in 5 years' time. This is an estimate by a very eminent authority.

Pricing will have to be aggressive, mark-ons are going to come down because of the tough economy and more competition, and retailers will have to be liquid, aggressive and follow all the points mentioned under these 2 sections.

Sales promotion

I believe one of the most critical areas here is an understanding of the retailer's role in social responsibility, as pointed out by the head of Dupont at the beginning of this talk.

This is not only being involved with charities, schools and universities, but pouring money into improving the quality of life, such as the Urban Foundation, the electrification of Soweto, and being involved with any aspect that improves South Africa's life, because without a peaceful society there certainly cannot be successful business.

A careful look at the trading hours situation because there is no doubt that the South African consumer is no different from her overseas overseas counterpart, and she will be demanding, and is demanding, more and more flexible hours.

Advertising expenditure will go up, not only through the development of TV but through the need to advertise more when the economy gets tougher; many retailers cut back on advertising when times get tough and this is totally the wrong method to apply.

More and more effort on exciting but not wasteful, promotions, to give the consumer excitement and difference and in many cases an escape from their humdrum existences, is critical for a retailer to understand.

Good old-fashioned consumerism and courtesy will be as important in the 80s as ever before, as life gets more hectic. People demand and appreciate common courtesy even more than they did 10, 20 or 30 years ago.

People

One of the most important developments is non-discrimination throughout retailing. The government have encouraged retailers to promote on merit, to train and to bring blacks, whites, coloured and Indians into the management field, and this is a crucial aspect not only in improving productivity and getting the correct number of people into our businesses, but also to improve social peace and harmony.

We all know that labour relations are going to get tougher with the new laws on unions, but I think that motivation and avoidance of strikes are going to be major areas which we must face, not only by understanding unionization, but by understanding how important motivation from all its aspects is. Leadership comes from the top, the motivation comes from the top.

In this regard an American company has a "mentor" system where young people are attached to a seasoned executive, and the latter takes the young person to his home once a week or once a month and helps him in the company, even if they belong to different departments.

Young people want to be involved, to be made to feel important, and many companies are recognizing this, and I think this is a key aspect for the 80s. One cannot just run structured businesses without important communication.

Communication must not only be by personal contact, but by staff bulletins, "open letters" from the chairman to staff, executive bulletins telling people in large companies who has been appointed or promoted, and more and more direct contact and this is a critical aspect in understanding what people want in the 80s.

It is going to be a tough climate, the consumer wants motivated people, and people will not be motivated unless the top really gets down to it.

Housing: We will all have to put some of our hard-earned profits into housing to help our staff get over the critical shortage — we cannot just wait for government. Government have changed certain laws to allow white capital to buy land in black areas to put up houses, and we have got to grab these opportunities and pour effort and time into this critical area.

The same applies to education — we have got to pour money into the education of our staff and helping them to educate their children — it is all part of motivation and good business sense.

With the economy turning down, I feel that the fringe benefit laws proposed by government should be fought hard by businessmen.

I think it is completely the wrong time to bring this in, although I do see the merit of an equitable tax law, but it will bring in its wake inflationary demands for increased salaries when we should be pouring money into increasing the wages of our lower-paid people and not having to pay unnecessary increases at a time of shrinking turnovers.

Summary

I feel that if we in retailing can follow the points as listed under the four sections above, and understand our consumer, ask questions about what our consumers want, we will face the economic decline and help by confident investment to capture the huge growing market that is there waiting for us in South African retailing.

I think it is crucial for business leaders to support moderate black, coloured and Indian leaders, because it is in helping to build up a moderate black middle class where I believe a lot of our future peace lies.

Too often business leaders and press castigate moderate black leaders and they are in many cases losing heart, and I believe that we must help them, assist them in building their businesses, work with them, and not castigate them for being government stooges, as often happens.

I have spoken to so many black and coloured leaders who are finding themselves in a wilderness because they are trying to build roads, schools, etc for their people, and because they are linked in some way with government, they are treated as pariahs by the black left-wing extremists and by some politicians and by many journalists.

South Africa has a rich food harvest, we have huge constitutional and social problems to face, but retailing can play a strong role in developing the economy by confident investment and by running successful businesses in a non-discriminatory way.

It is interesting to realize that business in South Africa is left of government, which is possibly unique in the western world where most businesses are right of government; in the UK, America and Europe, governments have to push businessmen into a sense of social responsibility, but we are not in that position in South Africa. However, we have got to watch that we pour enough into this area as well as make profits, because profits are our lifeblood, we need profits to grow, expand and create jobs.

I would like to end by saying that I feel that with the huge population growth in South Africa, some of which I have alluded to, retailing has a very strong future in the next few years.

The fact that the economy is turning down is purely a cyclical factor and we in our company have been most encouraged by the fact that in October alone we had 41 records in 59 stores, and these are all-time records including Christmas last year and opening months which are usually busy periods.

I believe that gold will climb in 1982 and will help the economy to come back in 1983, and that the feared recession will be short-lived.

I think a Japanese retailer whom I met put it extremely well when he said that retailers in the next two years have just got to realize that it is their duty to fight with everything in their power to keep inflation at bay, because of the ravages it is having on the peoples of the world.

He said that five years ago he committed his company to fighting inflation from every aspect, even if it cost him a certain amount of gross profit, and the moment they structured their business on consumerism, their turnovers increased and their profits increased.

It think that story really epitomizes what we all should be trying to do, and we have just got to go on persevering with this basic aim right through the 80s, and do, as Tony O'Reilly said to me, "the common thing uncommonly well" — that is what retailing is all about.

C. Times 3/12/81 (30)

Three new Liberty Life projects for Pick 'n Pay

LIBERTY LIFE has signed agreements to finance and develop three new leasebacks for Pick 'n Pay in Johannesburg. These new developments include a shopping centre in Ormonde in the south of Johannesburg, a warehouse in City Deep and a new Transvaal regional head office building for Pick 'n Pay in Bedfordview.

Liberty Life acquired the 38 500 m^2 site in Ormonde extention six for the development of a Pick 'n Pay superstore and satellite shops.

Liberty Life will finance the entire project at an estimated cost of R11m, while their subsidiary Rapp and Maister Construction will erect the 9 800 m^2 shopping centre. Construction has already begun and is expected to be completed early in 1983.

The development will provide a 8 000 m^2 store for Pick 'n Pay about 3 000 m^2 for satellite stores and on-site parking for 500 cars. The centre will be leased to Pick 'n Pay for 20 years with no reviews but escalations and turnover clause have been incorporated to ensure rental growth.

The site is ideally located with easy access off the freeway system. The centre will serve as Pick 'n Pay's pilot store in the south of Johannesburg, servicing all areas in the south and Soweto.

"Particular attention has been paid to the aesthetics of the development which will have a distinctly neighbourhood look. This atmosphere will be enhanced by gardens and trees even in the parking areas," says Mr Wolf Cesman of Rapp and Maister Real Estate.

City Deep warehouse

Liberty Life has also concluded arrangements for the development of a warehouse of approximately 8 500 m^2 at City Deep for Pick 'n Pay. The site is strategically located with easy access to the freeway system and to Kazerne.

Finance for the R3,5m development has been provided by Liberty Life. Construction, which is already far advanced, is being undertaken by Liberty Life's subsidiary, Rapp and Maister Construction providing yet another Liberty Life packaged development incorporating construction and finance.

Completion is expected in the first quarter of 1982. The development has been leased to Pick 'n Pay for a period of 20 years under a fully repairing and maintaing lease.

The proposed new Pick 'n Pay Transvaal regional head office in Skeen Boulevard, Bedfordview represents an investment of R4m for Liberty Life. This office block will provide R3 200 m^2 air-conditioned office space on three floors. This has been leased to Pick 'n Pay for 10 years with annual rent escalations.

Construction has begun and the development will be completed by mid-1983.

Shares traded

JOHANNESBURG. — The volume of shares traded on the Johannesburg Stock Exchange yesterday was 1 676 270 valued at R5 411 976, compared with 2 052 670 valued at R7 261 813 on Tuesday.

The number of securities active was 297 (304).

The five most active stocks were Retco New, Sasol, Salect, SA Brew 7%P and Trust Bank. — Sapa

LSE holds early gains

LONDON. — Gold shares closed steady after firming slightly in early business. Trading was quiet throughout, dealers said.

Heavyweight producers gained 100c in places, as in FS Geduld and Buffels, while among lesser-priced issues Unisel gained 25c to 800c.

In financials, Anglos added 1/8-point to \$13 1/8 and GFSA gained \$1 to \$73 1/2.

De Beers closed up two at 677c.

CLOSING MIDDLE PRICES

Mining

Afex Corp	29	Johnies	\$71-1/2
Cor Syn	90p	Kinross	\$11-3/4
Portlnd	21p	Kloof	\$29-3/8
Falcon	128	Leslie	235c
Glb Phnx	71p	Libanon	\$18-5/8
Lonrho	80p	Loraine	305
MTD (M)	28p	Lydenburg	177p
Nchart	7	Marievale	255c
Elbar	115p	Messina	305p
Roan Con	70	Mid Wits	630p
Tanks	451p	N Cnt Wt	320p
Wankie	31p	New Wits	395c
ZCI	19	P Brand	\$36
Am Gld	\$82	P Steyn	\$29
AA Crp	13-1/8	Tongaat	143p
AA Inv	\$76	Rndftn	\$59
Ang Vl A	\$22	Rust Plats	226p
Barlow	230p	Sentrust	790
Bracken	235c	SA Land	410
Blyvrs	\$12-3/4	Southvl	\$29-1/4
Buffels	\$37	St Hlna	\$33-1/4
Chrtr Cn	241p	Stilfont	\$15-7/8
Cn Gld	477p	Gldfd P	63p
Cn Mrch	250p	Vaal Rfs	\$62-7/8
Debr Dfd	677p	Venters	\$10-1/4
Doorns	\$17-7/8	Ang Am	\$15-3/4
Drieftn	15-7/8	Vlaks	260
Durban	\$17	Vogels	120p
E Daggas	220	W Hldg	\$48-3/4
ER Prop	\$12-1/8	WR Cn	230
ER Gld	665	GFSA	\$73-1/2
Elsburg	255	Wit Nigel	148
Freddies	273p	Welkom	\$11
FS Gdld	\$30-3/4	W Areas	385
GM Min	\$18-3/4	W Deep	\$32-1/4
Grootvl	815	Rnd Mns	298
Harmny	\$13-3/8	Winkels	\$25
Harties	\$52	Zandpn	\$9-1/4

Industrials

Abercom	167p	Rex True	2[illegible]
Rd Nmpck	345p	SA Brews	194p
CNA Inv	280p	Sappi Ltd	350p
Grtmn A	575p	Sasol Npv	156
OK Baz	8-3/8	Std Ch	659p
Grtmn O	575p	Tvl Cn	24
Hullets	355p	Tiger Oat	745p
Imp Cld	123p	Un Stl Cr	45p
Nthn Eng	76-1/2	Unisec Gp	135p
Ntl Cnvs	235p	Unisel	\$800
Rennies	185p	Utico	125p
CG Sug	725p	Ver Ref	400p

Mr Martin Mealin has been appointed to the board of directors of Everite Ltd as executive director responsible for the fibre-reinforced cement division.

Mr Horst Beutler, above, has been appointed director of Emaillit (Pty) Ltd, the holding company of the Emaillit Prodorite group of companies, specialists in industrial plastics, Mr Peter Goetz, below, has been appointed managing director of Emaillit Prodorite (Cape) (Pty) Ltd.

Cape Times 9/12/81

Shops expect record sales

30

Staff Reporter

CHRISTMAS 1981 is set to establish new retail sales records despite the slowdown in the economy, although the boom will be less pronounced than in the previous festive season.

Businessmen are projecting turnovers to soar by between 20 and 30 percent to more than R2-billion, a rise of about 10 percent in real terms after adjusting for 15 percent inflation.

Rising bank credit, good salary increases, and fears of still higher prices in the future are given as causes for the business optimism.

Economists, on the other hand are not certain sales volumes as opposed to inflated money values, will show much of a real gain because of the high cost of credit and considerable pre-christmas buying and there is no question, they maintain, of the percentage rise in sales achieved last year being repeated.

The biggest retailing group in the Republic, O K Bazaars, is budgeting for a 20 percent hike in turnover during the festive season according to the managing director, Mr Meyer Kahn, who expects demand to soar across a broad range of goods with the possible exception of those in the upper price brackets.

Mr Rex Glanville, chief executive of the country's largest supermarket chain — Checkers, believes the downturn in sales is barely perceptible and is looking forward to "exceptional" Christmas growth, particularly in toys and sports equipment. The rise in the spending power of coloured consumers in the Western Cape was becoming increasingly evident.

Pick 'n Pay chairman, Mr Raymond Ackerman, says the group's pre-Christmas sales are running more than 30 percent ahead of last year and real growth could reach 20 percent.

The outlook of the Cape-based clothing stores including Woolworths, Truworths and Ackermans, is also buoyant while Clicks' chairman, Mr Jack Goldin, predicts an "excellent" season.

What gifts are most sought after? According to store managers the emphasis is heavy on practicality, quality and economy with useful household goods featuring well along with television games, video casette cartridges, liquor and jewellry. At the younger end of the market ever-popular dolls remain, so as do electric cars.

Deputy director of the University of Stellenbosch Bureau for Economic Research, Mr Attie de Vries, believed food, recreational equipment, clothing and footwear would do well, while expensive consumer durables would probably show a decline compared with last year.

[redacted]

3.4 @COPOUT STATEMENT

The @COPOUT command copies a program file or a selected element from a program file to a magnetic tape in element file format: 28 words in the label block and as many 224 word text blocks as needed to write the entire element(s). Procedure name table entries are preserved so that the program file can be reconstructed with the @COPIN statement. Deleted elements are not copied. The entry point table is not preserved. After a @COPIN, the user may execute the @PREP statement to allow the program file to be used as a library by reconstructing the entry point table. The entry point table is used to define entry points for relocatable binary elements searched for by the @MAP processor.

Format:

```
@COPOUT,OPTIONS   NAME-1,NAME-2
```

OPTIONS:

(No Options) — All non-deleted elements of a program file are written to a tape in element file format. Two hardware end-of-file marks are then written on the tape and the tape is then backspaced over the second one.

A,R,S — Non-deleted elements of the types specified by the options are written onto tape in element file format. If no element name is given in NAME-1, all non-deleted elements of the types specified are written to tape defined by NAME-2.

V — Non-deleted elements of a program file selected by version name and type are written in element file format on tape. The version name given in NAME-2 replaces their original version name. If the version name is ...its with a blank ... version name ...ten to tape will ...E-1.

The file na... user or is assumed to be TPF$ ...e on tape.

EXAMPLES:

a. ... TAPEA in element ...tten and the tape

Profits are not all — Ackerman

C. Times 10/12/81

30

Staff Reporter

A BUSINESSMAN whose only aim was maximization of profits was letting down himself, his business and his country, the chairman of Pick 'n' Pay stores, Mr Raymond Ackerman, said in an address to about 450 graduates and their parents at a diploma ceremony at the University of Cape Town this week.

"There is so much that business can do, in supporting the consumer, combating inflation, stamping out discrimination, without destroying any of the basic philosophies that have built this nation," he said.

"A businessman's responsibility was to his staff and society. Staff should be assured that they were being paid on merit and that each one of them was important; there should be housing schemes, pension schemes and bursary facilities for their children's education.

It was "good sound business sense" for businessmen to put time and effort into the community, because it all came back in support from the community for the business.

"You cannot separate business, consumerism and social responsibility because they are inextricably linked, and no businessman in our society today can go about with his eyes closed to society."

But there were too many businessmen who were involved in their own particular industry to such an extent that they could not see the total social picture, and created inflation for their own protection.

Inflation was being caused by manufacturers who fixed prices, created monopolies and supported government legislation that protected the inefficient operator. It was also made worse by firms which practised discrimination, Mr Ackerman said.

KLIPTOWN F.M. 11/12/81

Out of the cold 30

Kliptown — the 8.5 ha area which has been in limbo for the past three decades — could become one of Johannesburg's major shopping centres now that it has been declared an open trading area for all races in terms of Section 19 of the Group Areas Act.

A group of Indian businessmen, Kliptown Investment Company, has seized the opportunity to buy a 1.21 ha property in the area. They have just concluded a property deal worth R750 000.

Previously, Indian traders were prohibited from owning land in Kliptown and were forced to rent, or to use white nominees to buy property.

Kliptown trading is in what might be called "basic commodities," but volumes are substantial. The area has a catchment of around 2m customers as it is near the black suburbs of Soweto, Eldorado Park and Bosmont.

Now that the area has been opened to all race groups, it will definitely be substantially upgraded, say traders. However, large shopping complexes are not on the cards yet.

Kliptown trader ... business will be hotting up

Seller Sam Katz claims that land prices have risen by 100% since the change in designation and that they are set to go higher.

"It is natural that prices soar," argues Katz. "The area has been frozen for the past 30 years. Now that market forces are allowed to operate, prices are reflecting true values."

Further dislocation of the area may be on the way as pent-up demand is unleashed. Most of the available land has been snapped up, so ownership transfers could mean substantial price hikes.

Ivor Klein of Epstein and Klein, local furnishers, echoes Katz's view. "It is a demand and supply situation. Now that the area has been unfrozen, it is coming into line with the rest of the economy.

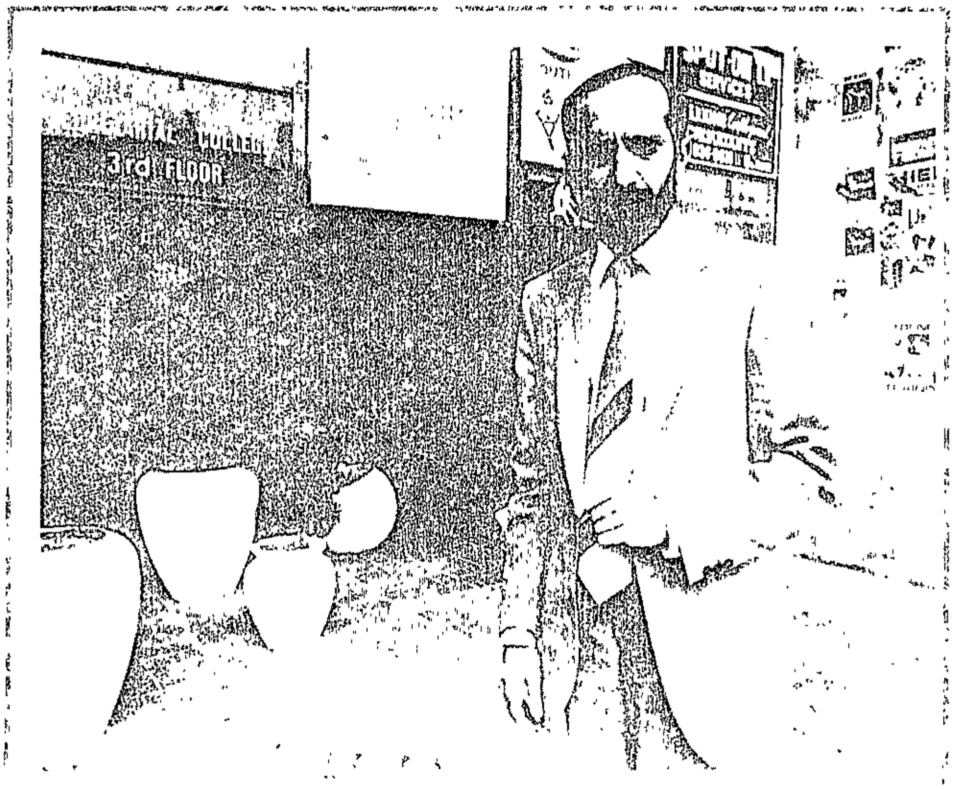
"There is a limited amount of tightly-held land, so prices are bound to be fairly substantial. The whole of Kliptown is owned by only eight parties.

"While tenants have a brighter business future, they will also face higher rents," he concludes.

The gain for the traders, however, has been a loss for 700 residents.

Mohammed Dangor, a local member of the Coloured Management Committee, claims that government is using private enterprise to eject the people of Kliptown.

"The cartels that have sprung up since the change will inevitably eject people there to allow construction of larger premises.



CG's Kharsany ... entrepreneur to his fingertips

The SPA will test in the courts the clause in the Group Areas Act which relates to suitable alternative accommodation

"Meanwhile," says Kharsany, "I will stay until I am forced to leave And I will use all the legal means possible to prolong my stay. I do not consider Lenasia suitable alternative accommodation "

He is just as firm on the CBD issue "The CG would neither consider asking the authorities for a permit to trade in the city nor use its influence to get special treatment.

"The company would rather just sit it out and work towards a change in legislation "

Kharsany is relaxed but animated His ongoing clashes with the authorities do not appear to have marred his ability to maintain a calm perspective, and he shows amusement rather than bitterness when reflecting on the motivations underlying regulations.

His business career began when he was 12. He set up a chicken business in Standerton.

"I saw there was a scarcity of fowls and decided to fill the need I did well and was soon employing my schoolmates in the business."

But he soon incurred the wrath of those already in the market. "They tried to have me up for not having a trading licence. But their tactics didn't work — the authorities realised that, as a 12-year-old, I was not eligible for a licence and they dropped the issue. It was this experience that taught me competition could be rough "

After completing his secondary education at Durban's Orient High School, he studied at the Indian Tribal College During this period he sold insurance. He made money, realised that commerce was where his aptitude lay and swopped from arts to a B Comm

He then completed an MBA at Wits. It was during his stay at the business school that he first took a look at the Indian business community.

"I realised that while it may have had relatively powerful businesses, all were family owned The system which relies on the family has obvious advantages It is fiercely individualistic, but it also has the disadvantage of stifling large operations.

"The CG is trying to encourage corporate formations within the community and we see our role as marrying money with management.

"The small size of Indian companies must also be blamed on the Group Areas Act," says Kharsany "Under this harsh piece of legislation, expansion is often not possible without a white nominee."

The MBA did not prove to be the open sesame Kharsany had anticipated. "I found great difficulty getting a job and was often tempted to tell potential employers that I had no more than a matric. As an Indian I was overqualified "

He eventually found himself in Anglo, marketing insurance.

But frustration set in early. "Ethnicity was often an issue and I soon stopped getting any satisfaction out of work. Besides, one was not part of the decision-making process "

Breaking with family business tradition, Kharsany set up the CG with a capital base of R1m. It has grown substantially and now has five subsidiaries covering finance, investment, insurance, property and leasing.

A new shipping division is planned for next year.

Another first is planned CG intends to appoint two whites to the board The reason, it seems, is not merely inverted tokenism

"It is essential, if the company is to get anywhere, that it engages people with the right skills and contacts "

EBRAHIM KHARSANY

C.M. 11/12/81

Radical capitalism

20

ibrahim Kharsany describes himself as a apitalist with radical sympathies Given he contradictions he faces, the label is not urprising.

A successful entrepreneur (he was one of he guests at Carlton II) and MD of Corpoate Group (CG), Kharsany is committed to he philosophy of free enterprise (Adam mith strain, of course). Yet, as an Indian, he emains a victim of discrimination.

"While I believe that capitalism is the ystem best equipped to develop a country, I ecognise that in the black mind it is associated with apartheid and therefore does not iave much of a future in SA," he says.

"I am afraid that history will judge capitalists harshly — whether they are white or black."

Kharsany has been prohibited from expanding his business into the CBD, has just had the thumbs-down from government on a project to establish an Islamic bank, and is soon to be put out of his Pageview home.

But he doesn't take things lying down. As ecretary of the Save Pageview Association SPA), he has been at the forefront of the nsuccessful struggle to prevent tenants beg evicted and the area demolished.

Cape Times 12/12/81 (30)

Ad man sold secrets to opposition: Fined

Staff Reporter

A PINELANDS man who accepted R1 000 as payment for selling the advertising secrets of Pick 'n Pay, was yesterday fined R500 (or 12 months) by a Cape Town magistrate.

Hubertus Marcel Hermanis, 30, of Nerine Avenue, had pleaded guilty at a previous hearing to a charge of corruption.

Evidence was that Hermanis, while in the employ of Hedley Byrne (Pty) Ltd as an advertising controller, accepted R1 000 as a gift for passing on confidential advertising and promotional material of Pick 'n Pay to Checkers Stores Ltd.

In mitigation of sentence, Herbertis told the court he became frustrated in his job. Because of the court case he had had to resign and suffered financialy. He deeply regretted what he had done.

He would also not be able to get a job in advertising because of the wide publicity the case had received.

Passing sentence, the magistrate, Mr J M Lemmer, said Hermanis had committed a very serious offence, but imprisonment was not the suitable punisment.

Mr G P Jordaan appeared for the State. Mr D G Scott appeared for Hermanis.

mccolonization?

Ends on not a Argue the case

LIBERTY LIFE

Turning it over

F.M. 18/12/81

30

What's the best property investment today? Flats, shops, factories or offices? Johannesburg man-about-property, Michael Rapp, has no doubts. Give him retail anytime.

The preference is hardly surprising.

Liberty Life, through development arm Rapp & Maister, which Rapp heads, has 45%-50% of its portfolio (book value R375m at September this year) in retail shopping centres.

Rapp will not comment on actual market value, but those figures could well be conservative — the cost of replacing Bedfordview's Eastgate alone would probably come close to R100m.

Of the non-retail slice of the portfolio, the bulk is in office developments in the greater Johannesburg area, with a small allocation (about 6%-7%) in commercial and industrial property.

So why the attraction to shopping centres?

Rapp sees himself in good company. Institutions, he points out, are prepared to buy good retail stock at relatively low yields — a good indication of their income potential.

He maintains that retail property around the world has shown more growth than other commercial and industrial stock.

In the US, for instance, the average initial yield is 7,5%-8%, while in the UK, investors are buying retail developments at yields of 3,75% with offices showing 4,5% and industrials 6,25%.

In SA the market talk is 8,5% for offices and retail outlets and 10,5% for industrials, but Rapp feels the retail figure is on the high side. "I'd never sell Eastgate at 8,5%," he says.

With inflation running at a current rate of around 15%, it's no secret that retail outlets tend to produce better yields than most other properties. Rapp points out that, all other factors being equal, retail developments should at least keep pace with inflation.

If turnover in a development is R1 billion in one year and the rate of inflation stays at 15%, even if the real growth rate of the economy is zero, rental must grow — tenant failure excepted — by 15%. Turnover clauses then ensure a fixed increase in turnover based on inflation.

Well chosen locality, maintains Rapp, makes a retail centre an ongoing appreciating asset. The tenants in these centres are, to a certain extent, "locked in" because, once established, they are virtually committed to retaining their premises.

"That is true to a certain extent," says Rapp, but retailing trends both here and overseas have shown that when the economy takes a downturn and consumer spending drops, the first retail sectors to suffer are the peripheral and ribbon developments."

He maintains: "The bigger centres have the advantage of established majors with a tenant-mix catering for a broad spectrum, from basic through to sophisticated shopping needs. So they remain relatively unaffected. Your shopkeeper in a ribbon development does not have the pull that the bigger centres have, so he is the first to be knocked out."

Endorsing these views, R & M's Wolf Cesman points to bullish rentals in Eastgate. They averaged out at around R9,50/m² when it was opened in March 1979. Lease periods varied from three to seven years.

Most of the leases on the approximately 200 shops in the centre were tied up in 1977-1978, when the property market, admittedly, had bottomed out.

Of these, about 50 come up for renewal in March and R & M recently re-negotiated them. "Every tenant has renewed," says Cesman. Rentals have almost trebled and now average out at R20/m²-R25/m² for shops of around 200 m², but on smaller operations of about 50 m², rentals of up to R35/m² have been achieved.

In keeping with R & M's policy at the outset in Eastgate, tenants pay for their share of all common area costs. Turnover clauses are geared at around 10% for most of the leases, which is a considerable hike on some of the original contracts which were as low as 6%. But Cesman says there has been little tenant resistance at the new figures.

And the outlook for 1982? Rapp foresees a quieter year with consumer spending slowing down in line with the lower economic growth rate. But he still predicts that in Eastgate gross rental income will be up by 21,5% on 1981.

This figure is based on known escalations, new rentals and conservative estimates on turnover clauses.

LL's Eastgate ... trebling rents in five years

RETAIL SALES F.M. 18/12/81 (30)

Caution at Christmastide

A slow start to Christmas buying has thrown cold water on expectations that this year's profits would be as high as last year's. But, after a late spending surge, the tempo appears to be picking up.

Early predictions suggested a year-end shopping spree which would bring in more than R4,2 billion, and November sales seemed to bear this out.

However, many shopkeepers revised estimates after recording slow sales in the first week of this month.

Last year's retail sales in November and December amounted to about R3,6 billion, of which R2,1 billion was chalked up in December — 13% of 1980's total sales.

Ed Verburg, Chamber of Commerce economist, says there has been a slight downward trend in the growth rate of retail sales this year. The first two quarters of the year showed a 25% hike in monetary terms, but the increase in the third quarter was 19%. He believes the Christmas period is likely to follow that trend.

The projected monetary increase over this period last year, Verburg points out, represents a 4% rise in real terms, compared with the 9% increase of 1980 on 1979.

"Last year's sales were exceptional and it will be hard to keep up with that," he says.

Lower growth, in real terms, seems certain. At constant 1975 prices, retail sales for January-August 1981 were R6,1 billion compared to R5,8 billion for the same period in 1980, an increase of 5,2%. This can be compared to the increase in January-August 1980 over 1979, which was 9,4% (or R5,8 billion over R5,3 billion).

Barclaycard's Colin Gregor says that, at present, about 20% more card vouchers a day are coming through than the usual daily flow. Purchases appear to be spread over a wider range of goods this year, with a high number of applications for products costing over R200.

Particularly popular, he says, are household goods, hi-fi and video equipment and lawnmowers.

It is a different picture from that which prevailed at this time last year when applications for jewellery purchases outstripped all others.

Jewellery retailers seem unaffected. Robert Schwartz, of Schwartz Jewellers, says sales are already way ahead of last year's and that more buyers are looking for quality. Schwartz and Ronnie Tanur, of Tanur Jewellers, agree that buyers are increasingly going for gold and diamonds (especially 18 carat gold watches).

Tanur reports that his sales are already 25% up on 1980 figures in monetary terms.

Gregor reports that Barclaycard received 1 000 applications for white goods and furniture over a four-day period, but Hypermarket and Hyperama men note that there has been an easing up in purchases of major appliances and furniture.

Market spokesmen say the exceptional sales of audio equipment are due to overstocking which has led distributors and retailers to slash prices.

Hyperama's Gerald Manne notes a marked decrease in sales of household goods since October. Audio, photographic and electronic equipment are, however, making up the difference. Manne says the buoyant sales of colour TVs may mark the start of a replacement and upgrading cycle.

Less optimistic, but still satisfied, is Andy Murray of Solly Kramer's. Booze sales, he says, are running with inflation. White consumers are going for high-quality, low-price liquor gift packs while black sales, despite the monopoly of shebeens and administration board outlets, are running high.

Chris Taylor, marketing manager for Etkinds, says: "It's the cheaper articles that shoppers are after."

Instamatic cameras and calculators are selling well, he adds, but video games (going for about R300) seem to be the only luxury articles being bought.

Chris Hurst, Pick n Pay's financial director, notes that December turnover, up a third on last year's, has been dominated by exceptional growth in food sales. Hyperama's Manne notes an increase in sales of non-food articles.

But all in all consumers are more selective. To maintain last years' phenomenal Christmas sales, retailers are spending more on advertising and slashing prices. But buyers seem determined to make it a value-for-money Christmas.

Christmas shopping ... sales are picking up

30 ~~24~~ 30/12/81

The 'white' absurdity

By Nigel Mandy

At the recent opening of the new offices of the National African Federated Chamber of Commerce in Johannesburg Mr Nigel Mandy advocated the opening of the city's CBD to all races.

Under the Group Areas Act Johannesburg has been proclaimed as a "white" area for ownership and occupation. This is an absurdity because our city work force, its shoppers and its visitors are increasingly and inevitably multiracial.

The proclamation offends against free market principles. It impedes the efficient functioning of Johannesburg as the financial, business administrative and professional services capital of the sub-continent of southern Africa.

Throughout history the need for social and economic adjustment in response to changing circumstances has been felt first in the great cities. It is therefore natural that Johannesburg has set the pace in securing permits for non-whites to have access to international hotels, legitimate theatres, restaurants and many other facilities.

The Government is phasing out previous illogical and unjust restrictions on the performance of managerial and professional work by non-whites, and such restrictions as remain are largely being ignored in practice here.

We recognise that the Government has acted positively in the implementation of the Riekert Report by lifting the trading restrictions previously applied to blacks in black residential areas.

However, reason for serious concern was to be found in the Prime Minister's statement that "the Group Areas Act and related Acts such as the Slums and the Housing Act should be investigated by a technical committee in order to introduce improvements without prejudice to the principle of own towns and urban communities.

An inquiry into the residential aspects of the Group Areas Act and related legislation is to be welcomed, although we find the subsequently announced terms of reference of the Strydom Commission to be unduly restrictive.

But with the greatest respect we submitted to the Prime Minister that there is no valid reason to delay still further the opening of central business districts (at local option) for trade, industry and the professions to members of all race groups.

The reference to the avoidance of "prejudice to own town and urban communities" appears to be based on a fundamental misconception by the Government of the nature of a metropolitan city with its satellite towns and townships.

This can be explained by reference to the Inner Witwatersrand "JOMET" area. Johannesburg as the core city is surrounded by various other towns and townships forming a single metropolitan entity.

NIGEL MANDY
... no drawback.

According to the Prime Minister's draft PWV Spatial Development Strategy Report the present population of about 2,2-million comprises about 25 percent whites, 5½ percent coloured people, 2½ percent Asians and 57 percent blacks.

In this area non-residential floor space, i e offices, shops, factories, constitute the job opportunities. JOMET has over 20-million square metres of such space with Johannesburg having over 71 percent, Germiston 15 percent and no other town has more than 5 percent. No matter how much industrial and commercial space might be constructed in the non-white areas, a majority of persons of all races will continue to converge on Johannesburg's central business district and its nearby industrial areas to work, to shop and to enjoy the facilities and services of a great metropolis.

The "white" towns such as Randburg, Sandton and Roodepoort have all developed their own powerful shopping facilities. Their offices and industries are expanding rapidly. This has occurred through natural processes.

The growth of Randburg, Sandton and Roodepoort took place under free market principles. They did not require any protection against the pull of the CBD.

It is hardly logical therefore to suggest that the non-white population should be denied opportunities in the CBD in order to further the development of their own areas.

Restricting the entrepreneurial, professional and managerial opportunities of blacks, coloureds and Asians to their own areas would stunt the growth of those areas and would constitute the continuation of hurtful and unjustifiable discrimination and the violation of free market principles.

The transfer of knowledge and skills is best achieved in a situation where white and non-white work together. Some of the non-whites will be better equipped to practise trade, industry and the professions in their own residential areas; and the rest will become more affluent and knowledgeable while working elsewhere and thereby will be able to contribute more fully to the life of those areas.

The realities of the situation require that the Government should at the very least permit an area like Johannesburg CBD to be opened fully to all races for trade, industry and the professions where its organised commerce and industry so request.

● *Nigel Mandy is chairman of the Johannesburg Central Business District Association and chairman of the Black, Coloured and Asian Community Services sub-committee of the Johannesburg Chamber of Commerce.*

SA says Ciskei won't abolish tax

D. Dispatch 31/12/81

KING WILLIAM'S TOWN — The South African government's Department of Foreign Affairs has assured the East London Chamber of Commerce that general sales tax will not be abolished in Ciskei.

The assurance was contained in a telex message which also stated that South African retailers would not be blocked from repossessing goods in Ciskei if hire purchase instalments were not met.

The telex comes in the wake of considerable uncertainty aroused in October when Ciskei's Vice-President, the Rev W. M. Xaba, threatened to drop sales tax and bar repossessions.

The move was seen as a retaliatory measure against King William's Town for its decision not be be incorporated in Ciskei.

The secretary of the East London Chamber of Commerce, Mr Jock Allison, said his chamber had approached the South African Department of Foreign Affairs for clarity on Mr Xaba's threats "because we were concerned about their possible effects on trade."

When Mr Xaba was asked yesterday whether Ciskei still intended dropping sales tax, he said the Ciskeian Executive Council had not discussed this yet.

Asked whether the South African Foreign Affairs Department had not flouted Ciskeian independence by issuing an assurance contrary to his original suggestion, Mr Xaba declined to comment.

He did not know whether the issue was due for discussion by the Ciskeian Executive Council.

Mr Allison said Mr Xaba's threats had created considerable confusion.

"If sales tax was dropped, people would dash to Ciskei to buy goods there without considering customs and import duties. Besides, Ciskei needs the revenue generated by GST.

"It is not clear whether the suggestion to drop sales tax was Ciskeian government opinion or Mr Xaba's personal opinion."

Mr Xaba said in October that sales tax would have to be dropped to encourage consumers to support Bisho businesses.

He said the Ciskeian government intended building Bisho into a prosperous capital where large businesses would enhance economic prosperity.

At the same time he said he could not visualise South African retailers entering Ciskei to repossess goods, "because the Ciskei state will not allow such transgressions."

Mr Allison said this week that economic cooperation between Ciskei and the Border area was imperative.

"We must work together to provide job opportunities to alleviate unemployment, which is reaching calamitous proportions in Ciskei," he said. — DDR.

Cape trading licence fees rise next month

(50) D. Dispatch 31/12/81

EAST LONDON — Traders will have to pay sharply increased fees ranging from 50 to more than 150 per cent for trading licences next month.

Mrs H. Botha, the East London municipality's trade licensing officer, said about 60 different types of business were affected by the increases and several undertakings would be licensed for the first time.

All income from trade licences goes to the coffers of the municipality but the scale of fees is laid down by the Cape Provincial Administration and is uniform throughout the province.

Licences which have increased from R30 to R75 (150 per cent) include thosoe for cafe keepers, butchers, motor garages selling petrol, used furniture shops, bakers, debt collectors and fishmongers.

Licence fees for hairdressers have gone from R20 to R50, pawnbrokers from R50 to R100, auctioneers from R30 to R50 and passenger transport licences from R15 to R30.

Licences for commercial travellers, formerly costing R15, now fall away but a new category of agents or brokers will be paying R50 a licence.

For general dealers the former minimum of R30 for under R5 000 worth of stock has been replaced by a minimum of R75 for under R10 000 worth of stock. The maximum now moves from R1 000 to R2 000.

Trades which will be licensed for the first time include body masseurs (R100), escort agencies (R100), driving schools (R35), optical dispensers (R25), optometrists (R35) and valuers (R50).

Building contractors operating only in the East London municipal area will pay R50 or R100 to operate in the entire province.

Several city business people interviewed yesterday said they found the increases steep but seemed to have resigned themselves to them. However some said they were dissatisfied with the extent of the increases.

One, Mr D. Dimer, who has a licence both to deal in radios and as a general dealer and now has to pay R150 instead of R60, said he was appalled at the increases and that they would affect the small businessman most of all. — DDR