MANUFACTURING
MOTOR INDUSTRY
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INDUSTRY

Rationalisation in SA motor industry welcomed — Durr

By DEREK TOMMEY
Financial Editor

DEPUTY Minister of Finance Mr Kent Durr let the motor industry know that it had to find its own solutions for its problems when he addressed the National Automobile Dealers Association in Pretoria yesterday

However, he assured them that the Government attached the greatest importance to the promotion of sustained growth and the maintenance of stability in this sector of the economy

Nonetheless, it does seem that the industry's appeal, launched a few days ago, for help in the way of a cut in general sales tax on car and a more gentle phasing in of the "perks" tax in order to stop it contracting further has probably fallen on extremely barren ground

For far from being concerned about the recent amalgamations in the industry, Mr Durr said this was in line with Government policy

For a number of reasons, including the limited size of the domestic market, the huge investment in the motor industry, the rapid escalation in the cost of tooling, and the recent recession, attention had again been focused on further rationalisation within the industry, he said

"This should lead to greater standardisation which in turn implies greater economies of scale, or put differently, lower costs a unit"

However, it was a painful operation and the recent restructuring had caused retrenchments throughout the industry

Mr Durr said the industry had attracted criticism, in particular that there were too many manufacturers and too many models for the country's relatively small market

"For so capital intensive an industry economic considerations are naturally decisive, and developments in the industry are best left largely to market mechanisms

"The recent amalgamations within, or withdrawals from, the industry, which saw the number of manufacturers decline to eight, corroborate this

"This approach is also entirely in line with the avowed policy of the Government to encourage a more market-related industry," Mr Durr said

"Intervention by the Government in the private sector, however, benign, should be kept to a minimum and direct controls should be avoided as far as possible"

He said the Board of Trade and Industries had completed its investigation into the possibility of a local manufacturing programme for heavy comercial vehicles, and a decision on its recommendations would be taken soon

Mr Durr added that some of the principles established by this investigation could be used to advantage in a programme for cars and light delivery vehicles

Conditions had been difficult for the motor trade last year with new vehicle sales falling almost 25 percent to 305 327 units — the lowest figure for seven years

Fortunately, this was not the whole story since retailers of motor vehicles and accessories managed to increase their revenue by 14,7 percent following increased used vehicle sales and a substantial rise in workshop revenues

Rand's fall hammered motor industry profits

STAR. 13/2/86. (850) (192)

By Trevor Walker

The motor industry has highlighted better than any other sector the spectacular fall in profitability produced by the rand's plunge below 40 cents.

The governor of the Reserve Bank said recently that the recent rise in the rand went against exports from the mining and agricultural sectors, but that it did help in the fight against inflation.

That is one side of the market, but on the other side major importers have seen business conditions not only weaken dramatically but also sometimes change materially almost overnight for reasons no business could ever anticipate or budget for.

Speaking to *The Star*, Toyota South Africa MD Mr Colin Adcock said the company had a traumatic time on foreign exchange markets last year (it reported a R17 million loss in this area in the six months to end-June), but all foreign operations were now fully covered.

He said the company would not be so ready to borrow abroad in the future even when interest differentials were substantially in favour of one doing so

When the rand plunged to 34 cents there was no way the company could trade profitably or recover costs

The position now was that with the rand trading above 45 cents CKD containers ordered today for payment in three weeks would eventually emerge on wheels in about three months time.

This meant that if the rand continued to hold at or move above present levels, the prospects for the second half of this year began to look much more reasonable.

Price increases this year were at present expected to be less than the inflation rate, but could nevertheless still run at about 16 percent However, this would depend almost entirely on the performance of the rand.

The company's strength in the light commercial passenger market is remarkable, and Adcock is forecasting extra business of not less than 50 to 70 percent in the existing market.

The main thrust of this business was on the Witwatersrand and in Durban and Cape Town, but there was no reason why this could not be expanded significantly elsewhere, particularly if certain existing restrictive legislation was removed

The company had been in the process of introducing its new Cressida range of medium-sized passenger vehicls to its dealers and the media this month.

The company was convinced the new range would be even more successful than the old Cressida range.

The range had been widened to include a more luxurious top of the range model which has, as standard fittings, extras found on no cars in a comparable price range in the country.

The company's preliminary figures for the year ended December are due out shortly, and Adcock declined to comment on the trading position in the second half.

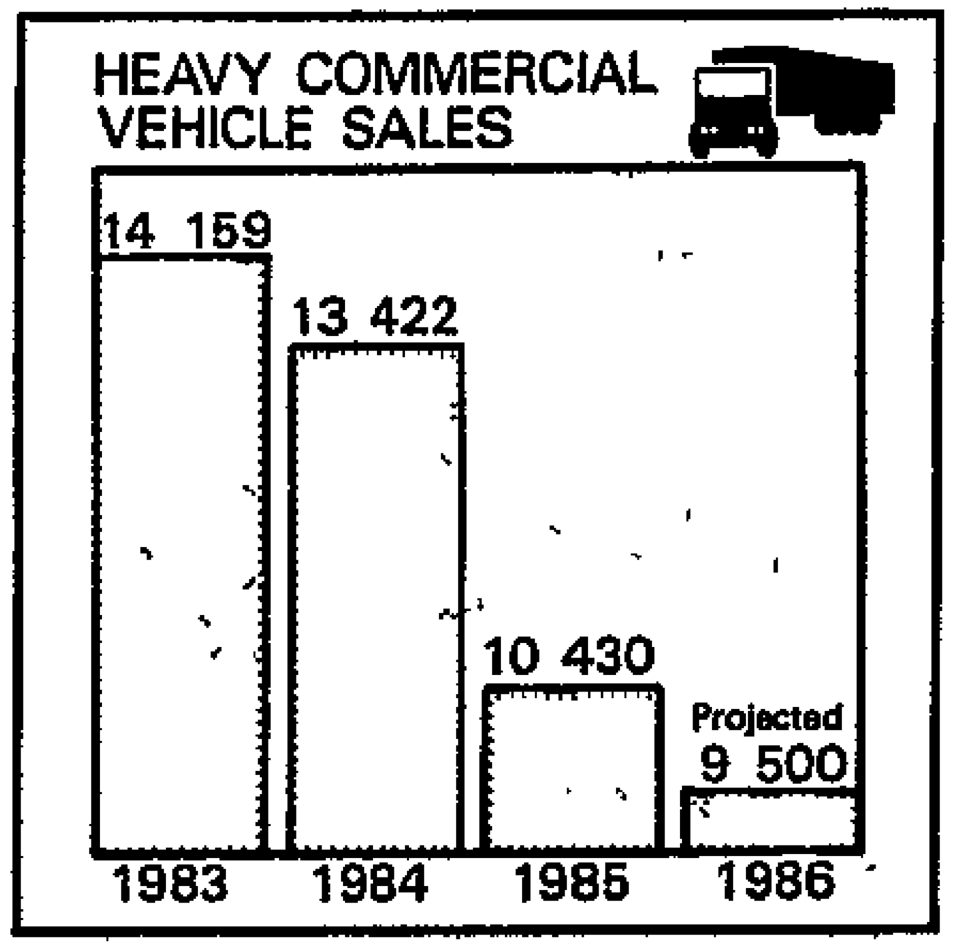
Whatever final dividend is finally decided on there is no doubt that the institutions will remain strong supporters of the company's stock.

There is little prospect of it being knocked off its perch as the country's leading motor manufacturer, and the trading outlook from June onwards is looking better and better every day.

It's still very heavy going for truck manufacturers

BUS DAY 14/2/8 192

ALAN RUDDOCK/Industry Reporter



LATEST industry figures — showing truck sales in January at their lowest monthly level for 24 years — reinforce the pessimism of vehicle manufacturers that the heavy commercial sector is in for a miserable time.

Predictions for 1986 sales are universally pessimistic, with a further decrease on last year's depressed levels anticipated. No significant upturn is expected for at least another three years, and even then it is expected to be modest.

Manufacturers will have to reconcile themselves to a total market of between 8 500 and 11 500 units for the foreseeable future.

Profits are also a thing of the past. Breaking even in the SA heavy vehicle market is cause for celebration.

January's sales, manufacturers say, were in part affected by the same reasons which caused the collapse in passenger car sales, especially heavy pre-price increase purchases, towards the end of last year. The average price increase in the industry was about 35%, and there seems little doubt that price increases this year will be in the region of 30%.

Magnis MD Don Fife says that, while heavy price increases are needed to restore margins, the increases will be dictated by the competitiveness of the marketplace.

"The market is very competitive and overtrading is a factor. Customers are taking advantage of it and brand loyalty is going."

"There are 12 manufacturers competing in the over-7 500kg market, with Mercedes-Benz the clear market leader."

Despite the overtrading, Fife says he is not aware of any talk of rationalisation in the heavy vehicle industry.

It is generally agreed that any rationalisation would not concern the smaller, specialised producers, such as Hestair, ERF, Foden and International Harvester.

To have any real impact on the market, rationalisation would have to involve the higher-volume producers, such as Samcor, General Motors, Mercedes-Benz, Magnis, MAN and Leyland. The takeover negotiations in Britain between Leyland and GM could, of course, affect the SA market.

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen says: "The continuing negative sales trend in the strategically vital truck and bus sector is extremely worrying, since it reflects continued weakness in general business conditions and underlines the need for further official steps to revitalise the economy."

The low volume of heavy commercial sales reflects shattered business confidence and a marked reluctance for investment spending.

Spin-offs of the recession — soaring price increases, currency collapse, last year's high interest rates and the bottom falling out of consumer demand — have all led to the industry's parlous condition.

But there has been increasing confidence that a mini-recovery is in sight. However, January's sales of heavy commercials have cast doubt on that confidence.

The motor industry is clearly looking for some stimulatory action by government in the March Budget, but predictions by both manufacturers and economists for the next three years indicate that even government stimulation of the economy will not improve their situation. Obviously, without any stimulation whatsoever, the future is even bleaker for manufacturers.

Any increase in GST this March would have a damaging effect on all segments of the industry, but historically it is the commercial vehicle sector that suffers the long-term hardships from any GST increase.

The heavy vehicle market is a clear indicator of the trend in investment spending. Fleet owners, especially long-haul, are refurbishing existing fleets rather than purchasing new units.

Bus companies have slowed down and township violence has accelerated the refurbishing trend, with bus companies understandably reluctant to send new vehicles to their deaths.

The continued growth in black taxis has also put the brakes on bus purchases.

The effect of refurbishing can be seen by looking at the depreciation allowance as a percentage of total Gross Domestic Investment (GDI) over the past 15 years. From an average 38,9% in 1970/74, it rose dramatically to 61% in 1985.

As fleet owners' efficiencies increase, the rate of purchase also dries up. "When interest rates were low, it was not such a problem," says Leyland marketing director Ken Parr. "But now fleet owners realise they do not have to purchase a new fleet every time they get a big contract. They are utilising their trucks more efficiently and can increase productivity substantially without making any new purchases."

The structure of the market is changing. Parr points out that, based on an analysis of previous years, last month's sales would point to a total market this year of 7 500.

However, he says it is no longer safe to make comparisons with trends over the past few years. They just do not apply to the market conditions of the moment.

He says, however, one potentially encouraging factor emerged in the second half of last year. "The tipper market, which is closely allied to construction, started to regain its market percentage.

"In 1982, it accounted for 19,1% of the market, and as the recession began to bite, its percentage fell to 17,6% in 1983, 15,6% in 1984 and 13,8% in the first half of last year. However, its penetration for the first three quarters of the year improved to 16,4% and, by the end of the year, it had improved further to 17,1%."

ARGUS 12/3/86 (92)

INDUSTRY

Motor industry fails to overtake the slump

Financial Staff

THE South African motor industry's hopes of a climb out of the sales trough failed to materialise last month

Latest Naamsa figures disclose a disappointing 13 913 passenger car sales for February instead of an expected 17 000 — the lowest February since the recessionary year of 1977.

Total passenger car sales for the first two months of this year stand at 27 772, 22,7 percent lower than the comparable period for 1985

While the sales figures are certainly no cause for rejoicing Toyota marketing director, Mr Brand Pretorius, points out that they are the result of some special market circumstances

"The first is that there is still a relative lack of confidence economically and politically," he said

"The second is that there is some resistance to the latest retail selling prices While it is true that prices went up by 35 percent last year potential car buyers should be aware of some positive factors too

"The interest rate has come down substantially, the minimum deposit required for hire purchase transactions has been reduced, repayment periods have been extended and, generally speaking, the trade-in value of vehicles has improved

"A third reason is that in some cases manufacturers are short of stock — primarily in the small car sector."

Another factor was the business sector and private customers waiting to see what tax concessions or perks tax modifications the Budget held. This put the picture "into better perspective".

According to Naamsa figures Toyota led passenger sales for February with 3 613, claiming 26 percent of the market, followed by Samcor with 2 883 (20,7 percent) — made up of MMI's 1 571 (11,3 percent) and Samcor Ford's 1 312 (9,4 percent) — and VW with 2 508 (18 percent)

Next were Nissan with 1 179 (8,5 percent), Mercedes-Benz 1 135 (8,2 percent), BMW 1 055 (7,6 percent), and GM 915 (6,6 percent).

Top selling car in February was Toyota's Corolla, which sold 2 619 Next were Golf-/Jetta 2 160, Cressida 979 which also led the medium car market, BMW 3 series 845, Mazda 323 811, Langley/Pulsar 722, Sierra 641, Escort 637, Mercedes-Benz W 123 630, and the Kadett 615

Light commercial vehicle sales also fell short of market expectations though at 6 191 units the trend is more positive, up 14,6 percent on January sales

Market leader was again Toyota with 2 486 (40,2 percent), followed by Nissan 1388 (22,4 percent), and Samcor 1 340 (21,6 percent) made up by — Samcor Ford 737 (11,9 per cent) and MMI 603 (9,7 percent)

Fears for future of SA car industry

18/4/86
Mercury
192

Mercury Correspondent

JOHANNESBURG—South African motor manufacturers already fighting for survival have been stunned by the latest sales figures which are the lowest for nine years. Motor industry officials say sales are now running 40 percent below levels needed to safeguard manufacturers' survival.

Manufacturers are already revising their 1986 sales projections downwards. The more pessimistic are predicting figures well below those of 1985, which saw three manufacturers quit the market and two more merge because of declining sales.

Latest official industry figures show car sales last month, at 14 017, were 28 percent down on March 1985. Light commercial sales were down 25 percent, medium commercials 22 percent, heavy vehicles 44 percent and total vehicle sales 28 percent.

Car sales so far this year are at their lowest level since 1977, say industry officials.

Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa), which supplied the figures, said last night 'A sustained monthly new car market of 25 000 units, and a monthly new combined commercial vehicle market of 11 000 units, represents the minimum industry requirement to safeguard the economic viability and future of S A vehicle manufacturers.

'Little joy'

'Current sales represent only about 60 percent of these levels'

Manufacturers had hoped March would show the first signs of a recovery in the depressed market. But while car sales improved marginally over February, from 13 913 to 14 017, the declining commercial vehicle market sales brought total unit sales down from 21 230 to 20 945.

Naamsa president and Volkswagen managing director Peter Searle said the figures 'bring little joy to the beleaguered motor industry'.

According to Toyota marketing director Brand Pretorius, manufacturers will have to revise sales projections for this year.

'The latest returns demonstrate the worrying fact that the continuing decrease in vehicle sales is accelerating, whereas the industry has previously forecast that by now the market would have shown signs of improving.

'Original forecasts put car sales for 1986 at 215 000. On the basis of the March sales, the estimate is now around 185 000, a figure almost as low as the disastrous 167 000 sales of the 1977 slump year.'

'Such a low market could have a serious effect in terms of employment and profitability on the motor industry,' said Mr Pretorius.

He added: 'The March results are both disappointing and disconcerting. Vehicle sales figures are generally regarded as a barometer of the state of our economy, and the signs are not good.'

March car sales 28% down on '85

10/4/86 STAR (1922)

Vehicle sales took yet another steep dive across the board in March, with industry sources forecasting year-end figures well below their earlier more optimistic 1986 estimates.

Total unit sales were 28 percent down on March 1985, while sales for the first quarter of 1986 were 24 percent below those for the same period last year, according to figures released by Naamsa

It was the same depressing story across the entire vehicle market spectrum — passenger car sales down 28 percent, light commercials down 25 percent, medium commercials down 22 percent and heavy vehicles 44 percent down on the March 1985 figures

Commenting on the figures, Toyota marketing director Brand Pretorius said

"The March results are both disappointing and disconcerting.

"It is clear that neither the recent budget nor the recent political developments have boosted confidence in South Africa's economic and political prospects in the short to medium term

"The latest returns demonstrate the worrying fact that the continuing decrease in vehicle sales is accelerating, whereas the industry has previously forecast that by now the market would have showed signs of improving

Unfortunately there are no signs of this"

Original forecasts put car sales for 1986 at 215 000

On the basis of the March sales the estimate is now around 185 000, a figure almost as low as the disastrous 167 000 sales of the 1977 slump year

"Such a low market could have a serious effect in terms of employment and profitability on the motor industry — South Africa's second largest employer in the industrial sector"

Passenger vehicle sales last month totalled 14 017 compared with 19 464 in March 1985

Total combined sales of passenger and commercial vehicles last month were 20 945 units — a steep drop from the 29 001 units of March last year — Sapa

Motor firms' views of 1986 differ

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EP 15/1/86

By CATHY SCHNELL

THERE are mixed views from Eastern Cape manufacturers on the prospects for the motor industry this year

Volkswagen saw the future as rosy while General Motors was more cautious

Production at VW has been in full swing for a week to cater for the high demand for Jettas, Golfs and the new 2,1-litre Microbus, according to Mr Graham Hardy, communications manager, who said the demand exceeded the supply at the moment

The cars produced for the next three months had already been sold

Workers on all assembly lines were working a five-day week and an eight-hour day This was fulltime,

At this rate there would be no retrenchments or short time in the foreseeable future, Mr Hardy said

Mr Peter Sullivan, public relations manager for GM, said there would be no wonder-cure for the South African motor industry until the political climate stabilised and there was a meaningful strengthening of the rand coupled with a reduction in the trend of inflation

He said there was very little the authorities or the motor industry could do to increase the sales of motor vehicles this year

Mr Sullivan predicted the motor vehicle market this year would show no significant gain or, in fact, any increase in sales

He predicted a total market sale — from all 11 motor manufacturers — of 305 000 This would include 205 000 passenger cars and 100 000 truck and commercial vehicles

Already most of GM is on short time, according to the labour relations manager, Mr Dennis Briskin

Mr Briskin said on average the workers were on a full working week — but only working an eight-hour shift compared to the normal nine-hour shift

The assembly workers were on a 7½-hour day Others were on a nine-hour day

Mr Sullivan said GM was confident it would maintain its market share for the first nine months of the year

The introduction of the Kadett T-car Notchback later this year would see the company making significant gains

GM would continue with its plans to rationalise its model line-up and by next year should be in an extremely competitive position with a range of passenger cars, trucks and commercial vehicles tailored to meet the demands of the public

(92)

nomy are expected to boost sales

Added to this is the fact that there has been considerable progress on the rationalisation front — an option facing the industry for years Ford and Amcar completed their merger last year and three European assemblers announced their decision to quit the country.

Whether this improved outlook will affect the industry's appeal for help to the State President's Economic Advisory Council is difficult to gauge So far, government concessions to the industry — dropping the remaining 1% *ad valorem* duty on imports and stretching HP terms — fall a long way short of the asked-for drop in gst and the easing of fringe benefit taxes. Indeed, Samcor MD Spencer Sterling thinks that even a modest rise in the industry's fortunes could "dilute government's reaction to our distress."

Naamsa's Vermeulen . . . looking at a modest comeback

On the perks tax front, Sterling predicts that the phase-in will be frozen at the current 25% instead of rising to the slated 40% this year "But I don't see government making a special case of the motor industry on the gst issue," he adds

Last year car sales fell 24%, making it the industry's worst year since 1978, and the carmakers are expected to be at risk until at least mid-1987. The impact of a 5% lift in 1986 sales from such a low base will be marginal, at best "It's a dismal performance," says Vermeulen "Forecast car sales for 1986 fall way below the 300 000 units we need to stabilise employment and investment levels in the industry."

Twelve months ago forecasters were pencilling in sales of 230 000-240 000 units for 1985 The industry has the potential to produce some 500 000 cars a year on single-shift working and without adding to capital employed.

But, as Volkswagen marketing director Clive Warrilow points out, manufacturers have "nowhere near recouped the losses from the rand's devaluation against the Deutschemark and the yen."

Some 60% of the cost of a car is made up of imported components, and even with a stronger rand manufacturers will still have to rebuild profit margins with further price increases "I don't think the industry will be able to peg this year's increases much under 25% unless there is a significant and sustained improvement in the rand," comments Sterling

In addition, there's unlikely to be a resurgence of last year's heavy discounting, which was used to work off fat inventories and lift market share "Manufacturers have now got their inventories into line and are starting to trade more sensibly," says Nissan MD John Newbury

Amid the gloom, some carmakers found they could not fully meet January's demand for some models Six months ago they starting cutting orders for CKD (completely knocked down) kits from foreign manufacturers and the imports are locked in a six to seven month delivery pipeline December's comparatively high sales figure also meant there had been a heavy drain on stock Sales in that month sustained the improved momentum of recent months, up nearly 10% on November's figure to 19 170 units

Sterling says that threatened price hikes at the end of last year boosted sales, as did special deals from Alfa Romeo, Renault and Peugeot, who were running down stocks after deciding to quit SA

To what extent the industry can reduce its own costs, with inflation in the 17%-20% bracket, is debatable But good housekeeping, reckons Toyota marketing director Brand Pretorius, rather than manpower cuts and shift reductions, will feature heavily this year

The new year started badly with Samcor's announcement that another 950 jobs will be lost in Port Elizabeth by year-end as Ford completes its trek to the PWV (*Business* January 17) Job losses in manufacturing plants are said to be around 9 000 since the start of the mid-1984 slump, although Toyota, for one, hopes to start rehiring towards the end of the year — if sales forecasts are on target Volkswagen wants a sustained upturn before jobs lost in the recession can be recovered

Losses in the components industry have been even more traumatic About 25 000 jobs went in the year to August, when production fell 40% as makers pulled output more into line with demand But National Association of Automotive Components and Allied Manufacturers' (Naacam) director Denzyl Vermooten says he doesn't expect heavy new cuts A poll of 80 Naacam members shows retrenchment levels in the industry have not radically altered in the last five months

"And we have found a slight increase in the utilisation of production capacity," says Vermooten He attributes this to improved exports.

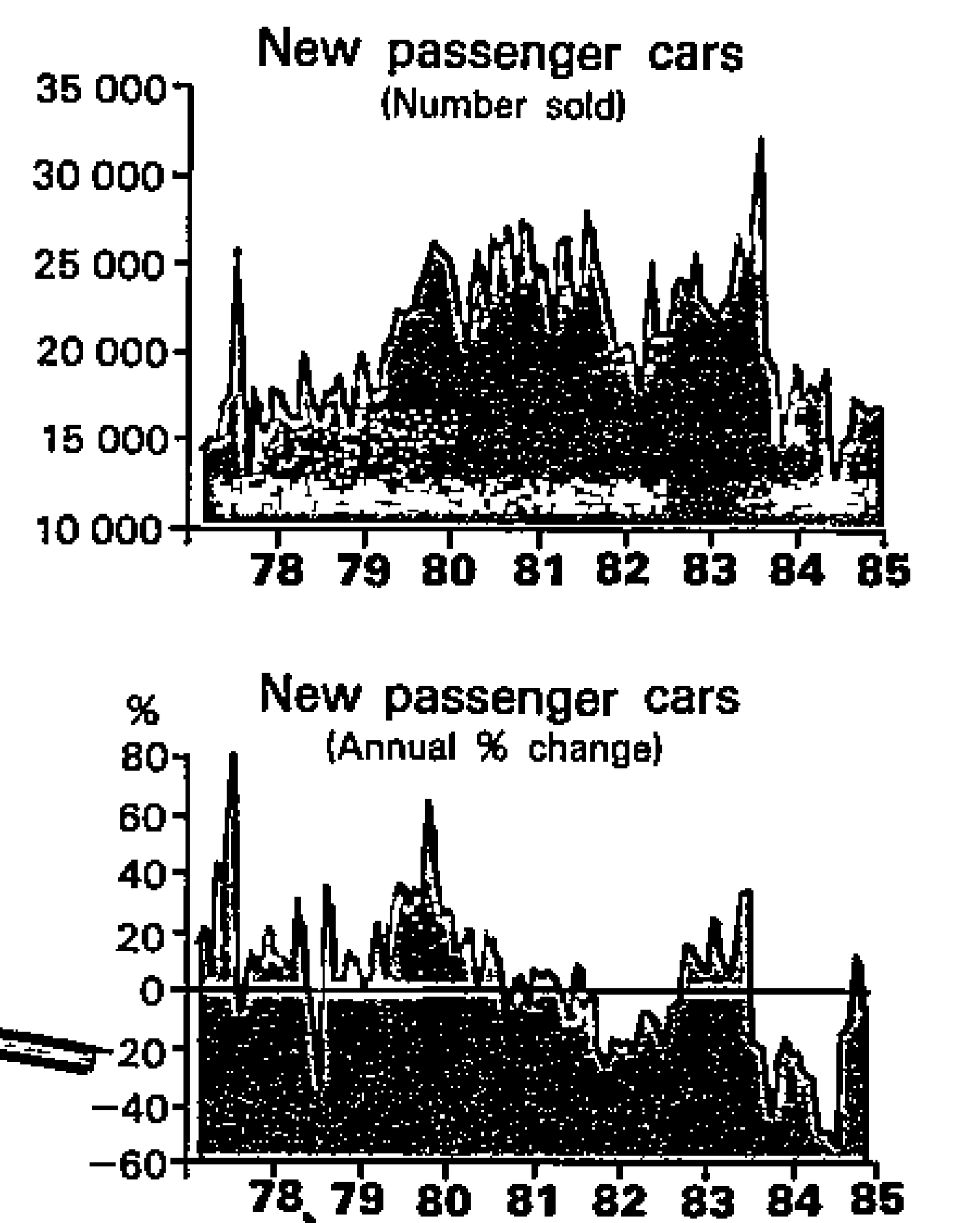
Latest industry speculation surrounds BMW, still looking for a small car for its dealer network The surge in this market — reckoned likely to account for 70% of all car sales this year — is leading dealers to push for broader market bases

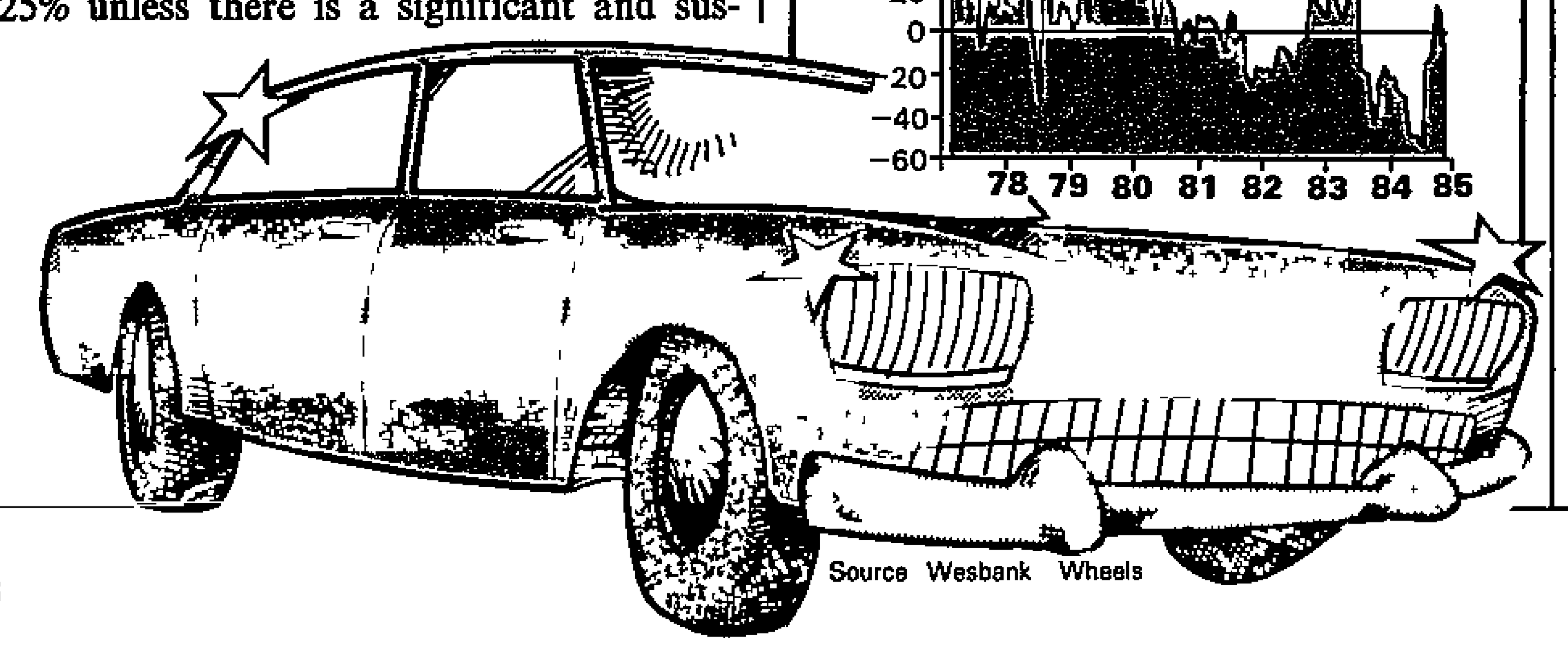
This has prompted renewed talk of a deal with General Motors to allow BMW dealers to sell the Kadett.

For its part, BMW insists it's not talking to anyone "We have looked at certain alternatives to improve our short- and medium-term viability," says GM MD Bob White. But nothing, so far, has materialised — and GM finds itself scotching rumours that it will be the next manufacturer to quit SA

Talk of leaving can, of course, be highly damaging to sales levels Renault's poor performance last September was widely thought to have been the direct result of rumours about the company's withdrawal from SA, which proved correct Such are the vagaries of this difficult and hard-pressed industry ■

IN THE DOLDRUMS





Source Wesbank Wheels

Jobs in motor industry dwindle

Weekend Post Reporter

JOBS in the motor industry dwindled rapidly last year, registering what a spokesman for the National Association of Automobile Manufacturers of South Africa (Naamsa) described as an "historic low" in the industry.

The decline repeated the pattern of the last three years.

In December, 1983, a total of 47 570 people in South Africa were employed in the industry By December, 1984, this number had dropped to 42 042, and in December last year it dropped further to 33 346

The figures for December last year are the most recent ones Naamsa has

According to the spokesman for Naamsa, the low year-end employment levels were partially due to the decision by French and Italian manufacturers to discontinue their assembly operations in South Africa

He said a modest improvement was expected in the fortunes of the motor industry this year

E Cape motor men optimistic

(192) 1/3/86 B. Post.

MOTORMEN in the Eastern Cape are remarkably optimistic about prospects for this year despite forecasts that there will be little — or no growth — in the market over 1985

They frankly describe last year as having been a "disaster" for the industry in general, but both General Motors and Volkswagen gain solace from the fact that their own performances improved, albeit in a drastically reduced market

"We were the only manufacturer to increase sales volumes, 1985 sales being 29 341 compared with 28 418 in 1984," said VW public affairs manager Ronnie Kruger

And GM sales director Hal Carpenter said "While industry volumes were down 24%, our drop was 8,3%, and our penetration actually increased from 7,7% to 9,3% — the best since 1981.

The start of the year has not been auspicious for the vehicle industry

Manufacturers were caught short of stocks and suffered badly late last year and in January

That was the start, and the problems facing the industry have been compounded by continuing financial losses — mainly due to foreign exchange rates and said by GM's Mr Carpenter to be as high as R1 500 million — and a hike in the price of Iscor steel, which is estimated will increase industry production by R50 million

Predictions of increases in car prices of up to 30% add to the complexity of the troubles, with the only relief coming from the fuel price reduction

Even the effects of that — both as a direct benefit to motorists at the petrol pumps and as a general inflation-beater — are not expected to stimulate the pasenger car market much above last year's disastrously low 204 000

GM, in fact, are forecasting a marginal decrease in passenger car sales to 200 000, while VW are more bullish in looking at between 210 000 and 215 000

With GM's commercial vehicle forecast at 100 000 and VW's at 95 00, total sales are estimated to reach just over 300 000 — a figure for which passenger

By Bob Kernohan

Business Editor

cars alone accounted five years ago

But both GM and VW are determined to gain a bigger share of the depressed market

"We expect to hold our own and are aiming to finish up in 1986 in second position in overall sales," said Mr Carpenter

"VW is aiming to increase its car market share from 14,4% in 1985 to 20% this year," said Mr Kruger.

Third local manufacturer Ford — now merged with Samcor and running down its operations in Port Elizabeth — will also be loking for an increased market share from its only continuing original passenger car line, the Sierra.

But new models in this range are likely to be built at Samcor's Silverton plant in Pretoria when the Struandale plant in the city closes in mid-year

GM has bold product plans to capture its increased market share, including

- A face-lifted Isuzu KB pick-up
- New Isuzu heavy trucks
- Restyled Rekord and Commodores, including a Commodore Berlina to replace the discontinued top-of-the-line Senator
- Changes to the Opel Kadett "T-car", the introduction of which boosted Kadett sales by 148% and made it the country's No 1 hatchback
- Most important of all, the introducion of a Kadett notchback

"We are very confident about the future of General Motors in South Africa and are backing this confidence with sizeable investments," is how Mr Carpenter summed it up when he spoke to component manufacturers yesterday

VW is more guarded about its product plans, but one of its main strategies for the year is bound to be capitalising on improved quality, modern technology and its dominance of the performance car market.

"Independent surveys show that VW and Audi vehicles are rated among the best in the country," said Mr Kruger.

"This was also recognised by VW worldwide last year when South Africa won the 'Q 85' quality award, being selected as top quality producer from among 18 plants

"We have also made great inroads in the performance car market and have taken over from the traditional leaders, Ford, in this segment

"Demand still exceeds supply for most of our models and long waiting lists exist," said Mr Kruger

"That's a good start to the year and we are confident of making greater inroads and achieving our penetration target"

4/3/86 BU DAY (280) (142)

A better road ahead for Nissan

THE DECLINE of the motor industry in SA in the past three years has left a trail of casualties Last year saw the withdrawal of three manufacturers and the near-collapse of at least two others Consumer demand for new vehicles tumbled as interest rates soured, GST rose steadily, disposable income was squeezed and unemployment increeased

Most manufacturers lost money in 1984 and they all did last year Nissan, once market leader, suffered badly but found a white knight in corporate giant Sanlam Now Nissan believes it has weathered the crisis and has come to terms with its and the market's problems and can aim for a steady increase in market share and turnover

John Newbury, MD of the Sanlam-controlled vehicle manufacturer, says Nissan's difficulties were identified earlier than the industry's "We took certain corrective actions earlier than other manufacturers, and if we are in a better position now it is primarily because of that."

Sanlam's committment to Nissan is underlined by the fact that Nissan is to invest R170m in tooling up for new models in 1987 and 1988

Since Nissan is not a public company, Newbury sees no advantage in disclosing the company's profit/loss or actual turnover figures, but he is prepared to say that turnover last year was in the region of R550m and offers a ballpark figure of R5,5bn for total vehicle industry turnover.

"We made losses like everyone else in the industry last year, but our losses were not as high as some people tried to make out In fact, if the rand had not collapsed so dramatically we would have turned a profit in the second half of the year"

Shortened

He says that despite the heavy industry losses last year, Nissan managed to come off better than most of its rivals "In the past two-and-a-half years we have shed 2 500 jobs and the combined Magnis/Nissan workforce is now 5 100. The job losses were from all levels of the company We took out an entire layer of management and have shortened the reporting lines We believe it is important in these times especially to play the game from the field and not from the stands

"The rationalisation of Magnis back into Nissan last year had strong cost benefits, because we were able to take out the duplication in both companies. Nissan will not feel much pain this year"

To combat the ever-escalating cost of tooling up for new models, Newbury says model life cycles will be extended from the traditional Japanese four years to six years and the tooling up cost will therefore be amortized over the six years of the models' life.

"As much as possible of the equipment required will be sourced locally, but about 60% in value will have to be imported We will move more towards automation, but not full automation — you could say progressive robotics"

Last year Nissan had an overall market penetration of 11,7% and Newbury intends to increase that to 12,5% this year in a market of about 206 000 passenger cars, 95 000 light commercials (LCV) and 9 400 heavy commercials (HCV)

Newbury says Nissan is satisfied with its performance in the past year Market share increased and quality has been restored, he says

"Our marketing has been aggressive and we have made a bold statement on quality Our image with the consumer is improving and we are not seen as a company that will withdraw from the market"

Newbury believes there will be no more withdrawals from the SA market "but there could be one more joint venture We are not talking to anyone, and have no intention of talking to anyone A single franchise is better for us and for Nissan Japan"

He says the market will continue to be too small for the number of manufacturers "Some manufacturers will continue to exist but will not be profitable"

The Japanese technological involvement in Nissan SA is substantial and has been instrumental in the dramatic improvement in quality, he says While the Japanese have no financial involvement in the company "you can place a value on the technological co-operation"

"If the Japanese ban on investment in SA were lifted we would welcome Nissan Motor Company as a shareholder — and we believe it would be very beneficial But I doubt they would want to get involved in SA at the moment"

Nissan's fall from grace — it was the market leader in the late Seventies and is now well down the log — is explained, says Newbury, by the company's strong committment to the local content programme from its inception in the early Sixties

"We developed skills early on, but the strength of the rand in the early Eighties penalised us heavily Now a weaker rand has helped, and we are well positioned to to take advantage of the benefits of local manufacture'

Aggressive

In 1987 Nissan believes the car market will improve to about 230 000 units, HCVs to about 10 000 and LCVs will remain static, and a year-on-year growth of about 15% thereafter

Newbury is putting his faith in aggressive marketing, product quality and consumer awareness "Our customer-care programme is paying dividends and we are expanding the base of our dealer networks and the quality of the dealers Our quality improvement is on-going and we are determined to increase our fleet representation

"We are working hard at cost control and improving productivity, and are working with our suppliers to improve their inputs At the moment we have the highest plant productivity in our history, and that is also one of the major benefits of the Japanese

"We worked hard with the National Productivity Institute, did a lot of soul-searching and recognised our deficiencies Productivity is neglected in SA and improved productivity does not necessarily mean job losses One has to use improved productivity to increase market opportunities."

Nissan and fleet sales always gets the opposition shouting "foul". The belief exists in the industry that Sanlam pressures its subsidiaries into buying Nissan products "Sometimes I wish it were true, but Sanlam are not prepared to do that They have not imposed their will on us to support their component companies, and they will not force their subsidiaries to buy Nissan"

He points out that there is not a single Sanlam manager in the company "Sanlam is not forcing its presence on us or trying to inculcate its philosophies With new parents coming into the company, at the time one could not be sure how the relationship would work out, but they have been an absolute pleasure to work with"

Increases

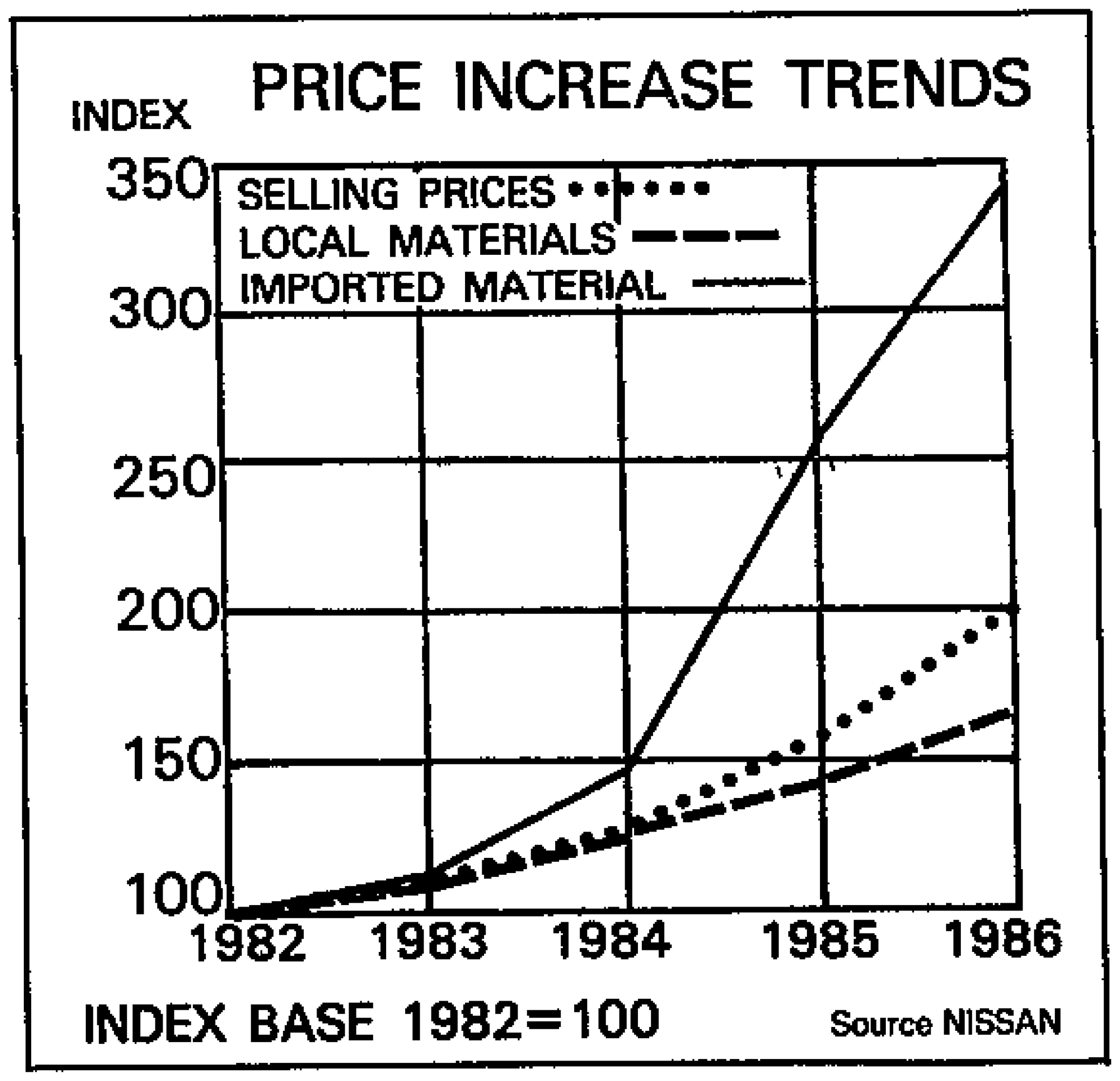
The widening disparity between the rand/deutschmark and rand/yen exchange rate is causing some pricing problems for Japanese-sourced companies Even the Japanese inflation rate at 1,8% over the past year is marginally higher than the West German equivalent of 1,3%

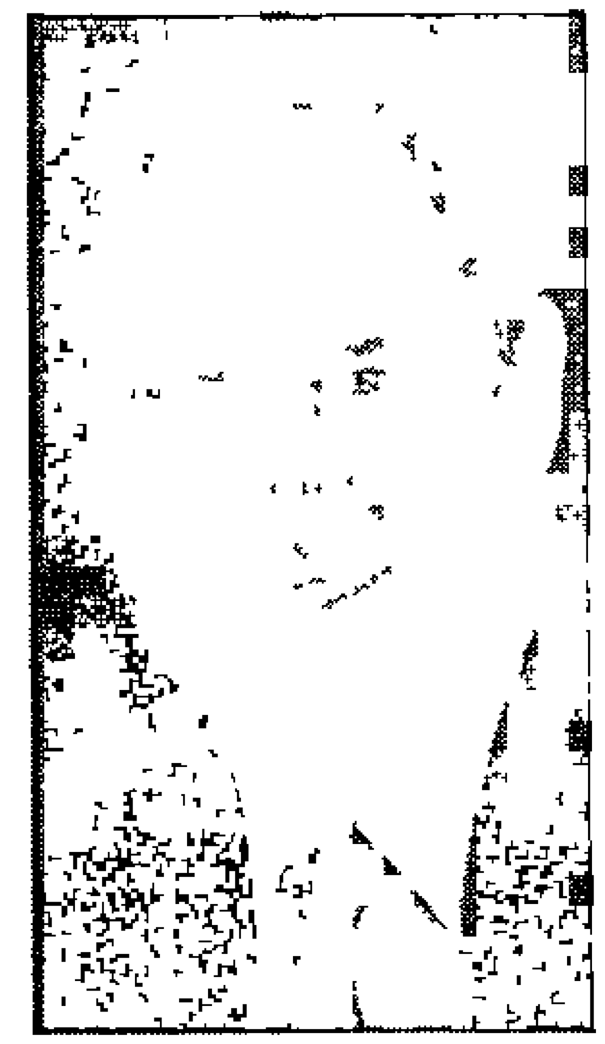
"Car prices will continue to rise, probably by about 5% in early March followed by a quarterly 5% increase There is a substantial need for increases, and price moves in the past 15 months have not been adequate The increases are influenced by the competitiveness of the market, and we follow what the market leader does In the present circumstances it is to our advantage that the market leader is also Japanese-sourced"

Another spin-off from Toyota's market leadership is that Japanese technology is perceived to be superior to German technology, Newbury says

He admits to being "a little autocratic" in his management style, but says he and the other managers are very open He is not a believer in committee decisions

"I don't believe companies can afford to have extra management layers which inevitably lead to committee decisions We work much closer to the frontline — direct involvement is vitally significant The needs and requirements of this industry, and of business, are that you run hard"




JOHN NEWBURY

ALAN RUDDOCK

Car sales at lowest for nine years

Motormakers below point of survival

10/4/86 · BUSDAY

192

DAVID FURLONGER
Industrial Editor

NEW CAR sales are at their lowest point for nine years. Motor industry officials say they are running 40% below levels needed to safeguard manufacturers' survival.

Manufacturers are already revising their 1986 sales projections downwards. The more pessimistic are predicting figures well below those of 1985, which saw three manufacturers quit the market and two more merge because of declining sales.

Latest official industry figures show car sales last month, at 14 017, were 28% down on March 1985. Light commercial sales were down 25%, medium commercials 22%, heavy vehicles 44% and total vehicle sales 28%.

Car sales so far this year are at their lowest level since 1977, say industry officials.

Nico Vermeulen, director of the National Association of Automobile Manufacturers of SA (Naamsa), which supplied the figures, said last night: "A sustained, monthly, new-car market of 25 000 units, and a monthly, combined commercial-vehicle market of 11 000 units, represents the minimum industry requirement to safeguard the economic viability and future of vehicle manufacturers.

"Current sales represent only about 60% of these levels."

Manufacturers had hoped March would show the first signs of a recovery in the depressed market. But while car

● To Page 2

Little joy for carmakers

BUSDAY 10/4/86

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● From Page 1

sales improved marginally over February, from 13 913 to 14 017, declining commercial-vehicle-market sales brought total unit sales down from 21 230 to 20 945.

Naamsa president and Volkswagen MD Peter Searle said the figures "bring little joy to the beleaguered motor industry".

According to Toyota marketing director Brand Pretorius, manufacturers will have to revise sales projections for this year.

"The latest returns demonstrate the worrying fact that the continuing decrease in vehicle sales is accelerating, whereas the industry has previously forecast that, by now, the market would have shown signs of improving.

"Original forecasts put car sales for 1986 at 215 000. On the basis of the March sales, the estimate is now about 185 000, a figure almost as low as the disastrous 167 000 sales of the 1977 slump year."

This compares with a 1985 market of 204 322 sales, and 268 751 in 1984.

"Such a low market could have a serious effect in terms of employment and profitability on the motor industry," said Pretorius.

He added. "The March results are both disappointing and disconcerting. Vehicle sales figures are generally regarded as a barometer of the state of our economy, and the signs are not good."

ARGUS 10/4/86 192

Pull-out by GM 'would cripple PE'

WITHDRAWAL by General Motors from Port Elizabeth for political reasons would cripple the city, says Mr Andrew Savage (PFP Walmer)

Speaking in the second-reading debate on the Budget yesterday, he said it was difficult to imagine the area if this were to happen

However, the time would come when multinational companies such as GM would be forced to consider their "wider constituency" and could not want to be seen as "playing along with the Government's repugnant political experiments"

Mr Savage said he had spoken to Cabinet Ministers about this Their response was that they should not be expected to run their departments to suit individual companies


Mr Savage

There was a complete lack of understanding of the chain reaction a withdrawal such as that of GM would have on industry, commerce, finance and service organisations — and the inevitable consequences of unemployment, racial polarisation and violence

An exodus of whites from Port Elizabeth seemed evidental About 1 000 fewer white pupils began primary school this year than in 1985

There were hundreds of properties on the market and liquidations and insolvencies in the first three months of this year were higher than in the same period in 1985 — Sapa

1986 car sales figures lowest in nine years

DAVID FURLONGER

CAR sales for the first quarter are at the lowest in nine years.

Figures released this week by the National Association of Automobile Manufacturers of SA (Naamsa) show that the long-awaited revival in sales failed to materialise last month.

While car sales rose marginally on February, they were down 28% on March 1985. Light commercial sales were down 25%, medium commercials 22% and heavy vehicles 28%. The official March sales figures are:

CARS

BMW — 3 Series 845, 5 Series 149, 7 Series 63, Other 4, Total 1 061.
General Motors — Opel Rekord/Commodore/Senator 324, Opel Ascona 35, Opel Kadett 621, Total 980.
Mercedes-Benz — Honda Ballade 775, M/Benz New W123 Series 579, New W126 Series 88, Total 1 442.
Nissan — Langley/Pulsar 777, Skyline 400, Laurel 91, 280ZX 3, Other 1, Total 1 272.
Renault — Renault 9 196, Renault 11 134, Other 1, Total 331
Samcor — Ford Escort 683, Sierra 535, Granada 20 (Ford total 1 238), Mazda 323 633, Mazda 626 422, Tredia 201, Peugeot 505 58 (MMI total 1 314), Total 2 552.
Toyota — Corolla 2 190, Cressida 1 769, Other 7, Total 3 966.
Volkswagen — Golf/Jetta 2 102, Passat 181, Audi 500 126, Total 2 409.
Other — Jaguar 4.
Total March 1986 — 14 017.
Total March 1985 — 19 464.
Total February 1986 — 13 913.
Total February 1985 — 17 381.
January-March 1986 — 41 789.
January-March 1985 — 55 396.

LIGHT COMMERCIAL VEHICLES

GM 699, Leyland 13, M/Benz 1, Nissan 1 427, Samcor (Ford 586, MMI 605) 1 191, Toyota 2 178, VW 423.
Total March 1986 — 5 932.
Total March 1985 — 7 935.
Total February 1986 — 6 192.
Total February 1985 — 7 159.
January-March 1986 — 17 527.
January-March 1985 — 22 190.

MEDIUM COMMERCIALS

GM 82, M/Benz 29, Nissan 40, Samcor (Ford 22, MMI 85) 107, Toyota 112
Total March 1986 — 370.
Total March 1985 — 476.
Total February 1986 — 492.
Total February 1985 — 440.
January-March 1986 — 1 295.
January-March 1985 — 1 357.

HEAVY COMMERCIALS

Erf 14, Fodens 1, GM 77, Hestair 1, Leyland 69, Magnis 69, Malcomess 16, Man Truck 38, M/Benz 207, Samcor (Ford 16, MMI 38) 54, Toyota 80.
Total March 1986 — 626.
Total March 1985 — 1 126
Total February 1986 — 633.
Total February 1985 — 940.
January-March 1986 — 1 772.
January-March 1985 — 2 807.

TOTAL VEHICLE SALES

March 1986 — 20 945
March 1985 — 29 001
February 1986 — 21 230.
February 1985 — 25 920.
January-March 1986 — 62 383
January-March 1985 — 81 750.

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BUSDAY

11/4/86

GERALD REILLY

THE provincial council system will come to an end at the final (budget) session of the Transvaal Council which opens at the old Raadsaal in Pretoria on May 6.

Progressive Federal Party Transvaal chairman Douglas Gibson said the session would be "highly political and contentious".

"This is the last opportunity we will have to highlight the total failure of Nat Party policies," he said.

The 1985-86 budget totalled

Final

R2,8bn of which R
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About half the to
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penditure.
An additional e
will be the golden
the 76 Members
Councils.
These could cost
although provincia

AIRLINE MOVEMENTS

Friday Air Schedule
Johannesburg to Cape Town

Dep	Arr	Flight
0100	0305	SA397
0710	1040	SA301
0730	0935	SA303
0930	1135	SA307
1145	1350	SA311
1250	1455	SA343
1430	1635	SA325
1600	1805	SA329
1630	1830	SA337
1750	2140	SA349
1800	2005	SA333
1805	2135	SA351
1830	1930	SA521
2100	2200	SA527

Durban to Johannesburg

0700	0800	SA500
0850	0950	SA506
1000	1100	SA512
1145	1245	SA516
1300	1400	SA518
1600	1700	SA522
1735	1835	SA524
2040	2140	SA528
2255	2355	SA594

Johannesburg to Port Elizabeth

PFP urges brake on motor industry decline

1/4/86 BUS DAY

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THE motor industry was too important to SA to be allowed to continue its decline, John Malcomess (PFP Port Elizabeth Central) said yesterday.

It was time the industry was granted tax relief and government should consider the representations of the Motor Industries Federation to the Margo Commission on SA's tax structure, he said.

Speaking during the Second Reading debate on the Budget, Malcomess said car sales this year were 25% down on last year and, if the trend continued, total sales for the year would be 160 000 compared with 301 000 in 1981.

The price of cars had climbed "astronomically" and more-and-more people, especially blacks, were unable to afford new cars.

The drop in sales had also increased unemployment. The number of employees in car plants had dropped from 47 570 in December 1983 to 33 346 in December 1985. A loss of 25 000 jobs had been estimated in the components industry.

Malcomess said the biggest reason for the plight of the industry was the extent to which it was taxed.

In 1985, government had collected R3 644m in tax on sales of cars, parts, petrol and in other levies related to the industry.

● COMMENT: Page 6

Malcomess said government charged GST on a vehicle an average of four times in its lifetime, collecting tax each time it was resold.

"There is even tax on tax. GST is levied on retail prices, which includes customs and excise taxes."

There were also additional taxes like provincial licence levies and registration fees.

Report highlights plight of SA motor industry

25/4/86
E. Post
(192)

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — The woes of the motor industry are highlighted in the annual report of the Department of Trade and Industry, which says last year was the industry's worst for the past seven years

The report, covering 1985 and tabled in Parliament yesterday, says 305 327 new motor vehicles were sold last year, which was 100 478 fewer than the previous year

Further rationalisation had resulted from three manufacturers stopping their production in South Africa

Coupled with the amalgamation of two motor vehicle companies, this had caused two car assembly plants to close down

Employment by motor manufacturers was reduced by 6 000 workers — from 42 500 at the end of 1984 to 36 500 at the end of last year

● The report also says that the investigation of the Board of Trade and Industries into the establishment of a South African local content programme for heavy vehicles and buses had been finalised and was expected to be presented to the Government early this year

● On regional activities in South Africa, the report says the department's offices in Port Elizabeth, Durban and Cape Town had been able to increase their efforts in export promotion "considerably"

A major factor in this regard was the weakening of the rand/dollar exchange rate

Information and advice was given on an on-going basis to potential and existing exporters ragarding the export trade, free services offered and incentive schemes administered by the department

In addition, these three regional offices had been "extremely active" in recruiting firms for registration as exporters and as participants in overseas shows

Car industry 'heading for disaster'

192 6/5/86

Finance Reporter

THE South African motor industry is headed for disaster unless the Government comes to its rescue with significant concessions on perks tax and GST.

Mr Theo Swart, managing director of the country-wide motor trading operations of the McCarthy group sounded this warning yesterday

'If the Government is serious about stimulating the motor industry, it should immediately ease up on the perks tax and at least halve GST on new and used vehicle sales for the next two years,' said Mr Swart

Surcharge

'It should also heed the call of the manufacturers (Naamsa) for the scrapping of the 10 percent surcharge on all imported items affecting the motor industry,' he added

'The situation is so desperate that we simply do not have time to wait for the Margo report The motor market is in such a sad state that widespread unemployment is now threatened at the retail end of the business

Workless

'We all know that there is already 36 percent unemployment at the manufacturing end,' said Mr Swart

'As motor traders, we have been maintaining our infrastructures pending an improvement in the market, but we cannot hold on indefinitely without restructuring,' said Mr Swart

'This means that the jobs of people of all races at all levels are at risk,' he added

He said the expected upturn in sales in April did not materialise.

'Car sales for April will be somewhere between 14 000 and 15 000 units — well down on the 17 000 that some people, including McCarthy, were expecting,' said Mr Swart

However, he said that McCarthy had managed to continue to maintain its market share in the first four months of the year in what he described as an appalling retail market.

'The prime blame for the significant and sustained drop in the motor market can be laid firmly at the door of the perks tax

'While we do not take issue with the need for perks tax, or its phasing in, we believe that the deemed values — the amounts the taxpayers must fork out — are too punitive and must be significantly lowered,' said Mr Swart

Illustrating this point, Mr Swart said the average price of a small car has risen by 35 percent from R9 500 when perks tax was introduced in February 1985, to just under R13 000 now

Similarly, the prices of medium cars have gone up from R14 000 to R18 500 in the same period

'The Government could hardly have budgeted for these price increases,' said Mr Swart

He said that the perks tax has brought a total change to the profile of the motor industry in South Africa

'Traditionally, the business sector has accounted for some 70 percent of car purchases But buying is now moving from the business sector to the private individual, who is holding back on his car purchases because of the high tax burden of changing vehicles

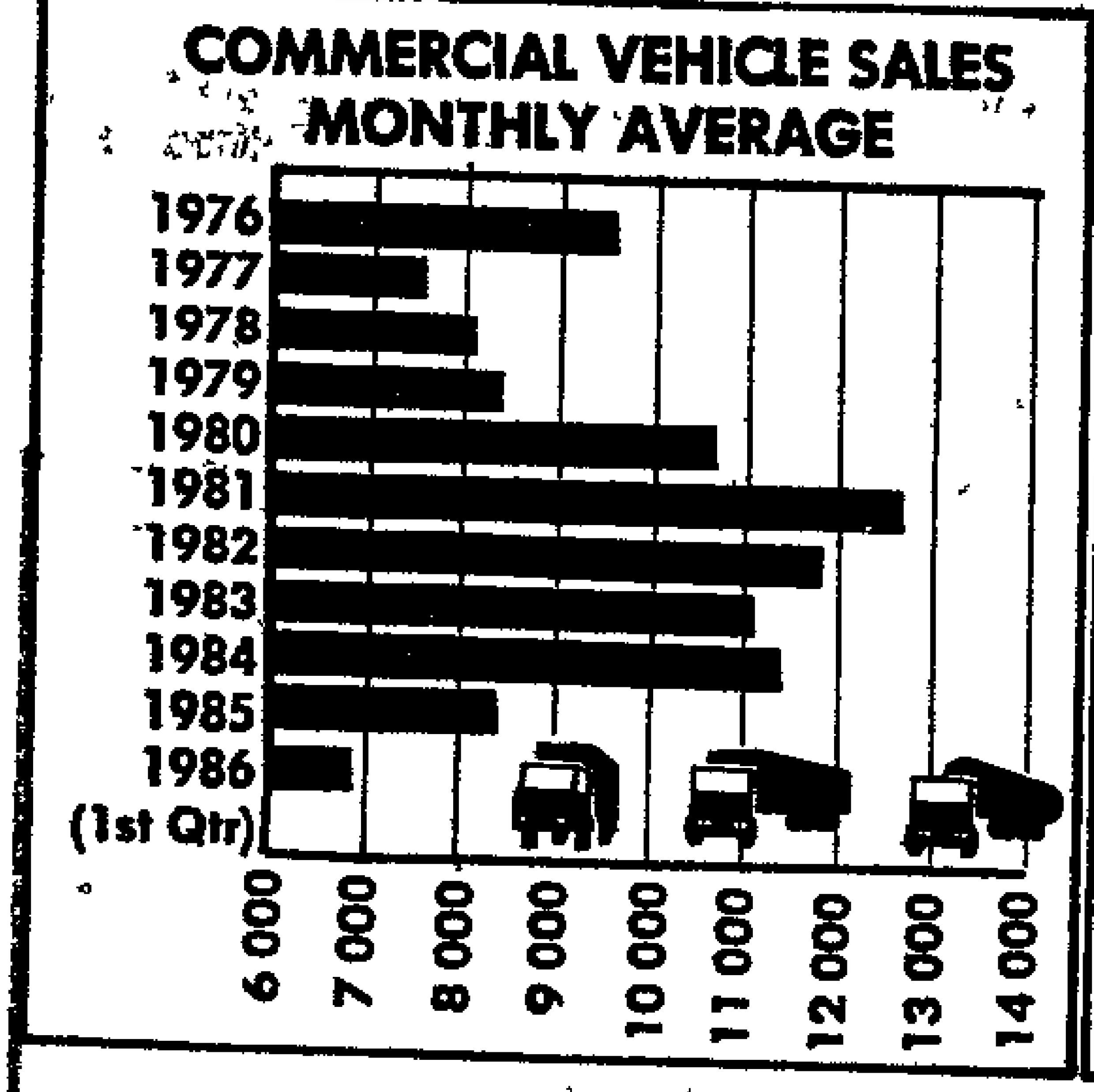
'The man in the street simply does not want to replace his car,' said Mr Swart

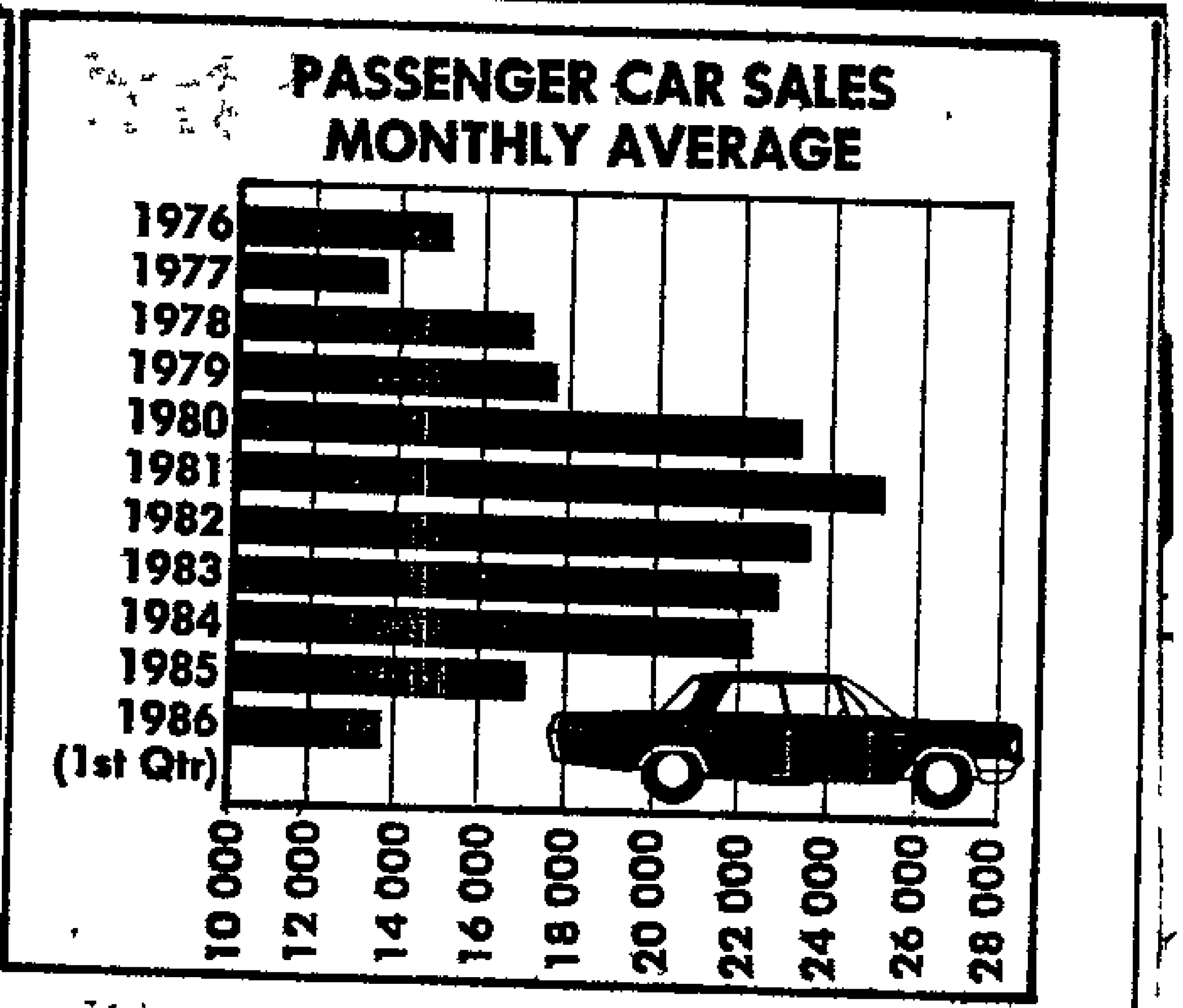
He noted that the motor vehicle in South Africa was one of the greatest sources of tax for the Government

'The vehicle is taxed on its imported content and it is subject to surcharges and excise and ad valorem taxes In addition, there is ongoing revenue to the Government from license fees and perks tax throughout the life of a vehicle and it generates GST every time it changes hands

'Add to this the tax on parts and on the fuel and oil it consumes, and it becomes clear that the motor vehicle represents a veritible cash cow for the Government,' said Mr Swart

'I know the Government and the country need more tax revenue but when it comes to the motor sector, surely enough is enough,' he said





Beleaguered motor industry seeks relief

192

STAR 7/5/86

By Michael Chester

Relaxation of hire purchase controls and revision of perks tax rules will be among the issues to be pressed by leaders of the motor industry in urgent talks they are seeking with Finance Minister Barend du Plessis

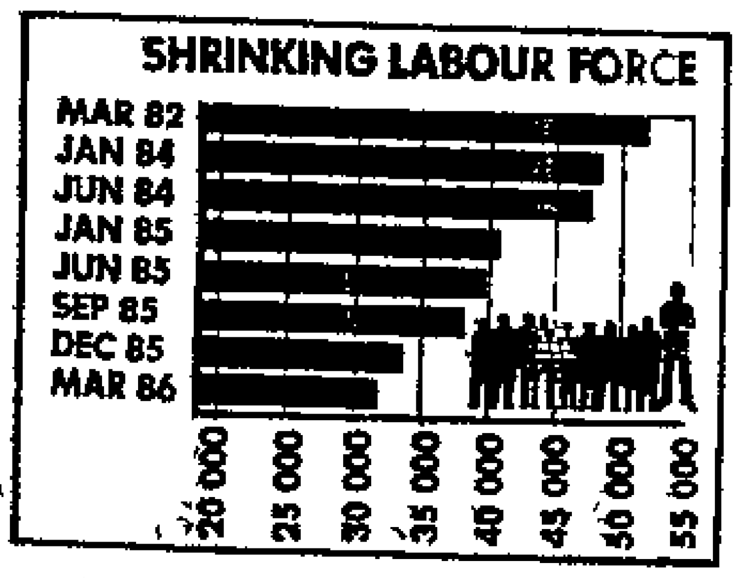
The National Association of Automobile Manufacturers (Naamsa) agreed at its annual general meeting in Sandton yesterday on a whole package of proposals it intends to urge the government to pursue in a dramatic bid to inject more vitality into the economy

Naamsa is expected to invite the National Association of Automotive Component and Allied Manufacturers (Naacam) to join the discussions when it meets the minister to spell out the urgency of relief measures.

Mr Peter Searle, president of Naamsa, declined to list the precise agenda it planned to propose but confirmed that one objective would be an extension of the time limit set on repayments in HP deals — now fixed at 42 months on commercial vehicles and 48 months on passenger cars.

"With the way wages and salaries are being out-paced by the rate of inflation, it is crucial to find ways to ease the burden on consumer", he said

Here, Naamsa also intended pledging support to growing de-



mands — backed by both the Federated Chamber of Industries and the Association of Chambers of Commerce — for a reduction in general sales tax

Similarly, the motor producers would add pressure to demands for the removal of the 10 percent import surcharge that had worsened the problems caused by the weakness of the rand exchange rate in the impact on costs of essential vehicle components needed from overseas

Also of critical importance to the motor industry in particular was the impact of the taxation on fringe benefits since its introduction in the 1985 budget

A special report compiled by the Naamsa executive committee said the repercussions on the pattern of car sales had been alarming.

- An unprecedented increase in the demand for used cars at the expense of sales of new vehicles
- A dramatic shift in company purchasing patterns in favour of smaller models
- Indications that employers were beginning to replace the traditional company car with financial packages to allow employees to buy their own vehicles — often used cars rather than new cars
- Disruption of the normal replacement cycle of sales as companies opted to keep their existing fleets of vehicles on the road longer, with a view to ultimately selling them off to employees

Naamsa will also deliver to the minister the results of recent research that shows that the average monthly sales of passenger cars and commercial vehicles alike had sunk in the first quarter of 1986 to their lowest levels in 10 years

Earlier forecasts of 1986 total sales had all had to be revised downwards It was now agreed that on current trends, car sales over the full year would sink to no higher than 195 000, the worst since 1977, and commercial vehicle sales would drop to below 98 000

Overall, the industry now had nearly 50 percent of its production capacity standing idle and the combined labour force had shrunk from nearly 50 300 in 1982 to under 32 800

Sales of new trucks and buses — one of the most sensitive of all economic barometers — had plunged to their lowest levels since the mid-1950s

Talks on ailing car industry

12/5/86 192

By BOB KERNOHAN
Business Editor E. Post.

VITAL talks will be held this week between motor industry executives and the Government over the future of the troubled industry.

The talks will focus on the plight of vehicle and component manufacturers fighting for survival in the wake of plummeting sales, and on the threat of further unemployment.

News of the talks came as it was announced that April vehicle sales fell short of expectations and it appeared that unless action was taken to stimulate the industry, sales were heading for their lowest totals in almost a decade.

Mr Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa), said from Pretoria that a package urging relief measures for the industry had already been submitted to the Government

Industry sources said this would be followed up by a top-level delegation meeting Government Ministers in Cape Town "within the next few days"

Expected to top the agenda are appeals for the perks tax on cars to be phased in more gradually, and for an extension to hire-purchase repayment periods

Today's Naamsa sales figures showed that industry hopes for a turnaround in sales in April had been dashed

Commercial vehicle sales took the heaviest pounding, with the 22% drop in heavy trucks far outweighing the small increase of 1,5% in passenger car sales com-

● Turn to Page 2

(192)

Searle: motor industry is facing bumpy ride

By RALPH JARVIS
Motoring Editor

THE South African motor industry can expect a "pretty bumpy three or four years" as it fights its way out of the present slump in a "considerably impoverished country"

This is the view of Mr Peter Searle, managing director of Volkswagen of South Africa, who was addressing motoring journalists at the launch of the revised range of Passat vehicles at Umlalazi on the Kwazulu coast this week

Commenting on the prospects for the motor industry in South Africa in the near future, Mr Searle said it was clear that several difficult years lay ahead

"I guess there will be some casualties if the current situation continues" he said

"We have additional costs which have to be passed on and the public can't pay We are a considerably impoverished country compared with where we were several years ago"

Mr Searle said the motor industry was very conscious that the high prices were retarding sales and every effort was being made not to pass on the full cost to the customer

"That is why motor manufacturers have been making such substantial losses First of all they realise that if they pass on the whole cost they will lose most of their market and their dealer organisations And they obviously don't want to do that

"So we try to soften the impact by trying, every three months or so, to recover a little bit and hope the exchange rate doesn't decline in that period"

Mr Searle said the relief measures announced on Tuesday by the Minister of Finance, Mr Barend du Plessis would help to offset some of the possible increases

"But there is no question whatsoever that prices are going to go up over the next six to 12 months A temporary respite is all we can hope for"

Mr Searle said that in one day the exchange rate could, if it dropped, virtually scrub out the advantages the Government had conceded

"That is our major concern and that is something the Minister can't do much about," he said

"But he has heard our problems and addressed the major points we asked him to consider

"The relief is very welcome It's as much as he can do What's important, too, is that he's put more money into the pocket of the consumer

"South Africa's problems, though, are more than can be solved by handing out more money What we need is a turnabout in people's outlooks

"It's high time we South Africans faced up to our problems and said we are going to make the best of them

"Every country has its problems I arrived in Europe and opened the Financial Times, and the first thing I saw was that at eight universities in Nigeria the police had clashed with students and there were 21 dead

"In Australia 500 000 workers were on a full national strike

"Our problems are not unique Countries throughout the world are facing the problem of the haves and have-nots and major political problems, yet we have become the media event of the century.

"But apartheid is practically demolished, thank God We have got to be a more just and equal society

"The problem we have is a question of getting the parties together, of being reasonable people. We have got to sit down together and talk to one another. We have to work out a way of living together, and we have to convince the world that we are determined to work out our problems in a reasonable manner.

"It's not only up to the Government, either. The Government is wrong in trying to take on the whole responsibility itself. We all have a responsibility, particularly those in business, and we are doing a great deal in this regard"

Mr Searle said the problems of economics had forced South Africa's motor manufacturers to improve their cost structures.

"The quality improvement of all manufacturers in South Africa has been substantial We're producing better quality cars in South Africa today than most countries of the world, despite their automation"

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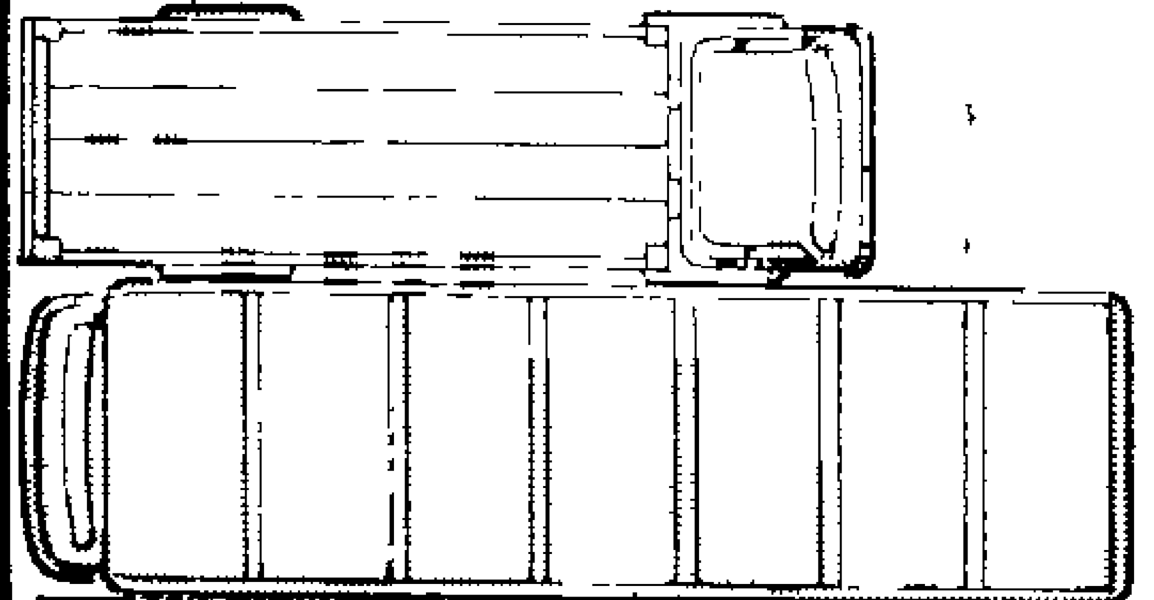
TRUCKS & COMMERCIAL VEHICLES



A Business Day Survey

Edited by Helga St Blaize-Molony

Samcor market share up 17,8%

MELANIE SERGEANT

SAMCOR, for the first five months of this year, held 19,3% of the light commercial vehicle (LCV) market — an increase from 17,8% in the same period last year.

A Samcor spokesman told *Business Day* although the LCV market had shrunk drastically in the last two years, the segmentation had remained fairly constant.

The firm was most bullish of those interviewed, expecting sales this year to be about 78 000.

"Small pick-ups such as the Ford Bantam and MMI Rustler currently account for about 15% of the LCV market — slightly more than the 19% enjoyed by this size pick-up in 1978/79 when there were more marques on the market.

"Large pick-ups (1-tonners such as the Mazda B-Series and Ford Courier) have remained steady at about 49% of the total LCV market, with mini-buses showing a measure of growth from 8% in 1978 to 16% currently.

"Vans remain steady at 8%, with many small and large pick-ups being fitted with canopies and doubling as panel vans."

The spokesman pointed out that the purpose-built four-wheel-drive (4x4) market had also fallen rapidly with the collapse of the rand, but 4x4 vehicles based on locally produced pick-ups were holding up.

"The other segment of the LCV market, that of light duty trucks (usually derated medium trucks of between 2-tons and 4-tons) was never a major constituent of the market, but has also dropped off from 3,6% in 1983 to 2,3% in 1984 and to just under 1% last year," the spokesman said.

This was expected to become an even less significant LCV constituent, with share falling to about 0,5% this year, he said.

The commercial market: hit by worst conditions on record

DAVID FURLONGER

IF YOU chance on a happy vehicle manufacturer, cage him and save him for posterity. The species is in danger of joining the unicorn and cyclops as a creature of myth.

Few manufacturing areas have suffered as much from SA's economic woes as the motor industry. Vehicle sales have plummeted as inflation, high interest rates, soaring import costs, the declining rand and political and economic uncertainty have played havoc with traditional buying habits.

While the recent freezing of perks tax has eased the pressure on car manufacturers, no such breathing space is available for commercial vehicles.

The truck and bus sector, in particular, is going through its worst period on record. Light and medium vehicles have not suffered to quite the same degree, but any optimism in these areas is muted.

Simple statistics tell the story. Official figures for the month of June since 1980 show how badly sales have slumped.

Toyota projections estimate total 1986 commercial vehicle sales of 77 000, compared with 85 000 last year and 124 000 in the peak year of 1981. If Toyota is correct, it will put the market back 16 years to 1970 when sales totalled 77 765.

	1980	1981	1982	1983	1984	1985	1986
Light commercials	8 338	9 304	11 334	10 597	13 161	6 704	6 880
Medium commercials	126	427	411	323	780	450	391
Heavy commercials	1 781	2 578	1 642	1 338	1 619	796	595

Nevertheless, there is some cause for believing better times are on the way.

Recent manufacturing and economic surveys suggest a bottoming-out in industrial activity. If this is the case, increased manufacturing activity should increase the need for transport.

Equally, industry officials believe many commercial vehicles are due for replacement in the next couple of years. They say these vehicles are at the end of their useful lives and it is no longer economic to repair and upgrade them.

Manufacturers' attitude is replace now, rather than in 12 months' time, when prices will be much higher.

National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen says "It has been estimated that a substantial number of commercial vehicles, mainly HCVs, need replacement in the next 12-18 months. They may have been reconditioned for years, but it can only be done for so long.

"In addition, there have been technological advances in new vehicles which would reduce fleet operating costs and make replacement more attractive. These should all underpin the market."

Nevertheless, he remains pessimistic about the chances of recovery in the HCV market.

"That would depend on general economic conditions. You need 6% real economic growth before we are back to the levels of the late 1970s and early 1980s. I doubt if that could be achieved in the next few years."

The medium commercial market has remained relatively resilient, albeit off a small base. One reason has been the tendency for cash-strapped operators to buy down from traditional heavy vehicles.

Most optimism is reserved for the LCV market, where bakkie and minibus sales remain fairly resilient.

Minibuses, particularly, are seen as a major future market. It is estimated a recent finance agreement between Wesbank and the SA Black Taxis Association (Sabta) could increase sales by 20%.

Toyota marketing director Brand Pretorius warns, however, that initial financing is only half the story. "A bigger stumbling block has been insurance. An independent taxi operator may be paying up to R6 000 a year in insurance for his combi."

Asked what arguments he would use to persuade a potential buyer to purchase a new LCV, Pretorius said "The general level of political confidence is better and this affects the economy.

"Also, trade-in values of LCVs are better than the average user might expect. Interest rates are lower, and prices will increase in the next few months because of cross-rates against the yen. So better to buy now. And the new generation of pick-ups is improved from the comfort and technological point of view."

Some relief forecast for the LCV sector

MELANIE SERGEANT

GOVERNMENT's revision of its perks tax measures may bring some relief to the light commercial vehicles (LCV) sector.

As a result, it seems most manufacturers can look forward to some growth in the near future.

General Motors, which in the period January to May last year held a 14,98% share of the LCV market, saw this fall to 10,25% for the same period this year.

The company is not as bullish as Toyota in its projections for this year. "We expect sales of about 72 000 units in this segment this year, rising to 81 000 next year," says a spokesman.

"In 1975 bakkies held nearly 30% of the total vehicle market. But with the introduction of local content, sales have fallen to between 18%-20% of total vehicle sales."

Volkswagen lifted its market share in the January-May period from last year's 6,41% to 7,43% of LCV sales. It expects the LCV market to be between 73 000 and 75 000 units this year, with a possible increase to between 75 000 and 80 000 units next year.

"We only compete in the mini-bus and half-ton pick-up sectors of this market, which represents about 37% of the total LCV market," says VW's Ronnie Kruger.

These two sectors have been reasonably stable in the recession. VW reckons the recent concession package announced by government (in terms of perks tax), will further stimulate these sectors, especially the light bus market.

"We are reasonably confident we will be able to attain a 40% share of the mini-bus market by the end of this year," Kruger says.

Nissan held 18,78% of the LCV market between January and May last year, and has seen this rise to 22,29% in the same period this year.

As to forecasting this year's sales, the company expects figures to drop to 74 020 units. But next year is seen in a more positive light, with sales recovering to about 88 650 units.

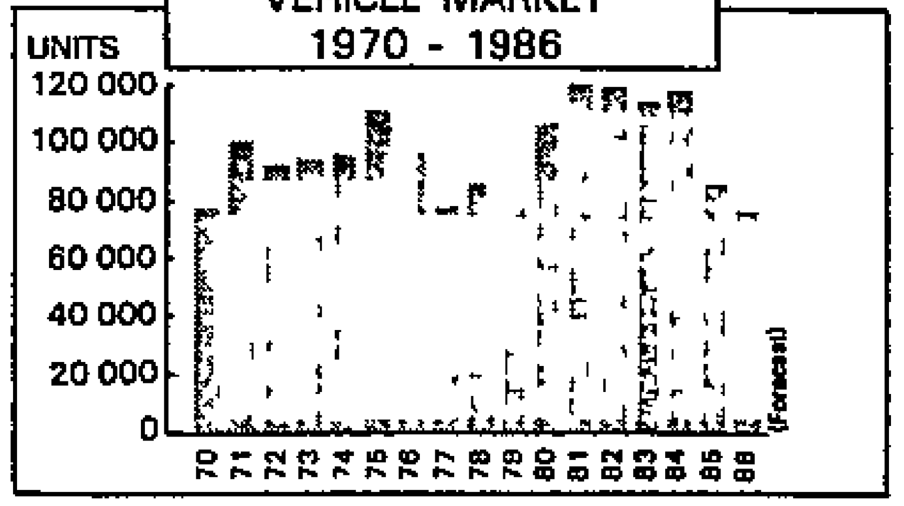
Says one Nissan source. "The LCV market is expected to decline by 13,18% from 1985 to 1986. This compares unfavourably with the medium commercial vehicle (MCV) market — with gross vehicle mass of between 5 001 and 7 500kg — which is normally the least affected by a depressed economy. We see a smaller decline in MCV sales.

"However, we expect a recovery in the economy in 1987 and with this as background, both market segments will experience positive growth during 1987.

"The MCV market segment caters mainly for the business sector and a recovery in the economy will stimulate this segment.

"Nissan is represented in both the LCV and MCV market segments and is planning to remain heavily active in them. Current model line-ups will be kept and/or replaced with new models during the next 18 months," he says.

THE LIGHT COMMERCIAL VEHICLE MARKET 1970 - 1986



LCV factories still at 55% capacity

MELANIE SERGEANT

LIGHT commercial vehicles (LCV) have fared relatively well through recent tough financial times.

According to National Automobile Manufacturers Association (Naamsa) head Nico Vermeulen, LCV factories are running at about 55% capacity compared with the 43% average of the heavy commercial vehicle manufacturing sites.

He points out that the LCV sector is an exceptionally competitive one. From the heady 121 271 units sold in 1981, Toyota this year forecasts sales to fall from last year's 85 261 to about 76 000 units.

LCV market leader Toyota in the period January to May this year held a 40,3% market share compared with 39,6% in the same period last year.

Marketing director Brand Pretorius does not expect the segmentation of the LCV market to change dramatically over the coming years.

"About 30% of 4x4 vehicles are bought for private recreation. The economic downturn has led to a drop in private disposable income, which has a negative effect on the size of this segment. The position is not expected to improve next year," he says.

Already the 4x4 sector's share has dropped from 9,5% of the LCV market in 1984 to a forecast share of 8,2%.

He expects the bus market to grow with the shift from 10-seater to 16-seater buses taking place as the change in taxi legislation takes effect. "The share of the bus market is forecast to increase from 16,1% in 1985 to 17,5% of the LCV market this year.

The panel van market is expected to remain at a slightly lower level as sales are influenced by the poor state of the economy.

Pretorius points out that the 1-ton diesel market segment — popular among farmers — has shown growth due to relatively good harvests in some areas of SA. "Sales have also improved because of the introduction of improved products, including more powerful diesel engines such as the Hilux 2 400. This sector's share has risen from 10% in 1984 to a forecast share of 15% in 1987."

The largest sector of LCV sales is enjoyed by the 1-ton petrol pick-up, and this is expected to remain at similar levels to 1985: about 36% of LCV sales.

The 1 300 — 1 600 half-ton pick-up segment is expected to show a slight increase in popularity. "It provides private and fleet buyers with a less expensive alternative to larger pick-ups. Their share is forecast to be about 16% of LCV sales in 1987," says Pretorius.

SA has been known for quite a while — SA Wimpy was franchised in 1967 and has an annual group turnover of R60m — the franchising concept only recently began to take off in earnest The Standard Bank's Small Business Development and Advisory department (SBDA), for example, has financed 94 franchisees over the past three years

A major reason for businessmen jumping on the franchising bandwagon is the recession "During a recession, more and more people go for franchising or direct selling simply to survive And the franchising industry will receive further impetus from government's policy to deregulate small business," says International Franchising MD Noel Williams.

Many retrenched businessmen — especially in the 40 to 50 age group — with some capital reserves opt for their own businesses "Many choose the franchise option because 'it carries fewer risks," says Collins

The latest franchise — which began operating in June — is the tyre service network of 86 dealers, Supa Quick Sponsored by Firestone, it is the first nationwide franchise of tyre dealers

Apart from an initial franchising fee of R5 000, each dealer contributes a percentage of monthly turnover to national advertising "Individual advertising and operating costs have been reduced to a minimum," says Supa Quick franchise manager Gavin Kockott

He adds "The new operation gives franchisees an opportunity to perform on a group basis, with added financial muscle"

Blacks are also becoming increasingly involved in franchising — a move favoured by the National African Federated Chambers of Commerce (Nafcoc) "It enables small businessmen to operate independently, yet with the backing of a financially sound franchisor," says Nafcoc treasurer Sy Kutemela

Leading the sector is the first black franchise — Chicken Upeo, owned by Makana Tshabalala He recently sold two franchises at R10 000 each, to be operated from Tembisa and Orlando West Each franchisee will pay him royalties of 5% on gross sales

"Chicken Upeo was started in 1983 with a loan from the Small Business Development Corporation Our setting up costs were R122 000, but annual turnover already reaches several hundred thousand rand," says Tshabalala "So far, 30 businessmen have indicated interest in buying a franchise and we plan to expand"

Benefits of franchising far outweigh possible disadvantages

"But before buying a franchise, it is important to check out all credentials," says Williams "Special legislation is necessary to minimise malpractices," adds SBDA franchise manager Malcolm Kietzmann ■

KOOS SMITH 25/7/86 FIN MAIL (192)

IN MY OPINION

The rationalisation option

Koos Smith is executive officer, quality control, at BMW.

With manufacturing losses in the motor industry projected at more than R1 billion for 1985, and with even worse sales expected in 1986, SA's surviving car manufacturers now know that industry rationalisation is the only way out of their predicament

Surviving companies will obviously benefit from rationalisation — but I do not think that government must enforce this Market principles must decide who will remain, who will disappear and who will amalgamate

Industry misfortunes are evident from sales statistics The 1985 passenger car sales of 205 000 were well below 1973 sales of 220 000 — while our projections for 1986 show even further drops in sales Although June sales figures show a 14,65% improvement on May (see Naamsa tables, *FM* July 18), total sales for the first six months of the year are still 15%-16% below the 1985 figure We project total 1986 vehicle sales at about 180 000 — or 12% down on 1985

So if government should not interfere, solutions must come from within the industry — and the market is already sorting out the problem

With the industry under tremendous pressure, the shaking-out process has started Leyland, Alfa, Renault and Peugeot have left or decided to leave the market Ford and Amcar have merged. Everyone is talking rationalisation — whether by merger, closing shop, co-operation or takeover

But much more will have to happen as manufacturing capacity is still far in excess of shrinking market demands

- ☐ Current production capacity of 600 000 vehicles a year will not be achieved within the next 10-15 years,
- ☐ The economy remains in the doldrums — and, at present production rates of 14 000-15 000 units a month, more casualties are a certainty, and
- ☐ Funds for new models — about R100m for each series — are no longer available

Rationalisation will have positive *and* negative impacts on the motor industry On the positive side

- ☐ Manufacturers will have bigger trader networks and improved market penetration,
- ☐ Unit volumes for remaining manufacturers will increase, leading to improved capacity utilisation and profitability,
- ☐ Improved utilisation will lead to decreased production costs,
- ☐ With greater volume production of smaller component varieties, component manufacturers will achieve reduced costs and increased profitability, and
- ☐ Merchants will score from higher turnovers and increased profits, while obtaining larger market shares

But rationalisation will also lead to major structural changes in the industry and the whole community Some of the unpleasant side-effects

- ☐ More factory workers will lose their jobs,
- ☐ Certain areas — like Port Elizabeth/Uitenhage — will suffer
- ☐ Increased transport costs to the PWV area will make component manufacturers in traditional car manufacturing areas like Port Elizabeth/Uitenhage less competitive and less profitable,
- ☐ Consumers' model choice will be reduced,
- ☐ Some merchants will lose their agencies — for example, should groups like Toyota and Nissan decide to merge, and
- ☐ More multinationals might decide to leave SA, with a resultant loss of foreign technical expertise

But there are also some less radical forms of rationalisation, which would inflict less damage on the economy and could even in the longer run — with the next economic upturn — benefit everyone

- ☐ Manufacturers could save costs by deciding to limit their model series,
- ☐ More efficient manufacturing methods — like robots — could be introduced, while better manpower utilisation would improve productivity More effective training of technical staff is a prerequisite for survival, and
- ☐ Improved quality control would enhance productivity and reduce costs

Whatever the outcome, further industry developments could also lead to more local technological development and manufacture

Lighter vehicles and engines would demand improved manufacturing technology The industry is also being forced to use expensive robot-controlled measuring instruments, while complicated electronic systems demand the development of new formulae to encourage local manufacture

Local component manufacturers will have to adapt to these technological developments and produce more exact components — demanding more sophisticated manufacturing plant and management

The growth of new electronic industries will follow, while technology transfer from mother companies will remain essential Closer co-operation between component and vehicle manufacturers will also be necessary

ARGUS 9/1/86

Ford prices to rise by an average 7pc

(192) (DEW)

The Argus Correspondent

PRETORIA. — Ford's entire range of cars and light commercials is to rise by an average seven percent with immediate effect

The increase is in line with the rest of the motor industry, most of whom have announced increases during the past few weeks

Ford's cheapest model — the Escort 1300L — now costs R12 065, an increase of R1 515 — without GST

Ford's popular Escort 1600 Sport now costs R14 035, while the Sierra 2,0GL, a favourite with fleet-buyers, is R18 280, an increase of R2 255

The most expensive model in the Ford range is the luxurious 3,0ℓ Granada Ghia automatic, which will now cost R37 245, an increase of R4 710.

The increases are blamed on inflation, the rising cost of raw materials and the continued poor performance of the rand against the dollar

Sierra plant is to close

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16/1/86
E Post

By LOUIS BECKERLING
Business Editor

SAMCOR is to shut down the former Ford Struandale assembly plant in the second half of the year — and an estimated 950 employees will then lose their jobs.

The decision to close the plant, confirmed in a Press release today reverses plans at the time of the official Ford/Amcar merger in January, 1985, for the plant to produce Sierra passenger cars until the end of the model's natural life cycle, or till the end of the 1980s

The result of the decision is that production of the Sierra, as well as the other Ford vehicle being made in PE, the Bantam, will be transferred to Samcor's assembly plant in Silverton, Pretoria

"The Samcor engine plant is not affected by the move," said an official Samcor Press release delivered to the Evening Post today by public relations manager Mr Ruben Els

This plant is also located in Struandale

The statement attributes the decision to advance the shutdown of the Struandale assembly plant to "the continuining depressed state of the South African economy, particularly the automotive sector"

Quoting Samcor's managing director, Mr Spencer Sterling, the statement explains that a decision to transfer production of the Sierra to Silverton was the main reason for the closedown of the assembly plant

"Whilst we had not planned this action at the time Samcor was organised, and we deeply regret having to take it, the directors of Samcor have no choice but to adapt to the continuing depressed state of the automotive industry and reduced prospects for an upturn in the short- to medium-term,' Mr Sterling said

"We must also adjust to severe cost pressure resulting from the dramatic decline in the value of the rand against the currencies of our overseas trading partners"

Mr Sterling points out in the statement that the decision "will consolidate all Samcor vehicle production at the Silverton assembly plant, and provide maximum benefit from the rationalisation of Samcor's resources through increased economy of scale and greater productivity"

"Approximately 950 hourly and salaried employees will be affected by the closing of the plant," Mr Sterling said (Mr Els explained this meant these workers would be losing their jobs)

"Samcor will work closely with our employees, the unions, and community organisations in Port Elizabeth in order to safeguard the interests of these employees to the maximum extent possible,' added Mr Sterling

● At the time the merger between Amcar and Ford was officially announced on January 30 last year, Samcor said production of Sierra would continue at Struandale until the model was discontinued

However, in an interview in June with Business Post, Mr Sterling evaded a question on the future of the Sierra and the Struandale assembly plant.

"If you ask me is that going to continue for ever, the answer would be, I don't know

"Obviously this would depend very much on the utilisation that we get out of facilities at our disposal' said Mr Sterling

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EASTERN CAPE

Farewell to Fords

The guillotine has finally fallen on Ford's Struandale assembly plant in Port Elizabeth On Thursday Samcor executives faced 950 workers at the plant to tell them that they will be out of work in the second half of this year.

With industry losses of R1 billion last year and dismal prospects for at least the next 18 months, further major rationalisation was inevitable. Samcor's announcement of the closure of the Struandale plant, which assembles MMI's Rustler and Ford's Sierra and Bantam, is the most logical move after Ford's trek north to join Samcor.

Struandale's assembly operations will now move to Pretoria's modern Silverton works. The closure date has not been decided, but it is slated for the second half of this year

This leaves only Ford's engine plant — also at Struandale — still in the eastern Cape, after the final closure of the Neave plant — which assembled the Escort and Granada — late last year. The Neave closure cost 1 700 jobs

When the Ford/Amcar merger was originally announced there were plans to keep Struandale operational. But late last year it seemed it would become yet another victim of the industry's agony

The deeper-than-expected recession made more urgent Samcor's need to consolidate its assembly lines into a lower-cost production base in the PWV Scattered assembly lines, of course, would also make nonsense of Samcor's heavy investment in factory automation.

The decision to close Struandale was made late last year, but, the *FM* understands, the announcement was delayed while last-ditch efforts were made to save it.

Certainly, investment pressures from Samcor shareholder Anglo American and Ford will ease once the move to Silverton has been completed.

PE was anxious about the Ford/Amcar merger from the start. The area has lost more than 5 000 motor industry jobs since 1982 and there's always the threat of further retrenchments from assemblers and component manufacturers as margins are squeezed harder.

Samcor MD Spencer Sterling takes strong exception to talk of a strategic withdrawal from PE "Blaming Samcor for its historical base in Pretoria is nonsense," he says.

And he stresses that the recently modernised Struandale engine assembly plant will not be affected by the move. But it could still be threatened by cost pressures. "If it becomes no longer cost-effective to assemble engines in the eastern Cape then we'll be forced to look to importing them and making up the 66% local content level with more local bodywork and ancillary equipment."

Sterling's adapt-or-die blueprint for SA's motor industry has not been popular with other manufacturers Many see him running for high ground by calling for wide-ranging reforms to cover Samcor's own shortcomings.

But temporary plant closures, layoffs, white-collar retrenchments (90 at the end of last year) and production schedule cutbacks to lower stocks, have done little to ease the industry's misery

Sterling reckons SA's motor industry will be at a watershed until at least mid-1987 "This year's motor market will be more competitive than ever," he says, "and we are looking to new models as our major sales drawcard."

This will include an all-new Mazda 323 and a facelift for the 626 Ford's Sierra will also be revamped this year and MMI and Ford dealers will get a new range of light commercials

Ford's Escort comes to the end of its product cycle in mid-1986 and will be replaced by the Laser. Sterling hopes Ford's new line-up will finally scotch rumours about the company pulling out of SA

Samcor still has a long way to go before it is out of the woods

But it is clearly acting with a determination which other motor manufactures would do well to note. ■

Samcor's Sterling ... revising the options

RAIL CONSTRUCTION

Who pays?

FM 17/1/86

Sats has taken a policy decision not to use its own cash to build new railway lines or extend existing routes. Inevitably, the move has placed urgently-needed new links in jeopardy.

Sats plans to seek the necessary capital from other sources The new regional service councils (RSCs), the first of which could be operational by mid-year, other local authorities and the private sector are possibilities.

But the chances of the RSCs being in any position to bankroll new suburban railway lines, especially in the early days, are remote. Thus, with private sector interest unlikely, it means that central funding in one form or another will have to be found for such new capital projects

But this, of course, would make a mockery of Pretoria's aim to devolve financing power to local authorities by forming RSCs in the first place

Financially, the move makes much sense for Sats whose railways arm is slated to lose around R1 billion in the current financial year. These losses are the main drag on Sats' overall performance.

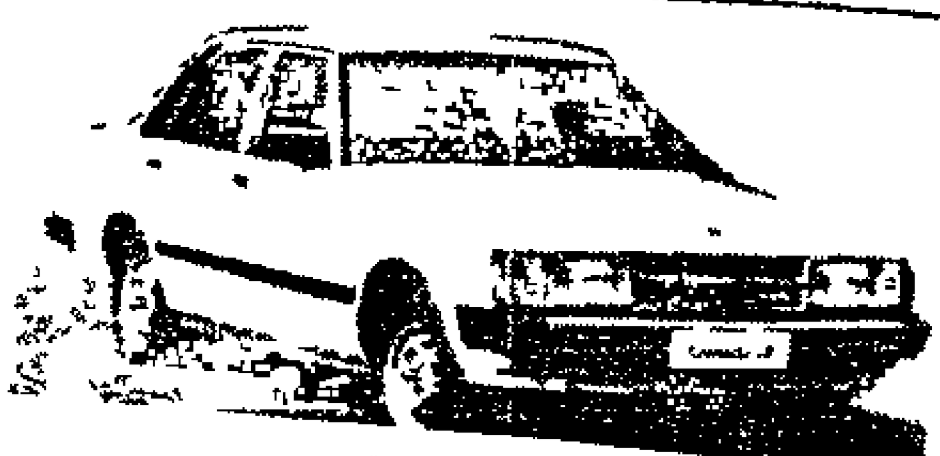
The new policy is bad news for industries which rely heavily on railway contracts because work will be delayed until alternative finance is found.

One of the first victims is the R350m plan to nearly double existing lines on a 15 km stretch east and west of Johannesburg station, between George Goch and Langlaagte (*FM* August 9)

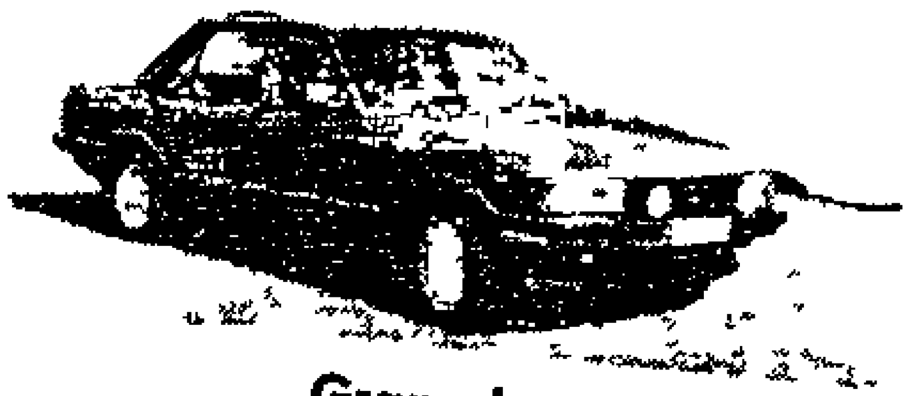
"Work on the line will begin only when finance is found," affirms Sats' chief director (Passenger Services) Hendrik Hamersma.

On paper, at least, the extra lines should be operating by 1990 when, Sats estimates, traffic along the line will have increased white sisal. The outfit, modelled by Jacky Boy, was ... Met by Wynand of Cape Town.

The captain of the sh



Cressida



Granada

Escort

ARGUS 17/1/86 (192)

Several popular car models to be withdrawn from market soon

The Argus Correspondent

DURBAN — Several popular motor vehicle models are to disappear from the market in the next few weeks

These include the replacement of the Toyota Cressida and the Mercedes-Benz 200 and 230 range, the Escort, Granada, Tredia and certain Mazda commercial models

Mercedes will launch their W124 series in April to replace their present medium-sized range, while the Cressida, third top-selling car for the past year, will be replaced by a new model next month

Samcor, the Ford/Mazda/Mitsubishi manufacturer, has a new Mazda light commercial range on the cards, while replacing the Escort with the Mazda-based Lazer and stopping production of the Granada and Tredia

There are preparations for a new Samcor luxury car, which will be based on the Sierra, to be marketed this year

Also on the light commercial front, Toyota has in the pipeline a new township commuter, believed to be an 18-seater minibus, which is said to be going to be available in the second half of the year

Sales figures for 1985 released yesterday showed total South African vehicle sales last year dropped 25 percent compared to 1984 Total sales were 305 327, of which 204 322 were cars and 101 005 commercial vehicles and trucks

BOTTOMED OUT

Mr Peter Searle, Volkswagen managing director and president of Naamsa, which represents all motor manufacturers, said today there were indications that the market bottomed out in the middle of 1985 and a mild recovery was in progress, as indicated by a 8,6 percent improvement in sales in the last quarter compared to a year previously

It was the fourth successive year of declining new vehicle sales and the 1985 market was, in fact, below that of 12 years ago

Toyota was again the top-selling manufacturer, with the Corolla the top-selling car, followed by VW Golf-/Jetta, Cressida, Honda Ballade, Mazda 323, Opel Kadett, Ford Sierra, BMW Three Series, Ford Escort and Nissan Langley/Pulsar

Second day at school — then death

Staff Reporter

A SIX-year-old girl was knocked down and killed when she crossed the intersection of Morgenster and Gymkhana roads, Mitchell's Plain, on her way home from her second day at school

Sonja Damons, 16, of Judo Road, Beacon Valley, said she was waiting for her young sister Illana to arrive home from her Sub A class yesterday when she received a telephone call to say the girl had been knocked down by a car

Sonja said "I thought that she had been injured When I arrived at the scene of the accident she was covered in a blanket and I was told she had died I was shocked and could not believe that my little sister was dead"

The girls' parents, Mr Malcolm and Mrs Sybil Damons, had arranged for Illana to walk home from Meadowridge Primary School with a neighbour's children

Holding back her tears, Sonja said she and her sister were very close

Makers express cautious optimism

Bus DAY 17/1/86

(23)

(192)

December car sales rise 9,5%

DAVID FURLONGER

NEW car sales in December hit 19 170 — the second highest monthly figure in 1985.

According to National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen, the improvement was due to pre-emptive buying to avoid price increases, renewed replacement demand, reduced financing costs and easier credit instalment terms.

December's sales were 9,5% up on November's 17 501 and 8,6% on December, 1984

Light commercial vehicle sales rose 2,87% on November to 7 253.

Conditions in the truck and bus sector remained under pressure December sales of medium commercial vehicles were down 2,6% on November to 447, and heavy commercials down by 11,4% to 746

The final annual figure confirmed the acknowledged fact that 1985 was a bad year for vehicle manufacturers.

New car sales, down 24% on 1984, were the lowest for eight years Light, medium and heavy commercial vehicle sales declined by 27,3%, 16,47% and 22,3% respectively.

Heavy truck-and-bus sector sales of 10 430 in 1985 were the lowest for 22 years.

Vermeulen said he expected recent official moves to restimulate the economy — including lower interest rates, relaxation in credit instalment terms and tax relief measures — to underpin demand for new vehicles at current levels and provide a base for modest growth this year.

He expected monthly sales of new cars and commercial vehicles to improve gradually and predicted 1986 car sales could reach 215 000, compared to 1985's 204 322.

Demand for commercial vehicles should also firm slightly, said Vermeulen, and combined commercial vehicle sales should exceed 110 000, compared to 101 005 in 1985.

Naamsa president Peter Searle said the vehicle market had bottomed out in mid-1985, and a mild recovery was in progress.

He warned, however "As with most forecasts of this nature, a prerequisite is a stable rand and no further deterioration in the socio-political environment in Southern Africa

"Given these pre-conditions, a modest improvement in car sales is forecast for 1986, with the market likely to respond positively to the re-stimulation of the economy, especially during the first six months of the year."

He said vehicle prices still did not reflect the full effect of exchange rate developments and high cost of imported components.

"The price of cars is, therefore, likely to increase by more than the local inflation rate in the year ahead."

□ The 10 best-selling cars in 1985 were Toyota Corolla, VW Golf, Toyota Cressida, Honda Ballade, Mazda 323, Opel Kadett, Ford Sierra, BMW 3-Series, Ford Escort and Nissan Langley/Pulsar.

SA: GM chief optimistic

192 DISPATCH 22/1/86.

General Motors Chairman Mr Roger Smith says the white-minority government in South Africa seems to be willing to move away from apartheid but has been plagued by "bad luck" in its timing

Mr Smith, chief of the world's largest manufacturing corporation, is co-chairman of a new corporate lobby called the US Corporate Council on South Africa urging an end to South Africa's system of racial discrimination

He said in a recent interview that GM would maintain its business in South Africa because disinvestment would constitute an "abandonment" of 5 000 workers and 350 dealers

Asked if he saw any positive reaction from the South African government to the council's lobbying for change, Mr Smith replied "Not right now I haven't"

But he sighed and added "They seem to try to want to do the right thing but they seem to have an awful lot of bad luck on their timing, and they seem to be having trouble just to get done what they want to do So that's where we're trying to see if maybe we can help"

From RICHARD WALKER in Detroit

Mr Smith and ex-Treasury Secretary Mr W Michael Blumenthal, chairman of the Detroit-based Burroughs Corporation computer manufacturer, another major US investor in South Africa, formed the US Corporate Council on South Africa a few months ago

The GM head said the council had recruited almost 100 chief executives of firms which do business in South Africa to support businessmen who are pressing Pretoria for sweeping changes

Many observers took the formation of the council as a reaction to the swift growth of the US anti-apartheid movement since late 1984 The movement has stepped up pressure on companies which do business in South Africa and targetted Shell Oil this month for a consumer boycott

Anti-apartheid activists calling for withdrawal of investment in South Africa have accused GM, Ford, Burroughs, IBM and Mobil of being mainstays for the nation's economy

However, Mr Smith said his group was motivated to jump into the fray because of concern over the wave of unrest and violence which has swept black townships and other parts of South Africa Major corporate leaders in South Africa have made unprecedented calls for black rights

Mr Smith said there had been a "groundswell" of support among American corporate executives who joined the lobby to help work for "peaceful change" in South Africa

"I'm not quite sure what the basis for our optimism is when you pick up the papers, but I honestly think we can be a positive force down there Businessmen are optimistic by their nature or they wouldn't be in business," he said

The outcome of the struggle between the white government and its black opponents is "very important to us because we want everybody to be winners"

"The worst thing that I always say can happen is you get rid of apartheid and everybody starves to death because they've got such a deep depression," Mr Smith said

The US corporate chiefs are sorting out their options on how to support change in South Africa, including what could be done about apartheid and "what can't be done"

But Mr Smith ruled out "going down there to throw stones at Pretoria"

"We want to work within the system on a non-confrontational basis to be as helpful as we can" — Sapa-RNS

GM in PE to stay — White

(192) E-Post 23/1/86.

By LOUIS BECKERLING, Business Editor

GENERAL MOTORS is in Port Elizabeth to stay and no mergers or agreements have been concluded with any other South African manufacturers.

This emphatic assurance was issued by GM managing director, Mr Bob White, in a Press statement today, and repeated at the first GM dealer council meeting of the year in Port Elizabeth

Finally dispelling insistent rumours that GM was considering either disinvesting from South Africa entirely or relocating its manufacturing plant to a merged operation on the Reef, Mr White said neither would occur

"General Motors wishes to reiterate that it has no plans to disinvest its South African operation or cease operating in Port Elizabeth," he said.

"Due to the contracted market, the poor exchange rate of the rand against other currencies, and an over-populated vehicle market with its high number of manufacturers, we have looked at certain alternatives"

These alternatives were sought to improve short- and medium-term viability, "and included discussions with other manufacturers"

"However, discussions have not resulted in any agreement or arrangement with any manufacturer," said Mr White

Pointing out that General Motors was the world's largest vehicle manufacturer, Mr White significantly underlined that the South African subsidiary was "backed by unparalleled resources, and we will continue to build on our success"

Mr BOB WHITE

"In the difficult year just concluded, we improved our market position to third place with a market ratio of 11,3% — the second highest in nine years," he said

"Spearheaded by the popular new Opel Kadett T-cars, introduced in May, 1985, and the highly successful Isuzu range, we have a passenger car and commercial vehicle range offering which is second to none in South Africa

"With the withdrawal of several manufacturers in 1985 we are well placed to attain improved sales and ratios through our well established organisation

"During 1986 General Motors will be celebrating its 60th anniversary in South Africa

"We fully intend to continue working hard to earn the confidence and trust of the South African motoring public who have supported us so well over these many years"

GM public affairs spokesman Mr Peter Sullivan said today's meeting of GM dealers was a regular, scheduled meeting at which product development plans for the year ahead would be discussed together with other issues such as the company's motorsport programme for 1986

However, the message regarding GM's commitment to staying in Port Elizabeth and South Africa, he said, would also be emphasised at the meeting

● A R73,8 million takeover by GM of the British high performance car group Lotus was announced in London yesterday

GM said Lotus would retain its independent identity and British management, which has guided the company to a long string of successes in international motorsport

The US company said Lotus would benefit from "GM's vast resources and would have greater scope

The assurance issued

● Turn to Page 5

GMSA's pledge to stay seen as big boost

● From Page 1

by GM would renew confidence in Port Elizabeth the Mayor, Mr Ben Olivier, said

Reacting enthusiastically to the statement by Mr White, the Mayor said he was pleased to hear the positive attitude which the company had shown

It was as if a "dark clould' hanging over the city had cleared

"On behalf of PE and all its people, I wish to thank GM for its contribution over the past 60 years and for its commitment to the future of PE and its people

Mr Olivier said PE and GM had been synonymous for six decades and he was happy that the association would continue

"The confidence shown by GM will reach through to most other businesses and industry in PE

"It will renew confidence in the city and generate a change in attitude, from pessimism to optimism and hope for the future"

● Editorial comment — Page 12

GM, British Leyland talks go on

BUS DAY 5/2/86 12

End result could benefit firms' SA operations

(192)

NEGOTIATIONS in Britain between General Motors and British Leyland could spill over into the companies' South African operations.

Leyland sources say the companies' operations in South Africa could easily be incorporated

"Synergy does exist between Leyland and GM. If we were to operate jointly here, we would have the most comprehensive range of commercial vehicles in South Africa," said a senior Leyland source.

GM information director Ron Theis said discussions between the two companies were "wide-ranging and not limited to any one area".

ALAN RUDDOCK and IAN HOBBS

But he added: "There has been no conclusion to the discussions and until that happens it would be premature for us to speculate on the outcome."

New British Trade Secretary Paul Channon faced an angry House of Commons on Monday when he confirmed that negotiations into GM's takeover of Leyland's truck and Land-Rover divisions had reached "an advanced stage".

Labour and Liberal opposition MPs accused government of covertly "raising the stars and stripes" over vital and strategic areas of British industry and selling our industrial strength in job lots".

Channon said the negotiations were aimed at creating "an international competitive commercial industry", but that it was still too early to tell if the talks with General Motors would lead to a potential equity stake, acquisition or merger.

He said separate talks were under way with Britain's Laird group about the takeover of Leyland's loss-making bus division.

MPs are still awaiting a confirmation or denial of a Press report claiming that the giant Austin Rover car division — which employs 40 000 workers — could be taken over by General Motors or Honda of Japan.

Honda already has manufacturing links with Leyland.

Market of 298 000 predicted 11/2/86

BER sees worse for motormakers

BUS DAY

192

ALAN RUDDOCK

MOTOR sales will fall further this year, according to the University of Stellenbosch's Bureau for Economic Research (BER).

In its latest quarterly review of trade and commerce, it says the motor industry "is expected to experience its fifth consecutive annual decline in sales during 1986".

The BER expects real consumer spending to decline in the first quarter of the year — with increases in spending only possible in the last three quarters — and sees a 0,5% fall in total real private consumption expenditure.

This gloomy outlook for the motor industry is supported by Samcor market estimates. Spokesman Roger Houghton says Samcor expects a total vehicle market of 298 000 — 200 000 passenger cars, 82 000 light commercials, with medium and heavy commercials making up the balance.

However, there are a number of positive factors for the industry this year. The continuing strenghtening of the rand will alleviate the massive foreign exchange related add-on costs manufacturers suffered last year.

The steady relaxation of interest rates has helped offset last year's price increases and there is hope the "replacement factor" will stimulate sales.

The last quarter of 1985 indicated replacements were stimulating the market. Consumers, who had delayed purchases for as long as possible, were drawn back. Their vehicles needed to be replaced and if they did not do so, there was a danger they could not afford to in the foreseeable future

Economist Tony Twine of Econometrix differs with the BER and Samcor conclusions. He believes passenger vehicle sales will improve about 10% this year to 220 000, with commercials contributing a further 112 000.

"There should be an increase in durable goods spending this year — it certainly could not be worse than 1985. Personal transport equipment accounts for about 40% of durable good spending in an average year, but it was severely down last year to about 36%, although the final figure will not be known until the Reserve Bank bulletin is released.

"The past seven-year average is 40% and if this is achieved this year, it translates roughly into a 10% increase in passenger car sales," he says.

(192)

Wage increase plus new rates for auto workers

E. Post 17/12/8[illegible]

WAGE increases and new minimum rates for automobile workers in the Eastern Cape became effective at the beginning of the month

Workers at Ford, General Motors, Volkswagen and Mercedes Benz received wage increases ranging from 16c an hour to [illegible] an hour.

And their minimum rates of pay were increased from R2,70 an hour to R3 an hour for unskilled workers.

These facts were disclosed in a statement released today by the regional secretary of the National Automobile and Allied Workers' Union, Mr Les Kettledas.

He said they were the result of negotiations on the Industrial Council for the Eastern Cape automobile industry, for "wage increases in line with the principle that wages be adjusted every six months to offset the rise in the cost of living over the previous six months".

The agreement was reached with the EP Automobile Manufacturers' Association.

14/3/86 FINMAIL

TRUCK MANUFACTURE

Asking for time

(192)

Predictably, the Board of Trade and Industries' (BTI) proposed local content programme for the truck and bus industry received a somewhat chilly reception from manufacturers when the two sides met to discuss the issue last week.

The main concern about the BTI's proposals is that truck-makers already sourcing from Atlantis Diesel Engines (ADE) could still fall a long way short of the BTI's proposed 40% minimum local content requirement for trucks and buses. This would lead to financial penalties, adding to the already high cost of vehicles.

No one is saying much about last week's discussions (*Business* March 7), but the *FM* understands that the vehicle builders want the programme to be delayed, at least until they are out of the current sales slump.

So far, says National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen, "nothing has been finalised, but we hope the BTI will eventually rewrite some of the proposals."

The manufacturers are critical of the BTI's aim to introduce the local content programme as soon as possible. The industry wants a two-year moratorium, maintaining it cannot afford the high cost of increasing local content when truck and bus sales are at a record low.

On this issue, the industry hopes to meet the BTI halfway with a "no-hurt entry level" to shelter manufacturers from financial hardship as the local content programme is applied. This could probably be done best by initially reducing the local content demand.

Broadly, the BTI wants current protection measures on locally built engines, gearboxes and other components to be replaced by a dual mass/value local content programme. The target is for a 50% local content level by value for heavy trucks over 3 000 kg and slightly less for medium commercial vehicles.

For the best reasons, the BTI wants ADE to feel the breeze of competition by dropping existing ad hoc protection in favour of a uniform system. But government could find itself shooting ADE in the foot if it accepts the BTI's proposals in their present form.

On paper, manufacturers will have little difficulty in meeting the BTI's minimum local content level *if* ADE and AS Transmission and Steering components are counted as 100% local content. But, as the BTI proposals stand, they do not because the local content of ADE engines varies from 10% to more than 70%.

If ADE engines were deemed 100% local, most truck and bus manufacturers would be more than halfway towards meeting the new requirement. On the BTI points system, however, an ADE engine with only 10% local content would score only 2,5%-3%, leaving the minimum local content level nowhere in sight.

The industry wants a common points rating on engines (preferably 100%) so that manufacturers are not penalised for buying an ADE engine with a high percentage of foreign components.

Engines aside, the truck-makers' other big concern is that the BTI proposals focus on the heavier end of the truck market (more than 3 000 kg) and do not adequately cover vehicles over 1 300 kg — the cut-off point for government's Phase 5 local content programme for car and light commercial vehicles.

It seems the BTI has overlooked the fact that most trucks over 3 000 kg are chassis/cab type vehicles, while the majority of vehicles in the 1 300 kg-3 000 kg bracket are fitted with a body. Under the current proposals, there is no local content credit for truck bodies. ■

Motor-makers spend R190m as market plummets

14/3/86 SUNTIMES(BUS) 92

By Don Robertson

THE motor industry is locked into spending an estimated R190-million this year on new models in spite of predicted sales of only 200 000 cars.

The manufacturers are committed to go ahead with launches and face-lifted models by decisions taken up to three years ago

Kadett boot

The expenditure will hammer manufacturers, all of which lost money last year Last year's combined loss is estimated at R1,5-billion

Because of long lead times in ordering retooling equipment and the need to follow the decisions of foreign source companies, SA car-makers have had to decide in 1982 on model changes.

Models, which have either been launched or are on the drawing boards, include a new Mercedes-Benz W124 series, a new Toyota Cressida, a reshaped Ford Sierra range, a new Ford Laser, engine changes to the BMW 3-Series and General Motors Kadett with a boot

The Toyota Cressida cost R57-million for retooling Marketing director Brand Pretorius says. "We were locked in three years ago We have already committed ourselves to the next generation Corolla"

"However, it is good marketing sense to launch a model now You cannot afford to be defensive A new model gives an opportunity to increase sales"

Japanese model life is usually about four years, but the new Cressida will probably be available for about six years

Derivatives

Mercedes-Benz, which has spent R80-million on retooling and R20-million on a warehouse, decided in 1983 to produce the 124 "bread-and-butter" model to replace the top-selling 123 range

Public affairs manager Delene MacFarlane says "Even under present circumstances, we would have gone ahead with the new model The 123 range sold 77 000

□ To Page 3

□ From Page 1

R190m bill

units in its eight years We hope to sell about 6 900 of the new models this year"

The life of a Mercedes model is generally about eight years

BMW is to launch derivatives of its 3 Series soon It is believed there will be a model with a 1,6l engine to give it a bigger share of the medium-priced market after price increases on its lower end of the range 318 model.

The 323 will be phased out and a model with a more responsive 2,5l engine will be introduced

Additional tooling expenditure is expected to be minimal

Samcor is to give its Ford Sierra a face-lift later this month, which will include improved specifications The new Ford Laser, based on the Mazda 323 will also be on the market soon Spending on the changes is R13-million, and another R4-million has been incurred on retooling for new Mazda and Ford light commercial ranges

Managing director Spencer Stirling says, that although the company made these decisions three years ago, "you have to keep products up to date and competitive"

"We depend on components from source companies, but we are getting clever in substituting as much as posssible from local sources"

General Motors will produce the Monza — a Kadett with a boot The decision was taken four years ago The Monza will replace the Ascona

Without the Monza, GM would have been left without a medium-sized notch-back, a sector which the company sees as the only one likely to show any growth this year

Monthly sales of between 800 to 900 of the new model are expected over a life of seven years It will be launched in October,

Car industry disappointed

18/3/88

ALAN RUDDOCK

THE motor industry is disappointed with Finance Minister Barend du Plessis' decision not to extend the phasing in period for fringe benefits taxation.

Manufacturers would also like to have seen the 10% import surcharge abolished or reduced.

Despite the lack of specific concessions for the industry, National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said the Budget was "pragmatic and positive".

"While we are disappointed the motor industry's representations for further relief regarding the taxation of fringe benefits on motor cars has not been successful, the fact that personal income tax relief has been granted, with immediate effect, is significant and welcome".

Volkswagen spokesman Ronnie Kruger said he was surprised and disappointed that there had been no concession on fringe benefits tax.

"But we welcome the tax concessions for the individual which should mildly stimulate the economy and retail car sales."

Toyota MD Colin Adcock said that, while the Budget offered nothing specific in terms of relief for the motor industry, the emphasis on relief for the individual would undoubtedly play a part in reviving the economy and, therefore, improving the position of the motor industry.

Breakthrough in labour relations

Full-time shop stewards at Volkswagen

FOCUS

192

Sowetan 20/3/86

By SAM MABE

VOLKSWAGEN of South Africa (VWSA) has broken new ground in the field of labour relations in South Africa

The company was among the first to recognise black trade unions long before the Wiehahn Commission's recommendations which led to the legislation of black unions in South Africa

Boasting one of the most efficient communications structures between labour and management in South Africa, the company had by 1978 established a factory committee in which senior management and union representatives met once a month to discuss issues relating to all hourly-paid employees

In 1981 the company also became the first and is probably still the only one in South Africa to have full-time shop stewards, who are paid by the company while holding union office

Full pay

Each of the two trade unions organising in the company, the National Automobile and Allied Workers Union (Naawu) and the exclusively white South African Iron, Steel and Allied Industries Union (SAISAIU) elect a full time shop steward for every 750 workers and a part-time shop steward for every 250 workers

Part-time shop stewards are allowed to spend five hours a week, on full pay, to attend to union matters So far, Naawu has five full-time and 23 part-time shop stewards, while SAISAIU has two full-time and five part-time

Full-time stewards retain their positions in the company and are also entitled to all wage increases given to other employees

According to Mr Brian Smith, manpower manager of the company, many other companies have expressed reservations about the system of full-time shop stewards

"The company and the unions we recognise agreed on the introduction of this system, which is in line with what is happening in America and West Germany The system has been working quite well and we're all happy with it," said Mr Smith

At the time of going to the Press last night, officials of Naawu had not commented on the *Sowetan's* questions on their relations with VWSA

In the late 1970's when it was still illegal for blacks to be artisans, the company took the bull by the horns and started training blacks at the VWSA Apprentice Centre in Uitenhage

The first three coloured die-and-press toolmakers were also trained by VWSA and all qualified in 1981

"We knew that what we were doing was not in line with Government policy, but we were convinced that there was a need for all our employees, irrespective of their race, to be given the same type of training For that reason we just went ahead and trained blacks as well," said Mr Peter Searle, managing director

Today the company claims to have by far the biggest apprentice facility in the car manufacturing industry in South Africa and approximately 36 percent of all apprentices in the industry are trained by VWSA

Strikes

VWSA stands out as the most highly union ised company in the industry in South Africa

It employs about 6 000 people and of its 4 000 black workers, who include coloureds, about 90 percent are members of the National Automobile and Allied Workers Union (Naawu)

The company has lost millions of rands in numerous strikes in the historically volatile eastern Cape area, because of its highly politicised labour force

According to one union member who would not be named, the issue of whether or not to go on strike in the eastern Cape is seldom a subject for debate

"We are like one family here and when we say an injury to one is an injury to all we mean it If there is a feeling among a section of the work force that we must down tools, we do so without asking too many questions and we rarely have dissenters," he said

Many companies in the eastern Cape have chosen to close shop and move to other parts of the country rather than face the emergent black trade unions in the area

Mr PETER SEARLE, managing director of VWSA

Invest

VWSA chose to remain and continues to invest heavily in the Uitenhage plant

The company's communications manager Mr Graham Hardy, shrugs off the labour instability his company has gone through as a passing phase which every company that is being unionised has to go through at one stage or another

He said "We do not subscribe to the view that the eastern Cape is a troublesome area as far as labour is concerned There is no statistical evidence to support that

"Our high profile labour image was because we were the first to encounter the problems of unionisation You will always go through a period of strife when dealing with emerging trade unions

"But the experience gained in the process will lead to far greater stability, and that is the stage we are reaching now," said Mr Hardy

He said socio-political and economic considerations have influenced VWSA's decision not to heed calls for disinvestment

"Our parent company believes that by staying in South Africa and continuing to press and act for change, we are serving the interests of all South Africans better than if we withdrew and criticised from a distance

"In economic terms the factory is a sizeable investment that will not easily be discarded and also represents a product range that has tremendous potential once the situation in this country improves We also believe that most of the growth will come in the black market," he said

Disaster

On the company's choice to stay on in the trouble-torn eastern Cape region, Mr Hardy said the rate of unemployment in the area is estimated at more than 50 percent and the departure of VWSA, which is the largest employer in the area, could spell disaster for many people

"We also have a pool of highly-skilled automobile workers who have grown up with the motor industry and who understand the industry better than other people elsewhere in the country

"We have also invested heavily in the eastern Cape over the past five years and have one of the most sophisticated plants in South Africa It is simply not feasible to relocate," said Mr Hardy

Political comment in this issue by J Latakgomo and A Klaaste Sub-editing headlines and posters by S Matlhaku All of 61 Commando Road, Industria West, Johannesburg

• Write to the Editor at P O Box 6663, Johannesburg, 2000 Nom-de-plumes can be used, but full names and addresses should be supplied or the letter will not be published

ADCOCK: "Pioneers in many respects."

Taking pride in the job

CITY P. 23/3/86

192

SIGNIFICANT numbers of black workers at SA's largest motor manufacturing plant are advancing into supervisory posts in a program which began long before the Government started dismantling job reservation legislation

"We have been pioneers in many respects because our overall business philosophy is to create a working environment which promotes the human dignity of all employees, irrespective of their population groups," said Toyota SA managing director Colin Adcock

"Indeed, we have never had a specific program for black advancement because we do not define our black employees in the traditional way but include in this group all people who are suffering for any social, economic or political reason"

Adcock told *Prospects* Toyota wanted to promote black employees at its Prospecton plant as far back as 1972, when job reservation was hardly being challenged by many South African companies, especially in the automotive industry

"It was two years before job reservation started to change and we wanted to promote black employees to welding and supervisory positions," said Adcock. "Our chairman, Dr Wessels, had talks with the then Minister of Labour and we were able to go ahead with our employee development plans

"Today, the welders in our factory are predominantly black and doing such a first-class job that the Japanese engineers who frequently visit us say that the quality of their welding is well up to the highest international standards"

Adcock said that in order to get round the obstacles existing at the time, the first six black people selected for supervisor or foreman training at Toyota were called "indunas"

"Today there are nearly 200 of these positions and the people holding them are described more accurately as group leaders

"These leaders are an essential link in our management structure and today there are many black Toyota employees in responsible positions working side-by-side on an equal basis with their colleagues from other sectors of the community," said Adcock

Both Wessels and Adcock emphasise that the Toyota philosophy of "respect for the individual" is sound business practice – whether applied to customers or employees

"By creating an environment in which human dignity is recognised, we help to eliminate many of the prejudices, fears and aggressive attitudes which are such an unfortunate aspect of our society as a whole," said Adcock

"You just cannot produce quality in a factory if the workforce is divided and emotionally stressed You would not expect to sell a car to a customer who you did not treat with respect, and employees are entitled to expect the same attitude

"One of the things which makes us most proud is that many of our employees refer to their place of work in the Toyota factory as 'kyalami' – the Zulu word which means home.

"Only this kind of attitude makes it possible for us to introduce the many management techniques we are adopting from Japan.

"These techiques only work when everybody in a factory takes pride in what they are doing because they are treated properly."

'It pays to be fair'

CITY P 20/4/86

192

THOUGH SA companies don't have to conform to the Sullivan and EEC employment codes, the country's leading motormaker, Toyota, believes they contain useful guidelines

Toyota claims it already exceeds the requirements of these codes

The company says it pays wages far above the minimum laid down by the European Community Code of Conduct

"We are also making further improvements to our medical and pension benefit schemes," said Toyota personnel director Theo van den Bergh

"We want these schemes to be non-discriminatory and attractive to black employees," he said

"We actively support the elimination of racially discriminatory laws through our involvement in the Automobile Manufacturers Employers' Organisation and in the Federated Chamber of Industries

"We are now making final adjustments to our pension and medical aid plans to fully comply with these codes," he said

"Though we have no obligation to observe the Sullivan and EEC Codes, we regularly measure ourselves against them "

Toyota's management has not developed a specific philosophy of black advancement – because they feel that all employees should have equal work opportunities

"Toyota has special advancement programs for employees who joined the company without having had good educational opportunities," said Van den Bergh

"You can't expect a person to develop self-esteem when he or she must compete on an unequal basis

"We have over 200 black employees in supervisory positions in our manufacturing and marketing companies. We're training black artisans and preparing black trainees for supervisory and managerial positions

"All employees are placed on our Manpower Planning systems so that there will be equal opportunities for everyone to advance "

PRISCILLA WHYTE

Low rand ups car-components duty

22/4/86 BUSDAY (192)

THE depreciation of the rand in the last two years has increased duties payable on imported motor components by R40-R50 a vehicle, says Toyota analysis-department manager Bill Scott

Scott said that, from January 1984 to January 1986, the rand deteriorated from $0,90c to $0,40c, which pushed up the cost of imported motor components used in SA cars by about 125%

Customs duties and import surcharges based on imported costs rose accordingly

Retail selling prices rose to recover a portion of these costs and these, in turn, caused Phase-V duties to rise (Phase V is the local-manufacturing target of achieving a minimum 66% local content for passenger cars and light commercials)

This had a multiplier effect on retail selling prices, which was aggravated further by increased GST until the buyer was hit by rising duties and then a tax on duties

The SA manufacturer is rewarded for exceeding the 66% mark on commercial vehicles but on cars — particularly the heavier ones — no such incentive exists Penalties are brought to bear regardless of the percentage of local content achieved

For instance, in January this year a popular 2l car with a local content of 72,3% was penalised R1 096 a unit under the Phase-V duty structure. The retail selling price was R18 460 and GST was R2 215

In January 1985, this same car, with a local content of 72,4%, was penalised R806 under the Phase-V duty structure. The retail selling price was R13 665 and GST was R1 367.

This type of car had a 71,7% local content in January 1984 The Phase-V duty penalty amounted to R683 and GST R790

Consequently, the duty structure in SA has the effect of encouraging component manufacturers of commercials — not the production of car components

Anti-apartheid moves may affect BMW

Politics threaten more motor firms

STAR 28/4/86 192

By Jeremy Sinek

South Africa's embattled car makers could increasingly face direct political threats to their survival

Until now it has mainly been United States companies — notably General Motors — which have had to stave off disinvestment pressures back home.

But a clear warning has been sounded that German firms like BMW, Mercedes-Benz and Volkswagen could also become involved in political action against apartheid.

The danger was highlighted last week by Dr Walter Hasselkus, managing director of BMW South Africa

Speaking at a model launch in Natal, he appealed to the Government not to waver from its chosen course of reform, but to speed it up significantly

"So far South Africa has been a non-issue in Germany. But unless the situation in South Africa improves, and unless tensions are drastically reduced, South Africa *will* become an issue in Germany

"And once that happens, one would have to be very naive to believe that either the federal government or any major faction would be in a position to defend South Africa

"Let us create a political climate in South Africa that takes the heat and the pressure off foreign companies that have investments here," he said.

Dr Hasselkus also blamed political issues for the financial plight of the motor industry

Referring to all the positive economic indicators — an enormous current account surplus, record exports, a stimulatory budget, rescheduling of the foreign debt, reduced petrol prices and lower interest rates — he said "When all these things happen, and still that very sensitive economic barometer, the car market, does not improve, then you have to conclude that the general level of business confidence in South Africa is at a dangerously low level

"One cannot help but conclude that the political climate is responsible for this amazing lack of business confidence."

'Mercedes to stay'

On a more positive note, Dr Hasselkus said he believed, on the strength of "very good and very promising" economic fundamentals, there will be improvements in both business confidence and the political outlook

"In spite of its poor start in the first quarter, we see the car market picking up well, especially in the second half of the year, and we may even end up with a market of about 200 000 this year."

But at a Mercedes launch two weeks ago, Dr Hasselkus's opposite number at Mercedes-Benz, Mr Jurgen Schrempp, said "The introduction of this model comes as visible proof of the Daimler-Benz decision to stay in the South African market

"Towards the end of last year, Daimler-Benz substantially increased its investment in South Africa The decision is significant at a moment when there is talk of some more manufacturers pulling out of South Africa "

SA can expect 30 n[ew] AIDS cases this yea[r]

Medical Reporter

At least 30 new cases of AIDS ca[n be] expected in South Africa this year, Professor Jack Metz, chairman o[f the] Advisory Group on AIDS.

In a statement issued at the w[eek]end, Professor Metz said although one new case of AIDS has been re[port]ed this year, there was no reaso[n for] complacency.

Since 1982, 20 people have died o[f] a total of 27 cases of AIDS se[en in] South Africa

Only one case here has been th[rough] blood transfusion More can be ex[pect]ed in patients who received tra[nsfu]sions until all donor blood was te[sted]

FIN MAIL 9/5/86

192

MOTOR SPARES

Sum of the parts

Behind last week's *Did You Hear* about a popular car selling in SA for around R25 000 — which would cost R270 000 if assembled entirely from spare parts — lies a serious problem The concern among buyers is that car-makers are trying to make up for plummeting car sales with huge hikes in the price of spares

Avis Rent-A-Car, for example, found after analysing its 1985 new vehicle fleet that the cost of parts had surged nearly 70%, while across-the-board car prices had increased by only 37% BMW and Volkswagen franchise parts were below average, with increases over a year of 58% and 61%

"The excess we paid on accident damage last year forced our insurance payments up by 40% this year," says Avis GM Tony Langley

Avis is fighting back and has warned manufacturers that unless prices of certain body parts stop rising at the present clip, "future orders are likely to go to more competitively-priced car makers"

The results of a recent Automobile Association (AA) check has added to the brouhaha.

The study showed up erratic pricing policies and mark-ups of nearly 800% on the landed cost of many common spares at the retail level.

In a separate survey completed last week, the AA compared prices for a basket of mechanical and body-part spares for the Ford Escort, Mazda 323, VW Citi Golf and Toyota Corolla Conquest — all cars in a similar price range

Expressing the results as a percentage of the car's purchase price, the AA found a 27,5% price gulf in the parts costs of the Corolla Conquest, which came in cheapest at 43,6%, and the Ford Escort at 55,6%.

In effect, says AA GM (Technical Services) Fred Bothma, "the buyer gets

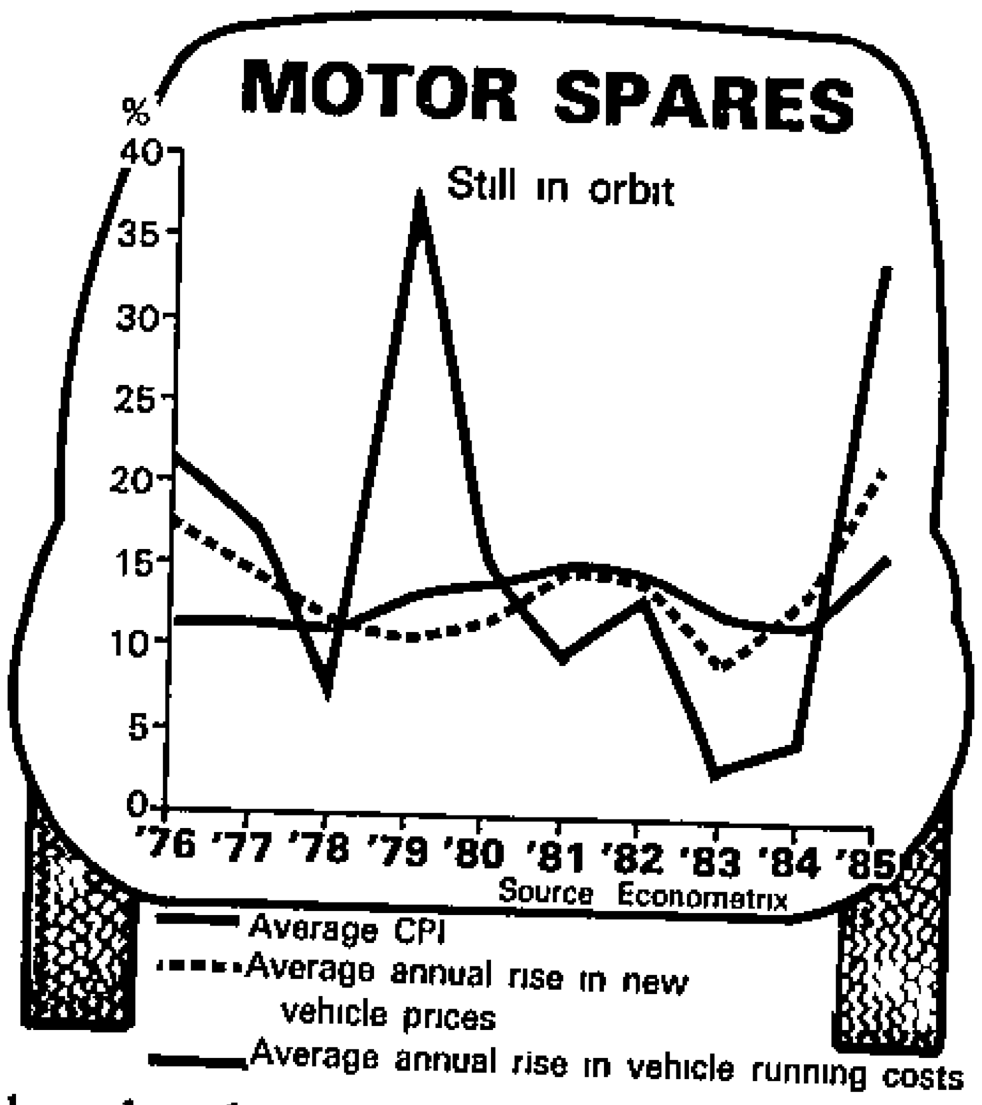
smacked somewhere down the line on certain models for high repair costs"

It is accepted that volatile exchange rates and imported inflation has left car manufacturers with little option *but* to increase the price of imported components

"Against a background of sharply lower new vehicle sales and owners holding on to their cars for longer, one would have expected the increased traffic in spares to be a stabilising factor on price," says one industry source

The reverse appears to have happened. Many in the motor game feel the momentum of hikes in component prices is being fuelled by manufacturers' efforts to contain new vehicle prices while sales are sluggish

VW marketing director Clive Warrilow



describes the allegations as nonsense "With the fierce struggle for sales and the rand's sharp fall, manufacturers have staggered new car price increases and brought less visible component prices quickly into line with changes in the economy," he asserts

AA statistics show, however, that a section of a Japanese radiator grill could be landed and sold, after the importer's mark-up, for R21,15 "We found the franchiser selling the same part at R95,30 — a 343% increase on the price he paid the importer and 786% more than the landed cost," says Bothma

"These figures give an insight into the sort of mark-ups that are widely applied in the after-market. There's no way they can be justified"

On the flip side, car manufacturers point out that the industry is compelled to stock a full range of components for at least 10 years after a model's launch

"This weighs heavily on the price of spares," says Toyota's Brand Pretorius

Car makers frequently quote the cost of holding the whole range of components as 4% a month on total stock value.

While VW's Warrilow admits there are "too many links in the industry's supply chain," he stresses that the wholesaler, concentrating on high-volume product lines, feels no responsibility for product continuity or quality.

"If you buy cheap, you get cheap," he says. ■

BUSINESS

INDUSTRY

ARGUS 9/5/86 (192)

Motor industry leader warns of 'massive layoffs'

From GARETH COSTA

JOHANNESBURG — There would be massive layoffs in the motor sector unless the Government came to the aid of the industry, McCarthy managing director Mr Theo Swart said here.

A further 10 percent of motor industry jobs could be cut unless the Government produced significant forms of relief such as cutting GST by at least 50 percent and the easing of perks tax, he added.

"The situation is so desperate that we simply do not have time to wait for the Margo report.

"The motor market is in such a sad state that widepsread unemployment is now threatened at the retail end of the business.

"We all know that there is already 36 percent unemployment at the manufacturing end and a further 10 percent cut by traders will be necessary."

Mr Swart said that until now, motor traders had been maintaining their infrastructures, but they would be forced to cut back quite soon if no help was forthcoming.

"We employ 6 000 people, but could be forced to lay off 600. We would rather see the Government stimulate the industry which could improve or create more employment."

According to Mr Swart, the average sales figure of passenger vehicles for the first three months of the year was 13 900, which is the lowest amount since 1979 and in the cases of light commercial vehicles since 1969 and heavy vehicles since 1962.

"The prime blame for the significant and sustained drop in the motor market can be laid firmly at the door of the perks tax.

"While we do not take issue with the need for perks tax, or its phasing in, we believe that the deemed values (the amounts the taxpayer must fork out) are too punitive and must be significantly lowered," Mr Swart said.

Traditionally, the business sector accounted for 70 percent of car purchases, but buying was now moving from the business sector to the private individual, who was holding back on car purchases because of the high tax burden of changing vehicles.

"The man in the street simply does not want to change his car."

Mr Swart said the motor vehicle was one of the greatest sources of tax for the Government. "The vehicle is taxed on its imported content and it is subject to surcharges and excise and ad valorem taxes.

"In addition, there is on-going revenue from license fees and perks tax.

"Throughout the life of a vehicle it generates GST every time it changes hands. Add to this the tax on parts and on the fuel and oil it consumes, and it becomes clear that the motor vehicle represents a veritable cash cow for the Government."

● Wholesalers in the motor trade suffered a net loss of R116 million last year, the Central Statistical Service (CSS) reported in Pretoria.

This was a "drastic change" from their net profit of R36 million in 1984.

Also, car retailers showed a decline in net profit of 7,0 percent last year.

The CSS said wholesalers' total capital expenditure on new assets last year showed an increase of 196,5 percent compared with 1984. This increase was mainly due to expenditures on plant, machinery, furniture, fittings and other equipment.

"There was a decrease of 13,8 percent in the value of stocks as at the end of 1985 compared to the same time in 1984," the CSS said.

"The total amount owing by trade debtors at the end of 1985 in respect of goods sold shows an increase of 66,8 percent compared to the end of 1984."

ARGUS 15/5/86

THIS is the answer to the question that many motorists are asking

Why is there no SA car?

192

By JEREMY SINEK
in JOHANNESBURG

WHY doesn't South Africa build its own car?

With spiralling car prices blamed on the cost of imported parts, and with the ever-lurking threat of sanctions, it's a question that must lie at the back of many a motorist's mind

Of course, we already do build several hundred thousand vehicles in this country every year But these are not indigenous designs They were developed overseas by the parent companies of South Africa's car makers

Moreover, locally-built cars contain a hefty helping of imported parts

Local content regulations require that, on average, 66 percent of any car be made in South Africa But that means 66 percent by *mass* Most high-tech components, however, are imported, and these now account for 60 to 70 percent of the car's *value*

So, could South Africa ever go it alone?

THE question needs to be considered from two angles One, would it ever be desirable and financially viable for South Africa to do so? And two, if sanctions ever led to a situation where we *had* to build our own car, do we have the ability?

The first question is easy to answer — No

Quite simply, the costs involved would make it prohibitive.

The reason lies in those three words that can make or break any industrial endeavour, economies of scale — the basic rule which says the more you make of a product, the cheaper it can be

With a car, as with any manufactured product, the lump-sum investment costs that go into designing it and then building a factory to produce it, have to be recovered in the price of the car

Obviously, the higher your sales, the more cars across which you can spread the burden of the original investment, and so the cheaper the car can be

As things stand the South African market is already too small for effective economies of scale The cost of setting up production — typically R50-million to R100-million — is too high, even though the costs of designing the cars were incurred overseas

Yet if we had to design and develop a car from scratch, and produce the machinery locally as well, the costs could be many times that amount

THE modern car is so tremendously sophisticated that the costs of research, design and development are prohibitive, and only practical if you're going to build and sell huge numbers

A quote from the British magazine *Motor's* description of a new Renault model makes it plain "When the bill for the R21 reached R1 450-million, worried Renault chiefs called a halt The guillotine fell on a new gearbox for the two-litre engines"

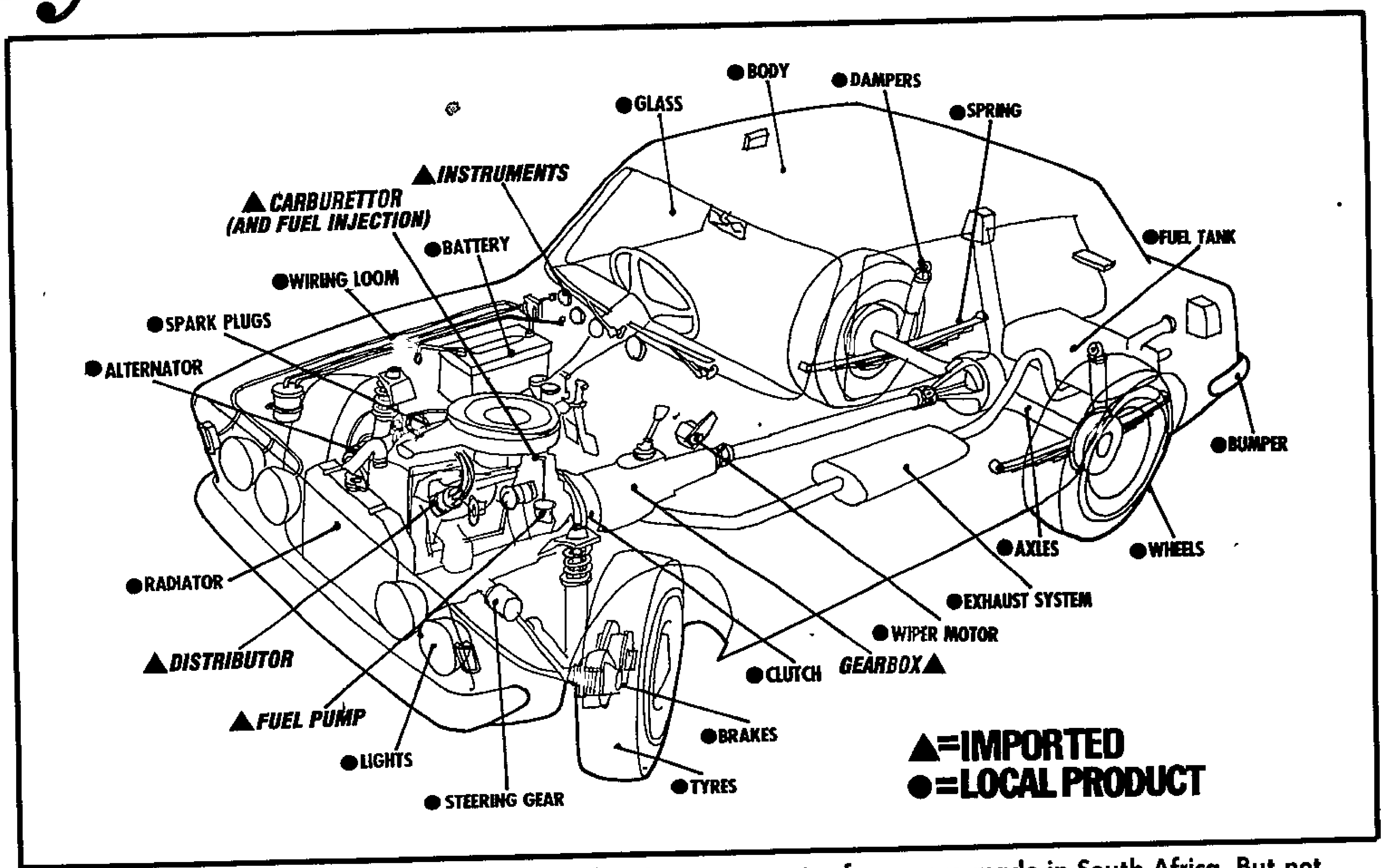
Not only small countries like South Africa run up against this numbers problem As Colin Downie, Toyota SA's director of engineering, points out "Many countries that used to build cars, no longer do so Take the UK It used to have countless different makes, now it only has one wholly British mass-producer of cars"

Moreover, many experts doubt whether even Austin Rover on its own, which makes twice as many cars as the entire SA industry put together, is big enough for long-term viability Already that company has embarked on a policy of collaboration with, or buying in major components from other car makers

The question remains, could South Africa build its own car if it *had* to?

Here the answer is yes — but at a price

Naamsa director Nico Vermeulen sums it up "It isn't beyond the capability of South Africa to produce a purely domestic vehicle, but the research and development necessary would be cost-ineffective in view of the small volume"



THE majority of major components of a car are made in South Africa. But not necessarily for all cars. For instance, some local models use local engines, others use imported ones. Also, some sub-components, such as piston rings and timing chains for engines, are still imported. Local content regulations require that an average 66 percent of any car must be made in South Africa. But that is 66 per cent by mass. The high-tech components are usually imported and that accounts for from 60 to 70 percent of a car's value.

Local by mass, imported by value


BUSINESS

INDUSTRY

State shake-up ahead for ailing car industry

Financial Editor

The future of the South African motor industry has been plunged into the melting pot

The Government has ordered an urgent investigat[illegible] into the industry's affairs. T[illegible] investigation is aimed at determining the effectiveness of the local content programme and what changes were needed for its healthy development. Special attention is to be given to measures needed to stimualte exports.

It is clear that the Government would like see the industry develop into a major exporter and become a large foreign exchange earner instead of being a heavy drain on the [illegible] foreign exchange [illegible]

Commerce and Industry Minister Dr Dawie de Villiers said that in view of the industry's problems he had instructed the Board of Trade and Industries to investigate

● The impact of the present measures to promote local manufacturing of motor cars light commercial vehicles and motor components, and

● The extent to which the development of the industry was economically sound

The board in the light of its findings, had been in[illegible]ructed to make recommenda[illegible]s on any new measures or amendments to existing measures that may be needed to ensure the sound development of the industry from the viewpoint of the coun[illegible]s interests with special ref[illegible]erence to the exports

Dr de Villers also announced concessions to encourage exports of motor vehicles and components

He said exporters of motor vehicles and components would receive excise duty rebates This should stimulate exports and relieve the tax burden on the motor industry

The Government believed that the exploitation of the export market could make an important contribution towards the stabilisation and sound development of the motor industry

Requests that these export rebates should continue for some time were being considered

Dr de Villiers said the board had been instructed to give high priority to the completion of the investigation

Officials at the Board [illegible] Trade and Industries were [illegible] prepared to say how long [illegible] investigation would take [illegible]

But trade sources [illegible] in view of the [illegible] sent ph[illegible] gency [illegible] that the board [illegible] back by the [illegible] early Septem[illegible]

From yesterday's Argus

Certainly we have the ability Most senior engineers I spoke to agreed that we have — or could import — the necessary skills and technology to make just about anything, from bodyshell downwards

INDEED, there have been in the past, and still are, some uniquely South African designs GM's jeep-like Nomad of the 1970s is one past example And a variety of low-production specialist sports cars are made here today

But the Nomad was a crude, unrefined utility vehicle, whereas, in the words of senior Ford engineer Rudi Geggus "The South African car buyer is very sophisticated and very choosy He wouldn't want anything that hasn't got the background of Japanese or European technology"

The sports cars, on the other hand, rely on hand-built glassfibre or aluminium body structures that would be quite unsuitable for mass-production And mass-production, as we've already seen, requires a huge investment in purpose-built machinery and factories

If the trade taps were ever turned off, a more realistic scenario would be to continue building existing models, and work towards 100 percent local content Says Colin Downie "We'd lock into the cars we've already got, and then find ways of making the components we lack"

According to Denzyl Vermooten, spokesman for the component makers' association Naacam, there are about 400 component suppliers to the car manufacturers

"Anything can physically be made here, with very few exceptions," he says "But it's got to be a viable, paying proposition There's always the cost factor, especially with the very hi-tech stuff"

IF 100 percent local content were suddenly forced on South Africa, the short-term problem areas would be carburettors and distributors These complex precision components are not currently made by anyone in South Africa and although they could be, it would take time

Another major item not currently made in South Africa is a car gearbox Axle manufacturer Borg-Warner has the knowhow to make a gearbox, and 'boxes for heavy trucks are already made here, but there exists no factory for mass-production of a car gearbox

A logical and necessary development would have to be increased collaboration and commonisation of parts between car makers All large rear-wheel drive sedans, for example, would have to use Borg-Warner's five-speed gearbox — the design already exists, though not yet a factory to build it

LIKEWISE, Toyota, Ford and Nissan each produce some of their own engines in South Africa, but the rest are imported In the short term, at least, you would thus have hybrid models with, say BMWs using Ford engines, Nissan-propelled Mazdas and so on The choice of models would inevitably drop

Even where components are assembled locally, they often still contain imported parts For example there would be a delay until certain engine sub-components which are currently imported, such as timing chains and piston rings, could be put into production locally

Many lightweight electrical parts such as switches, suppressors, instruments etc are, likewise, imported

Harsh economic reality suggests that parts made here would be relatively simple even crude The really high tech stuff would be too expensive to make, even if we [illegible] have the skills Moreover, [illegible] recoup costs the parts wou[illegible] have to stay in production f[illegible] long periods without change As a result, local technology would slip behind developments elsewhere

Colin Downie holds up Bra zil as an example of wh[illegible] could happen here, "In Br[illegible] everything is 100 percent lo cal, and the result is two neg atives," he says

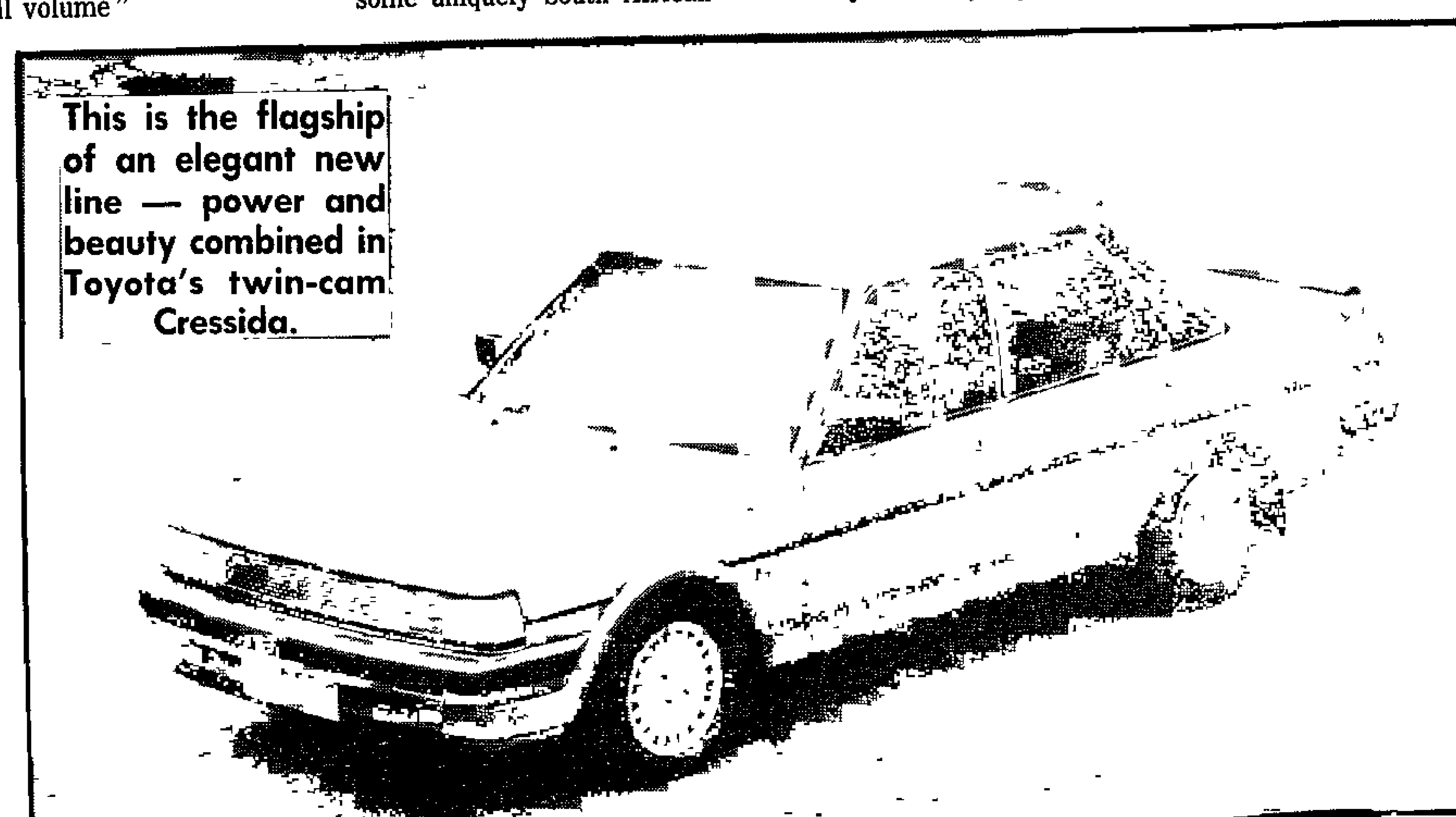
"Firstly, vehicles are ve[illegible] expensive And secondly, t[illegible] lack modern technology

"Outdated models are pr[illegible] duced for long periods, [illegible] imported tooling of obsolet[illegible] foreign models, and at quali[illegible] levels below what we ha[illegible] been led to expect"

At the bottom line, th[illegible] the whole question will a[illegible] most certainly remain hyp thetical

For reasons of cost, Sou[illegible] Africa would never voluntar[illegible] ly choose to mass-produce [illegible] wholly-indigenous car And [illegible] the event of sanctions, wa[illegible] would still be found to im[illegible] the crucial components

In the words of Nico V[illegible] meulen "Profitable tra[illegible] links will always outwei[illegible] political antipathy"

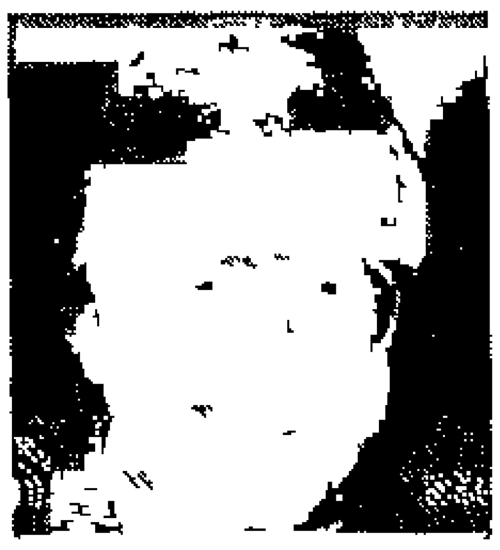

This is the flagship of an elegant new line — power and beauty combined in Toyota's twin-cam Cressida.

192 FIN MAIL 23/5/86

IN MY OPINION

PETER SEARLE

The case for carmakers



Peter Searle, deputy chairman and MD of Volkswagen SA, takes issue with an *FM* leader last week which argued that many of the motor industry's problems were rooted in the excessive protectionism of earlier years.

Certainly the motor industry is in trouble and the merits of the local content programme are a matter for debate, but it's a question of the level that is economically justified rather than the concept itself

The industry would be perfectly viable at the sales levels of two years ago What has changed first and foremost is the value of the rand, whose devaluation has brought a massive additional burden on the industry (a one pfennig change in the DM exchange rate equates to R2m for my company alone)

Recently, the government's local content programme has in fact been a bonus to the South African consumer by shielding him from the full effects of this currency devaluation. Car prices would have more than doubled in the past 18 months had we been dependent on fully built-up imports Actual increases have been less than 50%, which, admittedly, has been a shock to the system and has resulted in a severe decline in unit sales — but we can thank the local content programme for car prices not increasing by more than 100% in this period

Your editorial contains many statements of opinion which deserve closer examination For example

Billions of rands of taxpayers' money were wasted.

Last year the motor industry is estimated to have contributed R3,6 billion to State coffers despite substantial losses by manufacturers. They alone paid an estimated R300m in excise tax over and above import and ad valorem duties and many millions in GST from the sale and resale of the industry's products

Our motor industry is dependent on foreign and local private sector investment — not taxpayers' money

The aim of creating employment is misguided.

Some 100 000 people are currently employed in manufacturing and allied industries, with an estimated 150 000 in the motor trade We are said to be the second biggest employer after mining

Furthermore, the objectives of the programme go considerably further than the creation of employment Attracting foreign investment with the transfer of technology and skills are other objectives as well as the creation and development of the component industry for original equipment and replacement parts

Later your editorial says "We don't even have the jobs anymore " The mind boggles! SA spends millions to create 1 000 jobs let alone the 100 000 that still exist and which you appear to dismiss with a stroke of the pen

The industry stubbornly resisted becoming much more than an assembly industry.

Your editorial writer is invited to visit a major local motor manufacturer He obviously hasn't.

The truth is, we still have too many manufacturers. More rationalisation is necessary which only market discipline can produce.

An oft-heard comment, and not without justification But let's also recognise that the consumer is benefiting from the intense competition For example, compare the price of a VW Golf CL (excluding sales tax in SA and Germany) on May 19. In SA. R13 990; in West Germany R15 757 (DM1,00·R1).

If the same car was imported built-up for sale in SA with no duties and taxes, it would cost all of R16 930 The local price of R13 990 includes about R300 to the fiscus and provides employment for many people who would otherwise be on the street

So what does the *FM* want? Built-up imports at great cost to the country and the consumer? A cosy cartel of three or four, or perhaps a monopoly? Yes, motor manufacturers and others are constantly saying "too many manufacturers" — who doesn't want to wish some of the competition away in such fiercely competitive circumstances!

Production runs are too short even to repay the tooling costs.

Yes, the decision on future tooling investments is very difficult But Toyota, Mercedes, BMW, Samcor and Volkswagen have all recently introduced new models and Nissan is said to be spending R170m right now All crazy? Tooling costs never repaid? Scarcely

But we must be worried about the future if the industry is left to languish at current levels

All those taxpayers' billions must perforce — but inevitably — be written off.

Again the mind boggles! It's the motor industry that is paying billions to the fiscus and not vice versa

Atlantis Diesel, which you mention, is but one of more than 300 suppliers to the local motor industry

A whole industry should not be written off because of question marks surrounding one supplier which was set up by goverr.emnt decree

We have far too many industries whose survival is only made possible by a wide range of protective measures.

Show me the country that doesn't protect its industries from foreign competition Even Uncle Sam and most European countries have put quotas on Japanese cars Some European countries bar Japanese car imports entirely The Japanese themselves have a host of ingenious, but not so obvious, protective measures

Ask any aspiring exporter of manufactured products

Your article does the *FM* and the motor industry no credit SA can be proud of the standard and the efficiency of its motor manufacturing industry, small as it is It would be a pleasant change if we stopped knocking our own and started to take pride in our achievements South African motor manufacturers and component manufacturers have been exporting for many years and are now moving into export markets in a substantial fashion Our quality ranks with the best Our market is small but our standards are high

Nevertheless, the industry has serious problems which require the attention of government and need to be addressed The main reasons can be found in the rand devaluation and consequent imported component cost increases, the economic recession and consequent under-utilised capacity, excessive taxation and the decline in real disposable income plus the perks tax on cars

The government is being asked to help the consumer and the industry by giving some relief on that R3,6 billion tax burden by temporary concessions coupled with the lessening of HP requirements, and addressing the manner in which perks tax is imposed on cars

We urgently need to get confidence back into our economy, to revitalise consumer spending power and to get SA and South Africans back to work

(192) BUSDAY 2/6/86

Industry hopes for relief dashed

Govt says no special case for motor trade

HAMISH McINDOE

GOVERNMENT has rejected the motor industry's pleas that it be treated as a special case, dashing hopes that meaningful concessions for the industry's fiscal burden will be forthcoming

A senior Finance Department spokesman confirmed that any relief would be framed as part of Finance Minister Barend du Plessis' broader measures to reactivate the economy

"Direct relief for motor manufacturers is not being considered, but the industry will clearly be affected by any measures taken to stimulate the economy," the spokesman said.

Toyota marketing director Brand Pretorius said he was disappointed government would not directly address the problems facing the motor industry.

"We are the second biggest employer in the industrial sector and this alone should accord the industry special consideration," he said

But National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen conceded that "government will not make a special case of motor manufacturers"

Nissan MD John Newbury yesterday repeated calls to government to help revive the collapsed new-vehicle market, saying "the industry is already taxed to the hilt"

Business Day understands Finance Department officials informally told motor industry quarters late last week not to expect direct fringe benefit tax relief or other fiscal concessions.

Naamsa is believed to be rushing a last-minute submission on elements of the perks tax structure to the Minister before the third budget reading in the House of Assembly on Wednesday

Industry watchers believe government is avoiding a public commitment to motor manufacturers at the risk of provoking an outcry from other recession-hit sectors of the economy

The combination of very low sales — a projected 165 000 units compared to 1981's 301 000 — and the high cost of imports has left the motor industry in dire financial straits

Government has been warned by Naamsa and the Motor Industries Federation that disaster lies ahead unless consumer spending is increased to an extent where vehicle sales are boosted

In a separate development, the Department of Trade and Industry (DTI) is expected to announce the dropping of the 10% import surcharge on some vehicle parts early this week. But a DTI spokesman would not confirm this

(192) BUS DAY 24/6/86

Smoother road for car-makers

ECONOMICS REPORTER

LAST MAY 16 — a Friday — Volkswagen MD Peter Searle led a delegation of executives from SA's embattled car industry on a critical lobbying mission to Cape Town.

There, the industry leaders — representatives of the National Association of Automobile Manufacturers of South Africa (Naamsa), the Motor Industry Federation (MIF) and the National Association of Automotive Components Manufacturers (Naacam) — plead their case for desparately needed relief measures

Finance Minister Barend du Plessis and Trade and Industry Minister Dawie de Villiers held court

It wasn't the first time the car-makers had appealed for government help The industry has been in crisis for more than four years, crippled by weak consumer demand and sustained high levels of inflation

Bandages

In the last year, lobbying trips by individual executives and by Naamsa's director, Nico Vermeulen, had become more and more frequent

Last month, finally, the car-makers had a concrete programme to present

Searle asked the Ministers to consider four options that could provide some immediate bandages to the cash-haemorrhaging industry

☐ A reduction of the general sales tax (GST),

☐ Recalculation of the car excise duty;

☐ Elimination of last September's 10% import surcharge, and

☐ A softening of the perks tax on private use of company cars

At the time, reported one industry executive, Du Plessis and De Villiers "indicated, first, that they would consider relief sympathetically".

The Ministers also indicated that any car relief package would be buried in a more general economic programme — apparently, the source said, because "they didn't want to appear to be singling out one industry"

☐ SEARLE . . . led the car-makers' delegation

A month later, it appears government was, indeed, sufficiently moved by Searle's argument

Du Plessis' R1,5bn economic stimulation package introduced last Tuesday contained no relief of GST, but all of the industry's other prayers were answered handsomely

New measures on the excise duty and the import surcharge are close in content to the Naamsa proposals; a new table on the perks tax has not been released, but industry sources think this, too, will follow the car-makers' plan.

Industry executives, clearly, are pleased.

"It is a very, very good package," crowed Samcor MD Spencer Sterling. And, indeed, the effects of the relief measures could well be substantial

For one, notes Econometrix car expert Tony Twine, the actual government expenditure outlined in Tuesday's package — totalling close to R1bn — should stimulate some R3,5bn in consumer spending, which translates into 7 500 additional cars sold over the next 18 months.

A change in the perks tax guidelines also could directly stimulate unit sales, by removing the deterrent for companies to replace their old vehicles

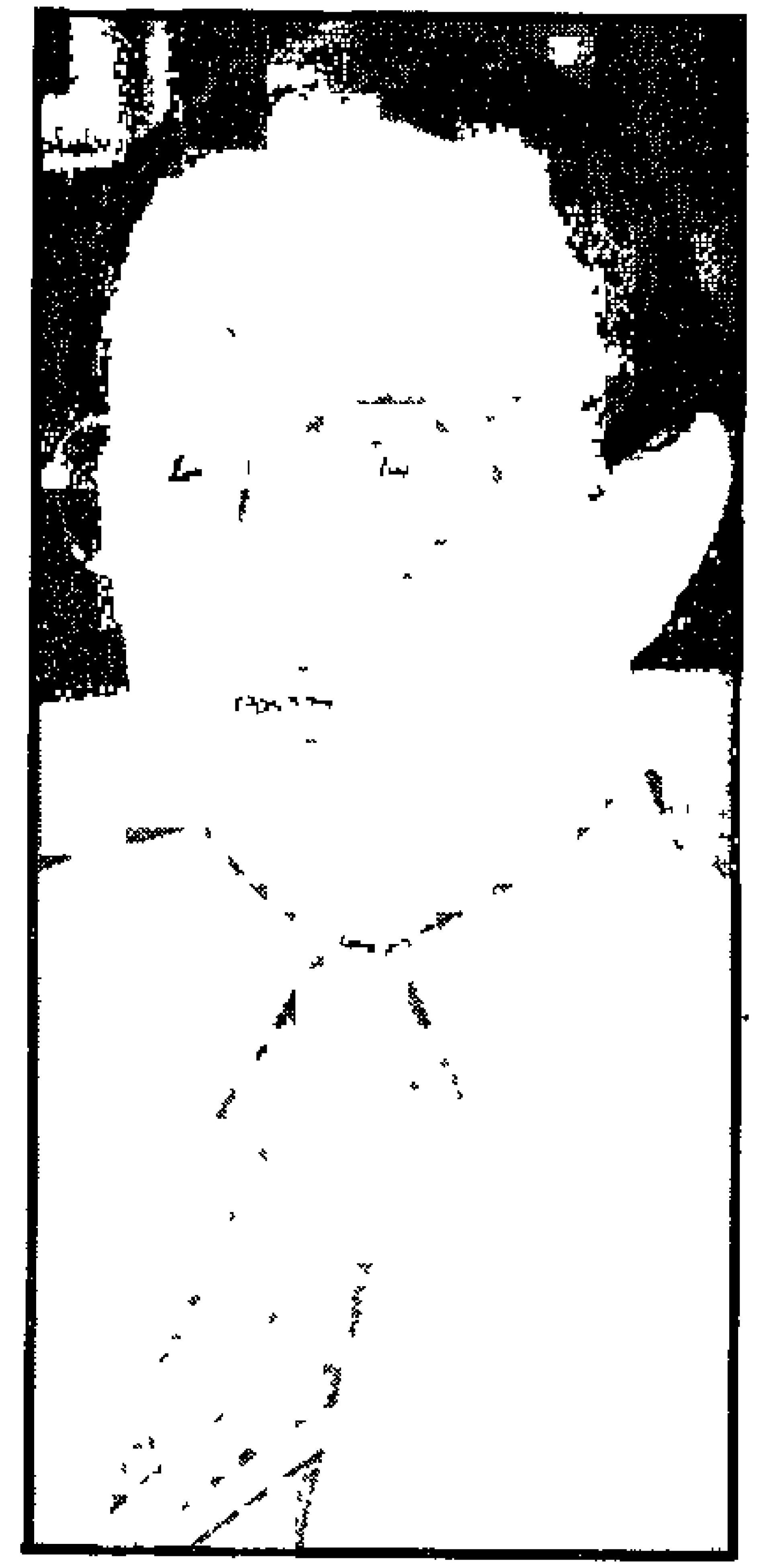
Determination

MIF director Bob Thomas, representing car retailers, said the imposition of the perks tax on company car use caused a 30% drop in corporate vehicle purchases — equal to about 8 000 vehicles Any softening of the perks tax guidelines, he said, would return some of those lost sales

For both retailers and manufacturers, the perks tax is a critical issue — some say *the* critical issue — which is why Du Plessis' announced promise last Tuesday and his cruel failure to produce a new table for at least another month has left many executives holding their breath

"It's a great pity that the Minister chose to make a statement without disclosing the details," Thomas complained. "We don't thrive in a climate of uncertainty."

The Naamsa proposal on the perks tax, a product of weeks of negotiation between industry members themselves, called for a new determination of a car's value — based not only on retail price, as before, but on engine capacity as well



☐ STERLING . . . "It is a very, very good package"

In addition, the proposal, if adopted, would eliminate the planned phase-in, fixing the taxable amounts at levels equivalent to this year's 40% phase-in

The measure would result in lower assessments across the board, with larger cars receiving more relief in absolute terms.

The effects of a softer excise duty and the removal of the import surcharge on some components will be less visible.

The industry should gain about R85m in concessions from the two measures — R70m from the excise duty and another R15m from the surcharge reduction — but executives and observers say this relief will not be passed on to retailers and consumers

Even if it was, notes Econometrix's Twine, the savings would amount to an average of just R300 per vehicle At best, he and others think, the measures may delay price increases already planned.

More likely, they say, car-makers will see fit to pocket the tax breaks for themselves, in an effort to ease losses said to total R1,2bn for the industry last year

Tolerable

In the meantime, both measures reaffirm government's questionable strategy of encouraging labour-intensive production by measuring local content by weight rather than value

Du Plessis' concessions should bring relief — for now Even if the new package does help manufacturers regain profitability this year, however, executives agree that long-term health will require far broader solutions.

Car-makers lie at the bottom of a five-year slide, during which unit sales have declined by half and employment by 35%

Short-term injections will accomplish little unless consumers start consuming and inflation returns to tolerable levels — and even this may not prevent further plant closings and retrenchment before the industry finds a profitable equilibrium

The car-makers are not fooling themselves

As Samcor's Sterling observed "These measures alone cannot carry the industry through the longer-term We have to have a significant elevation of business confidence to keep the industry on its feet."

STAR 25/6/86

192

Car firm grants workers 40-hour week

By Sheryl Raine

The first 40-hour week for workers in a South African motor assembly plant and in the metal industry has been granted to the National Automobile and Allied Workers Union (Naawu).

According to a Naawu statement issued yesterday, BMW has agreed to a 40-hour week.

Most workers in South Africa at present spend at least 45 to 46 hours a week at the factory and up to four hours a day travelling to and from work.

"Naawu believes its aims of stability in the industry, greater leisure time for workers and a reduction in unemployment will be furthered by the implementation of the 40-hour week," said the statement.

A further breakthrough of importance to the union movement is BMW's agreement in principle to support a child-care facility for the children of its employees.

Naawu first tabled demands for maternity leave in 1982 and the demand developed into a concern for a more embracing child-care package.

ABANDONED CHILD

"It has become clear that it is not good enough to ensure that a child is born in relatively secure conditions and then abandoned to the most accessible child-minder — normally an older child or granny who is neither trained nor has the proper facilities to ensure the health and happiness of the child.

"It is a tribute to BMW that the company saw the merit in moving away from the limited provisions of a maternity agreement to concluding a wider package which would embrace child care as a whole," said a union spokesman.

A joint union-company committee will now explore the costing, locality, usage and staffing requirements of a creche.

In addition, the new minimum wage at BMW will be R3,50 an hour from July 1, making the company the first Naawu-organised plant to achieve the union's stated goal of a living wage.

Not much to gain from new price

EVE POST 27/6/86

192

CAR PLANTS in the Eastern Cape stand to gain little from the new steel price announced by the Government this week

Volkswagen, which supplies body pressings to Mercedes Benz in East London, has its steel delivered at R4 a ton less than the new delivered price of steel to be introduced on October 1, and General Motors says the cost benefit will be R10 a vehicle — at best.

The delivered price of steel to Region D will be reduced by between R18 and R30 a ton from October 1

Port Elizabeth industrialists have appealed for a national equalisation of the steel price for years

VW's Press relations manager, Mr Ronnie Kruger, said "Our steel is brought by road from Iscor and the delivered cost to us is R64 a ton — R4 less than the delivered price for steel brought in by rail after October 1"

Mr Paul Morgan-Smith, a director of GM, said GM obtained most of its steel from a PE supplier who railed coils of steel to the city from Iscor. The supplier had substantial stocks of steel on hand and it would be some time before the impact of the lower railage was felt

GM's in-plant pressings comprised only a small portion of each vehicle

Much work was done by component suppliers, and the degree to which they passed on benefits from the new price would have an impact on the cost of completed vehicles Other cost increases to component manufacturers might overtake the new price benefits

"The maximum benefit we can see is R10 a vehicle, and that will only be effective if all the steel came by rail — which it doesn't — and if the supplier provides all the steel, which he doesn't, because we also buy steel directly from Iscor"

A spokesman for Mercedes Benz said they bought no steel. Their body pressings were made by Volkswagen and other parts by component manufacturers

Mr J Fehrsen, managing director of Dorbyl, and a member of the Eastern Cape Strategic Development Team, welcomed the introduction of a uniform steel price for Region D

Port Elizabeth's industrial development officer, Mr Andre Crouse, also welcomed the concession, saying "It's up to us now to make use of it"

FIN MAIL 27/6/86

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ATLANTIS DIESEL

Export drive

The future's looking far brighter for the Cape's State-backed Atlantis Diesel Engine (ADE) project

The export market is picking up substantially, and marketing and public affairs director Wally Rautenbach says there are many more orders to come The best news is that the Atlantis-based factory is again hiring staff after years of lay-offs

Rautenbach says ADE has had to move quickly on the export front before SA's sky-high inflation erodes the export price advantage of the cheap rand.

Efforts are being concentrated on grey iron castings, engine blocks, and the like. Currently 3 000 four-cylinder diesel engine blocks a month are being sold abroad, but the destination remains undisclosed for obvious reasons. Negotiations are well advanced on four more contracts, each totalling some R100m, of 20 000 blocks.

Rautenbach also reports growing interest in ADE as the beginning of a pipeline through which local car and truck manufacturers may make use of its production line and other facilities to export castings to their parent companies overseas. Volume of about

ADE ... going for foreign sales

30 000 pieces a year is on the cards.

The net effect is that the foundry, which was running at less than 30% capacity six months ago, should increase production three-fold by the end of the year

"By early next year we could well have committed our total foundry capacity for two shifts, for the next three years and possibly five years Some of the new business could have lead time of up to 24 months because of pre-production planning and design work," says Rautenbach

The foundry has taken on 330 new workers since the beginning of the year and the staff is now being increased by an additional 120

The bad news is that local truck and tractor engine sales remain stalled in the doldrums. Combined sales this year will not exceed 20 000 units, compared with last year's 24 000, which was considered dismal at the time

Rautenbach believes domestic conditions will improve early next year That, in conjuction with the exports, should make for a nice, easy romp back to levels of about 12 500 tractor engines and 22 000 heavy and medium truck units by 1989, he hopes ■

2/7/86 STAR

192

PE car workers will be jobless

PORT ELIZABETH — A total of 1 000 Samcor workers at the Struandale car assembly plant in Port Elizabeth were retrenched last month.

And 500 of the remaining 1 000 at the former Ford Sierra plant will lose their jobs by the end of the year.

This brings to about 5 000 the number of Ford Motor Company workers retrenched since the merger with Samcor in January last year, according to Samcor's public affairs manager, Mr Ruben Els.

FINAL PHASE

Mr Els said the retrenchments were the "last foreseeable ones" and represented the final phase of staff rationalisation plans.

Most of the staff affected were hourlypaid workers, but some administrative and managerial personnel had been laid off.

Some of the 500 workers remaining next year would be either absorbed at Samcor's Silverton plant in Pretoria or retrenched.

Production at the Sierra assembly plant stopped last month and the model range is now manufactured in Pretoria — Sapa.

Govt moves on local content

2/7/86 · BUS DAY

192

HAMISH McINDOE

GOVERNMENT has started weighing up proposals for a new local content programme for cars and light commercial vehicles, according to motor industry sources

The Board of Trade and Industries' (BTI) probe into the six-year old Phase Five (V) local content programme is seen as one of the most ambitious plans yet to assist the crisis-struck sector

"The motor industry's financial plight is once again under the official spotlight," said Toyota marketing director Brand Pretorius

Trade and Industries Minister Dawie de Villiers wants the BTI to report on the soundness of existing local content measures

"It's an open agenda and the BTI will be able to recommend substantive changes to any provision that needs up-dating," said National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen yesterday.

Motor manufacturers have another two weeks to submit their proposals for a revised local content programme to the BTI

Naamsa members will meet on July 10 to exchange ideas and frame a consensus view on the changes needed in local content measures.

Phase V provides for a minimum net local content of 66% by mass on cars and 50% for light commercial vehicles

Nissan MD John Newbury said the move signalled government's willingness to shift more benefits on to carmakers' tooling-up for new models

In place of existing Phase V measures, carmakers are expected to press the BTI to·

- ☐ Recognise low mass/high value components, like instrumentation, rather than the existing emphasis on high mass/low value items;
- ☐ Change excise duty structures and rebate credits in line with the high cost of increasing local content levels,
- ☐ Allow bigger concessions for manufacturers aiming for long-term component exports,
- ☐ Simplify the administrative burden on vehicle manufacturers.

FIN MAIL 4/7/86 (192)

Although financing agreements still have to be signed, this week's announcement by the Credit Guarantee Insurance Corporation (CGIC), that it has underwritten the contract, removes one of the last stumbling-blocks before the project finally gets off the ground

The Industrial Development Corporation (IDC) will provide the export credit on capital goods and services, based on CGIC's underwriting of the R23,5m contract, but the balance of a total contract — said to be worth some R30m — will have to come from other sources

Developing company is Johannesburg-based Tekton Building Systems, which formed the consortium of architects, quantity surveyors, consulting engineers, interior designers and marketing consultants that put the project together

Holding company Nouvelle Socotel is jointly owned by London-based Landmark Holdings, the Comoran government, the French Unispar group, and Tekton, says Tekton MD Abe Cassim Landmark will operate the hotels

LTA will start this month with groundwork operations on the large 150-room beach hotel at Galawa, on the north coast of the main island, Grand Comore — one of the three islands of the Comores Republic Completion date is set for November 1987

The project also includes a 20-room hotel on Anjounan — known as the perfume island — at the site of an old Arab town, Domoni, and a small hotel for scuba divers on Moheli, which will be developed in conjunction with a new marine life park The 25-room Itsandra hotel near the capital, Moroni, will also be refurbished, while the provision of general tourism infrastructure is included in the project

With the Comores possessing little infrastructure, virtually all building inputs — with the exception of labour and a limited amount of material — will be shipped from SA It is estimated that about 50% of the contract value will be in the form of supplies from SA

The Comoran currency is linked to the French franc But, says LTA Construction MD Ian Robinson, both LTA and the suppliers will be paid in SA in rands to eliminate possible foreign exchange risks

Robinson describes the contract as a major fillip for the depressed local building industry and says he sees the possibility of further work on the islands

The logistics of the operation will tax LTA's ingenuity Apart from the shipping of all inputs from SA, building blocks will have to be manufactured on the islands Construction will take place on three separate islands, with telex the only means of communication

"As there is no natural harbour, all equipment must be transhipped to barges and run up on the beach," says Robinson "We had the same problem when we extended the Ilha do Sol runway in West Africa several years ago — so we're used to it"

Although there are regular monthly sailings from SA to the Comores, LTA will have to ensure that its first consignments include everything needed to start building "There's no phoning down the road for replacement equipment if we leave anything behind," Robinson notes

LTA Construction (Natal) has been assigned to handle the project Robinson says that as LTA negotiated the contract, and put certain guarantees to cover the financial package, "profitability will be geared to the success of the venture" ■

4/7/86

RADIOS FIN MAIL

Big switch-on

In spite of a depressed economy, South African business has seen rising sales of at least two products Hot on the heels of defence weapons sales (*Business* June 20) comes an increasing demand from a news-hungry public for shortwave radios

Radio stores tell the *FM* that the sales increase started about six months ago, but since the State of Emergency sales began rising rapidly Also boosting purchases was an April BBC advertisement which appeared in five South African newspapers

The advertisement encouraged the public to "switch to shortwave for BBC news" The campaign, organised in London, was part of the BBC's drive to stimulate listenership "We decided to advertise in SA because the R/£ situation allowed us a lot of space at very little payment," says a BBC external services spokesman, Richard McCarthy

Although similar advertisements have been placed in other countries where the BBC feels there are potential listeners, this was its first try in SA "The campaign was a huge success," McCarthy says "We had 5 000 letters requiring additional information and 600 from *FM* readers alone," he adds

Responses are still pouring into the BBC's London offices Says Tedelex Sony salesman Brian Irwin "Many South Africans listen to the BBC to get alternative news coverage about their own country Over the past six months our sales have doubled"

National Panasonic manager of audio and consumer products Stan Maserow says the demand to hear international news broadcasts was complemented by the many sports fans wanting to tune in to the World Cup and Wimbledon matches

Stax appliance store has also noted a definite increase in buyers of shortwave radios "Two days ago we received 20 shortwave radios — there are only two left," says a salesman

Although prices of the 11-odd different makes of imported shortwave radios have risen dramatically — in some cases about 55% — customers are not put off The most popular choice size is the 29-band (for the best sound), which sells in the R600-R5 000 range Most customers prefer the cheaper versions ■

CAR INDUSTRY

Breathing time

New perks tax scales coming into operation from September 1 could push up new car sales by as much as 1 000 a month, say industry sources

This will bring much-needed relief to the beleaguered motor industry Some sources estimate that current perks tax scales have already cost the industry about 10 000 jobs, while yielding only R10m in additional tax revenue So it's hardly surprising that the sector welcomes the change

Generally, the industry believes that the new system will prove a stabilising factor on the "buy down" trend, with Leyland, for instance, hoping for significantly increased sales in its upmarket Jaguar range

The downmarket shift is underlined by market analyst Econometrix's Tony Twine "In the medium-sized to top executive car ranges, market share fell from 46% in early 1985 to 36% now There will probably be a shift back upmarket with the new rules," he says, pointing out that a R65 000 car in 1988 would have a deemed tax value of R800/month, which is now reduced to R320/month

Toyota marketing director Brand Pretorius says company car fleet sales — making up some 60% of new passenger vehicle sales — faltered significantly over the past six months

From January to May, total car sales were 16,12% down on the 83 187 sold in the same period last year

"Companies and employees resisted replacing cars, not so much because of perks tax in operation till now, but because of increases due over the next three years," Pretorius adds

Under the current system, perks tax payable between now and 1989 would have increased by 150%, as the taxable amount rose from 40% to 100%

Faced with this threat, many companies changed their car replacement policies, lifting the distance travelled by cars before replacement from 80 000 km to as high as 150 000 km, while car use before replacement was extended from two or three years to five years

"The new rules will lead to adjustments in company repurchasing policies," says Pretorius

Theo Swart, MD of the McCarthy Group's motor trading operations, SA's largest vehicle retail group, says "Besides stimulating vehicle sales in the short term, the new schedules may even start creating jobs within the retail sector of the industry in the medium term"

He reckons the concessions are the most significant granted to the hard-hit motor industry in more than three years And although the legislation will be effective only from September 1, Swart expects the certainty introduced by the move to increase car sales almost immediately ■

Parts makers find export contacts

(192) EXPORT

5/7/86

By DENISE BOUTALL

LIKE the smiling pensioner in the building society ad, Eastern Cape automotive component manufacturers who recently participated in an international exhibition in Switzerland all agree "It's the contacts"

But unlike the happy building society investor they are not smug about their achievements

The six Port Elizabeth and Uitenhage companies and nine other component manufacturers were part of the National Association of Automotive Component and Allied Manufacturers' stand at the four-day 13th International Exhibition for the Suppliers of the Vehicle Industry (Sitev) held in Geneva at the end of May

In interviews this week all were careful to point out that they had received no orders and admitted that potential customers questioned them about their ability to deliver the goods should the political situation in South Africa worsen

But some have already submitted quotes and when pressed admit that they are fairly confident of getting potentially lucrative contracts

Speaking from Johannesburg the director of Naacam, Mr Denzyl Vermooten, said the exhibition was a first for Naacam

"I believe that in the medium term we will have very positive results from the exhibition, particularly the manufacturers in the Eastern Cape"

The decision to exhibit at the show had been taken because the local car market was relatively small and it was time South African manufacturers looked at exports rather than import substitution as a means of increasing turnover

"We don't expect the local vehicle market or the value of the rand to increase overnight"

Mr Vermooten said component manufacturers were making a long-term commitment to export

"Our quality is very good and our prices are very competitive and because of the large number of car makes and models manufactured in South Africa we can serve a wide variety of motor manufacturers"

The sensitivity of South Africa's export drive prompted some of the participants to insist that neither they nor their companies be named and one company refused pointblank to discuss the matter

But, said one who insisted on anonymity "It was highly successful from our point of view We have already submitted quotes and I'm pretty sure that some of the participants will be signing contracts over the next few months There are some participants who came back very excited"

It was also possible that some of the companies would be bringing customers to South Africa to look at their plants and acquaint them with the situation

One of the participants, Mr Heinz Fischer of Heinz Fischer Engineering in Port Elizabeth, said he thought he would get some business from the exhibition which was followed by visits to automotive plants in Germany

He pointed out that South African component manufacturers had an advantage in that most local vehicle manufacturers worked to German drawings and that the components here were identical with many of those used overseas

Mr Fischer, who has been in South Africa for seven years, specialises in designing and manufacturing roll-forming machines as well as components

Another Sitev participant who insisted on anonymity pointed out that South African component manufacturers were trying to muscle in on a market that was already being served from elsewhere and it might take a long time before the results were felt.

He was, however, following up all the contacts made at the exhibition.

He saw the greatest opportunities for exports through local component manufacturers working through the automotive manufacturers they supply in South Africa

Another possibility lay in supplying parts and accessories for models no longer made overseas but still in production in South Africa

He added that people who wanted to get into exports had to be very dedicated

"We are very far from our potential markets and the logistics are complicated In addition, we have the problem that potential clients are not confident that we will be able to deliver the goods should the political situation worsen"

Mr Red McKechnie, general manager of Shatterprufe Polyurethane Mouldings, a division of Pilkington Shatterprufe, said he had been inundated with enquiries about the company's encapsulated automotive glass components which drew a lot of attention, particularly from camera-wielding Japanese, at the exhibition

He predicted that many exhibitors would return to the next Sitev exhibition in 1988

One company which is already an established exporter is the Guestro Wheels Division of Dorbyl Automotive Products

But technical sales manager Mr Don Matthew is hoping that his attendance at Sitev will help to boost plans to increase exports from the current 2% of production to 12%

He too stressed the importance of an exhibition like Sitev as a place for making valuable contacts

But it was also a chance to see how their products compared with others — "we are very competitive and our quality is very good" — and to get new ideas for development.

Like his Japanese counterparts, Mr Matthew admits, he spent quite a bit of time photographing other exhibitors' stands "We gained a lot of technical information"

Mr Matthew said exporters should observe at least six basic rules

- Inquiries must be answered with the minimum delay
- Raw materials stocks must be kept at levels to meet the demand in good time
- Customers must receive goods at the time stipulated.
- Exporters must be selective when appointing their representatives overseas
- Frequent visits should be made to overseas customers
- Stocks must be warehoused overseas for immediate delivery

Go-slow shuts car plant

00 10/7/86

Dispatch Reporter

EAST LONDON — The Mercedes Benz car manufacturing company had been forced to stop production because of a "go-slow" strike by its paintshop work force, a spokesman for the company said from Pretoria yesterday.

She said production had been so interrupted since Monday that the company had been compelled to close for the rest of the week Three thousand workers were affected

Negotiations between the management and worker representatives had been held but a settlement could not be reached

The worker representatives involved are the National Automobile and Allied Workers' Union (Naawu), the SA Iron Steel and Allied Industries Union and an independent workers' group

The spokesman could not specify the source of dispute, but emphasised that it had nothing to do with wages. The company hoped to reach a settlement soon, she added

Spokesmen for the three workers' groups were unavailable for comment, but the branch secretary of the South African Allied Workers' Union, Mr B. Melitafa, confirmed that some of its members were involved.

Saawu was still negotiating for recognition and could not formally negotiate with management, he said.

● Figures released yesterday by the National Association of Automobile Manufacturers of South Africa show that while sales of new cars in June generally rose, Mercedes Benz sold fewer cars, largely as a result of labour disputes

Sales figures page 2

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Argus (M2)

BRIEFS

Thousands picket Durban car plant

The Argus Correspondent

DURBAN — Thousands of blacks at Toyota SA's assembly plant in Prospecton picketed the factory from 7am today, preventing workers from entering the factory, in a demonstration to support a pay demand

Cars trying to enter by the main gates were stoned and a security man was knocked down when he tried to reason with the demonstrators

Strike closes EL car plant after 3 000 down tools

11/7/86 EVE POST

By KEITH ROSS

EAST LONDON — The Mercedes Benz plant in East London is at a standstill today after 3 000 workers downed tools earlier this week

The plant was closed by management on Monday because of a bottleneck caused by a go-slow strike in the paint shop

Management opened the plant again on Tuesday, but the workers failed to report for duty

Since then the situation has been somewhat confused, according to the company's public relations officer, Mrs Delene McFarlane.

Mrs McFarlane said today the reason for the stoppage was not clear.

"Things have snowballed and it is now difficult to get a clear picture," Mrs McFarlane said

She said negotiations were taking place with workers' representatives and the overall picture should become clearer later today.

The workers' representatives are apparently unhappy about payments made to employees affected by the go-slow and management action.

They claim workers were sent home because of the go-slow elsewhere in the plant and lost pay as a result

The acting branch secretary of the National Automobile and Allied Workers Union, Mr Wilson Monqo, said the workers had come to the plant prepared to work and had been sent home because of a stoppage that was not their fault.

Mr Monqo said management had offered morning shift workers a goodwill payment for an hour's work to compensate them for their losses

He claimed the afternoon shift workers were not paid at all

Cape Times 11/7/86 (192)(186)(182)(149A)

Strikes bring motor firms to a halt

Own Correspondent

DURBAN. — Two giant South African motor firms and a tyre factory were hit by industrial unrest yesterday over wage disputes involving thousands of workers.

About 3 400 workers at the Toyota motor manufacturing plant at Prospecton went on strike in support of their demand for higher wages.

Thousands of black workers picketed the factory from 7am. Workers are due to go on short time on Monday in an effort to prevent retrenchment.

Production at one of Durban's largest tyre factories, BTR-Dunlop Ltd, was still disrupted yesterday as the strike by its 1 200 employees dragged on with still no indication of an end in sight. The strike, for a pay rise of 50c an hour, started on June 25.

A company spokesman said the workers had rejected a company offer of more than R100 a month.

The Mercedes Benz car manufacturing company has been forced to stop production because of a "go-slow" strike by its paint shop workforce, a spokeswoman for the company said from Pretoria, reports Sapa.

She said production had been interrupted to such an extent that the company was compelled to close for the rest of the week. About 3 000 workers are involved.

The two unions involved, the National Automobile and Allied Workers' Union and the Metal and Allied Workers' Unions, cannot be quoted under the emergency regulations.

DD 15/7/86

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Firm threatens to fire 3 600

DURBAN — The 3 600 workers at Toyota SA Manufacturing here, who continued their strike yesterday, have been told by management if they do not return to work by today they will be fired, a spokesman for the company said.

Mr Flip Wilken said the workers had agreed on Friday to return to work on Monday

"Earnest" negotiations had taken place from early Saturday to late Sunday between management and the National Automobile and Allied Workers' Union (Naawu).

He said the negotiations had ended in a "mutual position" being reached

"The workers all arrived on time as arranged yesterday morning, changed into work clothes and went to their work stations awaiting news from the union."

Mr Wilken said it "soon became obvious" the offer that had been agreed upon was not acceptable to the workers, who left their work stations and gathered in the factory grounds They were then addressed by union officials and management

"Agreement was unfortunately not reached and the workers have been served notice that if they do not return to normal working hours by Tuesday, their services will be terminated," Mr Wilken said.

Toyota's group director of personnel and industrial relations, Mr Theo van den Bergh, said yesterday, the workers had been offered an eight cents an hour increase, bringing the minimum hourly starting rate up to R3,41.

An inexperienced worker at the plant would start at a basic wage of R665 a month.

The workers are demanding an increase of 50c an hour to be added to their present R3,33.

Spokesman for Naawu were not available for comment yesterday — Sapa

NM 14/7/81

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3 600 motor workers end strike

Labour Reporter

THE Toyota motor assembly plant at Prospecton was back in full production yesterday after the 3 600 hourly paid employees ended their three-day strike over a wage dispute

On Monday, the company issued a 'return to-work or-face dismissal' ultimatum to the workers after they rejected an additional 8 c an hour pay rise which pushed their minimum rates to R3,41 an hour

Mr Theo van den Bergh, Toyota's group personnel and industrial relations director, told the Mercury yesterday all the workers had responded to the ultimatum and were back at their jobs for the 7 a m shift.

He said the company still stood by its latest pay offer and added that it would welcome the appointment of a mediator to settle the dispute

Signed

The workers were asked to sign an undertaking that they would comply with the terms and conditions of employment with the company as they entered the factory yesterday

Mr van den Bergh said 'a number of people' had signed the document He said the undertaking was 'purely routine procedure' and there was nothing sinister about it.

Mr Edwin Maepe, regional secretary of the National Automobile and Allied Workers' Union, confirmed that all the strikers had returned to their jobs and that negotiations over the pay demands were continuing

Meanwhile, the strike at one of Durban's largest tyre factories, BTR Dunlop Ltd, continued yesterday with still no indication of an end in sight

Mr Glen Sutton, Dunlop's group industrial relations manager, said the company had informed the union that it would accept workers' demand for a 50 c an-hour pay rise, but the increase would be staggered over 11 months, from June to April next year

Crucial

He said the company was awaiting a response from the Metal and Allied Workers' Union.

Mawu officials could not be reached for comment yesterday

The work stoppage by about 3 000 employees at the Mercedes plant at East London moves into its crucial stage today when further talks between representatives of the National Automobile and Allied Workers' Union and the management take place in a new attempt to resolve the dispute

Mrs Dalene McFarlane, Public Relations Officer of Mercedes Benz in Pretoria, told the Mercury yesterday that the union had declared a dispute with the company on the definition of short time and the matter had been referred to the Industrial Council

'In the meantime the company is anxious to secure a return to work as soon as possible We are hopeful that all the workers will return soon after today's meeting,' she said

NEWS FOCUS 23/7/86 BUS DAY

Mazda vows to stay put in SA come what may

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CHRIS CAIRNCROSS

TOKYO — Mazda Motor Corporation (MC), Japan's 14th largest industrial conglomerate, has no intention of bowing to political pressure to relinquish ties with SA.

Its medium-to-long-term objective is to strengthen its foothold in the SA marketplace and eventually to use it as an assembly/manufacturing launching pad from which to distribute products to the rest of southern Africa.

This was confirmed by Keiji Asano, MD in charge of Mazda's overseas operations, during an interview with *Business Day* at the group's Hiroshima headquarters this week.

Trade links

Asano said he was fully cognisant of the political and economic problems facing SA, and of international threats of sanctions of one sort or another

He said Mazda had not yet felt pressure to sever its trade links with SA, which it has via a manufacturing/assembly agreement with the Anglo American-controlled Samcor group

MC, which last year generated gross sales internationally of about $7,4bn, remains confident in SA's long-term future

It sees the current low level of domestic activity — including the weak rand — as a temporary aberration.

In the circumstances, MC believes its resolve to maintain and strengthen its presence in SA will eventually be fully vindicated.

At this stage, the SA market absorbs only a small proportion of MC's exports.

Last year, for example, the group's export sales amounted to one million units, of which only 3% to 4% were taken up in SA

Yet SA is still regarded as an important market segment for MC.

Significantly, it was the first foreign market MC penetrated when it started producing cars at the beginning of the 1960s.

Involvement

Asano said that MC — now regarded as one of the most innovative and advanced vehicle manufacturers in Japan today — could no longer afford to wait indefinitely for the SA economy, or the state of the motor industry, to recover

It was, therefore, actively looking for ways of strengthening its position in the region through its involvement with Samcor

Plans are in the pipeline aimed at encouraging Samcor to streamline production and to produce vehicles with greater added value.

Implicit in this resolve is MC's intention to assist Samcor in sourcing its automotive components more competitively.

Asano said MC would, in certain circumstances, be willing actively to encourage SA's other automotive component manufacturers to get a slice of the action

"We are increasingly looking outward to source our components."

Prospective suppliers would have to meet three basic criteria before MC considered doing any business with them, he said

These were product quality, competitive pricing and reliable and consistent delivery.

"If these criteria can be met, we are open to any proposals from SA"

This outward approach to sourcing "tie-on" components outside Japan is a comparatively new phenomenon for MC

Strength

It is also a trend towards which the Japanese motor industry as a whole is moving.

Two factors are influencing the development

☐ The strength of the yen on foreign exchange markets, which is reducing the competitiveness of Japanese vehicles in international markets;

☐ The growing pressures in the US and Europe, particularly, to impose restrictions/quotas on Japanese exports

The steps being taken by MC reflect a comparatively new tactic by Japanese industry in combating growing resistance in the international trade arena, industry executives in Hiroshima say.

MC is actively moving to take on a more international character, with the accent on joint ventures and the decentralisation of operations to service different markets

It has already penetrated MC's ownership structure, with Ford having taken up 25% of its equity — ensuring an even closer relationship with Samcor in which Ford of Canada has a 42% stake

Worldwide

This merging of interests represented a *de facto* rationalisation of the motor industry worldwide and was a phenomenon that was going to gather momentum, Asano said

The Japanese motor industry estimates that the growth in the market worldwide has slowed to between 1% and 2% annually, with only the developing countries reflecting an annualised improvement of about 3% to 4%

Competition is thus becoming fiercer and joint ventures remain the only sure recipe for survival.

MC's international operations consist of 16 manufacturing/assembly facilities — established mostly on Samcor lines — which sell into 120 countries

The group is, however, beginning to take a higher investment profile outside Japan.

This includes a $450m investment in a production plant in Michigan, US. The facility, due for completion next year, has a design capacity of 300 000 units a year

Another assembly plant is now being constructed in India MC is looking to expand further into Mexico

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4 000 motor workers have lost jobs in PE

Business Editor

JOB losses in the motor industry in Port Elizabeth have risen to 4 000 in eight months with the announcement yesterday that General Motors is to cuts its workforce by almost 300

Toyota in Durban has also announced that it is to retrench between 250 and 275 workers as vehicle sales head for their worst year in 18

Employees at GM's Kempston Road assembly plant and the diesel locomotive operation at Aloes were told today they had lost their jobs or been put on early retirement

The company's retrenchment plan provides for up to six months' severance pay but short service employees can expect to get much less

One employee with a week less than two years' service was told today he would receive five days pay per full year of service — meaning he gets only five days' pay

GM's acting director of personnel, Mr George Stegmann, said yesterday that 160 employees would be going on early retirement and the balance would be retrenched.

Biggest jobs losses in PE have been caused by Ford moving its operations to Pretoria, with 1 000 Sierra Plant workers having been retrenched at the end of last month when production of the model ended

At the end of last year, almost 3 000 people lost their jobs when Ford closed its Neave Assembly Plant and other operations in the city.

A spokesman for Volkswagen in Uitenhage said today that it was not planning any retrenchments at this stage

Toyota's managing director, Mr Colin Adcock, announced in Durban yesterday that the company had decided to retrench after workers had made it clear they were tired of working short time

The only alternative was retrenchments

Earlier this month, 3 600 hourly paid workers at the Toyota plant went on strike for three days in demand for higher wages and in protest against short time

Nissan also recently closed for a week and Volkswagen has been working a four-day week as sales have failed to pick up from depressed levels expected to make 1986's total of 256 000 the lowest since 1968

Argus 20/7/86

GM, Toyota to retrench more than 500 staff

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DURBAN — Toyota SA and General Motors are to retrench a total of more than 500 workers from their respective plants in Durban and Port Elizabeth.

Toyota is retrenching about 250 to 275 workers from its Prospecton-based assembly plant on Friday, group managing director Mr Colin Adcock said last night.

Mr Adcock said the company had decided to retrench after the workers, obviously tired of being on short-time, made it clear they wanted to revert to full-time employment.

Workers at the factory were put on short-time earlier this year.

He said the only way to stop short-time was through retrenchments and the workers had been told of the consequences of this.

He said while retrenchments were against his better judgment and personal philosophy as well as being against the personal philosophy of the Zulu, Toyota SA believed the company should support the majority view of the workforce and eliminate short-time.

DEPRESSED

Earlier this month about 3 600 hourly-paid workers went on a three-day strike to demand higher wages and in protest against short time.

They ended their stay-away after management gave them an ultimatum to return to work or face dismissal.

General Motors is to reduce its staff by 270 salaried and hourly-paid workers next month.

In Port Elizabeth the acting director for personnel, Mr George Stegmann said staff rationalisation was essential for the company to retain its viability in a severely depressed market.

Mr Stegmann said the axing of 80 from the salaried payroll and 190 hourly-paid workers would reduce the workforce from 3 400 to about 3 100.

Of the total, about 160 employees would be taking early retirement from the end of next month while those retrenched would have their services terminated on Friday. — Sapa.

Workers' stayaway forces closure of U'hage motor firm

31/7/86 EVG POST

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Post Reporters

A BLACK stayaway in Uitenhage today shut down Volkswagen and hit production at three other leading companies — Dorbyl, Veldspun and Borg-Warner

None of the companies was able to say why the stayaway was taking place, nor could they say when the workers would return

A spokesman for the Labour Monitoring Unit (LMU) at the University of Port Elizabeth said they were monitoring the situation, but that it was too early to determine the extent of the stayaway

Mr Ronnie Kruger, public relations officer for Volkswagen, said production did not start today

He said shop stewards had told him yesterday there would be a stayaway today.

There was a total black worker stayaway at Veldspun Management was discussing the situation early today and was unable to comment

Borg-Warner's personnel manager, Mr Etienne Schutte, said about 95% of the black labour force was away

Shop stewards ~~had~~ also warned him yesterday about the stayaway

The extent of the stayaway at Dorbyl was not known

Workers were reported to have arrived for work at other places, including the engineers' department of the muncipality

All supermarkets contacted reported a full complement of staff

Dairies had no problems and Goodyear and Cotton Mills also reported full complements

Car sales could skid to 10-year low

By Michael Chester

SMN 5/5/86

Sales of passenger cars and commercial vehicles in 1986 will skid to their lowest level in 10 years if trends are not reversed, a survey of motor manufacturers' forecasts has revealed

The prediction adds to growing pressures on the Minister of Finance, Mr Barend du Plessis, to provide business and consumers with a fresh package of tonics to halt a renewed slide into economic stagnation

Cuts in the general sales tax, aimed at more consumer spending to trigger a faster business tempo, take a high ranking in all the lists of demands

Mr Nico Vermeulen, executive director of the National Association of Automobile Manufacturers, said today that projections of annual sales that were prepared at the start of the year had now all been revised downwards

Car sales, which were running at more than 300 000 a year in 1981 and tumbled to 204 000 last year, now looked likely to plunge to 195 000 Commercial vehicle sales were threatened with a decline to below 98 000

Sales of new trucks and buses — one of the most sensitive of all economic barometers — had sunk to the worst levels since the mid-1950s

Even though the number of passenger car manufacturers had shrunk from nine to six in the past three years, almost 50 percent of production capacity was now standing idle

With more jobs axed in the past three months, the combined labour force of the motor industry was now down from a 1982 peak above 50 000 to under 33 000

The Bureau for Economic Research at Stellenbosch University forecasts still more downward slides in consumer spending, with sales of durables sinking to their lowest level since the 1970s, and an even sharper decline in fixed investment

Dr Gerhard de Kock, Governor of the Reserve Bank, has confirmed that new statistics show the moderate upward trend in gross domestic product in the second half of 1985 began to falter in the first quarter of 1986

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- CAPE Times - 6/5/86

Builders hopes raised after bond rate cut

Own Correspondent

JOHANNESBURG — The property market's reaction to reduced bond rates is likely to be fairly slow While observers hail the cuts as encouraging and possibly stimulating, they stress that more confidence is needed for a major upturn.

For existing bondholders, those who bought when rates were low and are battling to keep up with the unexpected higher payments, the downward movement is welcomed as much-needed relief

But potential buyers will probably maintain their "wait and see" attitudes, while interest rates are lower than inflation, being fearful of upward adjustment, comments the Institute of Estate Agents' president Norman Nel

People are still a little insecure, he said, and these emotions play a vital part in their decisions to buy property

Nevertheless Nel believes that property must start moving up as inflation continues to pressurize building costs and materials

At a time when existing homes are available for 20% to 25% less than they could be built for, there are plenty of opportunities for the brave, he said

Peter Erasmus, executive director of the SA Property Owners' Association (Sapoa), notes the market had expected rates to level out towards the middle of the year, possibly going up again in the third quarter.

With the current downward pressure it is quite possible that rates will continue going down, giving the market the surge of confidence it so desperately needs

Sapoa hopes the beleagured construction industry in particular will benefit by the cheaper money

Finally, he observes that property's lead-and-lag relationship with the economy means it'll take time before the effect is really felt.

Canadian reserves

OTTAWA — Canadian foreign reserve holdings rose $186,7m in April to $3,47 billion from $3,28 billion at the end of March

CAPE Times 6/5/86

'SA motor industry heading for disaster'

JOHANNESBURG — The SA motor industry is heading for disaster, unless the government comes to its rescue with significant concessions on perks tax and GST

This warning was sounded yesterday by Theo Swart, MD of McCarthy Group

"If the government is serious about stimulating the motor industry, it should immediately ease up on the perks tax and at least halve GST on new and used vehicle sales for the next two years," said Swart.

"It should also heed the call of the manufacturers (Naamsa) for the scrapping of the 10% surcharge on all imported items affecting the motor industry," he added

"The situation is so desperate that we simply do not have time to wait for the Margo Report.

"The motor market is in such a sad state that widespread unemployment is now threatened at the retail-end of the business

"We all know that there is already 36% unemployment at the manufacturing-end," said Swart. — Sapa

Mr Vince Lochrie has been appointed a director of Foschini Stores (Pty) Ltd.

Company cuts hit carmakers hard

6/1/86 BUS DAY

192

ALAN PEAT

COMPANIES trying to extend the economic life of their vehicle fleets, to save on replacement costs, hit manufacturers hard last year and will continue to do so this year, according to Toyota MD Colin Adcock

"There is now a lot of extra maintenance and rebuilding being done to give commercial vehicles a longer life," he said

"This is one of the main reasons why the heavy-vehicle market was so poor last year

"We are now even finding lots of companies buying new cabs to keep up the look of these older units, as they extend the life further"

Car fleets are also affected by the slump and certain market changes will be caused by the perks tax, Adcock said

"Most fleet owners are now buying down to smaller car models

"I am sure we will see the small and light cars in the 1 300cc, 1 600cc and 1 800cc classes continuing to take a larger share of the market, as they have been doing for the last 15 months"

Toyota's estimates indicate that the small/medium car share of the market will rise from 45% to 60% by the end of 1986

The market effect of the perks tax is more and more companies looking at financing arrangements for employees to own their own cars, said Adcock. This is opposed to the previous company-owned fleets.

"This is going to make it harder for manufacturers to go along to companies and advise on uniformity of make and/or model," he said

BMW will motor on — alone

STAR 14/1/86

192

By Jeremy Sinek

BMW appears to have scuppered hopes that any rationalisation moves will arise out of its recent talks with other SA car makers

"Our recent studies on certain alternatives have not resulted in any agreement with other manufacturers," said BMW SA's Communications and Corporate Planning Executive, Mr Pierre de la Rey.

"At present we are not contemplating arrangements involving other parties"

It is known that late last year BMW had talks with Renault about possibly taking over manufacture of its R9 and R11 small cars, after that manufacture decided to withdraw from the South African market

It is also reliably believed BMW had discussions with General Motors about building or marketing the Opel Kadett small car

Now, says Mr de la Rey, BMW is "concentrating on our position in the car market even further.

"In 1985 our market share grew to a record level of 6,5 percent (the precise figure will be known after NAAMSA has published full-year figures).

"Currently there are signs of a gradual improvement in the car market, and we are aiming at again increasing our share of that market this year," he said.

Cape Times 17/1/86 192

Toyota still market leader

JOHANNESBURG — Total new vehicle sales increased 6,8 percent in December over the previous month, with new car sales being the main contributor to the increase

New car sales of 19 170 units in December were 9,5 percent up on November's figure of 17 501 and 8,6 percent better than December 1984's 17 650

Total commercial vehicle sales at 8 446 units were up a marginal 1,1 percent on November's 8 351 and 4,5 percent more than the 8 846 units sold in December 1984

Total vehicles sold in December 1985 were 27 616, compared with 25 852 in November and 26 496 in December 1984 — a 4,2 percent improvement

Leader Toyota's car sales totalled 4 370 units, followed by Samcor with 4 095 and Volkswagen with 2 689

In light commecials total sales in December were 7 253, ahead of November's 7 050, but behind December 1984's figure of 7 657

In this sector Toyota had 2 671 sales, Nissan was second with 1 621 and General Motors third with 1 242

In heavy commercials the total sales for the month were 746, which was down on November (842) as well as December 1984 (813).

Mercedes Benz led with 281, followed by GM with 141 and Toyota 92

Medium commercial sales totalled 447 in December, compared with November's 459 and December 1984's 376 — Sapa

December fillip for hard-hit motormen

STAR 17/1/86 (192)

By Jeremy Sinek

South Africa's car-makers ended 1985 on a relatively high note, with December passenger car sales 9,5 percent higher than November's

But while the car total of 19 170 sales was the second-best monthly figure of 1985, it has to be seen in the context of an exceptionally difficult year for the motor industry

The combination of the depressed economy, perks tax, high interest rates and spiralling car and fuel prices caused by the sliding rand, meant that over the full year car sales fell by 24 percent from 268 751 in 1984 to 204 322 last year. It was the lowest total in eight years.

Sales of commercial vehicles improved only marginally in December, and for the full year were down by 26,3 percent from 1984 levels Heavy truck and bus sales in 1985 were the lowest in 22 years

The resulting total vehicle market of 305 327 was 24,8 percent less than 1984's 405 810

The director of the National Association of Automobile Manufacturers of South Africa (NAAMSA), Mr Nico Vermeulen, said that sales during December had maintained their improved momentum of recent months This he attributed to pre-emptive buying to avoid price increases — most cars went up by around eight percent at the turn of the year — renewed replacement demand, and easier finance terms

OPTIMISTIC OUTLOOK

Of the year ahead, he said: "Lower interest rates, the relaxation in credit instalment terms, various tax relief measures and other official measures to stimulate economic activity should all combine to underpin demand for new motor vehicles at current levels and provide a base for modest growth during the year ahead"

Mr Vermeulen predicted that the car market could reach 215 000 in 1986, and that combined commercial vehicle sales would exceed 110 000.

These figures represent a more optimistic outlook than those forecast by the car makers in November last year In a survey published by the trade magazine Automobil, those polled predicted car sales of 202 200 on average (individual predictions varied from 190 400 to 210 000) and just over 99 000 commercial vehicles

Market leader in 1985 was once again Toyota, which took 27,9 percent of the total vehicle market compared with 24,8 in 1984

Runners-up were Samcor partners Ford and MMI, though the new conglomerate's market share of 19,7 percent was well down on the 24,3 percent achieved by the two marques' combined sales in 1984

Star performer of the year was Volkswagen which improved its car market share from 10,6 to 14,3 percent VW was the only manufacturer to sell more cars in 1985 than in 1984

Despite a 48,5 percent slump in VW's light commercial vehicle sales, this was just enough to give VW third spot in the overall manufacturers' league table with 11,28 percent

Ford to shut down PE works

STAR 17/1/86 (192)

Own Correspondent

CAPE TOWN — The Ford assembly plant in Struandale, Port Elizabeth, is to be closed in the second half of this year, managing director of the Samcor Group Mr Spencer Sterling announced yesterday

The move will affect about 950 salaried and hourly-paid workers

Production of the Sierra range is to be transferred to Samcor's assembly plant in Silverton, Pretoria

The move follows the closing last year of the Neave plant, where the Escort was produced

The engine plant at Struandale would not be affected, Mr Sterling said

...e top 10 life insurers in- increase over the past we...

CAPE TIMES 17/1/86

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Medium commercial sales totalled 447 in December, compared with November's 459 and December 1984's 376 — Sapa

GM in PE to stay — White

192

E-Post 23/1/86.

By LOUIS BECKERLING, Business Editor

GENERAL MOTORS is in Port Elizabeth to stay and no mergers or agreements have been concluded with any other South African manufacturers.

This emphatic assurance was issued by GM managing director, Mr Bob White, in a Press statement today, and repeated at the first GM dealer council meeting of the year in Port Elizabeth

Finally dispelling insistent rumours that GM was considering either disinvesting from South Africa entirely or relocating its manufacturing plant to a merged operation on the Reef, Mr White said neither would occur

"General Motors wishes to reiterate that it has no plans to disinvest its South African operation or cease operating in Port Elizabeth," he said

"Due to the contracted market, the poor exchange rate of the rand against other currencies, and an over-populated vehicle market with its high number of manufacturers, we have looked at certain alternatives"

These alternatives were sought to improve short- and medium-term viability, "and included discussions with other manufacturers"

"However, discussions have not resulted in any agreement or arrangement with any manufacturer," said Mr White

Pointing out that General Motors was the world's largest vehicle manufacturer, Mr White significantly underlined that the South African subsidiary was "backed

Mr BOB WHITE

by unparalleled resources, and we will continue to build on our success"

"In the difficult year just concluded, we improved our market position to third place with a market ratio of 11,3% — the second highest in nine years," he said

"Spearheaded by the popular new Opel Kadett T-cars, introduced in May, 1985, and the highly successful Isuzu range, we have a passenger car and commercial vehicle range offering which is second to none in South Africa

"With the withdrawal of several manufacturers in 1985 we are well placed to attain improved sales and ratios through our well-established organisation

"During 1986 General Motors will be celebrating its 60th anniversary in South Africa

"We fully intend to continue working hard to earn the confidence and trust of the South African motoring public who have supported us so well over these many years"

GM public affairs spokesman Mr Peter Sullivan said today's meeting of GM dealers was a regular, scheduled meeting at which product development plans for the year ahead would be discussed, together with other issues, such as the company's motorsport programme for 1986

However, the message regarding GM's commitment to staying in Port Elizabeth and South Africa, he said, would also be emphasised at the meeting

● A R73,8 million takeover by GM of the British high-performance car group Lotus was announced in London yesterday.

GM said Lotus would retain its independent identity and British management, which has guided the company to a long string of successes in international motorsport.

The US company said Lotus would benefit from "GM's vast resources and would have greater scope"

The assurance issued

● Turn to Page 5

GMSA's pledge to stay seen as big boost

● From Page 1

by GM would renew confidence in Port Elizabeth, the Mayor, Mr Ben Olivier, said

Reacting enthusiastically to the statement by Mr White, the Mayor said he was pleased to hear the positive attitude which the company had shown

It was as if a "dark clould" hanging over the city had cleared.

"On behalf of PE and all its people, I wish to thank GM for its contribution over the past 60 years and for its commitment to the future of PE and its people"

Mr Olivier said PE and GM had been synonymous for six decades and he was happy that the association would continue

"The confidence shown by GM will reach through to most other businesses and industry in PE.

"It will renew confidence in the city and generate a change in attitude, from pessimism to optimism and hope for the future"

● Editorial comment — Page 12

General Motors to stay in PE

STAR 24/1/86

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Own Correspondent

PORT ELIZABETH — General Motors would stay in Port Elizabeth and no mergers or agreements had been concluded with any other manufacturers, the carmakers said yesterday

The assurance came from GM's managing director, Mr Bob White, in a Press statement and was simultaneously repeated at the first GM dealer council meeting of the year

Withdrawal from the city of other vehicle manufacturers had improved GM's position, already backed by "unparalleled resources" of the giant American owners, he said

Mr White dispelled persistent rumours that American-based GM was considering withdrawing from South Africa or relocating its manufacturing plant

GM has no plans to pull out

STAR 24/1/86

Financial staff

General Motors has no plans to divest its SA operation nor will it cease operating in Port Elizabeth, says managing director Mr Bob White.

Mr White issued a statement which he says is to dispel the rumours and speculation which arose late last year concerning the future of the company

At the time it was speculated that GM was considering an alliance with another manufacturer, with BMW often mentioned

Mr White said "Due to the contracted market, the poor exchange rate of the rand against other currencies and an overpopulated vehicle market with its high number of manufacturers, we have looked at certain alternatives to improve our short and medium term viability"

"Such alternatives have included discussions with other manufacturers in South Africa However these discussions have not resulted in any agreement with any manufacturer"

As a subsidiary of the world's largest manufacturer, which is backed by "unparalleled resources", he said that GM will continue to "build on our successes"

The Opel Kadett T-Car and the highly successful Isuzu range helped boost the company into third place in the market last year with an 11,3 percent share

Mr White added that "with the withdrawal of several manufacturers in 1985, we are well placed in the market to attain improved sales and ratios through our well estabilished dealer network."

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GM quashes rumours of a merger or disinvestment

(192) Mercury 24/1/86

PORT ELIZABETH—General Motors is in this town to stay and no mergers or agreements have been concluded with any other South African manufacturers, the company's managing director, Mr Bob White, said in a Press statement yesterday.

This emphatic assurance was repeated by Mr White at the first GM Dealer Council meeting of the year

It should finally dispel persistent rumours that GM was considering either disinvesting from South Africa entirely or relocating its manufacturing plant to a merged operation on the Reef — neither of which would occur, Mr White said

'General motors wishes to reiterate that it has no plans to disinvest its South African operation or cease operating in Port Elizabeth

'Due to the contracted market, the poor exchange rate of the rand against other currencies, and an over-populated vehicle market with its high number of manufacturers, we have looked at certain alternatives,' he admitted in his statement

These alternatives were sought to improve short and medium-term viability, 'and included discussions with other manufacturers' Discussions have not resulted in any agreement or arrangement with any manufacturer, he said.

Pointing out that General Motors was the world's largest vehicle manufacturer, Mr White underlined that the South Arican subsidiary was 'backed by unparalleled resources, and we will continue to build on our success'.

'In the difficult year just concluded we improved our market position to third place with a market ratio of 11,3 percent — the second highest in nine years'

Mr White added that General Motors will be celebrating its 60th anniversary in South Africa this year — (Sapa)

Cape Times 25/1/86.

GM to remain in South Africa

PORT ELIZABETH — General Motors (GM) is in Port Elizabeth to stay and no mergers or agreements have been concluded with any other South African manufacturers, the company's managing director said in a press statement

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"Due to the contracted market, the poor exchange rate of the rand against other currencies, and an over-populated vehicle market with its high number of manufacturers, we have looked at certain alternatives," he admitted in his statement

Alternatives sought

These alternatives were sought to improve short and medium-term viability, "and included discussions with other manufacturers"

"Discussions have not resulted in any agreement or arrangement with any manufacturer," he said

Pointing out that GM was the world's largest vehicle manufacturer, Mr Wite underlined that the South Arican subsidiary was "backed by unparalleled resources, and we will continue to build on our success"

"In the difficult year just concluded, we improved our market position to third place with a market ratio of 11,3 percent — the second highest in nine years and with the withdrawal of several manufacturers in 1985, we are well placed to attain improved sales and ratios throughout our organization"

Mr White added that GM will be celebrating its 60th anniversary in South Africa this year — Sapa

INDUSTRY

Bleak harvest for farm machinery

BUS DAY 30/1/86 (192)

FRED STIGLINGH

DESPITE projected good maize crops the agricultural equipment sector is pessimistic about the near future.

It is feared the combination of farmers' limited spending and the weak rand will lead to stagnation of sales in capital goods.

Added to this is pressure on farmers to give priority to co-operative debts. So they are trying to extend the life of all machinery

Investment in land and buildings comprises about 70% to 80% and machinery and tractors 15% to 18% of farmers' capital investment

Tractor sales for this year are projected at a mere 6 000, down from a record 24 800 five years ago and more than 7 000 last year.

With price rises of up to 30% on tractors over the past six months, farmers must pay about R40 000 for popular 50kW to 60kW models.

SA Agricultural Union senior economist Dries Davel says: "In spite of wide requirements, farmers will be able to replace only the most urgently-needed machinery."

Johan Haasbroek, general manager (marketing) of Vetsak, the central buying co-operative for Transvaal, Natal and Free State farmers, says indications are that the fleet of agricultural machinery generally needs replacing

He hopes lowered interest rates will have some effect on capital expenditure, together with the possibility of good summer crops.

Davel says capital goods replacement will vary from one farmer to another, but "the banks are not eager to lend them money".

Total agricultural debt is estimated at more than R10bn, up from R9,5bn in 1984

Aubrey Gouws, director of Samcor's Ford tractor operation, says the tractor industry is in trouble.

Prospects this year — with a projected 9-million-ton to 10-million-ton maize crop — seem better than last year (7,4-million).

"SA accounts for only 1% of world tractor sales and there are four major companies here — Ford, Massey Ferguson, John Deere and Fiat — which share 80% of the market. The other six have to split the remaining 20% of the market."

Gouws sees average yearly sales, traditionally 15 000, dropping to between 11 000 and 12 000.

Another factor is smaller farms being incorporated into larger farms, reducing individual demand for machinery. Between 1964 and 1980, the number of farms dropped from 101 000 to 69 000, he says.

7/2/86 · BUS DAY (344) · (192)

Blacks buy more cars

GERALD REILLY

CAR sales among blacks are expected to increase by between 14% and 18% in the next few years, says the National Association of Autombile Manufacturers of SA. A Naamsa survey indicates that sales of light commercial vehciles are expected to grow at an average rate of 4% annually.

The average long-term growth rate for heavy commercial vehicles should be maintained at about 3%.

The survey shows that between 1979 and 1983 car sales increased by an average of 4,7% a year.

In that period black ownership increased by 9,1%.

"The growth rate of black ownership has consistently outstripped the growth rate in other sectors," says Naamsa.

Blacks owned 8,9% of cars in 1983, 26,6% of minibuses and 15% of comercial vehciles.

Car sales slump heavily but BMW improves market share

12/2/86 STAR (192)

By Jeremy Sinek

Shortages of some car models, and sales pulled forward by pre-price increase buying in December, resulted in a confused car sales picture in January

Overall registrations of 13 859 cars represent a 27,7 percent slump from December's relatively healthy 19 170, but these figures nevertheless indicate a 25,3 percent drop in sales from January 1985.

There were also significant falls in the sales of light and heavy commercial vehicles — down 25,5 and 32,0 percent respectively — though medium trucks and buses slipped only marginally from 447 to 433.

But the fortunes of individual vehicle manufacturers varied widely

According to the official figures released yesterday, BMW actually improved its sales by 6,8 percent over December levels, while Renault (down 3,3 percent), Toyota (down 18,4 percent) and Nissan (19 percent) suffered less than the general market trend

SPECIAL EFFORTS

General Motors, on the other hand, saw its car and truck sales slashed to barely more than a third of December's figures

This tends to support the view that the company made special efforts to record as many vehicle sales as possible in December — leaving the cupboard virtually bare in January — in an abortive bid to beat Volkswagen into the number three slot for overall 1985 sales.

Toyota again headed the car sales charts with a 26 percent market share in January, followed by Samcor (20,7 percent for Ford and MMI combined), and Volkswagen (14,9 percent).

The most popular models were the Toyota Corolla (2 725 sold), Volkswagen's Golf/Jetta (1 674) and the BMW 3 Series (890).

For the first time since Alfa Romeo announced its withdrawal, there were no recorded sales of Alfa or Daihatsu models

	19 310,3	15 728,2
Cash and short term funds	1 307,6	839,3
Investments	755,8	480,3

New vehicle sales plummet nearly 40 p c in January

Mercury (192) 12/2/86

Mercury Reporter

JANUARY car sales plummeted nearly 40 percent compared with December and were 34 percent down compared with January 1985, according to figures released by the National Association of Automobile Manufacturers of South Africa (Naamsa) yesterday

Naamsa's figures of 13 859 new cars sold during January this year was 38,3 percent down on the 19 170 units for December 1985 and 33,8 percent down on January last year when 18 551 units were sold

Top seller was again Toyota who, with sales of 3 568 units, snatched more than a quarter of the market

Second was the combined Samcor stable of Ford and MMI products with 2 867 units or a 20,6 percent share, with Volkswagen slipping into third place with 2 064 units or a 14,9 percent share

Noticeably absent from the sales figures was Alfa Romeo who withdrew from the South African market last year, while both Renault and Peugeot figures were quoted in spite of the fact they have also pulled out

Renault held a 5,3 percent share of the market while Peugeot managed just over 1 percent

Commercial vehicle sales were also down

Light commercials were down 31,3 percent over December with 5 403 units sold, mediums down by a marginal 1,8 percent while sales of heavy trucks plunged by a massive 44,4 percent

18/2/86 DISPATCH

Motor workers to get pay increases

Dispatch Reporter

EAST LONDON — Workers at Ford, General Motors, Volkswagen and Mercedes Benz will receive wage increases ranging from 16c an hour to 22c an hour, the regional secretary of the National Automotive and Allied Workers' Union (Naawu), Mr L Kettledas, announced yesterday

Mr Kettledas said that negotiations had taken place on the industrial council for the Eastern Cape automobile industry for wage increases in line with the principle that wages be adjusted every six months to offset the rise in the cost of living over the previous six months.

"The agreement reached with the Eastern Province Automobile Manufacturers' Association also includes increases to the minimum rates of pay from R2,70 an hour to R3 an hour for unskilled workers," Mr Kettledas said

The across the board increases and the new minimum rates of pay became effective on February 1 this year after ratification by union membership

Negotiations for a new industrial agreement incorporating wages and conditions of employment will begin at the end of March this year

Proposals submitted to the employers through the industrial council include the national demands of the union which are a living wage; reduction in the working hours from 45 hours per week to 40 hours per week, greater job and income security and paid maternity leave for female employees in the industry

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GM pledge on beaches

E-POST 19/2/86

Post Reporter

GENERAL MOTORS has promised to back in court any of its black employees who are prosecuted for using the "beach of his or her choice".

The undertaking is given in a personal letter to the Evening Post today from the managing director of General Motors South African, Mr Bob White

He says General Motors finds the provincial ordinance controlling access to certain beaches "abhorrent" and its enforcement incredible.

"Should any of our employees be challenged for using the beach of his or her choice, General Motors will support, legally and financially, their inalienable right to do so," says Mr White.

He writes that General Motors is a major ratepayer in the city.

"A portion of its annual payment goes for the care and maintenance of the city's beaches.

"Sixty per cent of General Motors' workforce is non-white, and currently is denied access to municipal beaches which their company's rates go to support. Why?

"The Port Elizabeth City Council is the appropriate body and has the authority to initiate the required action to amend the ordinance to open the beaches to all people.

"Collectively, it seems the council has neither the courage to do so, nor the integrity to deal with the issue urgently and openly.

"It now appears some members of the council are supporting persecution and/or prosecution of 'unwanted' people who violate the ordinance".

Mr White then makes the promise of legal and financial support to any GM employees who may need it.

The PE City Council has frequently discussed the issue but recently decided against a move to open one of the southern beaches on an experimental basis.

Following a defiant swim at King's Beach last month by the House of Representatives MP for Addo, Mr Peter Hendrickse, and an appeal by the HNP for action, the Community Services Committee decided to authorise municipal officials to ask "trespassers" to leave beaches reserved for whites. If they refused, the official should call the police.

153 walk out, now sacked

19/2/86 E-POST

Post Reporter

BKB announced today that all 153 hourly-paid workers who walked out in sympathy with a group of dismissed workers on Monday, had lost their jobs.

A spokesman for BKB's main store in Grahamstown Road, Port Elizabeth, said the workers were told today they had lost their jobs on Monday when they walked out in sympany with 31 workers dismissed for going on a go-slow strike.

The spokesman said: "We have decided not to re-employ the workers who left the BKB store area of their own free will in sympathy with those who were discharged — irrespective of their worker union status.

"Suitable arrangements have been made and the work flow in the store is back to normal," the spokesman said.

Meanwhile, the national secretary for the Motor Assemblers and Component Workers Union, Mr Fikile Kobese, has denied that the 31 dismissed workers had been on a go-slow strike.

PE car firm's MD backs employees on beach issue

192 / 87

20/2/86

DISPATCH

Dispatch Correspondent

PORT ELIZABETH — A decision by a major motor manufacturer here to support its black employees if they were challenged for using a beach of their choice, would lead to confrontation, a city councillor warned yesterday

Reacting to the announcement yesterday by the managing director of General Motors South African, Mr Bob White, that GM would give legal and financial support to employees, Mr Chris Meyer claimed that Mr White was encouraging people to break the law and was seeking confrontation as his statement would "definitely encourage blacks to come to (white) beaches".

Mr Meyer and the Herstigte Nasionale Party were instrumental in the Port Elizabeth City Council's community services committee deciding to authorise municipal officials last week to lay charges against people contravening beach race laws

However, Mr White was supported in his stance by another city councillor, Mr Ivan Krige, who is to contest the community services committee decision at next Thursday's council meeting

In his statement Mr White said GM was a major ratepayer in Port Elizabeth and part of its payment was for the care and maintenance of the city's beaches.

"Sixty per cent of General Motors' workforce is not white, and currently is denied access to municipal beaches which their company's rates go to support.

"General Motors finds the existing Ordinance abhorrent and its enforcement incredible Should any of our employees be challenged for using the beach of his or her choice, General Motors will support, legally and financially, their inalienable right to do so," Mr White said.

Mayor silent on GM beach stand

E Post (192) 20/2/86

Post Reporters

THE Mayor of Port Elizabeth, Mr Ben Olivier, today refused to comment on yesterday's announcement by General Motors that it would provide lawyers and legal expenses for any of its black employees arrested for using white beaches

Mr Olivier has previously expressed his opposition to opening beaches to all races

Mr Bob White, GM's managing director, said the City Council seemed to have neither the courage nor integrity to amend the ordinance to open the beaches to all

Three out of four candidates for seats on the Port Elizabeth City Council today backed the GM move on beach apartheid

A fourth, Mr Sheldon Friel, standing for a beachfront ward, said GM was looking for publicity to sell its cars

A candidate in Ward 3, Mr Alan Shaw, said "I think it's very encouraging to see an industrialist prepared to show local government that it has taken congniscance of the central government change with regard to apartheid

"I think the municipality must stop dragging its heels and start doing something positive about resolving the issue"

Another Ward 3 candidate and member of the National Party, Mr Bruce Mann, said "I am against any form of petty apartheid"

He said after the municipal-authority has put in proper "crowd controls", all barriers to social amenities, including beaches, should be removed

Mr Graham Richards, a candidate in Ward 1, said "I welcome the stand by a ratepayer such as GM on the issue

"I see it as amounting to a strong statement of disapproval of the decision by the HNP-controlled Community Services Committee"

Mr Friel, the other Ward 1 candidate, said today that Mr White was "encouraging people to go the beach and get arrested and then he'll put up a scene in court and sell more cars"

By putting people "not of the same breed" together would "lead to social problems"

He was backed by Mr Attie Loock, regional organiser of the HNP in the Eastern Cape, who said that General Motors' black workers would have to "bear the consequences" if they used "whites only" beaches

Mr Loock led a recent 10-man delegation to Port Elizabeth's Town Clerk, which was instrumental in the City Council's Community Services Committee deciding last week to authorise municipal officials to lay charges against people contravening beach apartheid laws

He said an "uitlander" company still had to obey the laws of South Africa

The chairman of the committee, Mr Chris Meyer, said "Why have a Government if anyone can break the law?"

Mr Meyer said the HNP was not going to advocate a boycott of GM products, but said this reaction might occur

The former mayor of PE, Mr Ivan Krige, has pledged to fight the Community Services Committee decision at next Thursday's council meeting He came out in support of the GM stand, saying Mr White was "making noises for the law to be changed"

Another candidate for Ward 5, Mr Harold Davidson, director of the Community Chest, said "For a councillor to threaten that he would refuse to buy a General Motors car when probably most of his ward's voters work for GM, is laughable

"Business has got to be seen to be involved and if more companies in similar positions who, after all, are providing the jobs for the citizens, were to adopt this attitude all the talk and threats by the "little men" could be ignored

(Report by Kin Bentley and Bessie Bouwer, 19 Baakens St, Port Elizabeth)

● See Page 6

Mixed reaction to GM beach apartheid fight

E POST 20/2/86 (192)

Post Reporters

THERE has been widespread reaction in business and political circles to the challenging announcement by GM yesterday that it would provide lawyers and legal expenses for any of its black employees arrested for using white beaches

Mr Bob White, GM's managing director, said the Port Elizabeth City Council seemed to have neither the courage nor integrity to amend the ordinance to open the beaches to all.

Mr C W Tutton, director of manufacturing for General Tyres, said he could not state a company attitude on "such a broad social issue" as the company's shareholders had "obvious relevance in such a matter".

Mr Tutton said he was not in a position to comment on their attitudes

However, from a personal viewpoint, he said "If at this stage in our country's history we have to make a big thing of who may or may not use whatever beaches are available our down the road circumstances must appear less than encouraging. We have an integrated workforce on our shopfloor and in our offices, so why a big thing about the beaches."

Mr Raymond Ackerman, chairman of Pick 'n Pay, could not comment as he had not seen the statement from General Motors

However, he said he firmly stands by what he has said in the past with regard to apartheid

"I believe people should be able to swim on any beaches, stay in any place and attend any schools they like," he said

The manager of public affairs for Goodyear, Mr Mike London, said he was not able to comment without consulting the managing director, who was unavailable

Mr Peter Morum, managing director of Firestone, was not available for comment today

The National Party MP for Algoa, Mr James Kleynhans, sharply criticised the statement by GM

Mr Kleynhans, a former mayor of PE, told the Evening Post there were other ways of solving the problem and the proposed move appeared to be encouraging "civil disobedience"

He said it had to be borne in mind "that there are certain laws in our country whether we like it or not. We must obey them until such time as changes come

"But I don't think one can solve the thing in this way," he said

The chairman of the House of Delegates and MP for Malabar, Mr Raman Bhana, said he was "very delighted" with GM's proposal

"We've been fighting a lone battle for a long time on the question of racially-segregated beaches and its nice to have the support of a big international company like GM"

Mr Bhana, who is also chairman of PE's Indian Management Committee, added that he trusted people would realise that Port Elizabeth "does not belong to whites only"

Mr Willie Dietrich, Labour Party MP for Bethelsdorp commented "Good for General Motors! They are really coming to light. The time is coming for the whole country to play its part in getting rid of the obnoxious racial laws"

The PFP MP for Walmer, Mr Andrew Savage, said "I can only endorse the attitude of General Motors over the beaches issue. All of us have a wider constituency to which we are responsible and the interests of this constituency are more important to us than the abhorrent racial policies of this Government"

FIN MAIL 7/3/86

192

TRUCK MANUFACTURE

Local discontent

Motor industry chiefs will meet this week to decide their stance on the Board of Trade and Industry's (BTI) proposed local content programme for truck and bus manufacturers Local content is one of the major issues to be faced by the embattled industry this year

The trade is particularly concerned at the timing of the new programme, coming as it does immediately after January's record sales slump Manufacturers who cannot meet the local content levels face stiff financial penalties which will inevitably push the price of heavy vehicles even higher

The BTI's plan, if it reaches fruition, is aimed at a minimum 50% local content level by value for heavy trucks over 3 000 kg and 43,3% for medium commercial vehicles This brings vehicles over 1 300 kg in line with the 25-year-old practice for passenger and light commercial vehicles

Broadly, the BTI wants current protection measures on locally-built engines, gearboxes and other components to be replaced by a dual mass/value local content programme It hopes that dropping existing protection will make state-owned Atlantis Diesel Engines (ADE) and AS Transmissions and Steering (Astas) trim production to come into line with the sharp downturn in truck and bus sales

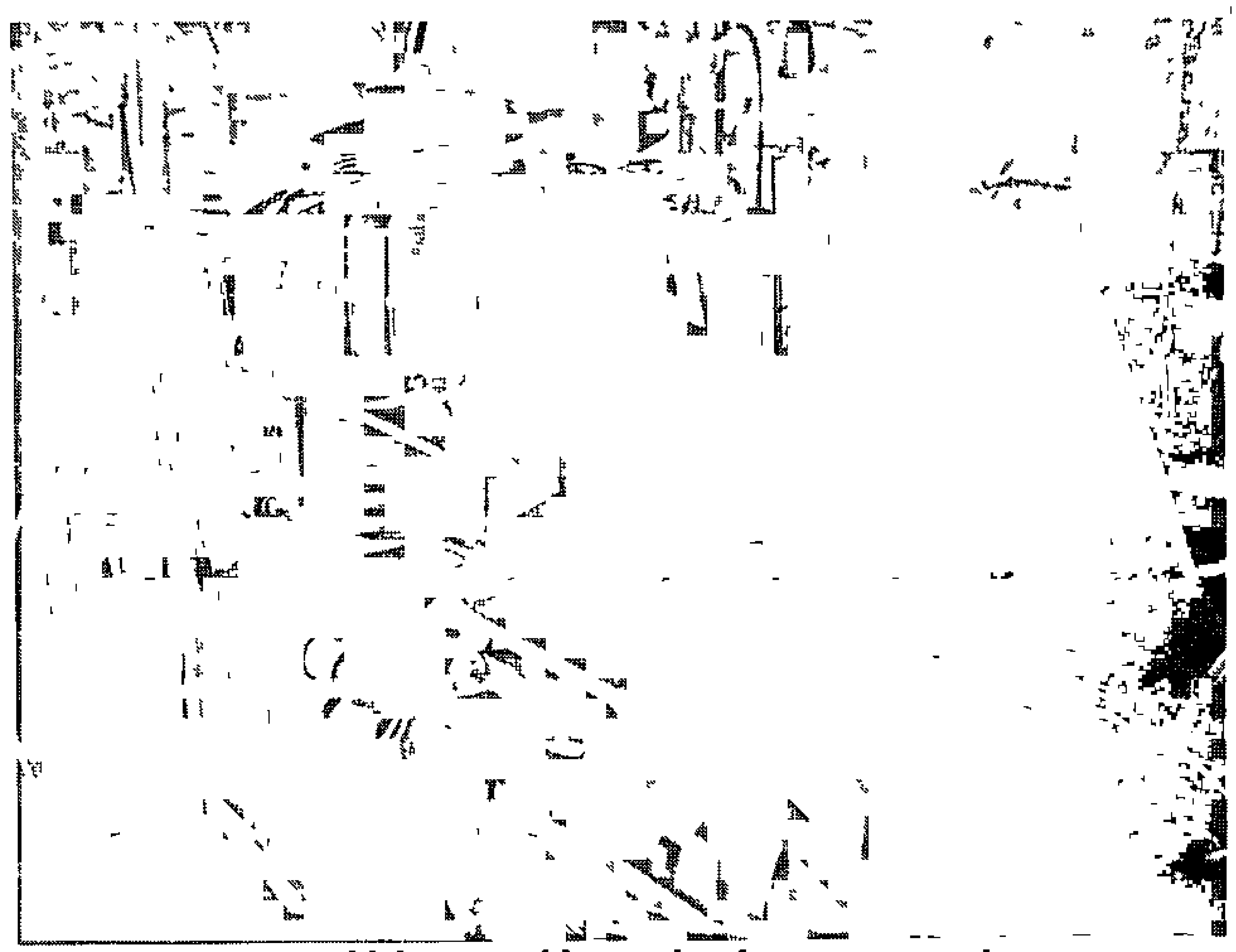
It sounds fine on paper But can SA's 14 truck and bus manufacturers afford to be lumbered with the high cost of increasing local content in the current climate?

"In our market we do not have the economies of scale to justify a local content programme for heavy trucks," says Samcor truck division sales manager Koos de Wet "While European truckmakers can stretch to a monthly production run of a few thousand chassis frames, SA would be limited to less than 100 for each model "

Nissan MD John Newbury, however, thinks stiffer local content measures will restore some sanity to this heavily overtraded sector "A shake-out is long overdue," he says,"especially among specialised manufacturers This is a niche the majors could easily fill "

Arguably, a shake-out has already started. Vetsak and VSA's truck divisions quit the South African market last year, Oshkosh and Ford pulled out of the field two years ago, and more recently, International Harvester closed its Maritzburg assembly line.

Much sensitivity surrounds the BTI proposals, covering 37 component categories. Most manufacturers contacted by the *FM* this week declined to comment on the effect a local content programme will have on their operations



Heavy vehicle assembly . . . local content worries

The National Association of Automobile Manufacturers of SA (Naamsa), the industry's umbrella body, says it wants to "clear up some grey areas with the BTI on certain issues " But it does seem happy with the thinking behind the proposals

Says Naamsa director Nico Vermeulen "It's a realistic attempt to better the balance of the truck and bus sector's poor performance and the cost of protection for the drive-train industry "

Long overseas supply lines mean that few manufacturers of medium commercial vehicles will be geared to meet the minimum local content requirement from day one "It's not a tap you can simply turn on," says De Wet

As the proposals stand, heavy commercial vehicles will be subject to basic excise duties of 15% *ad valorem*, which will be rebated in line with achieved local content. But if the weighted average local content falls below 40%, the basic excise duty becomes 60%

Another major concern is that the move will handcuff some manufacturers to ADE in order to achieve the local content level

International Harvester, for instance, spent more than R1m in 1983 switching from Cummins to ADE engines — a process which involved changing cab mountings and the steering position.

But Samcor, Nissan's truck arm Magnis, Toyota, Mercedes-Benz and General Motors are thought to be already close to the minimum level on ADE-powered vehicles.

ERF, too, has switched to ADE engines Sales director John Barnett says the company is phasing in as much local content as possible This contrasts with ERF's efforts to standardise on engines, gearboxes and axles in other parts of the world ■

High-priced Mercs give BMW a leg-in

Bus. Times 9/3/86.

(192)

By Don Robertson

MERCEDES-BENZ lost ground to BMW in the lower end of the luxury-car market last year, but gained on its closest competitor in the ultra-expensive sector.

Toyota dominated all segments below R20 000 in the number of cars sold.

Statistics compiled by Business Times show that Mercedes-Benz lost ground in the lower end of the luxury market as price increases took its cars into a higher category. BMW made hay with its 3 Series.

Soaring

The luxury class of the market has become less important because of soaring car prices and expensive fuel make medium to small cars more popular. Fleet owners and well-off individuals have moved into the small and medium sector which makes up more than 60% of the market.

However, high prices placed Mercedes-Benz second among manufacturers in terms of sales value last year. BMW, with its lower production capability, was seventh.

Price increases at the top end of the market have a multiplier effect as a 5% move on a R29 000 car is much more than on a R15 000 model.

Mercedes-Benz lifted prices by 5% this week on its W123 range The cheapest in the range — the 200 — now costs R1 490 more at R31 330 before Gst.

The range's flagship 280E automatic has increased in price by R2 360 to R51 825.

In April, Mercedes will introduce the W124 Series to replace the W123 range. It is expected that the new 200 will cost about R45 000.

It is expected that most cars in the W123 range will be sold out by the time the new model is launched,, although there should be sufficient stocks of the 200 range to meet demand until July.

BMW will consider increasing prices in April.

Strong gain

In the R20 000 to R25 000 sector, Mercedes fell out of the market towards the end of last year because of price increases. BMW held its 40% share in unit sales with its 318 and 320 range. Toyota also had a good share with the Cressida.

Mercedes lost considerable ground in the R25 000 to R30 000 segment, most of which was taken up by the BMW 3 Series. Volkswagen's Audi also gained strongly.

In the R30 000 to R35 000 bracket, Mercedes maintained its domination with the 200, and BMW held a small share with the 520.

Higher up in the bracket to R40 000, Mercedes enjoyed a hefty 78% of the market with its 230 range. BMW languished at 19,7% with its 528i.

From R40 000 to R50 000, Mercedes had 64% and BMW 35%.

In the ultra-luxury sector, Mercedes outstripped its competitor, the 380SE far outselling the BMW 7 Series.

11/3/86 192 B.D.

Motor trade takes knock in revenue

Industrial Staff

TOTAL trading revenue for wholesalers and retailers in the motor vehicle and accessories industry declined in 1985 compared with 1984, according to the latest release from Central Statistical Services (CSS).

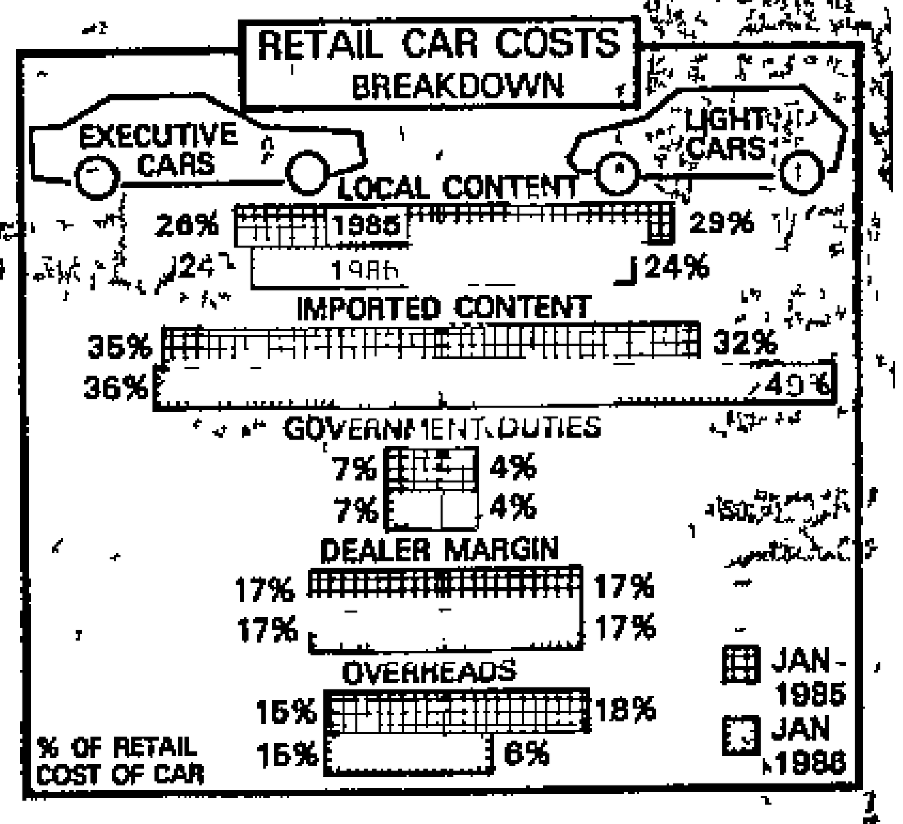
Wholesale trading revenue dropped 3,6%. The sector's sales of new vehicles fell by 6,1% but that of used vehicles jumped by 61,4%.

Among retailers, trading revenue declined by 15,7% with new vehicle sales down 6,4% but used vehicle sales up by 23,2%.

The last quarter of 1985 showed slightly improved conditions with wholesalers' trading revenue up in that quarter to R839,0m — an improvement of 4,5% on the same period in 1984.

Retail trading revenue rose even more significantly by 38,8% to total R4 319,7m.

Both sectors also showed improvement on the conditions in the previous quarter.



Firm rand not cutting car prices

B.D.M 12/3/86 .192

Industrial Reporter

STRENGTHENING of the rand, particularly against the dollar, will not result in lower car prices nor a reduction in the rate of increase in the foreseeable future, says BMW's Pierre de la Rey.

He adds that car manufacturers are not trying to extort the public

"Last year it was calculated that only to recoup our exchange rate-related losses, carmakers would have to increase prices by 20%-30% in the last quarter of 1985.

"This did not happen, but in the last quarter we did start increasing prices in the hope that, by the end of 1986, we might be back on a more realistic price level, taking into account our enormously increased import costs"

Other manufacturers say that in the past two years source companies in Japan and West Germany have not increased component prices to their SA plants and, in some cases, have decreased their prices

But the rand has to strengthen substantially against the mark and yen for car prices to be affected.

"As the rand strengthens, the source company will want to recoup some of those lost earnings so the actual price paid by SA car makers will not change much," says a leading manufacturer

The illustration shows the breakdown of the retail cost of a light car and a medium/executive car, drawn from a number of different manufacturers.

Manufacturers say there are a number of variables. For example, last year most manufacturers lost 3%-5% on every sale, this year the gross margin is about 2%.

The amount attributed to overheads in a given year depends on the model's age, as amortisation often takes a higher toll in the first two years.

The percentages relate to the final retail cost and not the production cost, so the imported value is therefore over 50% of actual production cost, but becomes a lower percentage of the retail cost when dealer and manufacturer margins — and government duties — are included

Motor-makers spend R190m as market plummets

16/3/86 SUNTIMES(BUS) A2

By Don Robertson

THE motor industry is locked into spending an estimated R190-million this year on new models in spite of predicted sales of only 200 000 cars.

The manufacturers are committed to go ahead with launches and face-lifted models by decisions taken up to three years ago

Kadett boot

The expenditure will hammer manufacturers, all of which lost money last year. Last year's combined loss is estimated at R1,5-billion

Because of long lead times in ordering retooling equipment and the need to follow the decisions of foreign source companies, SA car-makers have had to decide in 1982 on model changes

Models, which have either been launched or are on the drawing boards, include a new Mercedes-Benz W124 series, a new Toyota Cressida, a reshaped Ford Sierra range, a new Ford Laser, engine changes to the BMW 3 Series and General Motors Kadett with a boot

The Toyota Cressida cost R57-million for retooling Marketing director Brand Pretorius says. "We were locked in three years ago We have already committed ourselves to the next generation Corolla"

"However, it is good marketing sense to launch a model now You cannot afford to be defensive A new model gives an opportunity to increase sales."

Japanese model life is usually about four years, but the new Cressida will probably be available for about six years.

Derivatives

Mercedes-Benz, which has spent R80-million on retooling and R20-million on a warehouse, decided in 1983 to produce the 124 "bread-and-butter" model to replace the top-selling 123 range

Public affairs manager Delene MacFarlane says "Even under present circumstances, we would have gone ahead with the new model The 123 range sold 77 000

□ To Page 3

□ From Page 1

R190m bill

units in its eight years. We hope to sell about 6 900 of the new models this year."

The life of a Mercedes model is generally about eight years.

BMW is to launch derivatives of its 3 Series soon It is believed there will be a model with a 1,6*l* engine to give it a bigger share of the medium-priced market after price increases on its lower end of the range 318 model

The 323 will be phased out and a model with a more responsive 2,5*l* engine will be introduced

Additional tooling expenditure is expected to be minimal

Samcor is to give its Ford Sierra a face-lift later this month, which will include improved specifications The new Ford Laser, based on the Mazda 323 will also be on the market soon Spending on the changes is R13-million, and another R4-million has been incurred on retooling for new Mazda and Ford light commercial ranges

Managing director Spencer Stirling says that although the company made these decisions three years ago, "you have to keep products up to date and competitive".

"We depend on components from source companies, but we are getting clever in substituting as much as posssible from local sources"

General Motors will produce the Monza — a Kadett with a boot. The decision was taken four years ago. The Monza will replace the Ascona

Without the Monza, GM would have been left without a medium-sized notch-back, a sector which the company sees as the only one likely to show any growth this year

Monthly sales of between 800 to 900 of the new model are expected over a life of seven years. It will be launched in October.

Motor industry's reactions

— *Overjoyed* —

Mercury Reporter

EXOTIC car importers are overjoyed at the announcement in the Budget that the Customs duty on fully-imported cars is to be cut from 125 percent to 100 percent

Finance Minister Mr Barend du Plessis said the sharp depreciation of the rand had magnified the price-raising effect of the measure and had caused revenue to fall rather than increase

The particular market had come to a virtual standstill, he said

'Although there is no intention of encouraging imports in general, it is proposed in the circumstances that this duty revert to 100 percent,' the Minister said

It gave the local industry more than sufficient protection and no loss of revenue was expected

Mr Andy Wallis, general manager of Grosvenor Motors' Rolls-Royce division, said it was 'the best news I've had all month'

'It will dramatically improve sales and everything all the way down the line is affected, such as GST

'We have lobbied for some time since the addition of the 25 percent and the rand-pound exchange rate virtually closed the sales completely'

Mr Tibor Scheimann, managing director of TAK Motors, importers of Ferrari and Lancia, echoed Mr Wallis' sentiments 'We have been working on this for some time and with other companies

'People who bring cars in tried to present to the Government the case that since the duty was increased to 125 percent that the Government coffers got no money

'We worked out if it would be 100 percent you would get say R12 million, this way you get only R2 000 000,' said Mr Scheimann

192 Mar 18/3/86

Unhappy —

Mercury Reporter

THE motor industry's reaction to the Government's go ahead with the implementation of phase two of the fringe benefits tax in spite of calls for a delay, has been one of disappointment tinged with understanding.

Director of the National Association of Automobile Manufacturers of South Africa Nico Vermeulen said 'We are disappointed, but we understand What he (the Minister) is effectively doing is to tax non-cash forms of remuneration and the whole object is to provide relief at the same time in terms of the personal income tax scales'

Mr Vermeulen said the reduction in income tax, by contrast, translated into increased demand for consumer durables and motor vehicles 'It's a pragmatic Budget aimed at tackling South Africa's socio-economic problems and we commend the Minister

'We believe it will be offset by the benefits of the tax relief granted and see it as positive and adding momentum to the econcomic activity and in turn the motor industry'

A Volkswagen spokesman said 'We are disappointed that the 10 percent surcharge on parts was not abolished and that the phasing in period of fringe benefit tax was not adjusted

'We welcome the considerable tax conscessions for individuals, which should mildly stimulate the economy and, hopefully, retail motor vehicle sales

'We also welcome the social benefits of the large amount that is being spent on job creation, small business development and infrastructure'

Nissan marketing director Mr Stephanus Loubser said it would continue to depress the market and would cause buying down by people who would generally buy more expensive cars 'We are not happy at all'

Motor dealer turnover zooms by 34%

26/3/86 BUSINESS DAY (580) 192

GERALD REILLY

INCOME of motor vehicle and accessories traders increased by 34,5% in the three months from December to February compared with the same period a year ago.

Turnover increased by R1,095bn to R4,268bn.

During the whole of 1985 it rose by R2,02bn to R14,88bn.

National Association of Automobile Manufacturers of SA president Peter Searle said the steep increase in the costs of imported components, spares and accessories was the reason for the big increase.

He added that in December vehicle retailers had a reasonable month but in January and February sales fell again.

In value terms, he said, traders' revenue was boosted by owners spending more on maintenance and repairs rather than on buying new vehicles.

Workshop turnovers were healthy.

The used-car sector was also buoyant and, because of the weak rand, car prices had increased by about 30% compared with a year earlier.

This and the spiralling costs of imported spares and accessories had boosted turnovers.

National Association of Automotive Components and Allied Manufacturers director Denzyl Vermooten agreed.

Higher costs of components and parts, and the fact that when there was a fall in a new-car sales the sales of used vehicles usually increased, were major reason for increased turnover.

ADE price row boils

27/3/86
BUSDAY

192

ALAN RUDDOCK

A MAJOR confrontation over diesel engine price hikes is looming between heavy vehicle manufacturers and Atlantis Diesel Engines.

ADE notified manufacturers at a meeting on Tuesday that it would increase prices by 6% next month and a possible further 6% in the third-quarter of the year. ADE imposed a 9,75% increase in January.

Manufacturers dispute the increases, saying that they will be unable to pass on any further cost increases. They say that in an industry where all manufacturers are making losses, ADE should shoulder its share of the burden and not pass off massive price increases on a captive market.

David Beck, head of the National Association of Automobile Manufacturers Association of SA (Naamsa) heavy commercial vehicle division, said yesterday that he was "extremely dissatisfied with

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p12

Researcher foresees further rises

Car prices to beat CPI

ALAN RUDDOCK

CAR-PRICE increases will stay slightly ahead of the consumer price index this year, despite optimistic noises from some car manufacturers.

"We expect car prices to rise slightly higher than a CPI average of 21% for this year and we would not be surprised to see price increases of 25%," says Tony Twine of economic research consultants Econometrix.

Last week market leader Toyota issued a statement saying that "runaway increases in car prices are at an end and increases for the rest of the year could be held at between 8% and 10%".

Toyota's Bert Wessels based his prediction on "an improvement in the value of the rand and production strictures that have been implemented".

However, on his estimate for the rest of the year, Toyota's increases for the December 1985 to December 1986 period would be 21-23%.

Toyota's prices increased at the end of December and at the beginning of March

Twine, however, does not hold out a great deal of hope for the rand and says it will not maintain a level of $0,50 to the year-end. He says the recent gains of the rand have been largely offset by the strengthening of the yen against the dollar and Japanese-sourced car manufacturers have experienced little relief.

Toyota, as market leader, does have a large influence over other manufacturers' price increases, but Twine says most manufacturers suffer from roughly the same cost pressures and it is unlikely that Toyota could avoid increases required by other manufacturers.

Sluggish sales in the first quarter of the year have also put a strain on manufacturers' cost structures and unless volumes pick up significantly, that strain will increase and could affect car prices.

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Truckmakers' anger grows

1. BUDAY 27/3/86 (192) (183) (204)

From Page 1

ADE's proposed price increases in what is a thoroughly depressed heavy vehicle market. If ADE continues to pass on such increases it cannot help recovery".

"As an industry we are in the unfortunate position of facing a monopoly. There is a dispute between us and ADE and a situation of extreme unhappiness but we have not reached the end of the road and have not yet exhausted all channels of communication."

A spokesman for ADE yesterday referred *Business Day* to a speech made last Friday by ADE managing director Hartmut Beckurts in which he said that "manufacturers have long since ceased to criticise ADE's engine prices" and that since 1980, ADE engine prices have increased by only 68%.

With a new local content programme for heavy commercial vehicles about to be introduced by government, ADE's decision to increase prices comes at an exceptionally sensitive time for the industry.

The slump in heavy commercial vehicle sales — January sales were the worst for 24 years — has resulted in heavy losses for most manufacturers. Intense competition in the marketplace has forced manufacturers to absorb cost increases and all say they are under-recovering costs.

Bus Day 2/4/86.

Midas is after listing on JSE

192

LIZ ROUSE

MIDAS, a motor-parts and accessories franchise company, is seeking a listing on the Johannesburg Stock Exchange.

Shares in the company will be offered to the public towards the end of the month. Funds raised will be used to finance further expansion of the fast-growing company

In the past five years Midas' earnings have shown annual compound growth of 32%, despite the recession.

Long before anyone else, Midas' management foresaw the development of specialist retailers of motor spares and accessories, and created the Midas retail chain, a franchise operation launched in April, 1984

Within nine months of the retail chain's launch in April 1984, there were 24 outlets.

"There are now 53 outlets, and at this pace we will have 80 outlets by February 1987," says MD Georg Ludwig von Loeper.

"The market is untapped, considering the potential of black consumers in their own areas

"Although we are the largest independent, our market share is still relatively low, so Midas has enormous potential."

The major competition is the parts and accessories divisions of the various motor manufacturers, which have a combined market share of at least 50%, while Midas' market share is about 7%

After the listing the company will have funds available to finance more-rapid growth of existing activities as well as having the resources necessary for suitable acquisitions

There are still many sectors of the market in which Midas does not represent products, and the intention is to expand the range aggressively, but selectively, says Von Loeper.

The company is a national warehouse distributor of vehicle replacement parts and accessories, servicing wholesalers and supporting a chain of franchises at retail level.

Midas followed the worldwide trend to assume responsibility of distribution on behalf of manufacturers

It represents selected SA component manufacturers and, in addition, imports components on an exclusive basis

Some of the well-branded products marketed by Midas are Armstrong shock absorbers, Ate brakes, Bosal exhausts, Castrol oil, Champion spark plugs, Chloride batteries, Dunlop fan belts and hoses, Fram filters, Holt Lloyd chemicals, Loctite chemicals, and Repco clutches and brakes

The company is the exclusive agency for the Hella range of products produced in SA

Midas chairman Derek Riley has been involved in the automotive industry for 30 years and has been chairman since its formation.

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FIN MAIL 11/4/86

TOYOTA

Discounting recovery

Activities: *Assembles and distributes Toyota and Hino motor vehicles*
Control. *Wesco owns 50% of the equity*
Chairman: *Dr A J J Wessels, managing director C S Adcock*
Capital structure: *4,1m ords of 16,67c Market capitalisation R184,5m*
Share market: *Price 4 500c Yields· 0,56% on dividend, — % on earnings, PE ratio, 180; cover, —. 12 month high, 6 000c, low, 3 500c Trading volume last quarter, 300 000 shares*
Financial: *Year to December 31*

	'82	'83	'84	'85
Debt				
Short-term (Rm)	19,6	2,7	160,7	136,7
Long-term (Rm)	1,7	—	46,9	136,6
Debt equity ratio	0,13	0,01	0,70	0,99
Shareholders' interest	0,64	0,65	0,48	0,41
Int & leasing cover	3,6	8,4	1,9	0,58
Debt cover	1,3	28,4	0,41	0,07

Performance:

	'82	'83	'84	'85
Return on cap (%)	12,5	24,6	15,8	9,1
Turnover (Rm)	792	864	1 094	1 064
Pre-int profit (Rm)*	32,0	78,4	98,3	60,9
Pre-int margin (%)	4,0	9,1	9,0	5,7
Taxed profit (Rm)	16,2	40,7	25,8	(56,2)
Earnings (c)	712	1 117	735	(1 338)
Dividends (c)	130	150	160	25
Net worth (c)	3 992	5 097	7 318	6 832

* Stated before losses on foreign exchange transactions

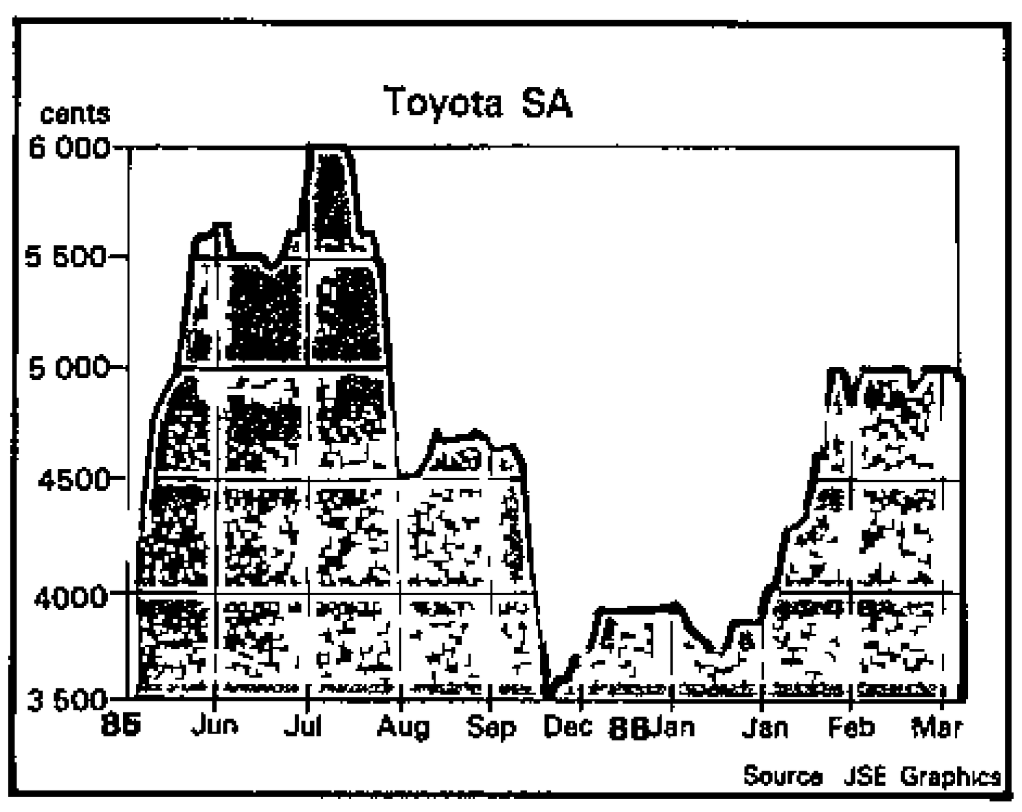
Rarely has the JSE accorded a company a more positive recovery rating than it is now giving Toyota I am not arguing that the Toyota share will not advance further, it could well do so But Toyota's present R45 share price is a lesson in how a good image, born of sales success and solid marketing, can result in the market treating a company leniently.

Admittedly, last year was tough. Total South African motor industry retail sales slid 25%, and Toyota did well in earning an operating profit when other South African car manufacturers failed to do so Operating margins were also held to a respectable 5,7% (1984 8,9%) But the size of debt is cause for concern when it comes to assessing Toyota's recovery prospects. And management has a lot to explain when it comes to foreign exchange transactions.

The debt figures make grim reading A R58m loss last year on foreign exchange brings the total loss in the last two years to R90,9m, placing Toyota in the league of top foreign exchange losers And interest-bearing debt climbed by 30% to R273m. This figure compares with R2,7m in 1983. The debt equity ratio, from being 0,01 in 1983, now stands at 0,99 Interest paid soared 175% to R50,7m (net interest paid was R27,6m), and debt cover has collapsed

Much of the debt results from expansion projects which came on stream as the car market plunged into recession. Chairman Albert Wessels writes that last year's net R66m rise in debt reflected "the loss for the year as well as the increased borrowings required to finance tooling for replacement models " To be fair, Toyota could not have foreseen the vicious combination for business of SA's economic and political mismanagement, and it will save on the cost of installing future capacity at vastly increased costs

But the forex losses show management to have been too clever by half Three days before the introduction of the State of Emergency, it uncovered half of its $113m of foreign borrowings, believing the rand would rise Last year's losses were taken on the rand's ensuing 30% collapse These borrowings were covered in November, Wessels writes, so fixing the loss But this panicky decision (surely management could have seen that the rand was at bottom) means that the chance has been blown in 1986 to write back nearly all of the R58m loss of 1985 Such incompetent forex management at, say, Gencor would have set the market baying for blood



The board split on the question of the dividend, but the majority decision to pass the final was mean Even after the forex losses, Toyota's year-end distributable reserve was R145,9m, greater than 1983's R145,3m In the circumstances, I believe the board could easily have spared the R6,5m needed to maintain the dividend

Its action in passing the final makes a mockery of Wessels' comment on dividend policy in the heady days of early-1984 Then he defended Toyota's high cover both to finance expansion and allow dividends to rise in line with or greater than inflation. However, MD Colin Adcock points out that inflation in the same period has risen by some 35%, so cutting the real value of reserves.

So where does Toyota head now? In the first two months of this year, the passenger car market is down 23% on last year's depressed levels, but Toyota's market share keeps rising — from 22,5% to 25,9% A gradual economic recovery in the second half would boost sales and the group looks set to raise overall market share for the sixth successive year

Adcock says that a rand above US45c enables the group to recoup costs (after hefty car price rises) and he anticipates no major tooling expenditure until late-1987 Capacity utilisation is at 50% and this, Wessels says, "will see the group through the rest of this decade with little in the way of new manufacturing investment to meet market growth " Stocks are under tight control.

But the debt load and tighter margins will place a drag on profit growth As Wessels notes "It will be impossible to achieve the same profitability in 1986 as in normal years " What should be possible, though, is a restoration of the dividend to at least the 160c level of 1984 This would place the share on a 3,6% prospective dividend yield. It has already risen from a R35 low in November to R45 in anticipation of a recovery

A 3,6% dividend yield is not very attractive, apart from which prospects are terribly uncertain, with management avoiding an earnings or dividend forecast Still, Toyota's proven sales strength makes the share a recovery stock But a two-year view on its potential would be prudent

Toyota's Adcock ... sales skill, forex debacle

13/4/86. S TIMES

Stricken car-makers seek perks tax relief

By Ciaran Ryan

THE embattled motor industry will appeal to the Government to relax perks tax on company cars after one of the most disastrous months for new-car sales in nine years.

The National Association of Automobile Manufacturers of South Africa (Naamsa) says it will petition the Government for relief to stimulate sales. About 70% of new cars sold are sold to fleets and many are subject to perks tax.

But the impending drop in the prime lending rate and a fall in the petrol price will give a fillip to the economy lift the flagging spirits of car-makers.

Nico Vermeulen, director of Naamsa, says: "The economy appears to be on a turnaround as a result of the drop in the petrol price and I would be surprised if there is not a small increase in car sales this month."

Mr Vermeulen says the industry needs a minimum of 25 000 new-car and 11 000 truck and commercial-vehicle sales a month to stabilise investment and employment levels. It is operating at 60% of the required level.

If car, truck and commercial sales are added, the first quarter of 1986 was the worst year for the motor industry since 1969, says Hal Carpenter, marketing director of General Motors.

"This market is a disaster for us, but we are committed to staying in South Africa. We will not move from Port Elizabeth."

GM's market share slipped from 8,4% in the first three months of 1985 to 6,4% in the same time this year.

A total of 41 789 cars were sold between January and March this year compared with 55 396 in the same time last year.

If vehicle sales continue to decline, more rationalisation in the industry is likely, although all manufacturers say they will stay. The number of car-makers has fallen from 11 to seven and commercial-vehicle manufacturers from 17 to 12 since 1984.

motor industries
Fed
215 157

Du Plessis hints at car trade relief

(192) (380) (320)

BUS DAY 15/4/86

CHRIS CAIRNCROSS

MUCH-NEEDED relief, possibly in the form of reductions in customs duty or some other tax concession, might be on the cards for the beleagured Eastern Cape motor industry.

This was hinted at yesterday by Finance Minister Barend du Plessis, replying to the Budget debate in Parliament.

He said government was fully aware of the problems being experienced in Port Elizabeth.

"If the motor industry is to be singled out, customs duties is one of the important areas in which the fiscus can help," he said.

Du Plessis stressed that while he did not want to raise hopes unnecessarily, consideration was being given to ways in which the area could be assisted by means of tax concessions.

He said that any decision on this score would have to wait on the report and recommendations of the Margo Commission — which is expected to submit its preliminary findings within the next few months.

He added the commission was also to give consideration to a changed structure for general sales tax.

Until this has been done, he believed no attempt should be made to either reduce GST or temper with it structurally.

Du Plessis contested claims that a reduction in GST now would substantially reduce the plight of the poor.

He noted that most basic foodstuffs

To Page 2

15/4/86 BUS DAY (380) (192) (320)

Hints of car trade concessions

From Page 1

were exempt from the tax and estimated that these exemptions would lead to revenue reductions of at least R1,5bn to the fiscus.

Du Plessis rejected out-of-hand assertions that the Budget failed to give any attention to the country's inflationary problems.

Several elements addressed this problem, he claimed. These included:

- ☐ Setting money supply targets,
- ☐ Keeping increases in government expenditure below the inflation rate;
- ☐ The deficit before borrowing was reasonable by most limits — and the intention was to finance it in a non-inflationary manner.

"We will not be using bank credit to financing our borrowing requirements," Du Plessis said.

He denied charges that the 2% across-the-board cut in expenditure by state departments was unrealistic.

"It is totally feasible — particularly in those departments which are people-intensive," he said.

Du Plessis hints at car trade relief

BUSDAY 15/4/86 (192)

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● To Page 2

15/4/86 BUSDAY (192)

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Motor industry relief proposal is welcomed

14/8/92 Mercury

Mercury Reporter

THE National Association of Automobile Manufacturers of South Africa yesterday welcomed the announcement by Finance Minister Barend du Plessis, that relief for the motor industry was under consideration

The director of Naamsa, Mr Nico Vermeulen, said in the past Naamsa had often made representations to the Government on numerous issues

'We argued for the extension of the period of HP repayment, as well as the lowering of interest rates for example,' said Mr Vermeulen

Mr Vermeulen said the restructuring of the Phase 5 excise duty rebate structure for motor cars and light commercial vehicles would be a useful way for the Government to provide short-term relief for the industry.

'Accelerated rebates to local manufacturers at levels of local content equal to or greater than 66 percent would help both manufacturers and associated industries'

Mr Vermeulen suggested a few examples of steps that would provide the beleaguered motor industry with much-needed relief

'The removal of customs duty on specified components already protected by local content specifications would help, as would the introduction of a differential scale of GST applications.

'Housing, for example, is exempt from GST'

Gains

Mr Vermeulen said that for many individuals the car or light commercial vehicle was often the most expensive consumer or producer item they owned, in both absolute and relative terms.

'With vehicles often changing ownership five or six times, the Government gains income from GST each time the vehicle is sold'

Mr Vermeulen said if economic growth was to be promoted and inflation reduced, the introduction of a differential GST scale would be a starting point.

BUSDAY 17/4/86 (92)

Makers wary of stocks building up

Big discounting on cars looms

ALAN RUDDOCK

CAR manufacturers could be forced into heavy discounting if sales do not rise significantly this quarter.

Unless volumes improve they will be stuck with stock ordered in the more optimistic times of the last quarter of 1985

While discounting is rife in the depressed heavy-commercial market, as manufacturers struggle to stimulate volumes, in the past nine months carmakers have decided to risk stock shortages and the possibility of losing market share rather than have unsaleable vehicles.

The unpredictability of the car sector has, however, made it a minefield for market planners. Manufacturers have to order completely-knocked-down component packs from source plants overseas about six months in advance, so unexpected dives or surges disrupt planning.

When the car market slumped to 12 000 units last April, some manufacturers embarked on a discounting free-for-all. Buyers could shop around for discounts of between 15% and 30%, cash gifts and rock-bottom interest rates.

The unexpected slump in the first quarter of this year could produce similar results.

Samcor MD Spencer Sterling says discounting could be a problem if manufacturers are faced with large inventories.

Toyota MD Colin Adcock says: "We all tended to overreact last year to cut stocks, and then tended to go the other way and order more stock. Unit sales for the first quarter were well down on what we had planned."

More professionals come than go

BUSDAY 17/4/86

Own Correspondent

A TOTAL of 614 more professionals immigrated to SA than left the country last year, according to Administration and Economic Advisory Services Minister Eli Louw.

A total of 2 273 professionals arrived in SA compared with the 1 659 who left in 1985, Louw said in reply to a written question from Peter Soal (PFP Johannesburg North).

The breakdown for the different professions included (the number leaving listed first):

Doctors (58, 129); engineers and related technicians (658, 925); dentists (12, 14), lawyers (17, 1); architects and town planners (30, 59); scientists (69, 103); medical, dental and veterinary workers (172, 297); statisticians and mathematicians (81, 102); economists (147, 136); teachers (145, 188); authors and journalists (46, 36) and artists (31, 30)

Firms wait for ADE's decision

23/4/98
BUS DAY

ALAN RUDDOCK

HEAVY truck manufacturers are waiting anxiously to hear whether engine manufacturer Atlantis Diesel Engines (ADE) is to push ahead with a series of price increases proposed last month.

In the face of angry reaction from manufacturers ADE this week reviewed its decision and a final announcement is expected soon.

At a meeting with manufacturers in March, ADE announced its 6% price increase for April and proposed a further 6% increase for the third quarter of the year — on top of a 9,75% increase in January.

The April increase has been implemented, but manufacturers hope this increase is also being reconsidered by ADE's board.

"ADE confirmed yesterday that its pricing policy is under review, but was reluctant to comment further until a final decision had been made.

"We want to try and finalise it as quickly as possible," a spokesman said.

Manufacturers were reluctant to comment until they have been informed officially by ADE of its decision.

ADE's price move has come at a bad time for the heavy vehicle industry. January sales were the worst for 24 years and there has been no sign of revival. Manufacturers are predicting total industry sales of only 7 500 — 25% down on last year.

192 BUS DAY 25/4/86

BMW chief blames govt for lack of confidence

JIM MACKENZIE

down just 4,7%, with a market share in SA of 7,8%

He said: "The fact that BMW is doing relatively well, and that strictly speaking we have nothing to complain about, does not take away the basically unhealthy state of the economy

"When there's news of an enormous current account surplus and record exports, when government introduces a national Budget designed to stimulate economic growth, when Dr Leutwiler and the foreign banks give us another year of breathing space, when petrol prices are down by a large margin, when interest rates decrease dramatically, when all these things happen, and still that very sensitive barometer — the car market — does not improve, then you have to conclude that the general level of business confidence in SA is at a dangerously low level."

Hasselkus added: "One cannot help but conclude that the political climate is responsible for this amazing lack of business confidence. While a year or two ago it would have been unthinkable for me to talk politics ... now not even a new model range can be unaffected by the political situation and tensions in SA."

BUS DAY 29/4/86 (192)

GM reports income a bit down on '85

GENERAL MOTORS (GM) earned net income of $1,0646m on record sales and revenues totalling $26,8bn during the first quarter of 1986, according to a report by chairman Roger Smith and president F James McDonald received in Johannesburg.

The results compare with the $1,0726m GM earned on sales and revenues of $24,2bn during the first quarter of 1985.

Earnings attributable to the $1,66 common stock during the first quarter amounted to $986m, or $3,11 a share compared with $3,32 a share reported in the year-ago period.

First-quarter earnings attributable to Class E common stock, which are based on the earnings of Electronic Data Systems Corporation (EDS), amounted to 46c a share compared with 32c a share in the year-ago period.

Earnings attributable to GM's new class in common stock, which are based on the earnings of GM Hughes Electronics Corporation (GMHE), amounted to 66c a share during the first quarter compared with *pro forma* earnings of 63c a share in the first quarter of 1985.

While worldwide factory sales of vehicles during the quarter approached 1985 levels, earnings on the $1,66 common stock declined, reflecting the costs related to marketing campaigns and the continuing impact of major capital investments to assure GM's long-term competitiveness — Sapa.

436- BREAD AND CONFECTIONARY INDUSTRY, CERTAIN AREAS

Superceding w.d. nos : 350, 357, 375, 402, & 404

AREA A Bloemfontein, Highveld Ridge, Klerksdorp, Odendaalsrus, East London, Pietermaritzburg, Potchefstroom, Virginia, Welkom and Witbank. Municipal Area : Kimberley .

AREA B Balfour, Heidelberg (Tvl), King Williamstown, Knysna, Lower Umfolozi, Middleburg (Tvl), Port Shepstone, Queenstown, and Umzinto. Municipal Areas : Barberton, Bethlehem, Brits, Bronkshorstspruit, Delmas, Ermelo, Eshowe, Glencoe, George, Grahamstown, Harding, Harrismith, Kroonstad, Ladysmith, Lichtenburg, Louis Trichardt, Malamesbury, Melmoth, Mooreesburg, Mossel Bay, Mtubatuba, Nelspruit, Newcastle, Oudtshoorn, Phalaborwa, Pietersburg, Potgietersrus, Rustenburg, Standerton, Tzaneen, Upington, Vryheid and Worcester

AREA C Municipal Areas: Aliwal North, Barkly West, Bethal, Delareyville, Estcourt, Fort Beaufort, Howick, Ladybrand, Naboomspruit, Nylstroom, Piet Retief, Robertson, Stutterheim, Vanrhynsdorp, Volksrust, Warmbaths, White River.
Town Council Area : Richmond.

AREA D Alberton, Benoni, Boksburg, Brakpan, Germiston, Johannesburg, Kempton Park, Krugersdorp, Nigel, Oberholzer, Randburg, Randfontein, Roodepoort, Springs, Vanderbijlpark, Vereeniging, Westonaria.
Municipal Areas : Sasolburg.

Davgra declares dividend

BUSDAY 1/5/86 (192)

LIZ ROUSE

DAVGRA Investments, whose subsidiaries distribute ball and roller bearings, has declared a 3,5c ordinary dividend for the year to February 1986.

Its year-end results are in line with forecast. The interim report said a dividend would be paid, following passing of the dividend for the previous accounting period of 17 months.

Taxed profit for the 12 months is R617 000 against R523 000 for the previous 17 months, equal to earnings of 7c a share (5,9c).

Davgra has done well in difficult trading conditions to lift turnover by 22% and pre-tax profits by 35%.

Davgra shares are currently trading at 65c, near their high of 70c. The market anticipated the results, marking up the shares sharply because of the dividend. At the current price, yield is 5,4%.

SOWETAN 6/5/86 (192)

Plea for quick action to save motor industry

Industrial Staff

THE motor industry is described as heading for disaster unless government comes to its rescue with significant concessions on perks tax and GST.

"If government is serious about stimulating the motor industry, it should immediately ease up on the perks tax and at least halve GST on new and used vehicle sales for the next two years," Theo Swart, MD of McCarthy Group's motor trading, said yesterday

"It should also heed the call of manufacturers for the scrapping of the 10% surcharge on all imported items affecting the motor industry.

"The situation is so desperate that we simply do not have time to wait for the Margo Report The motor market is in such a sad state that widespread unemployment is threatened at the retail end of the business There is already 36% unemployment at the manufacturing end."

Swart said motor traders had maintained infrastructures pending an improvement in the market, but could not hold on indefinitely.

"This means that the jobs of people of all races at all levels are at risk."

He said car sales in April remained low for the fourth successive month. He predicted sales of between 14 000 and 15 000 units — "well down on the 17 000 that some people, including McCarthy, were expecting".

While conceding the need for perks tax, he said it was firmly to blame for the plight of the motor industry.

"While we do not take issue with the need for perks tax, or its phasing-in, we believe that the deemed values — the amounts the taxpayers must fork out — are too punitive and must be significantly lowered."

He said the average price of a small car had risen 35% from R9 500 when perks tax was introduced in February 1985 to just under R13 000 now. The prices of medium cars had risen from R14 000 to R18 500 in the same period.

"The vehicle is taxed on its imported content and it is subject to surcharges and excise and ad valorem taxes In addition, there is continuous revenue to the government from licence fees and perks tax throughout the life of a vehicle, and it generates GST every time it changes hands.

"Add to this the tax on parts and on the fuel and oil it consumes, and it becomes clear that the motor vehicle represents a veritable cash cow for government," Swart said.

Plea on hire-purchase and perks tax

Move to ease pressure on car industry

7/5/86 STAR

192

, Port
Benoni,
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naria,

By Michael Chester

Easier hire-purchase terms for car buyers and a new perks tax deal on company cars will be among proposals that the Minister of Finance will be asked to approve to pull the economy out of the doldrums.

Mr Peter Searle, president of the National Association of Automobile Manufacturers (Naamsa), today confirmed that a relaxation of the HP rules would be one of the targets at urgent talks he is seeking with Mr Barend du Plessis.

"With the cash squeeze caused by inflation, consumers need far easier HP terms to cope with monthly budgets," said Mr Searle.

"At the moment, HP deals on passenger cars have to be paid off inside 48 months and HP agreements on bakkies and mini-buses have to be settled within 42 months.

More time needed

"They need more time to stretch out the repayments, especially with the current high price tags on new vehicles. Five years? Why not?"

Naamsa will also be pressing the Minister to relax the timetable on the new taxation on fringe benefits as it affects motorists running company cars.

It will propose that the tax levels should be lowered — and the phasing-in period stretched out to seven years to match the timetable allowed on housing loans regarded as perks.

"The impact of the fringe benefit tax on cars since the first bite was taken in the 1985 Budget has been alarming," said Mr Searle.

"The whole pattern of car sales has gone topsy-turvy."

● See Page 15

CAPE Times 7/5/86

(c 1192)

Govt urged to aid motor industry

Own Correspondent

JOHANNESBURG — Motor industry officials are to seek urgent talks with government to work out a rescue package for the industry.

They will ask Finance Minister Barend du Plessis and Trade & Industry Minister Dawie de Villiers to offer relief in two areas — easing manufacturers' cost pressures and stimulating consumer demand.

Officials at yesterday's National Association of Automobile Manufacturers' (Naamsa) annual meeting here said they wanted an urgent review of excise duties, which account for about 6% of a passenger car's costs.

Without such relief, they said, vehicle prices would continue to spiral and the market dwindle.

As a corollary to excise duty relief — including the scrapping of the 10% import surcharge — the industry is keen for permanent export incentives.

Officials say a further extension of hire-purchase instalment periods to 60 months and a reduced GST rate for vehicles would stimulate sales by reducing the cost to the consumer.

Initial loss of revenue on the reduced rate of GST would be recouped in the increased volumes.

The industry hopes the urgency of its case will prompt some form of interim tax relief.

As one MD said yesterday "Government must give us some relief or it won't have a motor industry left to tax."

● Millions lost by motor dealers, page 12

Commodity Index	1788,1
Platinum	$410,00
Palladium	$108,25
Raw Sugar	£135,00

393 – COFFIN MANUFACTURING INDUSTRY, CERTAIN AREAS

Superseding w.d. no: 326

AREA A: Alberton, Bellville, Benoni, Boksburg, Brakpan, Durban, Germiston, Goodwood, Johannesburg, Kempton Park, Krugersdorp, Nigel, Oberholzer, Pinetown, Port Elizabeth, Pretoria, Randburg, Randfontein, Roodepoort, Simon's Town, Springs, The Cape, Uitenhage, Vanderbijlpark, Vereeniging, Westonaria, Wonderboom and Wynberg;

AREA B: Bloemfontein, Brits, East London, Inanda, Kimberley, and Pietermaritzburg;

AREA C: Worcester

AREA D: Harrismith

MIF head urges tax relief

BD DAY 8/5/86

320 30 192

Business Day Reporter

GOVERNMENT action to rescue the motor industry from threatening disaster is imperative, Motor Industries Federation director Jannie van Huyssteen said yesterday.

Organised industry, including the MIF, the National Association of Automobile Manufacturers of SA (Naamsa) and the National Association of Automobile Components Manufacturers have made repeated appeals in the past few months, at various levels of government, for relief — so far, without success.

The basic solution is to pump up consumer buying power, Van Huyssteen believes

Among proposals made to government are immediate repayment of the 1980 loan levy; significant tax relief, including a cut in GST; abolition of the 10% import surcharge on motor-vehicle components; easing of perks tax; and further relaxation of hire purchase conditions.

Government appreciates the crisis in the industry but swift relief measures are vital, Van Huysteen added.

Naamsa president Peter Searle has the MIF's full support in seeking an interview with Finance Minister Barend du Plessis to stress the need for stimulating vehicle sales

Car trade made a big loss last year

BUSDAY 9/5/86 (192)

GERALD REILLY

MOTOR trade wholesalers plunged dramatically from profit in 1984 to heavy losses last year, according to figures released in Pretoria by Central Statistical Services

Ecomomists said the figures reflected an industry in an escalating crisis desperately needing support

Earlier this week McCarthy Group general manager Theo Swart warned the motor industry was heading for disaster unless government rescued it with significant concessions on perks tax and GST

His views were suported by Motor Industry Federation director Jannie van Huyssteen

From a net profit of R36m in 1984 wholesalers crashed to a loss of R116m last year

The value of stocks at the end of last year decreased by 13,8% compared with 1984.

Total amount owing to the trade at the end of last year increased by a massive 66,8%.

Net propit of retail sales in motor vehicles and accessories dropped by 7% compared with 1984

The amount owed by debtors increased by 15,1%, according to the figures.

192 BuDay 10/5/88.

McCarthy hopes for lift

ALAN RUDDOCK

VEHICLE sales this month are expected to receive a modest boost in the last 10 trading days as motorists buy before June's price increases, says the McCarthy group.

However, it says sales so far this month have not been encouraging, with daily car sales down 10% on April and light commercial vehicle sales down 22%.

"Although daily sales last month were fairly steady, they can vary significantly and it would be wrong to read too much into the first 10 days' results," said a group spokesman.

The third round of car price increases this year will take effect at the beginning of June. Prices went up 8% at new year and 5% at the beginning of March. The June increase will be 4%-6% — making total increases for the past 12 months to June 30%.

Car sales react quickly to announced increases, with consumers rushing to buy before increases strike. A major buy-ahead in November and December last year before the 8% increase caused a sharp drop in January and February sales and also misled some manufacturers into over-optimistic predictions — and stock orders — for this year.

Manufacturers say the low volume of car sales could lead to drastic short-term measures by manufacturers.

"We will be forced to move towards increased short-time and, if conditions do not improve, we will have to look at retrenchments," one leading manufacturer said.

10/5/86

sunrise finance

Forex and perks tax are hammering SA motor industry

STAR

Tough on the highway

192

By Trevor Walker

The South African government's attitude towards the motor industry is in need of urgent reassessment in the light of latest trends which appear to have been misread by the authorities.

Talking to *The Star* BMW South Africa MD Walter Hasselkus said the industry was being hammered by foreign exchange-enforced price increases and the onerous and accumulative effect this was having on perks tax payments

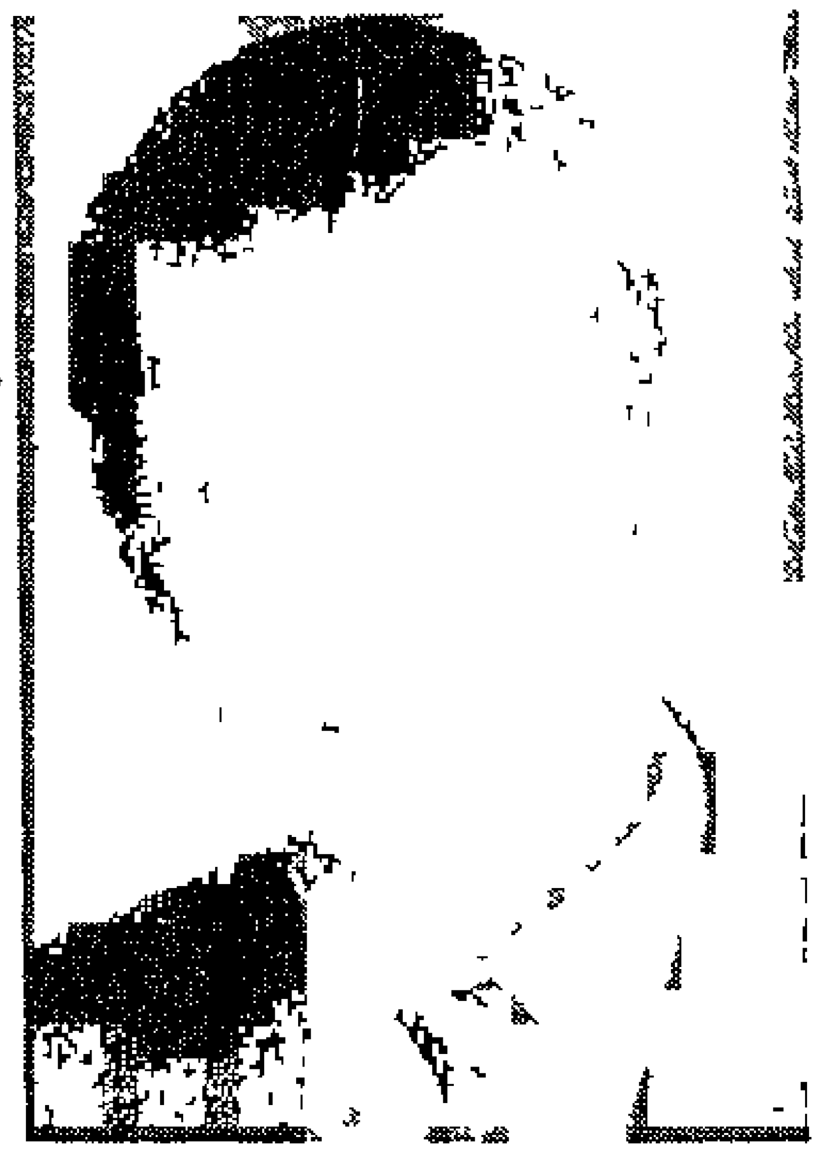
Hasselkus maintains that the present 40 percent perks tax level is much on a par with Europe and is too high for a developing country that needs to keep and attract entrepreneurs.

He said under present circumstances it was inconceivable that the authorities could be contemplating increasing this to 60 percent next year

Because of the sharp fall in the rand, many senior executives have either held onto their existing motor cars for longer or have bought one-year-old cars to help reduce their tax bill

Taxing the motor cars on price and not, for example, overall running costs as in Europe, was proving a self-defeating policy

Not only would GST income be lower, but the R50 million that the Exchequer had budgeted for from perks tax payments would also be lower



BMW SA MD Walter Hasselkus ... hammered by a weak rand and the perks tax

	1981		1985		
	UNITS	%	UNITS	%	% VAR
TOYOTA	38 767	12 9	48 852	23,9	26 0
BMW	13 442	4,5	12 928	6,3	(3,8)
MERCEDES-BENZ	11 743	3,9	10,347	5,1	(11 9)
VOLKSWAGEN	41 344	13,7	27 164	13,3	(34,3)
MAZDA	28 415	9,4	16 166	8,1	(41,7)
GM-OPEL	33 204	11,0	18,973	9,3	(42 9)
NISSAN	29 951	9,9	13 870	6,8	(53 7)
FORD	50 460	16 7	20 462	10 0	(59,5)
MITSUBISHI	8 900	3,0	3 157	1,5	(64 5)
AUDI	10 082	3,3	2 177	1 1	(78 4)
OTHER	312	0 1	43	0 0	(86,2)
HONDA (NOT INCL. IN RANKING)	-		11 495	5 6	+
TOTAL	301 628	100,0	204 322	100 0	(32,2)

PASSENGER CAR SALES 1985 vs 1981

SOURCE. NAAMSA

The table vividly reflects the parlous state of the motor industry. If the perks tax is extended, the effect on BMW and Mercedes could be to force them into a negative growth phase.

Hasselkus said the simultaneous introduction of the tax and the sharp fall in the rand had had in retrospect a much greater impact on the industry than the authorities could possibly have foreseen

The industry had no quibble over the principle of the need for such a tax, but its introduction had proved to be far too severe under present circumstances

He said if government did not soften its attitude towards the industry it was a certainty that more manufacturers would be forced to close down and leave the country

This would unfortunately be viewed from abroad as further disinvestment moves and in turn would lead to a further decline in the morale in what was still a stategic industry for the country

He said the industry had tightened up on running costs and overall management structures substantially in the last two years

BMW Munich had begun accepting component imports from the South African plant last November and these exports were now set to rise to R50 million this year

He was particularly pleased that this policy hurdle had finally been overcome and was looking to increase export turnovers to similar CKD import levels, currently running at around R120 million

Supplying Germany with components had demanded quality of the highest order from the local factory

He said the multi-nationals had a vital role to play in the growth of this country's secondary industrial development and technological advance

Besides the need to increase industrial growth and exports it had to be realised that through trade ties South Africa could bond itself more closely to its traditional friends in the industrialised West than ever before

BMW, with an investment of some R300 million in South Africa, was still running at a loss but it expected to return to profitability by around August, September this year

If the rand were to hold around 50 US cents it would help the industry to catch up with its high pricing structure which had been heavily skewed by the rand's plunge below 40 cents

He was hopeful that turnover this year including exports would rise to more than R300 million

The factory was running at about 65 percent capacity and according to industry sources there is little doubt that BMW's fortunes this year will depend heavily on the continued success of its three series cars

ARGUS 12/5/86 (192)

INDUSTRY

Naamsa in bid to rescue embattled car industry

From MICHAEL CHESTER

JOHANNESBURG — Relaxation of hire-purchase controls and revision of perks tax rules will be among the issues to be pressed by leaders of the motor industry in urgent talks they are seeking with Finance Minister Barend du Plessis

The National Association of Automobile Manufacturers (Naamsa) agreed at its annual general meeting here on a whole package of proposals it intends to urge the Government to pursue in a bid to inject more vitality into the economy

Naamsa is expected to invite the National Association of Automotive Component and Allied Manufacturers (Naacam) to join the discussions when it meets the Minister to spell out the urgency of relief measures.

Mr Peter Searle, president of Naamsa, declined to list the precise agenda it planned to propose, but confirmed that one objective would be an extension of the time limit set on repayments in HP deals — now fixed at 42 months on commercial vehicles and 48 months on passenger cars.

"With the way wages and salaries are being outpaced by the rate of inflation it is crucial to find ways to ease the burden on consumer", he said

Here, Naamsa also intended pledging support to growing demands — backed by both the Federated Chamber of Industries and the Association of Chambers of Commerce — for a reduction in general sales tax

Similarly, the motor producers would add pressure to demands for the removal of the 10 percent import surcharge that had worsened the problems caused by the weakness of the rand exchange rate in the impact on costs of essential vehicle components needed from overseas

Also of critical importance to the motor industry in particular was the impact of the taxation on fringe benefits since its introduction in the 1985 budget

A special report compiled by the Naamsa executive committee said the repercussions on the pattern of car sales had been alarming

- An unprecedented increase in the demand for used cars at the expense of sales of new vehicles
- A dramatic shift in company purchasing patterns in favour of smaller models
- Indications that employers were beginning to replace the traditional company car with financial packages to allow employees to buy their own vehicles — often used cars rather than new cars
- Disruption of the normal replacement cycle of sales as companies opted to keep their existing fleets of vehicles on the road longer, with a view to ultimately selling them off to employees

Naamsa will also deliver to the Minister the results of recent research that shows that the average monthly sales of passenger cars and commercial vehicles alike had sunk in the first quarter of 1986 to their lowest levels in 10 years

Earlier forecasts of 1986 total sales had all had to be revised downwards It was now agreed that on current trends, car sales over the full year would sink to 195 000, the worst since 1977, and commercial vehicle sales would drop to below 98 000

Overall, the industry now had nearly 50 percent of its production capacity standing idle and the combined labour force had shrunk from nearly 50 300 in 1982 to under 32 800.

Sales of new lorries and buses — one of the most sensitive of all economic barometers — had plunged to their lowest levels since the mid-1950s

Car sales hit hard by perks tax

Star 12/5/86

792

By Michael Chester

The impact of the perks tax on the pattern of car buying has been "alarming" since its introduction a little over a year ago, according to studies carried out by motor firms

And they believe worse is to come unless they can persuade the Government to alter the rules on tax and fringe benefits

The perks tax will be high on the agenda when Mr Peter Searle, president of the National Association of Automobile Manufacturers (Naamsa), meets Finance Minister Mr Barend du Plessis to discuss new economic stimulants to pull the motor industry out of its worst sales decline in more than a decade

The executive committee of Naamsa, which conducted the probe, is alarmed by the impact of taxed fringe benefits, even though the first phase covered only 25 percent of the ultimate full tax rate on company cars

Now the Minister is being asked not only to revise the tax level but also to extend the phasing-in period to seven years — in line with the timetable laid out for perks tax on housing loans.

The first cause of alarm inside Naamsa was an unprecedented increase in the demand for used cars at the expense of new models

In 1984 the ratio of used to new cars in total sales was a modest 1,5 to one Within months of the launch of the perks tax, the gap had yawned to 2,5 used cars for every new car finding a buyer

Worst of all, even fleet owners — on whom the motor industry normally relies for at least 80 percent of all new cars — joined the shift to second hand cars

Since the beginning of 1984 the market penetration of smaller cars has zoomed from 48 percent of all sales to around 64 percent — while the share taken by medium models has fallen from 34 percent to 26 percent,

Naamsa's executive committee is also woried by signs that business fleet owners are showing a tendency to shift policy from handing out company cars to key employees and instead offering travelling allowances and loans to buy their own cars

The trend is expected to gain tempo as the perks tax is pushed to progressively higher levels — with sales of new cars suffering as motorists running business cars on their own account are likely to hold on to their vehicles longer before changing models.

April figures hold little joy for motor men

STAR
192
13/5/86

By Jeremy Sinek

New motor vehicle sales remained in the doldrums last month and car makers will once again be forced to revise downward forecasts for total sales this year

Unless car makers can persuade the Government to make concessions to stimulate the industry, talk is now of car sales totalling 180 000

That compares with the figure of around 215 000 predicted at the beginning of the year. In 1985 itself a bad year, 204 000 cars were sold

Although the 14 231 cars sold in April is a marginal gain on March's 14 07? — and a 10,8 percent improvement on last year's calamitous April figure — it is still well short of the hoped-for 18 000 monthly average for 1986.

CONCERN

Commercial vehicles are causing even greater concern. Light commercial sales remained virtually static in April while sales of medium and heavy commercials slumped again — by 9,2 and 6,5 percent respectively — for the second month

For the year to date, car sales are 17,9 percent down on the same period last year and light commercials are down 14,7 percent. The comparatively small market for medium trucks is down only 5,9 percent, but the strategically important heavy truck sector has plunged by a 33,8 percent since this time last year

Toyota continues to dominate the car market with a 28,2 percent share in April and 27,1 percent for the year to date Over the whole of 1985 its share was 23,9 percent

Samcor took 21,3 percent of April car sales, but its improved performance was distorted by heavy discounting of the outgoing Escort model. For the year to date its share of 20,2 percent is marginally down on 1985's 20,6 percent

Volkswagen continues to gain ground, taking 17,8 percent in April and 17 percent of the market in the first four months

14/5/86 Bus Day

192

Promising JSE outlook for motor parts franchise

LIZ ROUSE

MIDAS, the JSE's first motor parts franchise listing, is expected to be 10 times oversubscribed by the public.

Pitched at a realistic 275c a share, the offer to the public consists of 2,1-million shares Institutions have been allocated 2,6-million shares, which should ensure a successful launch for Midas

MD Georg von Loeper reports 50% oversubscription of the 750 000 shares allocated to suppliers, associates and staff

Institutional demand for the 2,6-million share allocation has been strong, far exceeding the number allocated

This indicates that institutions could scoop up stags' shares, underpinning the price and ensuring less volatility in the shares, as happened with the Reichmans issue which had no institutional support

The debut price on Wednesday May 28 is expected to be about 400c, but Von Loeper would be happy with a lower stagging price The offer closes on Friday

He is confident about growth potential of the group and considers the shares a longer-term hold

Reason for the relatively large allocation to institutions — which will hold 28,3% of the total issued capital of 9,2-million shares after the offer — is that the board would prefer to issue paper for acquisitions.

Midas will be a careful shopper for acquisitions. Unless the stock position is healthy, Von Loeper will not touch a company.

Keeping stocks under control has been the main reason for the group's rapid growth in times of recession — an average 32% compound growth over the past five years — in spite of a hiccup in 1983 when business was temporarily decentralised.

Von Loeper says by luck (or good planning) Midas reached the listing stage at the right time

The new car trade is at its lowest ebb since 1977, while there has been a marked increase in demand for used cars at the expense of new models Naamsa has noted that since the launch of the perks tax, the ratio of used cars to new cars in total sales increased to 2,5 used cars for every new car bought, from a ratio of 1,5 1 in 1984.

South Africa will follow in the wake of the US and Europe, where car life is much longer than SA. The parts replacement business will therefore expand signficantly, Von Loeper says.

A second growth factor is the switch from garages to do-it-yourself servicing

Finally, growth potential is substantial for car parts franchisers. Franchising, whether in food, clothing or car parts, has been the fastest growth area in the UK and other countries in the past 10 years, he says

Von Loeper says Midas's earnings could well surpass the forecast 27,6c a share in the year to February 1987, based on sales growth in the past two months April sales were 7% above budget and May sales are expected to be 10% above budget.

However, he is reluctant to forecast similar progression for the rest of the year.

Price of cars to rise

EVE POST 14/5/86

192

By BOB KERNOHAN
Business Editor

CARMAKERS' problems of falling sales will soon by compounded by further price rises.

Two more increases of between 4% and 5% will have to be introduced between now and year-end for manufacturers to recover their costs, industry sources said today.

The news comes a day after it was announced that manufacturers' executives are to meet Government Ministers in Cape Town "within the next few days" to discuss the plight of the industry amid fears of further retrenchments.

Mr Ronnie Kruger, public affairs manager of Volkswagen in Uitenhage, said today: "With the present economic recession, low volumes and the low value of the rand against foreign currencies, further price increase are inevitable in order for manufacturers to recover the higher cost of manufacturing."

The first increase is likely to be introduced next month and the second before the end of the year, so adding a further 8% to 10% to the 35% rises already introduced over the past 18 months.

Disturbing news for the industry is that despite these increase, there is still little turnaround in manufacturers' financial postion.

Manufacturers point to dropping foreign exchange rates as having been the major factor in their increasing costs, with the introduction of perks tax and too short hire purchase payments exacerbating the situation.

Mr Kruger said that although the rand's value against the German mark had halved in the past 18 months and local component costs had increased, the price rises on cars had not been as much.

415 – ROAD PASSENGER TRANSPORTATION TRADE, CERTAIN AREAS.

Superceding w.d. no's: 231 & 373

AREA A: Boksburg, Germiston, Johannesburg, Pretoria, Roodepoort, Springs, and Wonderboom and the Municipal Area of Sandton.

AREA B: Alberton, Benoni, Brakpan, Kempton Park, Krugersdorp, Nigel, Oberholzer, Randburg,(excluding the Municipal area of Sandton), Randfontein, Sasolburg, Vanderbijlpark, Vereeniging, and Westonaria.

AREA C: Delmas, Klerksdorp, and Potchefstroom;

AREA D: Heidelberg(Tvl), Highveld Ridge and Witbank.

INDUSTRY

BUSINESS

ARGUS 14/8/86 (192)

State shake-up ahead for ailing car industry

Financial Editor

The future of the South African motor industry has been plunged into the melting pot

The Government has ordered an urgent investigation into the industry's affairs The investigation is aimed at determining the effectiveness of the local content programme and what changes were needed for its healthy development Special attention is to be given to measures needed to stimualte exports

It is clear that the Government would like see the industry develop into a major exporter and become a large foreign exchange earner, instead of being a heavy drain on the country's foreign exchange reserves as at present

Commerce and Industry Minister Dr Dawie de Villiers said that in view of the industry's problems he had instructed the Board of Trade and Industries to investigate

- The impact of the present measures to promote local manufacturing of motor cars, light commercial vehicles and motor components, and
- The extent to which the development of the industry was economically sound

The board, in the light of its findings, had been instructed to make recommendations on any new measures or amendments to existing measures that may be needed to ensure the sound development of the industry from the viewpoint of the country's interests, with special reference to the exports

Dr de Villers also announced concessions to encourage exports of motor vehicles and components

He said exporters of motor vehicles and components would receive excise duty rebates This should stimulate exports and relieve the tax burden on the motor industry

The Government believed that the exploitation of the export market could make an important contribution towards the stabilisation and sound development of the motor industry

Requests that these export rebates should continue for some time were being considered

Dr de Villiers said the board had been instructed to give high priority to the completion of the investigation

Officials at the Board of Trade and Industries were not prepared to say how long the investigation would take

But trade sources said that in view of the industry's present plight and the need for urgency they thought it possible that the board could report back by the end of August or early September

It has been increasingly apparent for some time, that the present local content programme has failed to generate a stable, viable and expanding motor industry

 (192)

Steps needed to boost new-car sales

Mercury Reporter

URGENT measures need to be taken by the authorities to stimulate the new-car market if serious harm to the industry is to be avoided, Mr Peter Searle, president of the National Association of Automobile Manufacturers of South Africa (Naamsa), said yesterday

He was commenting on the April retail motor vehicle sales which at 21 117 units reflected the continued depressed state of the industry, the poor state of the economy and the general lack of consumer confidence

'April total vehicles sales of 21 117 units are slightly up on the March total of 20 945 units, but the daily selling rate for April was only 812 units compared with 873 units in March,' said Mr Searle

'April car sales of 14 231 units show a 10 percent increase over the April 1985 total of 12 849 units

'However, April sales last year were severely depressed by buying ahead of the GST increase of March 1985

'The March/April 1985 total passenger and light commercial vehicle sales of 45 617 units compared with the same period of this year, when a total of 40 145 units was sold, is a more accurate reflection of the present market trend,' said Mr Searle

Toyota increased their new-car market share with 4 009 units or a 28,2 percent slice of the cake

Second was the joint Samcor stable of Ford and MMI with 3 037 units or a 21,3 percent share with Volkswagen's 17,8 percent share of 2 538 units giving them third place

'With sales so far this year about 16 percent behind last year's total for the period January to April, it is clear that urgent measures should now be taken by the authorities to stimulate the market if serious harm to the industry is to be avoided

'On an annualised basis, we are presently heading for a 1986 sales total of 175 000 passenger, 73 000 light commercial vehicles and 12 000 medium and heavy trucks

'The country can simply not afford the unemployment that will result from the restructuring steps that the industry will be forced to take in order to survive if sales do not improve markedly in the months to come,' said Mr Searle

BUSDAY 15/6/86 (192)

Motor industry talks

FINANCE Minister Barend du Plessis will be asked tomorrow by motor industry leaders to rescue the industry from threatened disaster with significant concessions

National Association of Automobile Manufacturers (Naamsa) president Peter Searle will lead the industry delegation in talks in Cape Town

Trade and Industry Minister Dawie de Villiers will also be present.

Motor vehicle sales figures for the first four months of the year — down by 17,4% on the same period last year — confirm the industry is in crisis

Motor Industries Federation director Jannie van Huyssteen said yesterday major concessions to be asked for would include early repayment of the R600m in the 1980 and 1983 loan levies, a lowering of GST on vehicle sales, and the lifting of the 10% import surcharge on vehicle parts and accessories.

FIN MAIL 16/5/86

MOTOR INDUSTRY

Ray of hope

(192)

Motor industry chiefs seeking emergency relief from government to tide them over the disastrous sales slump of the last 18 months are preparing a new line of attack

After the disappointment of the March Budget, which saw no relief from perks tax of GST, attention is now being switched to reduced import duties and bigger rebates for manufacturers who meet the Phase 5 local content programme, which came into effect in 1980

Fronted by the National Association of Automobile Manufacturers of SA (Naamsa), the industry made submissions to Trade and Industry Minister Dawie de Villiers and Finance Minister Barend du Plessis late last week listing areas of potential relief

And the industry is rallying support for its case among its equally hard-hit suppliers, including component manufacturers and key voices in the steel, textile, rubber and paint industries

The *FM* understands that some motor industry quarters are now looking to Iscor to lobby government to introduce measures aimed at stimulating new vehicle, and obviously steel sales

Will it be — as many fear — a dialogue with the deaf?

So far, government concessions to the industry, the scrapping of the 1% ad valorem duty on imports and stretched HP repayment terms, fall a long way short of what the industry has sought

Pretoria's reluctance to bend on the perks tax issue makes further pleas seem an exercise in futility, at least until the run-up to the 1987 Budget

Naamsa director Nico Vermeulen admits that changes to the perks tax structure are unlikely to be considered this year "But that does not make sacrificing the motor industry on the alter of tax equity less iniquitous," he says

The industry's latest submission takes excise duties as its main plank

Volkswagen MD and Naamsa president Peter Searle explains that lowering the tax scale on Phase 5 cars and light commercial vehicles and granting manufacturers bigger local content rebates would have a "significant effect" on industry margins

And Samcor MD Spencer Sterling is convinced that "instant relief" could be granted without tampering with existing import regulations.

Predictably, Naamsa also wants the controversial 10% import surcharge to be dropped Sterling reckons the surcharge will cost motor manufacturers at least R100m in the year to September.

On paper, government is unlikely to make a special case of the motor industry on this issue and invite pressure from other quarters to do the same for the same treatment

But there is good reason, counters Vermeulen, "why government should distinguish between imported material inputs to local manufacture and so-called consumption imports"

The latest figures show new vehicle sales in the year to April 30 running at a 10-year low On this basis, Naamsa is now revising downwards its projection for 1986 car sales from 195 000 units to 165 000 "It could turn out to be the worst year since 1977, when we sold only 166 764 units," says Vermeulen

April sales showed a modest 1,5% improvement to 14 231 units on March returns, possibly as a result of the longer trading month.

Samcor showed the strongest gain at 19%, which Sterling attributes to the successful run-out of the Ford Escort and the introduction of the new Ford Sierra Other manufacturers showed little, if any, improvement. ■

Deep divisions remain unresolved

21/5/84.

Truck, busmakers weigh up local content proposal

BUSDAY

(192)

TRUCK and busmakers are weighing up component manufacturers' proposals on implementing a local content programme for heavy vehicles.

They have 10 days to report to an investigating committee appointed by the Board of Trade and Industries

But deep division over local content levels and the phase-in period for the scheme remain unresolved with no signs from either side that it intends to break the stalemate.

The board is expected to draw up a final set of proposals for Trade and Industry Minister Dawie de Villiers early in August.

Sources said a programme could be implemented by year-end.

Truck and bus manufacturers — through the National Association of Automobile Manufacturers of SA (Naamsa) — are concerned that government could set the local content level too high.

Naamsa director Nico Vermeulen said: "It is vital the level does not trigger additional cost-raising elements into the industry."

The board recommends that protective measures for engines, axles and gearboxes should be scrapped Instead excise duty should be levied.

HAMISH McINDOE

But the National Association of Automotive Component Manufacturers (Naacam) warned yesterday that serious problems would arise if competition from imports was allowed to jeopardise the future of the drive-train sector.

Naacam director Denzyl Vermooten said: "A slight premium must be paid on the insurance of having these strategic operations in SA."

Naacam is urging the board to raise the local content level for trucks and buses over 1 300kg to 50% against the board's proposed 40% benchmark.

Vermooten said: "And the local content level should be raised to 60% if imported components in locally made engines, gear boxes and axles are deemed part of the local content weight."

A deal at around 50% local content with Atlantis Diesal Engines and AS Transmissions and Steering components considered 100% local content looks likely.

While Naacam favours a two-year phase-in period, Vermeulen said truckmakers had no objection to early implementation provided it were on a "no-hurt entry level"

FIN MAIL 23/5/86

APRIL VEHICLE SALES

192

CARS

	1985 Jan-Apr	% of Market	1986 Jan-Apr	% of Market	1986 Apr	% of Market
Toyota	**16 451**	**24,11**	**15 156**	**27,06**	**4 009**	**28,17**
Corolla	10 941	16,03	9 989	17,83	2 455	17,25
Cressida	5 440	7,97	5 108	9,12	1 525	10,72
Other	70	0,10	59	0,11	29	0,20
Samcor, MMI & Ford	**14 421**	**21,13**	**11 339**	**20,24**	**3 037**	**21,34**
Mazda 323	2 579	3,78	2 966	5,30	679	4,77
Mazda 626	2 622	3,84	1 702	3,04	478	3,36
Peugeot (All makes)	1 018	1,49	337	0,60	—	—
Tredia	1 013	1,48	882	1,57	1407	0,08
Other	24	0,04	—	—	—	—
Escort	2 797	4,10	2 913	5,20	1 042	7,32
Granada	267	0,39	154	0,28	24	0,17
Sierra	4 101	6,01	2 385	4,26	674	4,74
VW	**9 922**	**14,54**	**9 519**	**16,99**	**2 538**	**17,83**
Golf/Jetta	6 990	10,24	8 114	14,48	2 178	15,31
Passat	2 155	3,16	881	1,57	194	1,36
Audi	777	1,14	524	0,94	166	1,17
Mercedes-Benz	**7 034**	**10,31**	**5 421**	**9,68**	**1 219**	**8,57**
Honda	3 653	5,35	2 656	4,74	711	5,00
Mercedes-Benz	3 277	4,80	2 760	4,93	506	3,56
Other	104	0,15	5	0,01	2	0,01
Nissan	**5 262**	**7,71**	**4 573**	**8,16**	**1 081**	**7,60**
Skyline	1 318	1,93	1 467	2,62	381	2,68
Langley/Pulsar	3 717	5,45	2 785	4,97	633	4,45
Stanza	1	0,00	—	—	—	—
Laurel	188	0,28	301	0,54	63	0,44
280 ZX	4	0,01	10	0,02	3	0,02
Other	34	0,05	10	0,02	1	0,01
BMW	**4 330**	**6,35**	**4 303**	**7,68**	**1 037**	**7,29**
5 Series	523	0,77	601	1,07	141	0,99
7 Series	447	0,66	292	0,52	78	0,55
3 Series	3 348	4,91	3 398	6,07	818	5,75
Other	12	0,02	12	0,02	—	—
GM	**5 244**	**7,68**	**3 708**	**6,62**	**1 020**	**7,17**
Opel Rekord/Commodore/Senator	1 988	2,91	1 124	2,01	316	2,22
Opel Ascona	1 118	1,64	176	0,31	44	0,31
Opel Kadett	2 137	3,13	2 408	4,30	660	4,64
Other	1	0,00	—	—	—	—
Renault	**3 534**	**5,18**	**1 974**	**3,52**	**283**	**1,99**
Renault 5	634	0,93	1	0,00	1	0,01
Renault 9/11	2 884	4,23	1 957	3,49	280	1,97
Other	16	0,02	16	0,03	2	0,01
Other	**77**	**0,11**	**27**	**0,05**	**7**	**0,05**
Jaguar	46	0,07	8	0,01	1	0,01
Rover	4	0,01	—	—	—	—
Range Rover	10	0,02	7	0,01	2	0,01
Mini	1	0,00	2	0,00	—	—
Lancia	16	0,02	10	0,02	4	0,03

Apr total 14 231 (10,76% up on 12 849* last year)
Jan-Apr 56 020 (17,91% down on 68 245* last year)
Mar 14 017

LIGHT COMMERCIALS (Up to 5 000 kg)

	1985 Jan-Apr	% of Market	1986 Jan-Apr	% of Market	1986 Apr	% of Market
Toyota	**10 728**	**38,93**	**9 476**	**40,32**	**2 518**	**42,21**
Nissan	**5 260**	**19,09**	**5 282**	**22,48**	**1 245**	**20,87**
Samcor, MMI & Ford	**4 927**	**17,88**	**4,670**	**19,87**	**1 069**	**17,92**
GM	**4 186**	**15,19**	**2 270**	**9,66**	**611**	**10,24**
VW	**1 771**	**6,43**	**1 704**	**7,25**	**496**	**8,32**
Leyland	**231**	**0,84**	**96**	**0,41**	**26**	**0,44**
Mercedes-Benz	**46**	**0,17**	**4**	**0,02**	**—**	**—**

Apr total 5 965 (11,10% up on 5 369* last year)
Jan-Apr total 23 502 (14,72% down on 27 559* last year)
Mar total 5 932

MEDIUM COMMERCIALS (5 001 kg to 7 500 kg)

	1985 Jan-Apr	% of Market	1986 Jan-Apr	% of Market	1986 Apr	% of Market
Toyota	**391**	**22,71**	**473**	**29,18**	**102**	**30,36**
Samcor, MMI & Ford	**633**	**36,76**	**540**	**33,31**	**87**	**25,89**
GM	**286**	**16,61**	**236**	**14,56**	**71**	**21,13**
Mercedes-Benz	**188**	**10,92**	**140**	**8,64**	**40**	**11,91**
Nissan	**223**	**12,95**	**232**	**14,31**	**36**	**10,71**

Apr total 336 (7,95% down on 365* last year)
Jan-Apr total 1 621 (5,87% down on 1 722* last year)
Mar total 370

HEAVY COMMERCIALS (7 501 kg and over)

	1985 Jan-Mar	% of Market	1986 Jan-Mar	% of Market	1986 Mar	% of Market
Mercedes-Benz	**1 090**	**30,63**	**801**	**33,98**	**219**	**37,44**
Toyota	**434**	**12,19**	**366**	**15,53**	**85**	**14,53**
GM	**464**	**13,04**	**265**	**11,24**	**74**	**12,65**
Magnis/Nissan	**413**	**11,60**	**253**	**10,73**	**67**	**11,45**
Leyland	**215**	**6,04**	**198**	**8,40**	**46**	**7,86**
MAN	**271**	**7,61**	**144**	**6,11**	**30**	**5,13**
Samcor, MMI & Ford	**350**	**9,83**	**196**	**8,32**	**26**	**4,44**
ERF	**105**	**2,95**	**60**	**2,55**	**19**	**3,25**
Malcomess-Scania	**63**	**1,77**	**60**	**2,55**	**17**	**2,91**
Int Harvester	**66**	**1,85**	**3**	**0,13**	**—**	**—**
Foden	**16**	**0,45**	**7**	**0,30**	**2**	**0,34**
Hestair	**19**	**0,53**	**4**	**0,17**	**—**	**—**

Apr total 585 (22,21% down on 752* last year)
Jan-Apr total 2 357 (33,77% down on 3 559* last year)
Mar total 626

*** — Includes models withdrawn from the SA market**

Car manufacturers won't be slashing their prices — yet

EVE POST 26/5/86

Business Editor

THERE was no sign today that car manufacturers were going to follow the lead set by Samcor in reducing the retail prices on some of its models by up to 16,7%

Industry spokesmen said they were not planning any price reductions

Samcor's price drop was announced by managing director, Mr Spencer Sterling, who said that models in the Mazda 626 range would be reduced by between R2 410 (13%) and R3 210 (16,7%)

The decision to reduce prices had been taken with dealers because of the continued decline in sales this year.

"There are indications that sales in May will be even lower than last month," he added.

Samcor's public affairs manager Mr Ruben Els said no further price cuts were planned for MMI products or for Ford models

Spokesmen for Volkswagen, General Motors and Nissan said their companies were not planning any price reductions "at this stage"

275680

Car sales set to plunge

192

3/05/04

HAMISH McINDOE

VEHICLE sales this month are set to fall sharply on April's returns, putting renewed pressure on government to give the motor industry a safety net of tax breaks and other fiscal relief.

The National Association of Automobile Manufacturers (Naamsa) is pencilling in a 7,5% drop in car sales to 13 500 units, compared with 14 942 in the same period last year.

Light commercial vehicles could drop by 12,5% to 5 500 units to the question today, but next week when he will be here [Interjections]

†Mr F J LE ROUX Mr Speaker, further arising out of the hon the Deputy Minister's request, since when is it the custom that replies to questions stand over until the hon member who posed the question is present in the House?

†The DEPUTY MINISTER Mr Speaker, the hon member for Jeppe asked me whether I would not reply to the question next week, as he is not able to be here today It is at his request that the question stands over further The reply is however already available [Interjections]

[Reply standing over]

New Questions

SABC

*1 Mr L F STOFBERG asked the Minister of Foreign Affairs †

(1) To what extent is the State liable for losses suffered by the South African Broadcasting Corporation on films produced in partnership with foreign companies,

(2) whether a case of this nature occurred recently, if so, (a) what film was involved and (b) what steps does he intend taking in this connection,

(3) whether he will make a statement on the matter?

The DEPUTY MINISTER OF FOREIGN AFAIRS

(1) The State is not responsible for any losses suffered by the South African Broadcasting Corporation

(2) and (3) In terms of article 3 of the Broadcasting Act, No 73 of 1976, as amended, the business of the South African Broadcasting Corporation is managed and controlled by the Board of the Corporation

Consequentlv I have forewarded the hon member's question to the Chairman of the Board of the South African Broadcasting Corporation and I will make his reply available to the hon member as soon as it is received

I might add that in terms of the Broadcasting Act, the South African Broadcasting Corporation is obliged to submit a report to Parliament in which amongst other things, its balance sheet appears as well as a statement of income and expenditure of the previous financial year which has been properly audited

Kimberley/Diskobolos: members transported

HANSARD Q Col 1964

*2 Mr L F STOFBERG asked the Minister of Defence †

27/5/86

(1) Whether any members of the South African Defence Force were transported between Kimberley and Diskobolos on or about 1 April 1986 in buses belonging to Black companies, if so, (a) where are these companies registered and (b) to which population group do the bus drivers concerned belong,

(2) whether it is the policy of the South African Defence Force that members of the Defence Force be transported in this way, if so, (a) in what cases, (b) since when and (c) why;

(3) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF DEFENCE

(1) Yes

(a) Bophuthatswana

(b) Black

(2) No

(a), (b) and (c) Fall away

(3) Yes Normally in the conveyance of SA Defence Force members by road on official journeys, only Defence Force vehicles are used If a situation were to arise in which the SA Defence Force may be forced to make use of civilian road transport, the circumstances of the case will dictate which means of conveyance will be used In the case in question the members were not on duty but on week-end leave and it was a private journey which was arranged by the unit The unit in question has a contract with a White controlled bus service to transport National Servicemen to their homes and back, over weekends at a reasonable tariff It, however, occurs at times that this firm does not have enough buses available to transport the servicemen to different destinations In such a case it hires buses from the SA Transport Services In emergencies where the SA Transport Services cannot assist or cannot provide the number of buses required, the firm hires buses from a Black controlled firm, because these buses are mechanically sound and the interior appointments are of an acceptable standard for the unit National Servicemen who make use of these buses do so voluntarily without any duress from the side of the Defence Force

Mr H H SCHWARZ· Mr Speaker, arising out of the hon the Deputy Minister's reply, as I understand a company to be a juristic person on its own, would he like to tell us what a Black company actually is?

Q Col 1965
27/5/86

Imported parts

*3 Mr L F STOFBERG asked the Minister of Trade and Industry †

HANSARD 192

(1) Whether the retail prices in South Africa of parts imported from European countries are higher than those at which such parts are sold in the countries of origin, if so, (a) to what extent, (b) why and (c) what cost factors are responsible for this,

(2) whether his Department has instituted and/or will institute an inquiry in this connection, if not, why not, if so, (a) when and (b) what were the findings;

(3) whether he will make a statement on the matter?

The MINISTER OF TRADE AND INDUSTRY

(1) It is accepted that the question refers to motor vehicle parts

(a), (b) and (c) The Department of Trade and Industry does not keep record of prices of commodities in other countries It can be expected, however, that the retail prices of motor vehicle parts imported from European countries will be higher in South Africa than those in the countries of origin because, among other things, cost factors such as freight charges, import duties, import levies, insurance cost and the cost of financing purchases are taken into account when determining the local price for imported goods The same applies to parts in general

(2) No Such an investigation is not to the point At issue is rather the local content programme in respect of motor-cars and light commercial vehicles and, as has already been announced, this programme is being reinvestigated at present Furthermore, it may be noted that sound competition exists in the motor industry

(a) and (b) Fall away

(3) No

Poison BHC

*4 Mr P G SOAL asked the Minister of Agricultural Economics

(1) Whether, with reference to his reply to Question No 18 on 15 April 1986, the poison BHC was banned in the Republic at any stage; if so, (a) when and (b) why;

Car prices set for 6% increase

HAMISH McINDOE

THE year's third round of vehicle price increases is set for June 2, with market leader Toyota expected to up prices by 4,5%-6%

National Automobile Dealers Association director Bob Thomas said he viewed the impending June increases with alarm "It is vital government grants the industry fiscal relief in the current climate of low new vehicle sales"

A Toyota spokesman said the average June price increase "could be around 5% if the excise duty on imported motor parts is reduced"

Ford yesterday informed its dealers of a 5%-6% rise in Sierra, Bantam, Husky and Triton prices from early June

And MMI prices for the Mazda 626, Rustler and Mitsubishi L300 will rise by the same margin.

A Volkswagen spokesman said no definite price increase had been fixed

General Motors marketing director Hal Carpenter said "We are waiting to see what the competition does, not government"

Nissan has no plans to increase prices next month after a 5% hike on certain models this month BMW was working on new prices, unlikely to be implemented in June, a company spokesman said

Car prices rose 8% at new year and 5% at the begining of March, making total increases for the past 12 months to June nearly 30%

Trade and Industry Minister Dawie de Villiers is expected to make a formal response to the industry's representation early next week Board of Trade and Industry officials could not be reached for comment yesterday

BUSDAY 28/5/86

BUS DAY

INDUSTRY 24/5/86

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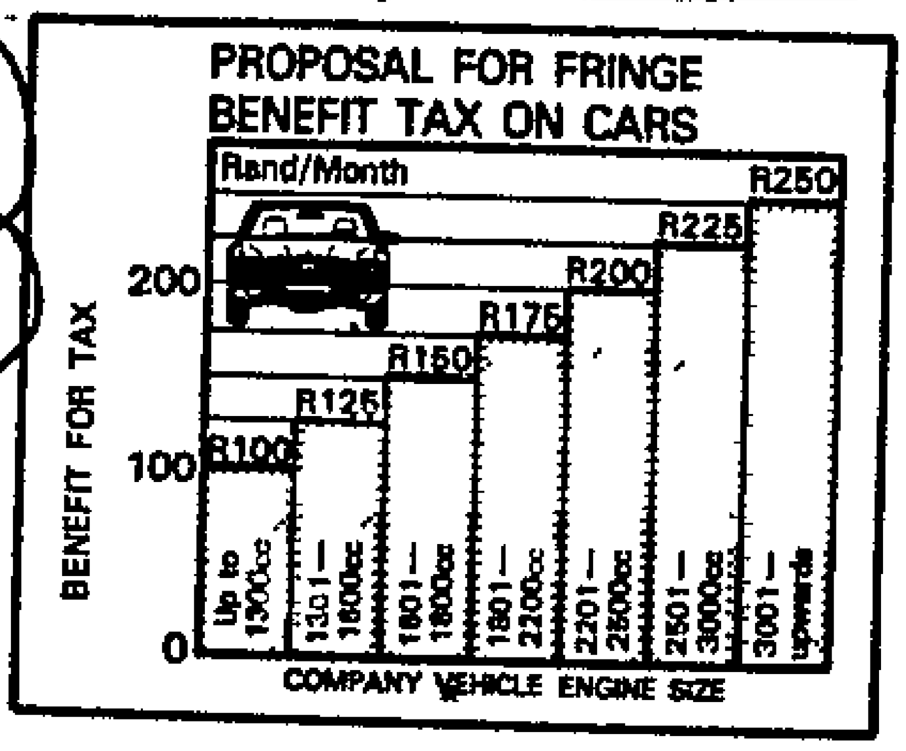
VW boss hopes for easier spell

JIM MACKENZIE



THE heavy weather battering the SA motor industry could lift a little, perhaps in the next week, according to VW (SA) MD Peter Searle.

His open optimism backs the report in yesterday's *Business Day* that Trade and Industry Minister Dawie de Villiers is expected to make a formal response early next week to representations by SA's motor manufacturers on the parlous state of the industry.

Searle was speaking at a symposium, "Quo Vadis — the SA motor industry", at Johannesburg's Carlton Hotel yesterday.


● SEARLE

Emphasising that the motor industry was second only to mining in SA "in terms of its employment and contribution to the wealth of the nation", Searle said the new vehicle market peaked in 1981 at 454 000 units, giving a 2,95% share of SA's GDP.

Last year, there was a "disastrous total" of 305 000 units. And he added: "Statistics to date show that we are moving to a further decline in 1986 . . . to an anticipated total of 260 000 vehicles".

He added: "The industry is now working at a capacity utilisation of about 50%, and 50 000 out of an original 150 000 jobs are estimated to have been lost in motor and component industries over the past five years."

To bring the industry back to the sales figures of two years ago (406 000 units) "fiscal and economic measures affecting the motor industry and the consumer should be eased".

"This should take the form of a restructuring of taxes and incentives in a more favourable manner for the industry and the consumer. A car is a 'high ticket' item and while prices have increased 50%, taxes have increased 130%. This is controllable factor No 1."

Factor No 2 is that the current and projected rise in the fringe benefit tax, coming on top of the escalation in prices, "has proved a major deterrent to the replacement of company cars".

Searle suggested that to overcome this deterrent, "a system of fringe benefit tax . . . according to engine size and irrespective of price, or model year, would seem to be the answer". (see chart).

Argus 29/5/86

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MOTOR TRADE

Searle joins call for relief

From SVEN LUNSCHE

THE current Naamsa president, Mr Peter Searle, has added his voice to the increasing number of businessmen demanding fiscal measures from the Government to alleviate the slump in the motor industry

Speaking at a symposium on the motor industry yesterday, he said the monetary officials should take a serious look at the methods of levying excise duties, as well as applying a more equitable system for fringe benefit taxation

"The motor industry, despite the enormous losses of motor manufacturers, is estimated to be contributing about R3,6 billion to the fiscus There is surely some room for relief and a need to assist car manufacturers to keep down future price increases and to help the hard-pressed motorists," Mr Searle said

He suggested that fringe benefit taxation should be based on the real cost of operating the car and not be influenced by the original price of the car, as the current and projected increase in the tax, coming on top of the escalation in prices, has proved a major damper in the replacement of company cars

"To overcome the significant deterrent that exists, a system of fringe benefit taxation which is based on the category of car driven, according to engine size and irrespective of price or model year, would seem to be the answer," he said

"A car is a high ticket item and while prices have increased by 50 percent, taxes have increased by 130 percent This is definitely under the Government's control."

Referring to the present state of the industry, Mr Searle said this year's expected new vehicle market of 260 000 units represented a further decline on the disastrous total of 305 000 units last year

Since the boom year of 1981, 50 000 out of an original 150 000 jobs are estimated to have been lost in the motor and component industry, and the industry is now working at about 50 percent capacity

Mr Searle cited the absence of the expected boom in the black market as the major reason for the slump

"Inflation and other factors influenced vehicle prices to such an extent that the gap between income and price has continued to widen, and as credit is the 'open sesame' to a new car purchase, the absence of wealth in the form of property ownership among blacks has prevented realisation of growth in the market," he said

The rand devaluation and consequent high cost of a vehicle were the root of the problem

"However, while vehicle prices have been high, but for the local content programme, prices would have risen by double the amount they have over the past 18 months, by shielding the consumer from the full impact of the weak rand," Mr Searle said

Those components still imported were so capital intensive and high-volume dependent, that South Africa could not produce them locally for less than the imported cost

Rationalisation had been suggested by some analysts as the way out of the slump But apart from the fact that only seven car manufacturers were left in the country, compared to 13 in 1980, and that only 22 major passenger car lines were available (42 in 1984), Mr Searle suggested that a merger in bad economic times could lead to a post-merger trauma

Considerable short-term expenses were involved in relocating people, product, plant and machinery There could be immense cost burdens on communities and on the fiscus from regional unemployment that inevitably resulted from rationalisation

Mr Searle said the most effective way for the motor industry to offset its high import bill was by increasing exports and foreign currency earnings, which could make an important contribution towards the future development of the industry

Now VW joins clamour for relief for motor industry

By Sven Lunsche

Mr Peter Searle, current Naamsa president and MD of Volkswagen (SA), has added his voice to the increasing number of businessmen who are demanding significant fiscal measures from the Government to alleviate the slump in the motor industry

Speaking at a Volkswagen symposium on the motor industry yesterday he said that the monetary officials should take a serious look at the methods of levying excise duties, as well as applying a more equitable system for fringe benefit taxation

"The motor industry, despite the enormous losses of motor manufacturers, is estimated to be contributing about R3,6 billion to the fiscus There is surely some room for relief and a need to assist car manufacturers to keep down future price increases and to help the hard pressed motorists," Mr Searle said

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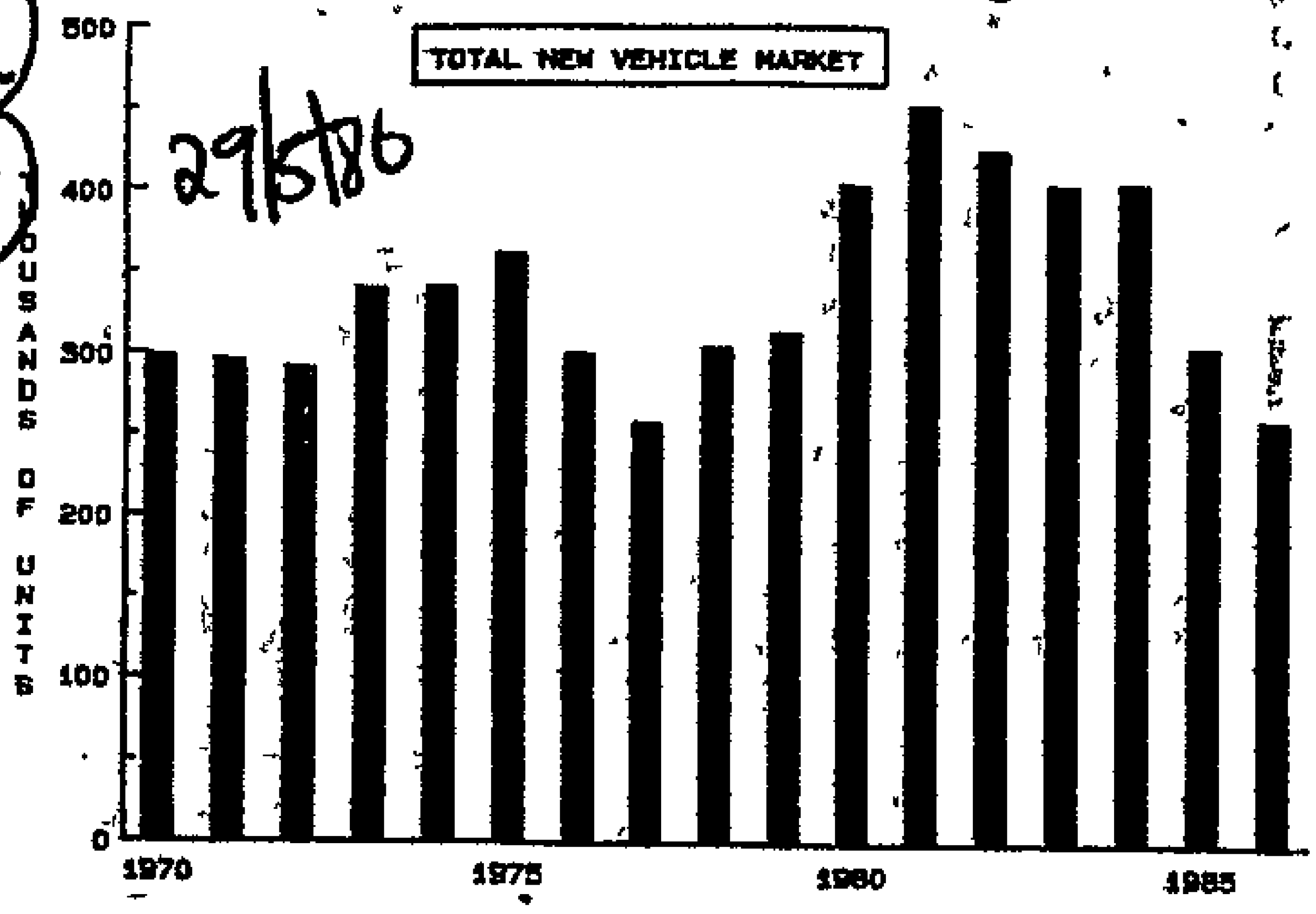

represents a further decline on the disastrous total of 305 000 units last year.

Since the boom year of 1981, 50 000 out of an original 150 000 jobs are estimated to have been lost in the motor and component industry, and the industry is now working at about 50 percent capacity

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The rand devaluation and consequent high cost of a vehicle is the root of the problem

"However, whilst vehicle prices have been high, but for the local content programme, prices would have risen by double the amount they have over the past 18 months, by shielding the consumer from the full impact of the weak rand," Mr Searle said

He added that those components which are still imported are so capital intensive and therefore high volume dependant, that South Africa cannot produce them locally for less than the imported cost

Rationalisation has been suggested by some analysts as the way out of the slump But apart from the fact that only seven car manufacturers are left in the country, compared to 13 in 1980, and that only 22 major passenger car lines are available (42 in 1984), Mr Searle suggested that a merger in bad economic times can actually lead to a post-merger trauma

"There are considerable short-term expenses involved in relocating people, product, plant and machinery There can be immense cost burdens on communities and on the fiscus from regional unemployment that is the inevitable result of rationalisation," he said

Referring to the industry's export strategy, Mr Searle said "The most effective way the motor industry can offset its high import bill is by increasing exports and foreign currency earnings, which could make an important contribution towards the future development of the motor industry"

GM on the lookout for corporate SA partner

BD DAY
30/5/86

DAVID FURLONGER
Industrial Editor

GENERAL Motors wants a corporate partner in SA — but not at the cost of surrendering management control.

MD Bob White confirmed yesterday that the US-owned motor manufacturer was looking for a partner, but added: "Who in their right mind would want to get involved in the motor industry at the moment?"

He cited the two main reasons for partnership with a major SA corporation:

☐ Association with a conglomerate would open the way for GM into the lucrative company fleet market;

☐ Under local financial regulations, wholly-owned foreign subsidiaries are limited in local borrowing. Partnership would give GM access to financial markets.

SA conglomerates have become increasingly involved in the motor industry in the last two years — Anglo American through Samcor, and Sanlam through Nissan.

GM's name was linked with Old Mutual, while talks with German motor manufacturer BMW broke down last year.

Insisting that GM was presently not involved in specific partnership talks, White said: "It is our intention that we retain management control under any scenario."

He added that GM would not agree to any deal requiring it to leave Port Elizabeth.

GM seeks tie-up with local partner

By Trevor Walker

General Motors SA MD Mr Bob White said the company is looking for a local partner to give the corporation better access to the local capital market and fleet buying, but that it is firmly committed to the Eastern Cape

In a frank discussion with financial journalists yesterday he said GM was not in business to pull out of markets and the disinformation that the company has had to deal with in South Africa was unfortunate

General Motors was one of the oldest assemblers in this country, with one of the largest and most stable dealer networks and in addition was next to market leader Toyota a very substantial seller into the market

The company has an annual turnover of some R500 million and the 200 dealers employs no less than 6 000 people

He said the corporation was busy at this moment negotiating a new five year agency agreement with its dealers and this was not the sort of operation one undertook prior to pulling out of a country, unless one was a very dishonest businessman

He said of the 40 or so GM plants around the world it would be surprising if five of these were making useful profits at the moment

General Motors' world-wide turnover was around $1 000 billion and it was certainly not group policy to withdraw from temporarily unprofitable markets, particularly while competitive manufacturers were still in those markets

NAAMSA NEW CAR SALES - General Motors (SA)

30/5/86

STMC

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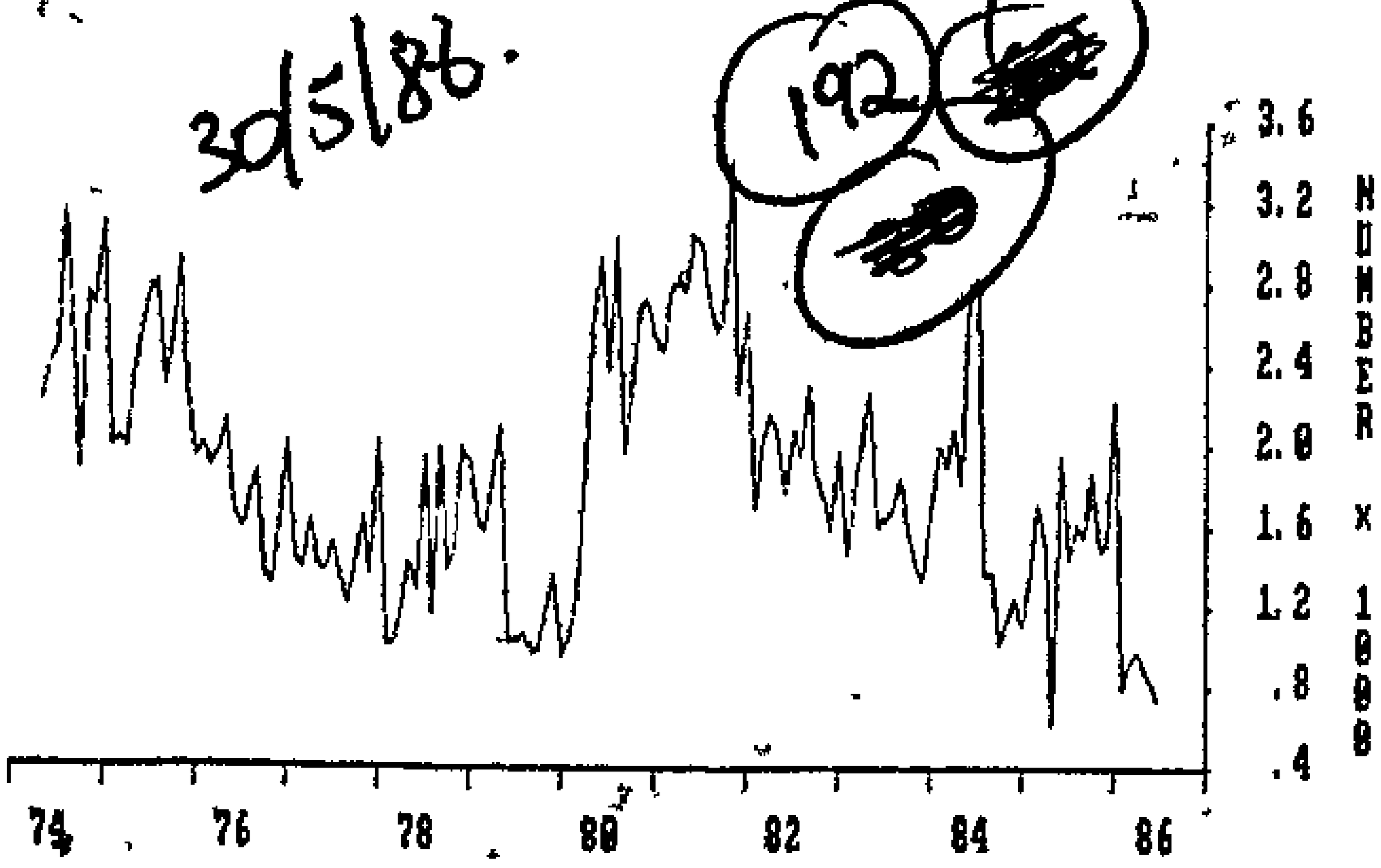

He said, for example, certain

He said GM would be open to a tie-up with a local partner, but would insist on maintaining management control and also the possibility of moving from the Eastern Cape would not be open for negotiation

The corporation had "tremendous staying power," backed by the world's largest motor manufacturer and the stable and skilled workforce and established operations in Port Elizabeth would not be abandoned

government strictures such as transport costs which worked to the detriment of the company could easily be changed.

The company has a substantial share of the hatchback car market in South Africa and when the Monza saloon was introduced later this year it was expected that GM's market share would improve further.

Motor dealers said it was ironic that one of the country's oldest and, in the case of Toyota, biggest manufacturer was being forced more and more to compete in a "conglomerate" business climate.

Fleet buying by South African conglomerates is strenuously denied, for example by Nissan and Samcor, yet everyone in the industry knows that fleet switching to an in-house assembler is taking place on a wide scale

One only has to look to the fleet swiches in certain Sanlam companies recently to agree with motor industry observers that it cannot be due entirely to coincidence or quality standards

(192) FIN MAIL 6/6/86

LOCAL CONTENT

Sticks and carrots

The Board of Trade and Industry (BoT) has suggested a wide range of free market measures designed to reduce the crippling effect the current local content programme is having on the South African truck manufacturing industry

No doubt its recommendations will find no favour in some quarters It suggests, for example, that the punitive protective duties on some imported components be eased or lifted, that the protection given to Atlantis Diesel Engines (ADE) and AS Transmissions and Steerings (ASTAS) be phased out and that the current heavy-handed legislation, which is concerned primarily with strategic problems, be replaced with a scheme to encourage local content by offering rebates on excise duty

New report

The proposals appear in BoT's new report on its investigation into a local content programme for heavy commercial motor vehicles, conducted at the request of Dawie de Villiers when he was Minister of Industries, Commerce and Tourism in 1982 BoT recommends that

☐ The current protection measures for locally made engines, gearboxes, driving axles and specified components be discontinued,

☐ A system of excise duties for commercial vehicles be introduced and, to encourage local content, that rebates based on local content be allowed the higher the local content, the lower the duty,

☐ A new way of measuring local content be adopted This would divide vehicles into standard component groups with "the value of each group expressed as a standard percentage of the excise value of the vehicle" What this means is that components sold into the replacement and export markets will be added to those used for original manufacture This will enable individual component makers to reach a local content level of more than 100%;

☐ Differentiated protection be adopted for approved engine and gearbox manufacturers to soften the short-term shock of losing protection The board sees manufacturers achieving lower costs through rationalising product ranges and stepping up output to break into exports — thus achieving lower unit costs They will have to re-negotiate licensing agreements with parent companies, and the board suggests they do it as speedily as possible, and

☐ Because "vehicle users and manufacturers expressed strong reservations about the particular (locally made) gearbox that is being offered for use in large vehicles," protective duties be structured to ensure that certain imported gearboxes will be deemed local content

The BoT paints a gloomy picture of the truck manufacturing industry in the preamble to its recommendations

An index based on 1980 figures shows the average value of a vehicle rose from 1980's 100 to 1984's 172 Imported content fell from 71% to 47% and local material input jumped from 14% to 41% But value of the local content, expressed as an index, rose from 100 in 1980 to 520 in 1984

Excise duty accounted for the biggest rise In 1980 government creamed off R1,36m in excise duty from truck sales, but in 1984 it took R6,1m, pushing the index up from 100 to 589 in the period

The average cost of a heavy commercial vehicle rose R17 942, or 72% In the same period the total manufacturing production price index increased by 56%

After accounting for all manufacturing costs, BoT finds that "about 25% of the cost increase, an average of R5 997 a vehicle, was not passed on to the consumer Some of this loss was recovered through other sales, mainly parts and accessories, but after that there was a net loss of R3 680 a vehicle To this figure must be added the effect of general inflation"

In a masterpiece of understatement it comments "The industry's net overall contribution to the economy in 1984 must be regarded as having been negative" Its comments on 1986 will make interesting reading ■

CDA work stoppage over

192 DD 6/6/86

EAST LONDON — All workers at the Car Distributors Assembly (CDA) plant here were expected to be back at their posts today after two days of work stoppage by some sections

A spokesman for Mercedes Benz South Africa said in Pretoria the work stoppage continued for the whole day yesterday

"All negotiations have been settled," he said

A number of workers had asked management to "slow down one or two" of the production lines while negotiations between worker representatives and management were in progress

No reason was given for the workers' request to slow down production — DDR

Reasons for spiralling costs of motor cars

9/6/86 E. Post

Business Editor

NEW car buyers are paying up to 13% more for their vehicles today than they were at the beginning of the year — and 50% more than at this time in 1984

The latest rounds of increases — introduced, say manufacturers, mainly to recover foreign exchange losses — have pushed the least expensive cars up to close to R12 500

When general sales tax is added, this means that the man in the street will need just a few rands short of R14 000 to buy a basic economy model

At the other end of the scale, a locally manufactured luxury car will cost R38 580 — or R43 210 when GST is added — with several costing twice as much as that.

Medium-sized cars — the norm in South Africa only a decade ago — start at about R16 00 (R17 920 with GST added) and go up to R22 000 (R24 640 with GST added)

Latest manufacturers to increase their prices are Volkswagen and Samcor

Volkswagen increased its Golf, Jetta and Passat prices by 4,6% last week

Audi prices — increased by 8,5% in January and 5,5% in April for a total of 13,5% — remained unchanged

Samcor introduced "selective increases" of between 4,5% and 7% on several of its Ford and Mazda models on Friday

Market leader Toyota also recently increased its prices by 5% on Corollas and 7% on Cressidas

Other manufacturers — General Motors, Nissan, Mercedes and BMW — are expected to follow suit during the course of the month

Reason for the increases, say manufacturers — who are anxiously awaiting a relief announcement from the Government after intensive lobbying — is mainly the plummetting value of the rand

"Costs of imported components have doubled in the past two years, while local parts are costing 40% more," said the public affairs manager of Volkswagen, Mr Ronnie Kruger

"That means the industry's costs have risen by 70% in that period.

"But price rises have been kept down to 50% as manufacturers have tried to absorb as much as possible and not pass all cost rises directly on to the man in the street"

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BUS DAY 9/6/86

Production slides by another 17,7%

A MAJOR output drop of 31% in the automotive component industry has sent production figures for the ferrous casting sector sliding downwards

With no turnaround seen for 1986, the sector is fiercely competitive and the industry utilisation level is substantially below normal production

Results of a Steel and Engineering Industries Federation of SA (Seifsa) report show that production dropped from a peak of 601 800 tons in 1975 to a low of 295 500 in 1985, a decrease of 50,9% Compared to 1984, this reflects a drop of 17,7% in total tonnage

Percentage Increase (Decrease) year on year in Foundry Production compared with overall Manufacturing Production — 1981 — 1985

	1981	1982	1983	1984	1985
MANUFACTURING	6,9	(2,8)	(6,5)	3,2	(5,4)
TOTAL Ferrous Casting	2 9	(16,1)	(19,6)	*(2,3)	(17,7)
Steel Casting Tonnages	(4,3)	(5 5)	(16,3)	*(2,9)	(1,6)
Iron Casting Tonnages	5,6	(19,9)	(21,0)	*(2,1)	(24,7)

* Revised

Figures released (see table) by Seifsa reflect the volume-sensitive nature of the industry and its reliance on strong activity levels in the mining, building and construction sectors

A spokesman for Seifsa said several foundries made strenuous efforts during 1985 to develop an export market in quality castings

"Despite the weakness of the rand, penetration of foreign markets proved difficult"

He said drops of 19% in both the machinery and transport equipment sectors had resulted in severe cutbacks in demand

"Notwithstanding the large under-demand for castings, a number of SA foundries have embarked on new technology developments

"This will put them in a position to meet any turnaround in demand for high-quality products"

Motor industry rocked by drop in May car sales

STAR 11/6/86

192

By Jeremy Sinek

Another fall in car sales during May was bad news for the embattled motor industry — and with a further round of vehicle price increases now going through, the prospects don't look good for any improvement in June

Passenger car sales slipped 3,4 percent from April's 14 231 to 13 754 — the lowest monthly total this year — and heavy commercials from 583 to 527 units.

As things stand, the industry is on course for a full-year total of only 170 000 cars That compares with 204 000 in 1985, itself a bad year

But there are some grounds for judging the overall figures for May not quite as bad as they first appear.

The tally of 6 387 light trucks and buses sold was 7,1 percent up on April and is the best monthly figure of 1986, as well as 5,7 percent better than May last year

Moreover, most car-makers improved their sales in May — by as much as 28 percent in the case of Mercedes/Honda — and of those which did not, BMW and Toyota each slipped by only two percent

The overall picture appears to have been distorted in the short term by a massive 29,3 percent slide in Samcor sales, particularly the Ford division, which sold only 1 004 cars in May, 42 percent fewer than April's 1 740

This was attributed by a Samcor spokesman to a hiatus between the run-out of the discontinued Ford Escort and the availability only this month of the new Laser and Meteor replacements

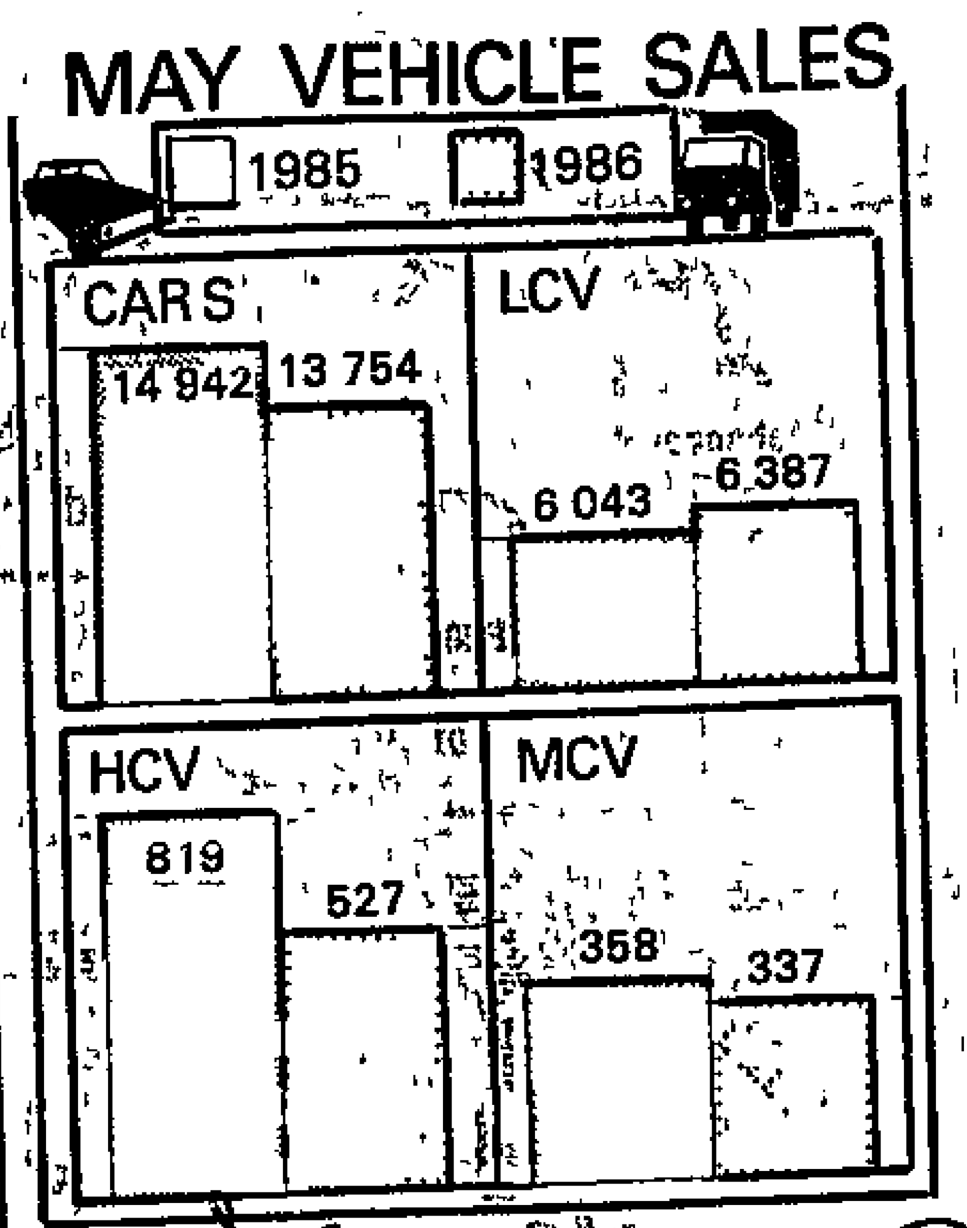
Conversely, after a disastrous start to the year, GM registered an 8,7 percent gain from April to May. Nissan was up 4,9 percent, and VW 6,5 percent

DIRECTOR

Commenting on the May figures, the director of the National Association of Automobile Manufacturers of South Africa, Mr Nico Vermeulen, said they indicated the exceptionally difficult business conditions.

"A comprehensive relief package to revitalise the economy and stabilise business conditions in the motor industry is now necessary to assist in the recovery process and would be consistent with official longer-term social and economic objectives," he said

Naamsa representatives met government last month, and the industry anticipates some relief measures will be announced shortly With the shrinking rand once again putting pressure on costs, the need for action is more urgent than ever.



Bus Day 11/6/86

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Car trade plea

MICK COLLINS

WITH new car sales for May at an all-time low, the motor industry yesterday made an urgent appeal to government to alleviate its plight

Director of the National Association of Automobile Manufacturers of SA (Naamsa) Nico Vermeulen said the 13 754 new cars sold during May represented the lowest monthly sales total recorded during 1986 to date "These figures underline the need for a package of fiscal stimulatory measures to ensure the long-term viability of an industry which is of vital importance to the socio-economic future of SA"

He said a comprehensive relief package to revitalise the economy and to stabilise business conditions in the motor industry was now urgently needed.

The new-car total for May reflects sharply against the 14 942 units for the same period in 1985 (see graph)

Historical low levels recorded

Car sales plunge to a record low

CAPE TIMES 11/6/86 (192)

By GORDON KLING
Financial Editor

NEW motor car sales plunged to a record low for the year in May, according to figures released yesterday by the National Association of Automobile Manufacturers (Naamsa) amidst further appeals for help from the ailing industry.

Naamsa director Nico Vermeulen said new vehicle sales volumes in all sectors had remained under pressure at historically low levels

Only light commercial vehicles showed a small improvement to 6 387 units, but sale for the year are runing some 11% below last year.

New motor car sales were down 8% on last May and 3,4% lower than April at 13 754 units. Figures for the first five months of the year are down 16,1% on the similar period a year ago.

Sales of medium, heavy trucks and buses continued to reflect a sharply negative trend confirming continued weakness in general economic conditions

According to Toyota's marketing director, Brand Pretorius, the new car market recorded its fifth successive no-growth month in May, and total sales for the year could fall dangerously close to the worst ever year of 1977, when only 166 764 vehicles were sold.

Department of Finance sources recently indicated that measures aimed specifically at the motor industry were not envisaged in the stimulatory package expected to be unveiled by Finance Minister Barend du Plessis early next week.

It is understood, however, that the measures had yet to be finalized at the time and Vermeulen for one hopes the authorities will reconsider the position

Interest rates

Speculation is rife that HP regulations, GST, and interest rates may be further relaxed.

The scrapping of GST on second-hand cars is considered another possibility which would put more money in the pockets of those reselling with intention of buying new cars.

In the medium commercial segment, sales remained virtually static compared with the previous month, with year-to-date figures 5,9% below last year

The heavy commercial sector again took the brunt of the depression, sales being 9,9% below April's. Year-to-date sales are a dismal 2 884 units, 34,1% down on 1985

11/6/86 BUS DAY 192

'Strong economy will be needed'

US firms must stay in SA, says GM chief

Business Day Reporter

SOUTH AFRICA would need a strong economy, with jobs for all, once apartheid was abolished, General Motors chairman Roger Smith said in Detroit yesterday in a discussion with the US media.

For this reason, it is important for US companies to remain in SA, he added "We must continue our work to end apartheid and help create the just society all South Africans deserve

"There is no debate about the fact that apartheid must be ended. The only question is what is the most effective way to do this."

Smith co-chairs two groups which aim at hastening the reform process. the US Corporate Council on SA, which was formed in September and consists of more than 100 companies with SA operations, and a group of concerned leaders called SA Beyond Apartheid.

Smith, who visited SA earlier this year and spoke to political leaders, businessmen, journalists and others, said that for the sixth consecutive year GM had been given the highest-possible rating for its progress in implementing the Sullivan Code

GM has operated in SA since 1926 and has taken a leadership role for many years in efforts to create a more just society, he said

Smith said GM in SA follows a policy of equal pay for equal work, total integration of work facilities, and training programmes to enable blacks to become skilled workers and to move into supervisory positions.

"Outside the work environment, GM's efforts have included contributions of personnel, equipment and funds to the black educational system, contributions and low-interest loans to build or improve housing for blacks; and the donation of expertise and capital assistance for the development of businesses owned and operated by blacks."

Natal Mercury, Thursday, June 12, 1986

Motor industry calls for local content concessions

(192)

Mercury Reporter

THE GOVERNMENT needs to make urgent concessions regarding local content and taxation to the motor industry if it is to recover and make profits again for the first time since 1982, according to Nissan South Africa chairman, Mr Peter Whitfield

The Board of Trade, currently investigating the motor industry, should give serious consideration to suggestions that market forces be allowed to govern the level of local content, said Mr Whitfield in a statement released yesterday

Alternatively, some formula should be found whereby the export of components could be used to offset local content requirements

Mr Whitfield said that at present the last 10 percent of the required local content by weight, from 56% to 66%, comprised only about 100 kg of an avearge car's mass, but increased investment for a new model by as much as 70%

Tooling costs for a new model range were currently about R60 million, of which the cost of raising local content from 56% to 66% constituted about R40 million

Mr Whitfield pointed out that with the weak rand, there was significant potential for the export of components to Europe and the Far East

The Board of Trade should investigate means of making export of components count towards achievement of local content

This would not only protect local component manufacturers, but largely benefit the motor industry and ultimately the consumer, said Mr Whitfield

Another cause for concern was the high taxes levied on the motor industry

'With the 10% import surcharges, excise duties, general tax, import duties and newly introduced perks tax, the motor industry is a direct source of taxation, and paying heavily

'We are hoping that this will change and the levels of tax be reduced '

Motor trade needs help

12/6/86

MICK COLLINS

IF THE motor industry is to recover and make profits again, urgent concessions on local content and taxation are needed, says Nissan chairman Peter Whitfield.

He says the Board of Trade (BoT), currently investigating the industry, should give serious consideration to suggestions that market forces be allowed to govern the level of local content.

"Alternatively, some formula should be found whereby the exports of components could be used to offset local content requirements.

"There is significant potential for the export of car components to Europe and the Far East. The BoT should investigate means of making exports of components count towards achievement of local content."

He says another cause for concern is the high tax levied on the industry. "With the 10% import surcharges, excise duties, general tax, import duties and the perks tax, the industry is paying heavily.

"We are hoping this will change and the levels of tax be reduced. Government will ultimately benefit because a healthy motor industry will offer greater employment opportunities, creating a base for indirect taxation."

FIN MAIL 13/6/76

MOTOR INDUSTRY

Still bleeding

192

If evidence was still required of the struggling South African motor industry's need for relief, last month's sales figures provide it

New car sales in May fell further from April's 14 231 units to 13 754 — the lowest monthly total of the year. And a new round of price increases already on the way from most manufacturers means that any chance of an upturn without government relief must be remote

The industry hopes government will heed its latest plea for help in the stimulatory package expected later this month But government spokesmen have already warned that the industry cannot expect to be treated as a special case

Says Nico Vermeulen, director of the National Association of Motor Manufacturers of SA (Naamsa) "The figures underline the need for a stimulatory package to ensure the long-term future of an industry which is vitally important to SA "

Countering the depressing car sales to some extent, Naamsa reports that light commercial vehicle sales had their best month of the year with 6 387 units. Sales of medium vehicles were similar to last month but heavy truck sales showed another fall ■

Stoppage at EL car plant

Dispatch Reporter

EAST LONDON — A group of workers at East London's Car Distributors Assembly (CDA) plant staged a work stoppage yesterday causing several production lines to stop

A spokesman for Mercedes Benz South Africa in Pretoria said that a number of workers had asked management to "slow down one or two" of the production lines, resulting in a work stoppage while the issue was negotiated between worker representatives and management

No reason was given for the workers' request to slow down production

"There is no grievance as such on the part of the workers, but while negotiations continue there have been work stoppages in various sections of the plant," the spokesman said

The spokesman said at this stage it was difficult to say when the workers would return to work

DD 5/6/86

192

Cit Times 16/6/86

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More local content puts up prices

JOHANNESBURG — If the motor industry in this country is to recover and make profits again for the first time since 1982, urgent concessions regarding local content and taxation are needed, says Nissan SA chairman Peter Whitfield

He urged the Board of Trade to allow market forces to govern the level of local content

Alternatively, he suggested, some formula should be found whereby the export of components could be used to offset local content requirements

Whitfield said that at present the last 10% of the required local content by weight, from 56% to 66%, comprised only about 100kg of an average car's mass, but increased investment for a new model by as much as 70%

Tooling costs for a new model range amounted to between R55m and R60m, of which the cost of raising local content from 56% to 66% accounted for between R30m and R40m

"With South African car buyers now being much more quality conscious than a few years ago, the tooling requirements are much more sophisticated, which means an even greater cost penalty," he said

"And tooling can't be made locally, We have to import it at a great cost"

He said the motor industry was also taxed too heavily "With the 10% import surcharges, excise duties, general tax, import duties and the newly introduced perks tax the motor industry is a direct source of taxation, and paying heavily

"We are hoping that this will change and the levels of tax be reduced The government should ultimately benefit more, because a healthy motor industry will offer greater employment opportunities, creating a base for indirect taxation"

Whitfield said that, unless for political reasons, no other motor manufacturer was expected to withdraw from SA

But he foresaw more co-operation between manufacturers in future, to keep costs down

"With co-operation I do not mean a full merger, but collaboration in the field of model and component development"

He said there was "no shortage of car buyers, but we are currently pricing ourselves away from the car market

"Increases in car prices should be less than the inflation rate if we wish to increase our volumes and, as a consequence, cut costs even more" — Sapa

BMW and Volkswagen grab bigger share of the market

16/6/86 STAR 192

Financial Staff

Amid the generally depressing news emanating from the motor car industry, latest Naamsa figures show that two manufacturers — BMW and Volkswagen — have actually increased unit sales in the first five months of this year

Although the new car market as a whole is down by more than 16 percent, against the same period in 1985, BMW has produced 1,7 percent growth in unit sales and VW is up by 0,6 percent

Marketing director Mr Vic Doolan says this means that BMW's share of the market has grown to 7,6 percent, from 6,3 percent last year and 5,8 percent in 1984

Looking at the market by another yardstick, Mr Doolan says that in terms of the rand value of new cars sold BMW is now the third largest selling brand after Toyota and Volkswagen

In the first five months of this year Toyota's sales of new cars totalled R264 million, VW R150,5 million and BMW R130,1 million

But while price increases will certainly have helped cars at the upper end of the market in this kind of calculation, Doolan said that the effect of higher prices should not be over-estimated

He points out that with the sharp fall in interest rates, a new BMW 320 model is currently only nine percent more expensive than a year ago when the cost of leasing is added to the equation

However, the prospect of avoiding more price increases is bleak "The very low level of the rand would make it virtually impossible for car manufacturers to ease up on the car price increases envisaged for the remainder of the year," says Mr Doolan

He added that "the weak currency continues to deal us a double blow, with imported components now three times the cost of three years ago and the impact the resultant price increases are having in the market"

Nevertheless, he said it remains to be seen what effect the State of Emergency and this week's expected economic stimulation measures will have on consumer confidence in general and the car market in particular

(192) STAR 18/6/86.

Barend's boost is welcomed

The Government's R1 500 million economic package, announced yesterday, has received a cautious welcome from the business sector

And Urban Foundation director, Mr Jan Steyn, welcomed news of the allocation of R750 million for low-cost housing for the poor and disadvantaged He said it could make a major contribution towards peace, progress and tranquility

"Provided that land is made available and the funds are applied in accordance with sound developmental principles with the involvement of the communities themselves, the package could make a significant contribution," Mr Steyn said

"A dynamic housing delivery process can ease a lot of the tensions to which many of our people are subjected," Mr Steyn said

The Association of Chambers of Commerce (Assocom) welcomed the announcement of the fiscal package but warned that a "bold and imaginative" cut in general sales tax was needed

The key to substantial and successful economic recovery lay in the rebuilding of consumer confidence, said Assocom president Mr Rocky Ridgway

Assocom said that, although the package was limited, it would be a positive factor in business confidence But it was not clear whether the steps went far enough to ensure a three percent growth rate this year

Assocom's concern was that, apart from the welcome spending on black housing, the rest of the package was very thinly spread, Mr Ridgway said

ECONOMIC AMD POLITICAL STRATEGY

The success of the latest fiscal measures would also depend on longer-term economic and political strategy The sooner the state of emergency could be ended, the better the prospects for economic growth, he said

The Federated Chambers of Industry (FCI) welcomed the "limited package" of measures announced by the Minister, saying it would help instil confidence and get the economy moving by providing jobs and relief to severely depressed sectors

FCI president Mr J R Wilson said the removal of the import surcharge on selected industrial imports was particularly welcome as it would help reduce production costs

The early repayment of the loan levy would stimulate overall demand The substantial additional appropriation for housing would boost jobs, aid urban reconstruction and create demand in a wide range of industries, Mr Wilson said

The general manager of General Accident Insurance, Mr Clive Dean, said the package could benefit the short term insurance industry

"Any moves that can help stimulate the economy and relieve the hardship caused by the recession can only be beneficial," he said

GOOD NEWS FOR MOTOR INDUSTRY

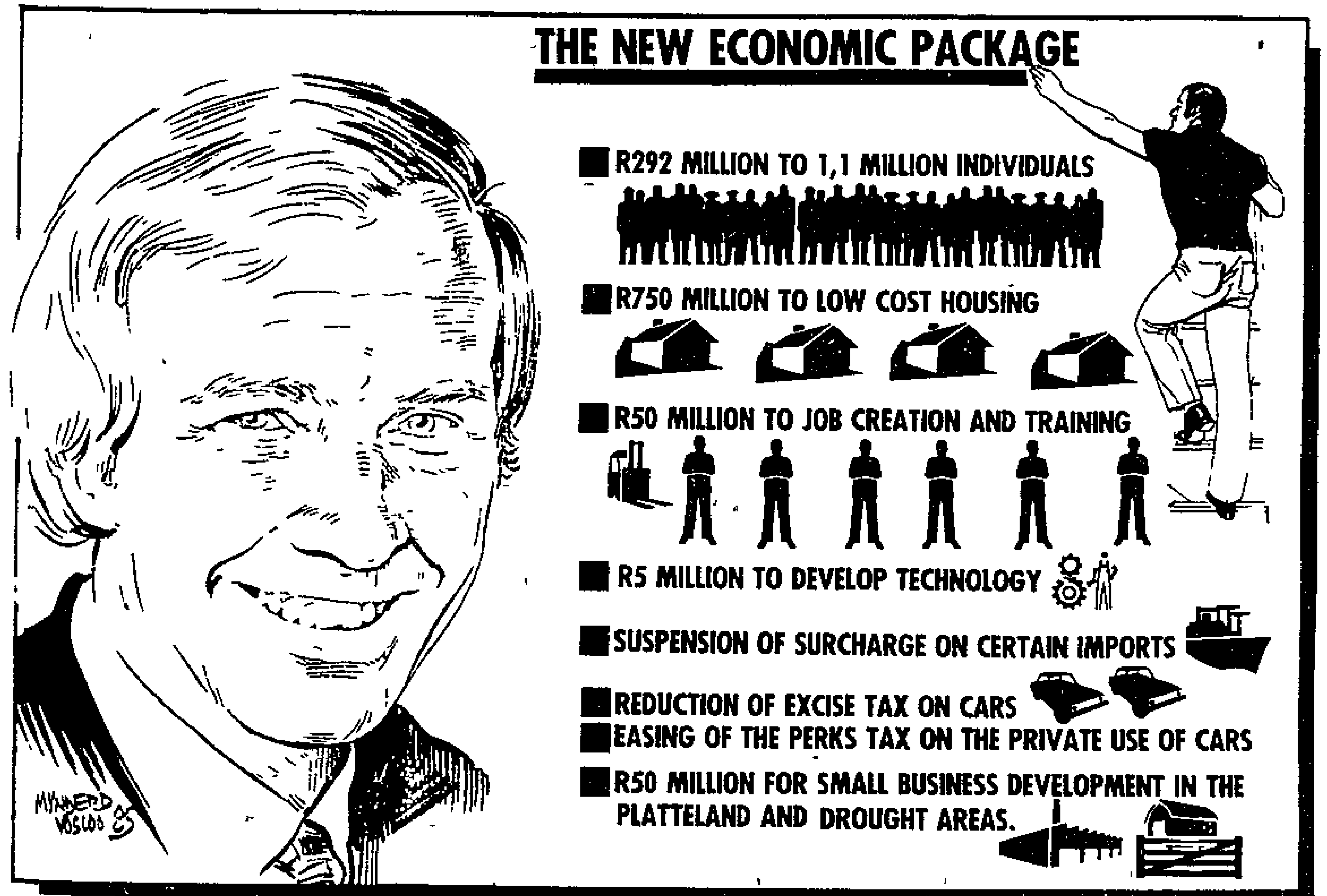
The Director of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Nico Vermeulen, said the measures were "the best news the industry has received in the past two years"

Apart from those measures aimed specifically at the motor industry, the entire "broad and bold package" should have a beneficial effect on vehicle sales, he said

With regard to the fringe benefit taxation, he urged an early announcement of the specific changes to remove uncertainty in the market place

Managing Director of the McCarthy group's motor trading operations, Mr Theo Swart, called the economic package "good news for the ailing motor industry"

"We are delighted that the Government has answered our call for help," he said.



192 20/6/86 Economics Reporter

BUS DAY

DETAILS of import surcharge exemptions and the reduction in motor vehicle excise duties announced Tuesday as part of Finance Minister Barend du Plessis' R1,5bn economic stimulation package were released by the Trade and Industry Ministry yesterday.

In general, the measures were seen as a boon to the struggling domestic motor car industry, which has seen unit sales slump by nearly 50% in the last five years.

Most of Customs Schedule 3 and certain items in Customs Schedule 4, which cover a broad range of foodstuffs, minerals, chemicals and manufacturing components, were excluded from the 10% import surcharge imposed last September.

The surcharge exemption applies to industries that import goods, components or raw materials for use in local manufacture. Items originally covered by the surcharge included all those not governed by the General Agreement on Trade and Tariffs (GATT).

As well, the ministry introduced new, more favourable, new formulae for calculating the excise duties on cars.

Nico Vermeulen, director of the National Association of Automobile Manufacturers of South Africa (Naamsa), said the recalculation of excise duties would result in an overall reduction in the levy of 35%. He saidthe actual reduction would

Motor trade gets a boost

20/6/86 BUSDAY (192)

makers, Econometrix automobile specialist Tony Twine said the proposed relief probably would not be passed on to consumers in the form of lower prices. At best, the measures could "delay an impending price increase in the future".

The exemption from the 10% import surcharge was not applied to imported automobile components that could be produced domestically. Such products include copper hose clamps, air distributors, gaskets, generators and a wide variety of other parts.

The import surcharge was removed

● From Page 1

from imports that could not be produced locally, generally considered to be electronic components and other high-technology items.

The Government did not release information on a new table for calculating the taxable portion of company car use, which tax experts have agreed would also favor the auto industry. It was unclear whether the new information would be published today's *Government Gazette*.

VW has 4,8 pc markup

STAR (192)

20/6/81

Volkswagen announced yesterday an average price increase of 4,8 percent in VW cars and light commercials, but not Audi

This follows the lead of Toyota, who raised prices on some models by seven percent on Monday

Mercedes and Nissan say prices won't rise this week and BWM won't move until July General Motors has revised the price of its new Rekord model

Makers say it is not the rand/dollar dip that worries them but the dubious prospects for dollar/DM and dollar/yen

Says Mr Francois Loubser of Toyota "The picture is not bright"

FIN MAIL 20/6/86 (188) 192

LIABILITY INSURANCE

Part export barrier

Generous though export incentives may seem, US developments in particular are throwing a spanner in the works for local manufacturers of motor vehicle parts

The spanner is US liability insurance Though local manufacturing quality matches the best in the world, US importers stipulate in some contracts that liability insurance must be purchased

Says one manufacturer "I was planning to export to the US and found I had to buy US$1m liability insurance as part of the importer's contract This was going to cost R140 000 plus 5% of my export turnover This is simply prohibitive Unless I can find an alternative it's just not worth exporting "

The problem in the US has been developing for years Litigation under the contingency fee system has become legendary. It has encouraged lawyers to seek out litigants in the hope of winning huge fees, while the US tort system facilitates massive settlements

As a result, premiums for cover have rocketed For example, this year one maker of lacrosse equipment in the US had his premium increased from $8 000 to $200 000. Others have decided to opt out For example·

- ☐ Some 3 000 obstetricians and gynaecologists abandoned their speciality,
- ☐ One haulier of hazardous materials closed, while many sports equipment manufacturers have stopped making amateur hockey gear, and
- ☐ Municipalities are either deciding to self-insure, deferring an increase in local taxes until a claim has to be paid, or closing certain facilities, like playgrounds or child-care centres

About 140 SA companies belong to the National Association of Automotive Component and Allied Manufacturers (Naacam), of whom half are now exporting As executive director Denzil Vermooten explains, liability insurance is becoming a major headache, particularly for those planning to export to the US

"Naacam could buy unlimited group cover for members, but it would cost R1m a year We could cost this out to members who export to the US as a percentage of turnover. But this might price some components out of the market "

Vermooten believes it would be much better were government to include in its incentives package some form of insurance cover, perhaps on a consortium basis "This is something the Kleu Committee, now looking at our export incentive programme, should consider "

The local content programme is based on mass, which has encouraged local manufacture of heavier components These are more safety critical, including wheels, brake systems and suspension components

"It's what the local industry has learnt to produce best," says Vermooten, "and forms a major part of our export potential This means that liability insurance is unavoidable "

Says Mike Newman, MD of Guardian National "I doubt if anyone in the SA market would be prepared to offer liability cover these days It's almost certain to make losses for the underwriter We would have to contend not only with the enormous costs of claims but with the fact that payment would have to go out through a weak rand "

John Bull, MD of Aegis, suggests liability insurance requirements are being used as a trade barrier Perhaps But as Vermooten says, trade barriers are there to be overcome, and overcome them he will ■

Financial Mail June 20 1986

GM spends R45m on new models

22/6/86 · S.TAR

By Don Robertson 192

GENERAL Motors is renewing all dealer contracts for another five years, scotching rumours that economic difficulties and disinvestment pressure will force its withdrawal from South Africa

The company has launched a nine-model range of Opel Rekords and Commodores and in October will introduce its Kadett with a boot, the Monza These two new model ranges will cost R45-million in tooling.

With this guarantee, Willams, Hunt — GM's largest dealer network with 20% of the GM market — has spent R1,5-million on upgrading its showrooms and re-equipping workshops

Managing director Brian Joffe says. "There have been mistakes in the past which have given the public a poor view of what GM is all about Dealers, Williams Hunt included, did not give GM enough support"

However, since the takeover by EW Tarry, Willams, Hunt has increased its market share of GM dealer sales from 13% to 20%

Mr Joffe says· "We bought an additional R4-million worth of vehicles from GM before the 5% price increase. We are selling them at pre-increase prices. Fleet owners, using the existing 15% discount, can buy a car from us at 20% below the retail price"

BUS. DAY. 25/6/86 (230) (552) (192)

Car-maker's taxi promotion

SIPHO NGCOBO

NISSAN SA yesterday handed over 32 10-seater mini-buses worth R600 000 to the South African Black Taxi Association (Sabta).

The vehicles will be used by Sabta representatives in their various regions to promote Nissan products to taxi owners.

Nissan SA's MD John Newbury said the 32 vehicles were his company's contribution to the advancement of black business which was aimed at "injecting a new flair of entrepreneurship into the black market".

Referring to Sabta as an official organ and a major directing force in the taxi business, Newbury said all the buses were given to Sabta free "as a gesture of more than five years of relationship between us".

Each vehicle was painted in Sabta's blue with a distinctive stripe of black and white checks.

Motor makers perk up

S.TIMES 29/6/86

192

By Don Robertson

THE motor industry is cock-a-hoop over the new perks tax schedules.

The new valuations on cars and freezing of the phase-in period "for the foreseeable future" mean tax savings of between R167 a month on a R20 000 car and R541 on a R75 000 model

The change should be a tremendous boost for new-car sales even though it does not make ownership of a company car immediately cheaper It prevents the tax burden from rising in future

Wrong foot

Although the new deal comes into effect only in September, it has removed uncertainty in the market and should result in an improvement in car sales in the next few months, say industry sources

It has caught tax advisers and many companies on the wrong foot because they have steered many motorists away from company cars to car allowances Now it makes more sense to have a company car

Fleet purchases make up 70% of new-car sales, but the market has all but dried up as owners of company cars faced the daunting prospect of eventually having to fork out as much as R760 a month in tax

The concessions, which follow closely the industry's recommendations, will make a company car worthwhile again in terms of a perks package

Fringe benefits tax has been frozen at 40% of the taxable value based on the old formula and will be maintained for the foreseeable future.

For example, a BMW 316, selling at R19 990, would attract a tax value of R513 a month under the old system at the full rate of 100% In terms of the new system this is reduced to R160 a month at 40% Tax payable by the owner at the marginal rate of 47,5% would have been R243 at the full rate, but drops sharply to R76

For a BMW 735i, the tax payable falls from R760 at the full rate to R219 under the new scheme — a saving of R541

Equitable

A BMW spokesman says "At the new rates, the tax becomes more equitable with comparable taxation in, for instance, West European countries.

"Because the consumer's fear of rates rising to the high levels of the original system has been removed, the new rules must contribute to an improvement in the car market

"This is to be welcomed because of the depressed car market of the past two years and the need to curb unemployment"

Jurgen Schremp, managing director of Mercedes-Benz, says "The new system is much fairer than the old, which did not reflect the true operating costs of a vehicle

"I am encouraged that Government has been prepared to listen to the industry. Much credit goes to the Deputy Minister of Finance, Kent Durr

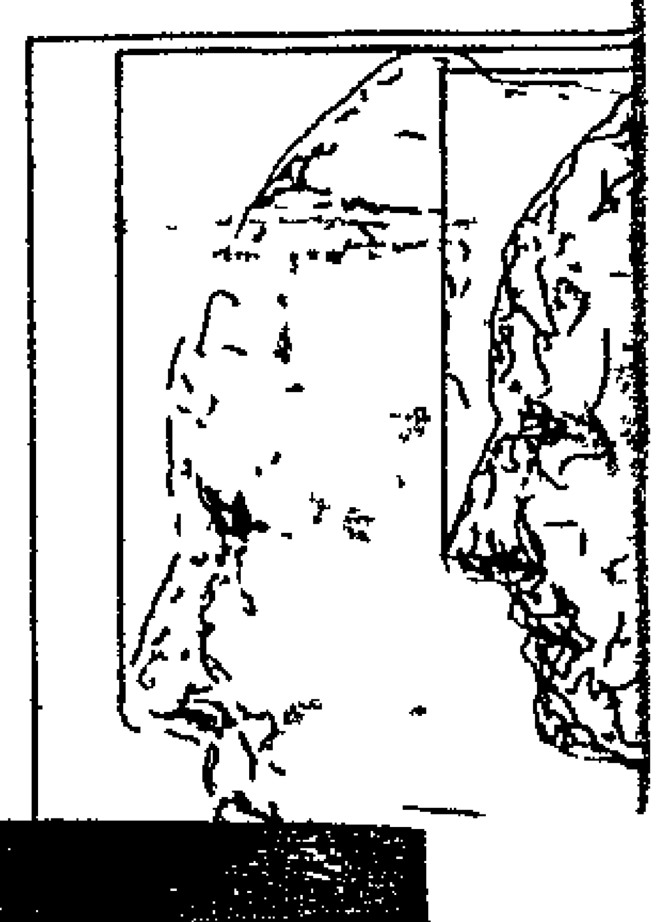
"It won't help us immediately because most of our cars are sold for several months ahead, but in the medium to long term it is a helpful reform"

The new scales have been welcomed by Peter Searle, president of the National Association of Automobile Manufacturers of SA (Naamsa), who says they and the earlier stimulatory package will benefit new-car sales in the next few months

New-car sales have fallen by 16% in the first five months of the year compared with last year's depressed levels.

Mr Searle says the system has been adapted from that used in Britain and represents a reasonable and equitable balance between the cost of vehicles and operating costs

"The new table provides a mild and reasonable progression which will reduce the relevance for fringe benefit taxation in company car-buying decisions"



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30/6/86 BUSDAY

192

New motor tax deal praised by industry

CHRIS CAIRNCROSS
and MICK COLLINS

MOTOR industry spokesmen predict a sharp upturn in sales and employment levels after Friday's announcement of new evaluation rules for private use of company-owned cars

The change was announced by Finance Minister Barend du Plessis

"The concessions are the type needed to boost confidence in the SA economy," McCarthy group MD Theo Swart said

"Besides stimulating sales in the short term, they may even start creating jobs in the retail sector in the medium term "

A VW spokesman said "This should encourage company car-users to replace vehicles more regularly "

National Association of Automobile Manufacturers of SA (Naamsa) president Peter Searle said "Combined with the other stimulatory measures offered the industry a week ago, this new basis of valuation is expected to have a beneficial effect on new vehicle sales in coming months "

In terms of the scale of values (see table) released by Du Plessis, a company vehicle with a classified value of R30 000 and an engine capacity of 1 600cc would be regarded as having a fringe benefit valuation of R190 a month

A vehicle valued at R80 000 with an engine capacity of 3 000cc would qualify for a monthly fringe benefit valuation of R430

The new ruling also specifies where an employee bears the cost of all fuel used during the private use of the vehicle — including travelling between his place of residence and employment — the monthly fringe benefit value can be reduced by R50

If the employee bears the full cost of maintaining the vehicle, the fringe benefit is reduced by a further R30.

TAXABLE MONTHLY BENEFITS FROM PRIVATE USE OF COMPANY CARS

DETERMINED VALUE OF VEHICLE IN RANDS	ENGINE CAPACITY IN CUBIC CENTIMETRES			
	0 — 1 600 cc	1 601 — 2 000 cc	2 001 — 3 000 cc	OVER 3 000 cc
0 — 20 000	130	160	190	220
20 001 — 25 000	150	180	210	240
25 001 — 30 000	170	200	230	260
30 001 — 35 000	190	220	250	280
35 001 — 40 000	210	240	270	300
40 001 — 45 000	230	260	290	320
45 001 — 50 000	250	280	310	340
50 001 — 55 000	270	300	330	360
55 001 — 60 000	290	320	350	380
60 001 — 65 000	310	340	370	400
65 001 — 70 000	330	360	390	420
70 001 — 75 000	350	380	410	440
75 001 — 80 000	370	400	430	460
80 001 — 85 000	390	420	450	480
85 001 — 90 000	410	440	470	500
90 001 — 95 000	430	460	490	520
95 001 — 100 000	450	480	510	540
OVER — 100 000	470	500	530	560

★ Where the employee bears the cost of all fuel used for private use of the vehicle deemed monthly values shall be reduced by R50

DVE POST 20.6.86

(192)

Post Bu

Another call for help to the SA motor industry

ANOTHER prominent South African businessman has added his voice to the calls for help to be given to the motor industry

Sidney Borsook, the executive chairman of Saficon Investments, the investment holding company with operations in motor vehicle trading, materials handling and the manufacture of motor components, says

"The motor industry had a difficult 1984, a disastrous 1985 and the outlook for 1986 doesn't look much better"

Writing in Saficon's '86 annual report before the recently announced relief measures for the motor industry, he says that the amount of taxation directly and indirectly levied on motor vehicles, motor components and parts is excessive and has been inflated by a weak rand

"The industry needs help quickly if it is going to survive as a viable contributor to our economy. Vehicle manufacturers cannot continue to absorb the heavy losses of the past two years and they are unable to pass on their full costs to the consumer without reducing the already depressed new vehicle market even further

"So far motor dealers have not suffered to any great extent when compared to the tremendous losses suffered by the manufacturers Nevertheless, unless profitability can be restored to reasonable levels, they will have great difficulty in financing the replacement of vehicles and parts stocks at prices which are rising at an alarming rate without resorting to unhealthy levels of debt"

The Saficon annual report illustrates how badly hit the motor industry was during the 12 months ended March 31 Vehicle sales through dealers were 22,4% lower than in the previous year

Among the assumptions Saficon has used for the year ahead are that the Government will stimulate the economy further, that GDP growth will not exceed 3%, and that the rand/dollar rate will fluctuate between $0,38 and $0,45, and that the rand/yen rate will be Y70 to Y110

Saficon also assumes that car sales will improve during the second half of the company's financial year but that new vehicle sales will be 5% lower than last year, gross margins will be marginally lower, and that operating costs will be 13% higher

Big future for Q'town factory linked to GM

5/7/86 192 GVG A08

By DENISE BOUTALL

A THREE-YEAR-OLD Queenstown factory, started by an American, Mr Russ Oliveto, will be responsible for all tooling, pressing and sheet metal fabrication operations for General Motors in Port Elizabeth

The one-year management contract with Stateline Pressed Metal which came into effect on July 1 was announced this week by the director of manufacturing at GMSA, Mr Keith Butler-Wheelhouse

In an interview yesterday the managing director of Stateline Pressed Metal, Mr Oliveto, said he selected Queenstown as the site for his factory because the climate was suited to sheet metal processing and it was centrally situated for supplying South Africa's automotive manufacturers

Mr Oliveto said he sold up in America three years ago and moved to South Africa because he had a lot of faith in the country and its future He had worked in South Africa as a consultant to one of the automotive manufacturers in the mid-1970s

He said he employed about 150 people at his Queenstown factory He did not envisage this week's agreement with GMSA leading to an expansion of his staff or facilities there The factory was working at between 80% and 90% of capacity of one shift at present

He had been supplying GMSA for the last 18 months and currently supplied the Port Elizabeth company with about 20 major components

The agreement with GMSA was for one year only "but we will work towards a longer term contract", said Mr Oliveto

In terms of the agreement Mr Oliveto will assume management responsibilities for all GMSA tooling, pressings and sheet metal fabrication

In his statement Mr Butler-Wheelhouse says the agreement gives GMSA access to Stateline's facilities and expertise in Queenstown and it will considerably enhance both companies' pressing and toolmaking capabilities in the Eastern Cape

This move is designed to consolidate all of GMSA's own sheet metal pressing needs, thereby making best use of the present press shop facility

In addition, the increased capability of GMSA's pressing operation will enable it to be more active in developing valuable export business and also in attracting local customers.

The move also creates a toolmaking capacity unequalled in South Africa through which GMSA can become a supplier of tooling to other manufacturers, both automotive and non-automotive

City Press

Power Motoring

Manyaka is on his way to the top

6/7/86. ELT/PR 192

Nissan marketing manager plans to climb the ladder to become general manager

ALFRED Manyaka is engagingly modest about his achievements

As Special Market Development Manager at Nissan South Africa his is a very senior position

But he ponders for a while before saying "Yes, so far as I am aware I am the first black marketing manager in the motor industry"

Probe a bit deeper and you find Manyaka has another record to his credit

He was the first black man in South Africa to pass technical exams that allowed him to train mechanics of all races

It is an impressive achievement for a man who was orphaned at an early age — but who simply refused to give up achieving what he wanted out of life

"I owe a lot to my uncle and aunt in Mamelodi who brought me up," he said

"My uncle was employed by the old Chrysler factory near Pretoria and at weekends he repaired cars to earn extra money I helped him — and that interested me in motoring

"My aunt was a businesswoman She owned a butchery and I used to help her after school Between the pair of them I learned something even more important a commitment to the work ethic"

Manyaka, born in Mamelodi, passed Standard Eight at Mamelodi High School before moving to a technical school in Giyani, Northern Transvaal, where he qualified as a motor mechanic

From his first year at Giyani he had started completing his matriculation certificate by correspondence

By the time he finished his mechanic's course, he was a qualified matriculant

Next step on the road to success was Mafeking where Manyaka completed a technical teacher's diploma

But he wasn't satisfied with just 10 hours' work a day

In the two years he was in Mafeking he completed the National Technical Certificate 1 to NTC 3, again by correspondence

"I worked an average of six hours extra every day — but I was determined to prove to myself that I could do it," he says

At the age of 27 — and already one of the most highly qualified motor technical men in the country — Manyaka joined the Technicon at Garankuwa as a technical instructor

"But my heart was really in the motor industry — deep down I remembered my uncle's example And when Nissan offered me a job in 1981, I grabbed it

"I started training operators in the assembly plant — but that was not challenging enough for me

"So I was transferred to training technicians from Nissan dealers around South Africa," he says

Last April Manyaka was promoted to his present position where his job is to identify and formulate a strategy for penetrating any market where the company has an opportunity

"Mine is a very wide and a very responsible position and I enjoy every moment of it," he said

Has he finally achieved his ambition?

"Oh no," said Manyaka "When I joined Nissan I told myself that I hope to become a General Manager one day

"And I'll get there It's just a matter of hard work"

Hitch delays Power Motoring

OOPS — sorry! *Power Motoring* was scheduled to be published in *City Press* last week, but a technical hitch delayed us Our next issue will be on July 27

FORD LAYS OFF 500 IN PE

ABOUT 1 000 Samcor workers at Struandale car assembly plant in Port Elizabeth were retrenched last month — and 500 of the remaining 1 000 employees at the former Ford Sierra plant will lose their jobs by the end of the year

This brings to about 5 000 the number of Ford workers retrenched since the merger with Samcor in January last year, said Samcor public affairs manager Ruben Els

Els said the retrenchements were the "last foreseeable ones" and represented the final phase of staff rationalisation plans Most of the staff affected were hourly-paid workers, but a few administrative and managerial personnel had also been laid off

Some of the 500 workers remaining next year would either be absorbed at Samcor's Silverton Plant in Pretoria or retrenched However, none of the 1 500 employees due to be laid off between June and the end of the year would be recruited by Samcor

Production at the Sierra plant stopped last month and the model range is now manufactured in Pretoria. This leaves the Struandale engine plant, which produces engines for the Sierra and Bantam pick-up ranges, as the last remnant of Ford's activities in Port Elizabeth — Sapa

City Pr. 6/12/89

COMPANIES 9/7/86 Bus Day

GBS seeks JSE listing through tender offer

191

BRIAN ZLOTNICK

THE halcyon days of huge stagging profits, heavily over-subscribed share offers and fat underwriting profits may well be numbered if General Business Systems (GBS) shows the way with a successful JSE listing through a public tender offer.

Within the next week GBS, the Wang computer hardware and software distributor, intends applying to the JSE for a listing that will be achieved by putting the pricing of the shares out to tender.

This listing route is often favoured abroad but has failed to catch on in SA, with the last recorded tender listing on the JSE taking place some 18 years ago.

GBS's bold decision may well backfire if SA investors are proven to be far less sophisticated than their bretheren in the City of London and on Wall Street.

No doubt what has spurred management to look at the novel route is the fact that computer listings on the JSE have recently blazed a trail of glory — the public offer of SPL shares was more than 100% subscribed for, and the share hit the market at more than double the offer price — with these shares now among the most highly-rated on the market.

Why should a company and its controlling shareholders not be able to cash in on investor enthusiasm for computer shares which seems to have broken the bounds of sense?

The higher the price the company receives through a tender offer, the greater the proceeds and the more shareholders' future earnings and dividends are enhanced.

In the case of GBS other factors are also important considerations.

Sinclair CE Colin Hall wants to dispose of his group's 30% stake or 3-million shares in GBS.

By using this listing mechanism Hall will able to ensure that Sinclair receives a fair price for its holding but if the tender fails to reach a pre-determined price — the worth placed on the share by Sinclair — Sinclair will retain its holding and as one of the joint underwriters (Standard Merchant Bank is another) could land up increasing its stake

The intention is to offer some 4-million new GBS shares on tender to the public and some 3-million shares to be privately placed at the ultimate tender price.

Chairman Martin Hammerschmidt at present owns some 52% of the equity and his holding will probably fall marginally in terms of the final details of the offer, which are expected to be released shortly

Investors will have to do their homework properly before subscribing

The price, the striking price, is determined by the minimum tender price for the last share on offer — in GBS's case the price offered for the 4-millionth share — and successful applicants are sold their shares at the striking price

Generally the striking price is not less than the pre-determined minimum tender price offered

Sun negotiations

SUN Packaging has issued a cautionary announcement that it is involved in negotiations which could affect the share price. In response to the announcement, the share rose 4% to a high of 120c but closed unchanged at 115c yesterday, with 35 600 shares changing hands in 23 deals

New models help to give car sales a boost

10/7/86. 48 192 STAR

By Jeremy Sinek

Motor vehicle sales took a welcome turn for the better in June

The total of 15 769 new cars sold was a 14,65 percent improvement on May, and 13 percent better than the monthly average for the first five months of the year

It was also a marginal improvement over sales during the same month last year

Commercial vehicle sales also showed worthwhile gains, with increases over May of 7,7 percent for light commercials, 16,4 percent for mediums and 13,1 percent for heavy trucks

But these improvements must be viewed against a background of exceptionally low sales during the first part of the year, said the director of the National Association of Motor Manufacturers, Mr Nico Vermeulen.

NEW MODELS

Overall car sales for the year to date are still 13,3 percent down on the same period last year, with light, medium and heavy commercials down by 8,8, 7,2 and 32,5 percent respectively

Car-makers attribute the June boost to a combination of new models coming on stream — Ford registered 1 124 of its new Laser/Meteors, for example, compared with only 199 of the old Escort in May — and to deliveries of Government tender vehicles ordered at the beginning of April

It is too early for the Government's recent fiscal relief package to have had much influence on June sales, but Mr Vermeulen said the Government's measures should continue to underpin demand at current levels in the coming months

"New motor car sales are likely to gain further momentum during the second half of 1986 once the new basis of valuation of company-owned motor cars, for purposes of fringe benefit taxation, is officially implemented," he said

OPTIMISTIC

Mr Vermeulen predicted that new car sales would average more than 15 000 a month for the rest of the year, though that would still mean a total market of around 180 000, well down on 1985's 204 000

Manufacturers are optimistic about commercial vehicle sales In particular, they expect that the R750 million to be pumped into the building industry will inject new life into bakkie sales

June was a bumper month for Samcor, which headed the sales table with 4 009 units, recording improvements in Ford Sierra, Mazda 323 and Mazda 626 sales as well as the new Laser/Meteors Its market share for the first sixth months, however, remains virtually unchanged from 1985, at 20,5 percent

Pushed into an unfamiliar second place, Toyota sold 3 867 cars in June — 1,4 percent down on May

June new car sales improve

Cart Tms 10/7/86 (192)

By GORDON KLING
Financial Editor

A MODEST improvement in June new car sales, coupled with a recovery in the gold price and continuing cheap oil trends provided a fillip for perceptions on the economy yesterday

The pick-up, however, is from a depressingly low base as indicated by worse than expected GDP figures for the first quarter of the year provided by Central Statistics

Seasonally adjusted GDP of R60 923m for the period was 1,2% (4,5% at an annual rate) lower than for the final quarter of 1985

Sapa notes that trade, catering and accommodation services experienced a severe setback, showing a decline of 6,1% over the period

The wholesale and motor trades also contributed to the sharp drop

Figures released last night by Naamsa showed new car sales last month amounted to 15 769 units, an improvement of 2 015 units or 14,6% compared to the previous month

The June sales were also 1,9% higher than for the corresponding month last year Year to date new car sales, however, reflected a decline of 13,3% against the corresponding period of 1985

Naamsa director Nico Vermeulen notes that the six monthly vehicle sales moving average, in respect of the industry's four sectors, has changed direction and now reflects positive momentum

He attributes the improved level of new car sales largely to new model introductions, and renewed replacement demand

North Sea crude was still trading below $10 a barrel yesterday. And the rand stands to benefit from an evident improvement in sentiment on gold, which breached $350 an ounce at the London morning fixing, for the first time since March. The metal dropped towards the close but analysts remain bullish.

Sales of new light commercial vehicles in June increased by 492 units or 7,7% over May Sales of medium and heavy trucks and buses also showed some improvement compared to May

Vermeulen notes, however, that by historical standards they remain low reflecting continued sluggishness in general economic conditions

Recent measures to revitalize the economy should continue to underpin demand at current levels, says Vermeulen, and new motor car sales are likely to gain further momentum in the second half of 1986 once the new basis of valuation of company owned motor cars, for purposes of fringe benefit taxation, is officially implemented

Naamsa estimates new car sales will average more than 15 000 units a month in the second half of the year

Vehicle owners appear in for a futher respite from fuel price increases

Although SA's petrol price is based on a relatively distant exchange rate of US$0,47 to the rand, crude prices remain exceptionally weak

North Sea crude was still trading below $10 a barrel yesterday And the rand stands to benefit from an evident improvement in sentiment on gold, which breached $350 an ounce at the London morning fixing, for the first time since March The metal dropped towards the close but analysts remain bullish

Business

(92)

Samcor leads recovery in June new car sales

By BOB KERNOHAN
Business Editor

SPEARHEADED by a determined surge by multi-product manufacturer Samcor, car sales increased by 14,3% in June — but the total for the year still looks set to plummet to its lowest for more than a decade

Sales of all types of commercial vehicles were also up, by 7,7% in the case of light commercials

Star performer for the month was Samcor — producers of Ford, Mazda and Mitsubishi cars and trucks — which knocked Toyota off the number one pedestal it has sat on for so long.

Samcor's 4 009 sales pushed its car market share up to 25,4% — an increase of almost 10% compared to May and indication that the Pretoria-based manufacturer is determined to show that the merger of former Port Elizabeth manufacturer Ford and what was previously Amcar is working

Ford's new Laser and Meteor models led the charge, with 1 124 sales during its first month on the market, with the Sierra also picking up volume, and both being placed in the top five sales for the month

But industry watchers cautioned that the new model sales probably included a carryover from launch month of May, so distorting the picture

Despite the increases, Naamsa president, Mr Peter Searle, said that manufacturers would still face a long fight for survival

He said sales for the first half of the year reflected the poor state of the economy and the lack of consumer confidence in short-term prospects

"These figures on a seasonally adjusted basis annualise at 256 000 total vehicle sales, which would be the lowest market since 1968

"Although June sales reflect an encouraging increase of some 12% over May, June is traditionally 8% stronger than May, and new models were launched in June which gave a boost to the figures for the month

"Light commercial sales have shown a small improvement during June, and could improve even further in the second half of the year

"Sales of medium and heavy commercial vehicles are still depressed, with the first six months' totals the lowest since the sixties

"Total vehicle sales for 1986 are still far short of the numbers the industry requires in order to be profitable," said Mr Searle

"The motor industry has always been a barometer of the state of South Africa's economy, and until we experience a revival in the economy and a GDP growth rate in excess of the 1% to 1,5% now being predicted for 1986, the struggle will be for market share in order for individual manufacturers to survive"

Go-slow in paintshop halts car production

SAMCL 10/7/86 192

EAST LONDON — A spokeswoman for Mercedes Benz said from Pretoria yesterday the company had been forced to halt car production because of a "go-slow" strike by paintshop workers

She said production had been interrupted to such an extent that the company was compelled to close for the rest of the week. About 3 000 workers were involved.

Workers did not start work on Monday and negotiations between management and worker representatives had failed

The worker representatives involved are from the National Automobile and Allied Workers' Union, the SA Iron, Steel and Allied Industries Union and an independent workers' group.

CAUSE OF DISPUTE NOT KNOWN

The spokeswoman could not say what was the source of the dispute but said it had nothing to do with wages

Spokesmen for the workers were not available for comment but the branch secretary of the South African Allied Workers' Union, Mr B Melitafa, confirmed that some union members were involved.

He said Saawu was still negotiating for recognition and, until then, it could not negotiate formally with management — Sapa

Vehicle sales pick up from low gear

10/7/86 192 BUS04

GERALD REILLY

NEW vehicle sales reflect encouraging gains in all four sectors, says the National Association of Automobile Manufacturers (Naamsa)

Director Nico Vermeulen said in Pretoria yesterday the improvement should be seen against a background of extremely low sales levels over each of the first five months of the year

New car sales in June totalled 15 769 units — an improvement of 2 015, or 14,6%, compared with the previous month June sales were also marginally higher — 1,9% — than in June 1985

New car sales for the first six months showed a decline of 13,3%, compared with the corresponding period of 1985 Improved June sales could be attributed, to a large degree, to new model introductions and renewed replacement demand

Sales of light commercial vehicles in June showed an improvement of 492 units, or 7,7%, compared with May

Sales of medium and heavy trucks and buses showed some improvement, compared with May sales However, by historical standards they remained low, reflecting continued economic sluggishness

"Recent measures to revitalise the economy should continue to underpin demand at current levels and new car sales are likely to gain further momentum during the second half of 1986, once the new basis of valuation of company-owned cars, for purposes of fringe benefit taxation, is officially implemented," he said

He expected new car sales to average out at a level in excess of 15 000 units a month in the second half of the year

Naamsa president P M Searle said "Until we experience a revival in the economy and a GDP growth rate in excess of the 1% to 1,5% being predicted for 1986, the struggle will be for market share in order for individual manufacturers to survive"

Man killed in car plant press shop

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EVE POST 1/7/86

Post Reporter

AN employee at Volkswagen in Uitenhage died today in an accident in the plant's press shop

In an interview VW's public affairs manager, Mr Ronnie Kruger, said the name of the man who was killed in the accident could not be disclosed until his next of kin had been informed

The accident occurred just before 10am in the press shop

The company's safety officer and the police were investigating the accident, he said

Reasons for work stoppage still not clear

By MTOBELI MXOTWA

EAST LONDON — Conflicting reasons were given yesterday for the work stoppage at the Mercedes Benz car plant here

The company's public relations officer in Pretoria, Mrs Dalene McFarlane, said the stoppage was due to a go-slow at the paintshop on Monday which disrupted production in other sections The dispute had nothing to do with wages, she said, but declined to comment on causes of the go-slow.

The acting branch secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Wilson Monqo, said the dispute was over wages due to workers and not the "go-slow"

Three worker representative groups are involved in the dispute They are the South African Iron, Steel and Allied Industries' Union, Naawu and an independent workers' group

Mrs McFarlane said the disruption started on Monday when workers in the paint shop staged a go-slow which resulted in bottlenecks in other sections of the plant As a result the entire plant was closed

She said the company was continuing to negotiate with the workers No settlement was in sight yet, she added

Mr Monqo said the dispute started on July 1 when the morning shift, which was supposed to finish at 4 pm, was told by management to go home at 1 pm because of a blockage in another section.

The afternoon shift workers, who were due to start at 2 30 pm, were turned away by management before starting, he said

He said the workers felt they should be compensated for the time they did not work because they had come to work and were prepared to "sell their labour" and the stoppage was not their fault

The management offered the workers what it called "goodwill" by giving them an hour's pay to compensate for the lost pay due to the stoppage, he said

Mr Monqo said the company's terms were not in line with the short-time agreement with the company which stated that workers were entitled to four hours' pay a day when there was short time

The afternoon shift was not paid at all, he said. The company had been unfair to the workers in that it had not kept an earlier promise to pay all those affected by lost time.

Meanwhile, another motor firm and a tyre factory were hit by industrial unrest yesterday over wage disputes involving thousands of workers

About 3 400 workers at the giant Toyota motor manufacturing plant at Prospecton, Durban, went on strike in support of their demand for higher wages and protested against additional short-time

Thousands of workers picketed the factory from 7 am with some standing on roof tops and gates

The regional secretary of Naawu, Mr Edwin Maepe, could not be reached for comment yesterday

Toyota's group personnel and industrial relations director, Mr Theo van den Bergh, said "the main complaint appears to be against additional short-time which the company planned to introduce to avoid retrenchments"

Production at one of Durban's largest tyre factories, BTR-Dunlop Ltd, was still disrupted yesterday as the strike by its 1 200 black employees continued with no indication of an end in sight The strike, in support of a pay hike of 50c per hour, started on June 25

3/7/86

Strikes hit motor firms, tyre factory

BUDDAY 11/7/86 192

Own Correspondent

TWO motor firms and a tyre factory were hit by industrial unrest yesterday over wage disputes involving thousands of workers

About 3 400 workers at the Toyota motor manufacturing plant at Prospecton went on strike in support of their demand for higher wages. They were also protesting against additional short time.

Thousands of workers picketed the factory from 7am with some standing on roof tops and gates Workers are due to go on short time on Monday in an effort to prevent retrenchments

National Automobile and Allied Workers' Union's (Naawu) regional secretary Edwin Maepe could not be reached for comment yesterday

But Toyota's personnel and industrial relations director Theo van den Bergh said talks were continuing with Naawu officials to try and resolve the problem.

He said· "The main complaint appears to be against more short-time, which was to be introduced to avoid retrenchments."

Production at one of Durban's largest tyre factories, BTR-Dunlop Ltd, was still disrupted yesterday as the strike by 1 200 employees dragged on The strike, in support of a pay hike of 50c an hour, started on June 25

The company's group industrial relations manager, Glen Sutton, said the workers had rejected a company offer of more than R100 a month more

Sapa reports that production at the Mercedes Benz car manufacturing plant in Port Elizabeth has stopped because of a "go-slow" by its paint shop workforce

Naawu threat to halt talks at car plant

12/7/86 DD

Dispatch Reporter

EAST LONDON — Workers at the Mercedes Benz car manufacturing plant are considering taking legal advice and suspending negotiations with the company until Wednesday when all the workers are present at the plant.

This was disclosed yesterday by the acting branch secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Wilson Monqo

Mr Monqo said there had been no breakthrough in the negotiations yesterday and the management stood firm on its refusal to pay the workers for lost time

As a result it was decided to seek legal advice before further negotiations took place, he said, adding that Naawu would only attend negotiations on Wednesday and report progress to the workers

Meanwhile, the public relations officer of Mercedes Benz in Pretoria, Mrs Dalene McFarlane, said the company had no intention of leaving East London and relocating to another centre because of the disturbances The company had invested heavily in East London and had been in the area for a long time

She said there had been no change in the situation at the plant yesterday, and negotiations were continuing

The company would not pay the workers for the week they had not worked, she said

She said the main stumbling block in the negotiations was the difference in interpretation of the clause on short time benefit during plant closure

Mrs McFarlane expressed the hope that normal production would be resumed in the "not distant future".

The work stoppage began on Monday after a "go-slow" which disrupted production in other sections, according to the management

Naawu says the strike is due to the management's refusal to compensate workers for lost time which occurred on July 1 when workers were ordered to go home because of bottlenecks in one section of the plant which affected other departments

The workers felt they were entitled to payment since they did not cause the delay

Management offered workers an hour's pay compensation for the lost time, according to Naawu, but this was rejected by the workers

● A Daily Dispatch Durban correspondent reports that striking workers at Toyota are expected to return to work on Monday, according to a spokesman for the company.

But there was still no end in sight to the strike over a wage dispute by 1 200 employees at BTR-Dunlop tyre factory in Durban

End in sight to strikes

Labour Reporter

STRIKING workers at two South African motor firms, Toyota and Mercedes, were expected to return to work on Monday, spokesmen for the two companies announced yesterday

But there was still no end in sight to the strike over a wage dispute by 1 200 employees at BTR-Dunlop tyre factory in Durban

Mr Theo van den Bergh, Toyota's group personnel and industrial relations director, said yesterday that the 3 600 hourly-paid workers were expected back at work on Monday

Speaking after meeting representatives of the National Automobile and Allied Workers' Union, Mr van den Bergh said agreement had been reached with the union on how to resolve the dispute which triggered the industrial action

Mr Edwin Maepe, regional secretary of Naawu, said workers' attitudes concerning the strike appeared mixed, but indications were that they would return to work on Monday while negotiations continued over their pay demands

Speaking from the Mercedes Benz headquarters in Pretoria, Mrs Dalene McFarlane, the public relations officer, said the company was hopeful that 3 000 striking workers at the plant in East London would return to work on Monday.

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Strikes expected to end

DURBAN — Striking workers at two giant South African motor firms, Toyota and Mercedes, are expected to return to work on Monday, spokesmen for the two companies announced yesterday.

A spokesman for the National Automobile and Allied Workers' Union said indications were that workers would return to work on Monday while negotiations continued over their pay demands.

But there was still no end in sight to the strike by 1 200 employees at BTR-Dunlop tyre factory in Durban over a wage dispute.

By Don Robertson 13/7/86 (192) SUN TIMES

Strikes hit model plants

TOYOTA and Mercedes-Benz, motor manufacturers with the best industrial relations records, have been hit by strikes

About 4 000 members of the National Automobile and Allied Worker's Union (Naawu) are affected at the plants in Prospecton and East London.

Toyota suffered a major work distruption in 1973 and Mercedes-Benz in 1985, but none before then

A minor dispute sparked off a go-slow in Mercedes-Benz's paint shop and caused a production build-up elsewhere in the plant Management closed the whole plant on Monday It was reopened, but the 3 000 hourly paid workers have refused to return

Negotiations are taking place and management hopes work will resume tomorrow

An estimated 1 000 workers out of 3 500 are affected at Toyota. The walk-out was caused by management plans to cut the number of production days because of low car sales

It is hoped that the plant will reopen tomorrow

3 600 Toyota workers continue strike

ARGUS 14/1/86

The Argus Correspondent

DURBAN — The 3 600 employees at Toyota assembly plant in Prospecton industrial township here continued their strike today after picketing all weekend.

White office staff who tried to enter the plant were prevented by workers blocking the main gates.

Toyota's group director of personnel and industrial relations, Mr Theo van den Bergh, said the management was still waiting for the workers' decision on the agreement between the management and the National Automobile and Allied Workers' Union (Naawu)

Mr van den Bergh said the management and the union reached agreement yesterday but would not divulge what they agreed on.

The workers' decision not to resume duties has quashed hopes expressed by the management and the union that things might return to normal today

HIGHER WAGES

Toyota's workforce downed tools on Thursday demanding higher wages and in protest over short time which was originally scheduled to be brought in today

They were demanding an increase of 50c an hour to be added to their present R3,33.

Mr van den Bergh denied that workers had been given an ultimatum to return to work or be fired

Naawu's regional secretary, Mr Edwin Maepe, could not be contacted for comment.

Optimism over end to strikes

Labour Reporter

TWO South African motor firms, Toyota and Mercedes, hit by industrial disputes during the past week, were optimistic yesterday that production at their Prospecton and East London plants would return to normal today

Mr Theo van den Bergh, Toyota's group personnel and industrial relations director, said the company decided to suspend further had short-time following objections by its employees

He said that after holding talks with the National Automobile and Allied Workers' Union (Naawu) on Friday, it was agreed that no further short-time would be implemented

The company's plans to cut production time with effect from today in a bid to avoid retrenchments was one of the causes of the industrial action

'It was agreed that employees would end their strike and return to work today while other issues, including a demand for a pay rise, be discussed at talks between the union and the management which have already begun, he said

Mr Edwin Maepe, regional secretary of Naawu, said the Toyota workers downed tools on Thursday in support of their demand for an end to further short-time and a pay rise of 50 c an hour Their current minimum wage rate was R3,33 an hour, he said

Representatives of management and Naawu were still locked in negotiations late yesterday to settle the pay demands, but the workers had indicated they would return to work today, although some appeared to have mixed feelings, he said

Mercedes Benz public relations officer Dalene McFarlane said the company was optimistic that the 3 000 workers at the East London plant who had been on strike since last Monday would return today

However, Sapa reports that the Mercedes workers were considering taking legal advice and suspending negotiations with the company until Wednesday, when all the workers are present at the plant

A spokesman for Naawu in East London said there had been no breakthrough in negotiations and management stood firm on its refusal to pay workers for lost time

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Cape Times, Monday, July 14, 1986 3

'Optimism' over strikes

Own Correspondent

DURBAN. — Two giant motor firms hit by strikes during the past week, Toyota and Mercedes Benz, were optimistic yesterday that production at their plants would return to normal today

Toyota's group personnel and industrial relations director, Mr Theo van den Bergh, said the company had decided to suspend further short-time at the Prospecton plant following objections by its employees

He said that after talks with the National Automobile and Allied Workers' Union (Naawu) on Friday it was agreed that no further short-time would be implemented

The company's plans further to shorten the working day from today in a bid to avoid retrenchments was a cause of the strike

"It was agreed that employees would end their strike and return to work today while other issues, including a demand for a pay rise, be discussed at talks between the union and the management which have already begun," he said

Mr Edwin Maepe, regional secretary of Naawu, cannot be quoted in terms of the emergency regulations.

Mercedes Benz public relations officer Miss Dalene McFarlane said the company hoped that the 3 000 workers at the East London plant who have been on strike since last Monday would return today

However, Sapa reports that the workers were considering taking legal advice and suspending negotiations until Wednesday.

Strikers face dismissal

DURBAN — The 3 600 workers at Toyota SA Manufacturing in Durban who continued their strike today, have been told by management if they do not return to work by tommorow they will be fired, a company spokesman said

Mr Flip Wilken said the workers had agreed to return to work today after "earnest" negotiations

The workers arrived this morning but soon left, he said. — Sapa

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EVE Post

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PE motor vehicle body builders cut staff by 33

Post Reporter

THE depressed state of the economy had made it necessary for motor body builders Welfit Oddy to retrench 33 salaried and hourly paid workers last week, the company's managing director, Mr Bill Oddy, said today

About half of those who had lost their jobs on Friday were salaried staff but none were in managerial positions

No further retrenchments were planned, he said

Mr Oddy said the company employed some 600 workers Of these about 80% were hourly paid workers

3 600 Toyota workers end strike

Argus 15/7/86 (192)

The Argus Correspondent

DURBAN. — The 3 600 Toyota assembly plant workers in Durban who went on strike last week returned today after an ultimatum to return or face dismissal.

Toyota's director of personnel and industrial relations, Mr Theo van den Bergh, said the workers, who downed tools on Thursday after a demand for higher wages and in protest against short time, were all back this morning.

The National Automobile and Allied Workers' Union regional secretary, Mr Edwin Maepe, said the union told the workers yesterday that the company had offered an 8c-an-hour increase and had also agreed to abandon short time.

He said the workers accepted the short-time offer but not the 8c rise — and that led to disruption.

The workers were demanding an increase of 50c an hour to increase minimum pay to R3,83 an hour.

Mr Maepe said the appointment of a mediator would be considered if the union could not settle with the company.

Mr van den Bergh said negotiations with the union were concluded but they would continue to talk.

Dispute at EL motor plant

15/7/86 Weekend Post 192

Post Correspondent

EAST LONDON — The National Automobile and Allied Workers Union has declared a dispute on behalf of the 3 000 striking workers at the Mercedes-Benz plant in East London.

The union's declaration hinges on the definition of short-claims and will come before the Industrial Council

The dispute arose after Mercedes-Benz management closed the plant last Monday

The decision was taken because of bottlenecks in production when workers in the paintshop went on a go-slow strike

The plant was opened again the next day, but the workers failed to arrive

● It is reported from Durban that the 3 600 Toyota assembly plant workers who went on strike last week returned to work today after receiving an ultimatum to return or face dismissal

Toyota's group director of personnel and industrial relations, Mr Theo van den Bergh, said the workers, who downed tools on Thursday in support of their demand for higher wages and in protest against short time, were all back at work today

BUS DAY 15/7/86

Bankers see it slipping further

Rand prospects looking glum

HAROLD FRIDJHON

FOREIGN exchange dealers and economists are taking a glum view of the rand's prospects for the week ahead

Standard Bank envisages a trading range of $0,3650 to $0,39, well down from its previous week's forecast of $0,38 to $0,41 But Standard did stress its caveat that if it moved to $0,41 "with some certainty" it could go higher — but if it goes below $0,38 it could drop to $0,35

Barclays' forecast range is $0,3750 to $0,39, about 2US cents lower than last week's estimate

Nedbank doubts whether the rand will hold at $0,38 this week The forex spokesman says the market is thin and an import order for $10m-$15m could hit the rand

Dealers are unanimous that the weakness of the currency does not stem from an increased demand for dollars but from a lower-than-usual supply

While exporters might be holding back to their legal limits, the Reserve Bank does not appear to be supplying the market with a reasonable quota of the dollars which it receives from gold sales

In *International Comment*, Standard hypothesises that the shortage of dollars in the market is probably the result of large outflows from the capital account of the balance of payments

It estimates the current account surplus for the first six months of the year was probably $1,204bn But this has been gobbled up by official debt repayments and some of the payments which have fallen outside the "net" leaving a deficit on the capital account

The Reserve Bank had hoped that of the $3,584bn outside the net, $1,984bn would be rolled over But are these debts being rolled over or is capital draining out of the country?

The signs appear to suggest that the current account surplus is financing the repayment of debt and that is the reason why dollars are scarce in the market The Reserve Bank does not have them

The banks are unanimous in their advice that importers should take cover and against the Standard's scenario this would appear to be wise counsel

Nedbank says that importers should match their cover with transaction dates Eliminate foreign exchange risks and manage the other variables

Barclays says cover 50% of dollar payments due in the next two weeks

The joker in the pack is the US dollar Economic fundamentals in the US suggest that the dollar could weaken, but this is offset by the fact that the West Germans and the Japanese are unwilling to live with a weak dollar

This conflict of interests contributes to the volatility of the US currency which offers little support for the rand which is carrying its own cross

BUS DAY 15/7/86 (192)

Toyota strikers get deadline

Own Correspondent

MORE than 3 000 strikers at the Toyota assembly plant at Prospecton, near Durban, face dismissal if they fail to return to work today.

The workers, who are striking in support of their demand for a 50c an hour wage increase, were served with notices informing them of the ultimatum as they left the gates yesterday

Toyota spokesman Flip Wilken said the notices were served after the workers rejected the company's latest offer, an across-the-board increase of 8c an hour

Wilken said that after the workers agreed on Friday to return to work yesterday, the union and management began negotiations which ended in a mutual position being reached at the weekend

He said "The workers all arrived on time as arranged yesterday morning, then waited for news from the union

"It soon became obvious that the agreed-upon offer was not acceptable to them They were then addressed by the union and management

"Unfortunately agreement was not reached and the workers have been served notice that if they do not return today, their services will be terminated."

National Automobile and Allied Workers' Union regional secretary Edwin Maepe said there seemed to be "some kind of a deadlock" and the union would consider calling for a mediator to help resolve the dispute on condition that the workers returned to work today

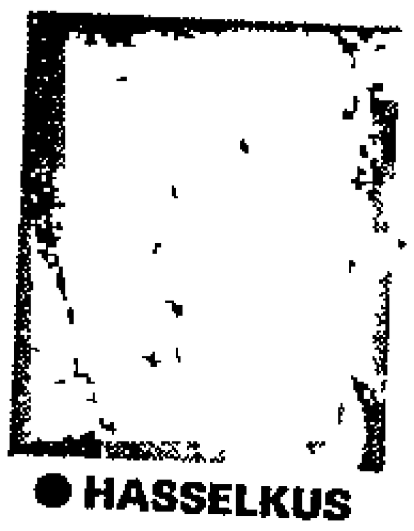
15/7/86. (192) BUS DAY.

BMW man suggests SA components plan

Car parts savings scheme

DAVID FURLONGER

VEHICLE component manufacturers could save millions of rands in wasted investment by taking part in an export complementation scheme, says BMW MD Walter Hasselkus.



● HASSELKUS

Present government regulations require vehicle manufacturers to include a minimum percentage of locally-made components — 66%, in the case of cars — in order to protect the SA components industry from imports.

Under an export complementation scheme, exported components would be deemed local content and included in the overall average required by each vehicle manufacturer to comply with the law.

Hasselkus said yesterday: "The advantage of the scheme would be that manufacturers would tool up for a more limited range of components.

"This must bring about greater economies of scale and more efficient use of tooling. By being allowed to use the mass of exported components as deemed local content in locally assembled models, manufacturers will avoid investment in the local manufacture of several other components."

He said BMW, through the National Association of Automobile Manufacturers (Naamsa), would present "a strong case" for export complementation to the Board of Trade and Industries.

Hasselkus also called for increased foreign financial assistance to help SA overcome its political and social problems.

15/7/86 BUS DAY

Nampo advises: Plant less maize

GERALD REILLY

THE National Maize Producers' Organisation (Nampo) has advised farmers to cut back on maize plantings this year.

"If they don't, and we have a favourable summer season, the losses on exports could be astronomical," Nampo administration manager Giel van Zyl told *Business Day* yesterday.

It was vital for farmers to leave marginal land fallow or use it for other productive purposes. World prices, because of saturated markets, were expected to fall as low as $70 to $80 a ton. At that level, losses on SA exports could be a disastrous R170/t.

ique ... director Frans Stroebel ... flexibility in Parktown

Worker stayaway in EL, 2 strikes go on

DD 19/7/84

Dispatch Reporter

EAST LONDON —There was an extensive worker stayaway in the city yesterday and strikes at two plants continued

The strikes are at the Mercedes Benz plant and the BP storage depot on the West Bank

The area manager of the Ciskei Transport Corporation, Mr Dirk Odendaal, said 13 buses which served Duncan Village were withdrawn yesterday after two buses were attacked

The Bureau for Information said yesterday three buses were stoned in Duncan Village. No-one was injured

"The bus service was not withdrawn, but buses used alternative routes," the bureau said

Mr Odendaal said the Mdantsane service ran as normal and the buses carried the usual quota of people. A South African Transport Services spokesman said train services also ran as normal.

The municipality, one of the city's biggest employers, had a stayaway which rose to 90 per cent by lunchtime yesterday

The director of personnel and management services, Mr Leon Deetlefs, said that by 9 am there was a 60 per cent stayaway, mainly by workers from Duncan Village.

The other 40 per cent were mainly workers from Mdantsane who asked to be allowed to go home during the morning because of fear of victimisation

"We tried to discourage them but they insisted and were allowed to go home and most lost a day's pay."

He said essential services were not disrupted but problems would be experienced with refuse collection if the stayaway continued

"We've had no feedback on whether the stayaway will continue," he said

A spokesman for Mercedes Benz in Pretoria, Mrs Delene Macfarlane, said the West Bank plant was open, but workers had not returned

"Although worker representatives have a meeting scheduled with management for Wednesday, management has requested a meeting for tomorrow morning to continue negotiations," she said.

The acting branch secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Wilson Mongo, could not be reached for comment.

A spokesman for BP said from Cape Town that 50 workers at the East London depot had been absent from work since last Thursday and a number of issues were being discussed with the South African Allied Workers' Union (Saawu)

Essential deliveries and services were being maintained.

● The response to the nationwide "day of action" called by the Congress of South African Trade Unions (Cosatu) was reported to be highest in the Eastern Cape. General Motors in Port Elizabeth closed its plant after hundreds of workers returned home

In the Pretoria-Witwatersrand-Vereeniging area the stayaway ranged from 11 per cent to 24 per cent, while in Durban absenteeism was low

Toyota strikers return to work

192

DURBAN — The 3 600 Toyota assembly plant workers in Durban who went on strike last week returned to work yesterday after receiving an ultimatum to return or face dismissal

Toyota's group director of personnel and industrial relations, Mr Theo van den Bergh, said the workers, who downed tools on Thursday in support of their demand for higher wages and in protest against short time, were all back at their work stations yesterday morning.

The National Automobile and Allied Workers' Union regional secretary, Mr Edwin Maepe, confirmed this

He said they reported back to the workers on Monday that the company had offered an increase of eight cents an hour and had also agreed to do away with short time

He said the workers accepted the short time offer but did not accept the wage offer and that led to disruption on Monday

The workers were demanding an increase of 50 cents an hour to push their present minimum hour pay to R3,83

Mr Maepe said the appointment of a mediator would be considered if they could not settle with the company

Mr van den Bergh said they had concluded negotiations with the union but they would continue to talk

Toyota on Monday gave the workers an ultimatum to return to work yesterday or have their services terminated. — Sapa

BUS DAY 16/7/86 (192)

Stayaway keeps GM shut

GENERAL MOTORS stayed closed again in Port Elizabeth yesterday after Monday's lightning stayaway which crippled industry citywide

Other factories were coming slowly back on stream Figures for the return varied from plant to plant Some resumed full production Others were expecting to be back to normal later in the day At GM, many among the 2 000 blacks who reported for work later asked to be allowed go home — Sapa versity of the Western Cape, telephoned train control personnel at Simon's Town who alerted train drivers.

WARNED

Mr Fresen and Mr Clark ran to the line to make sure no trains had reached the broken section.

The driver of an approaching train had slowed down after being warned that something was wrong by a built-in device on the track which triggered a red danger light.

Two more drivers then stopped their trains.

Mr Roy Granger, superintendent of operations in the Western Cape, said the broken rail had triggered a warning system built into the line and the first train driver to approach the section had seen the danger signal.

"However he did not know what was wrong and learnt the cause only when he stopped," he said.

Railway maintenance crews were sent to replace the rail and the service was restored at 5.10pm.

Food chains freeze some prices

Staff Reporter ARGUS 17/7/86

THREE supermarket chains have frozen the prices of their no-name and house products until January

The managing director of OK Bazaars, Mr Gordon Hood, said the prices of 121 products would not be increased until January 16 next year. Pick 'n Pay and Checkers will hold prices until January 1.

Mr Hood said the products were "highly representative, meaningful items" in the monthly shopping basket.

Mr Ray Murray, Pick 'n Pay general manager (foods) said "Consumers need lower prices — a light at the end of the tunnel"

The company had asked its suppliers to support the effort

2-week Mercedes Benz strike ends

ARGUS 17/7/86

The Argus Correspondent

EAST LONDON — Mercedes-Benz strikers returned to work today after almost a fortnight

A spokesman for the firm, Mrs Delene MacFarlane, said workers returned for the morning shift as agreed at a meeting with the management yesterday

Many were absent but she hoped attendance would be back to normal soon

"It always takes a little while to start up again," she said.

The strike was sparked by a dispute over the interpretation of short-time rules

Paint-shop workers were sent home early on July 1 because of hold-ups in production. They demanded full wages in spite of working short time and when the management refused began a go-slow which led to the closure of the plant

Yesterday's agreement has not resolved the issue.

A dispute has been declared and referred to the Industrial Council, said the branch secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Wilson Mongo

DD 17/7/86 (192)

Car plant workers due back

Dispatch Reporter

EAST LONDON — Employees at the Mercedes Benz car manufacturing plant here are to return to work today, a spokesman for the company said yesterday

The company's public relations officer, Mrs Delene Macfarlane, said workers would be returning in terms of an agreement reached at a meeting between management and worker representatives yesterday

Work stopped at the plant on Monday last week when workers demanded that they be paid for lost time they suffered as a result of bottlenecks in a section of the plant on July 1

When the matter could not be resolved, the National Automobile and Allied Workers' Union (Naawu) declared a dispute and asked that it be referred to the industrial council

The acting branch secretary of Naawu, Mr Wilson Mongo, could not be contacted for comment

● In another labour dispute here, a number of workers at Border Wire and Metal Works said they had been fired after staying away from work on Monday

A spokesman for the company refused to comment yesterday, saying the company did not comment to the press

19/DD/17/7/86

Work back to normal

PORT ELIZABETH — Port Elizabeth's black workers yesterday streamed back to work after a snap two-day stayaway.

Employers confirmed that staff complements were back to normal

The General Motors plant, which closed on Monday and Tuesday, was again fully operational The Volkswagen plant, reduced to a "limited production schedule" on Tuesday, was also back to normal

Car workers return

DD 18/7/86

192

EAST LONDON — Workers at the Mercedes Benz plant here returned to work yesterday

The acting branch secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Wilson Monqo, said the workers had decided to go back while the industrial council dealt with their dispute with the company over the interpretation of a short time clause in their agreement

Mr Monqo said the company still refused to pay for time lost on July 1 when bottlenecks in one section of the plant resulted in stoppages in other sections — DDR

FINMAIL 18/7/86

(92)

CAR PRICES

Keeping longer

Dramatic car price increases in recent years are forcing South African motorists to keep their vehicles for longer The average period of ownership is now seven years, already three years up on 1980's average, say industry sources

Latest National Association of Automobile Manufacturers of SA (Naamsa) figures show that the average car price increase in the year from July last year to June 30, 1986 is 29,5% "The reason for the sharp rise is the depreciation of the rand, compounded by local inflation," says a Naamsa spokesman

Not surprisingly, Prestasi Brokers' insurance statistics for July 1986 show that of 102 000 cars insured through them for white- and blue-collar workers from government and semi-government sectors, only 18% are for new cars. During the same period in 1985 more than 30% of the 87 000 cars insured were new cars The recession is evidently biting in many quarters

Together with the trend to hold on to existing vehicles or buy second-hand rather than new, there is an increased demand for spare parts But, say some sources, there is a shortage of imported parts

"This could be because suppliers expect the rand to improve and therefore cut back on imported goods," says an authoritative motor industry source.

Spare parts demand

National Motor Spares and Equipment Association (NMSEA) chairman Oscar Taub blames the lapse on the weak rand and related import hikes "This is causing increased demand for second-hand spare parts," he says.

But most part manufacturers don't see a shortage of spare parts either in the local or imported divisions. "There can't be a shortage of spare parts," says Nissan MD John Newbury, "We are supplying 92% of spare parts to the dealer on a first call monthly basis," he confirms

Most South African manufacturers are running near full capacity to meet demands for spare parts Because of their competitive prices and easy availability they now experience better times than ever before Some even consider the possibility of exporting

"We are smiling all the way," says Toyota marketing manager Brand Pretorius "Our parts service rate is running at about 95% "

National Association of Automotive Component and Allied Manufacturers (NAACAM) director Densell Vermooten agrees He tells the *FM* that although manufacturers are running at below 50% capacity, some lines are doing well

"Because motorists are not buying new cars, we are manufacturing many of the fast-moving components like spark plugs, which have to be replaced relatively often," says Vermooten. "But slow-moving components like engines, which usually last the car's lifetime, bring our total capacity down " ■

TRUCKS & COMMERCIAL VEHICLES

A Business Day Survey

Free market success: black taxi minibuses

ARNOLD VAN HUYSSTEEN

THE black taxi minibus market has grown spectacularly since the 1970's and is seen in many quarters as the most successful black participation to date in the free market economy.

Applying true entrepreneurial spirit, black taxi operators breached accepted norms, standards and even regulations in their quest for legitimacy

In the process, the bus industry lobbied heavily to try and stop the "illegal" operators But even government's Welgemoed Commission report on the industry has now apparently been shelved, allowing "illegal" operators to run their highly successful businesses in CBD areas

This popular service to the black community has created an added market for SA minibus manufacturers and helped boost annual sales But sales to blacks still represent only a third of total minibus market in SA, says market leader Toyota

"Mini-bus sales represent about 7,5% of our total turnover Our sales for 1984 and 1985 were R94m and R103m respectively, while 1986 sales to date amount to R42m This is against total minibus sales turnover of R290m, R263m and R118m respectively," says Toyota's Flip Wilken

Wilken says Toyota is current market leader with a 36,6% penetration, followed by Volkswagen (VW) with 30,9% and Nissan with 19,2% of the minibus market

He adds transport deregulation could increase the market, which grew from 16,1% of the total light commercial vehicle (LCV) market in 1985, to 17,8% in 1986

"In absolute terms sales into the taxi sector have declined in line with the LCV market, although the taxi segment has increased its share of the minibus market slightly over the period 1984 to 1986 (year to date)," says Wilken.

Toyota expects its black minibus sales of 3 600 units a year to grow by 15%-20%, "assuming further urbanisation and relaxation of the permit system

"The expected change in legislation to make 16-seater buses legal will have a positive influence, as will expected urbanisation developments," says Wilken

VW claims leadership of the 10-seater minibus market — selling 1 630 units, or 41% of total sales in the period January to May, 1986. This is up on its 32,9% penetration in 1985, but still down on its penetration of 46,8% in 1984 and 52,2% in 1983

In January to April, total minibus sales were R100,7m, of which VW contributed R32,9m or 32,7% For May alone it increased its market share slightly to 34,1% or R9,9m sales out of a total of R29,1m

Minibus sales, as percentage of total VW sales turnover, also slumped from 1984's 18,4% to 9,8% in 1985 But it has since recovered to 11,3% in the January to May, 1986 period.

Ronnie Kruger, VW's public affairs director, says the minibus market grew strongly in 1984. However, in 1985 it dropped slightly more than did the total LCV market. "Year-to-year volumes are 5,1% below 1985 levels, but as a share of the total LCV market it has grown by 1,1% to 17,6%. The 1984 growth took place mainly in the 15/16-seater models," he says

Kruger says sales of 15/16 seaters grew from 19,5% of total minibus sales in 1983 to 24,6% in 1986 "This is evidence of the growing black taxi market. We see this market remaining as a very stable and important part of the total vehicle market," he says.

Both VW and Toyota agree that the major growth potential for black taxi sales remains in the major urban markets Toyota puts its rural sales at some 25% of total minibus sales and expects them to remain "fairly low," compared with metro sales. In fact, the PWV area represents some 30% of total Toyota minibus sales, while VW puts its PWV sales at some 40% of total sales in 1986

But VW's sales to black buyers remain far below the market average of its 1986 minibus sales, only 2,4% went to black buyers.

Clearly the white minibus market remains the major one, although future economic and population patterns are bound to change the situation

"Rapid rise in new vehicle prices has led to the minibus becoming more cost-efficient for families who can no longer afford to run two cars

As a result the market is demanding a higher level of comfort and power. The new fuel-injected minibus accounts for our domination of the 10-seater minibus market," says Kruger.

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Transport industry waits for govt response

ARNOLD VAN HUYSSTEEN


SCHOEMAN

AFTER a gestation period of half a decade, the transport industry is now eagerly awaiting government's response to the final report of the combined public and private sector National Transport Policy Study (NTPS)

Government has indicated its White Paper on transport policy will be published in August

Industry consensus is that transport deregulation is on the cards and the current cumbersome and uneconomic permit/-control system would be replaced by a far more flexible system with quality standards as the watchword

More light on official thinking should be shed during the Transport Policy Convention which takes place in August The overall theme is "Transport Policy" and the convention will be addressed, *inter alia*, by Transport Affairs Minister Hendrik Schoeman and director-general of Transport Adriaan Eksteen

But total implementation of the expected new, streamlined transport legislation could take a few years as the implications of the massive policy switch are vast It involves SA Transport Services' (Sats) freight and passenger rail and road systems, the unpopular cross-subsidisation of Sats' massive passenger services losses, road transport permits, the oil pipeline, harbours, buses and taxis and even tourist buses

"In fact, transport goes to the heart of the socio-political system in this country — and changes in transport legislation go hand in hand with political reform," says Public Couriers Association (PCA) CE, Jack Webster

It is therefore possible the retention of the White Paper until August is linked to the delayed implementation of the Regiona Services Council (RSC) system as the latter will be intimatel involved with regional transpor matters insofar as passenge services are concerned

The demise of the unpopula road permit system will b heartily welcomed by privat sector road hauliers and touri bus operators

The PCA would like to see th new Road Traffic Act, to becom law in 1987, as an enabling ac "with most of the technical stu removed," Webster says Roa transport permits should disa pear, to be replaced by a roa quality control system

Move to suburbs gets stronger

Go north is still the call

SECURITY problems in central cities are making decentralised office accommodation an increasingly attractive proposition.

Apart from the opportunity to move into a more pleasant working environment out of the city, decision-makers appear also to be giving more consideration to the safety of their staff

"If a company does not need to be in the CBD, why should it stay there?" asks RMS Syfrets' Mark McCreedy.

He is aware of cases where organisations with head offices abroad have received directives to move out of the CBD, particularly after the recent spate of bomb blasts.

Companies with CBD leases expiring in 18 months to two years from now are looking at what new decentralised space will be available then

Although CBD rentals have come off considerably and good space is generally cheaper at this stage than existing accommodation in the suburbs, those who are moving out of town believe the trade-off is worth the extra expenditure

The mining houses and financial institutions, historically located downtown, will certainly continue to operate from the CBDs but for others, says McCreedy, there is no reason to stay

He is convinced the office park sector particularly is going to pick up demand. They have the advantage of better parking, more pleasant surroundings and easier security control

Disadvantages suburban accommodation include staff transport these offices are usually located closer to the more affluent areas, where executive-types might live, than the suburbs from which clerical staff and other lower-paid workers have to travel

Another factor cited by brokers against the CBD is the age of many of the buildings in town They're antiquated, security is poor and hence, although the rentals are lower, are not particularly desirable, while most of the decentralised office space is relatively new

Broker Wilf Isaacs sees a continuation of the northern suburbs development trend, with no tremendous activity in the southern areas

Ultimately Johannesburg, Sandton, Rivonia, Midrand, Verwoerdburg and Pretoria are likely to join, he says, in one massive conurbation

He uses the high occupancy rates of hotels like the Sandton Sun and City Lodge, compared to other hotels elsewhere, to substantiate his point that people are conducting their business out north

City Lodge Randburg is maintaining a more than 80% rate and another City Lodge is currently under construction in Sandown

"There'll always be CBDs and growth elsewhere does not detract from their value," he says.

"On the other hand one must realise there is a very, very strong feel for decentralisation."

New institute is for total industry

A BUILDING services institute, geared to serve and involve the interests of all people within the industry, has been established

Delegates to the inaugural meeting held in Pretoria recently elected Johann Botha chairman of the organisation's executive committee

Botha is a senior engineer with the building services division of the National Building Research Institute

The new institute will serve as a forum for the communication and exchange of information between members and play a role in the development of building services technology

In addition it will help to improve training standards and contribute to the rationalisation and development of design, construction and quality control procedures

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implementation of the Regional Services Council (RSC) system, as the latter will be intimately involved with regional transport matters insofar as passenger services are concerned

The demise of the unpopular road permit system will be heartily welcomed by private [illegible] and tourist

PROPERTY

Edited by Jane Strachan

Move to suburbs gets stronger

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SECURITY problems in central cities are making decentralised office accommodation an increasingly attractive proposition

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The mining houses and financial institutions, historically located downtown, will certainly con- roundings and easier security control

Disadvantages suburban accommodation include staff transport these offices are usually located closer to the more affluent areas, where executive-types might live, than the suburbs from which clerical staff and other lower-paid workers have to travel

Another factor cited by brokers against the CBD is the age of many of the buildings in town They're antiquated, security is poor and hence, although the rentals are lower, are not particularly desirable, while most of the decentralised office space is relatively new

Broker Wilf Isaacs sees a continuation of the northern suburbs development trend, with no tremendous activity in the southern areas.

Ultimately Johannesburg, Sandton, Rivonia, Midrand, Verwoerdburg and Pretoria are likely to join, he says, in one massive conurbation

He uses the high occupancy rates of hotels like the Sandton Sun and City Lodge, compared to other hotels elsewhere, to substantiate his point that people are conducting their business out north

City Lodge Randburg is maintaining a more than 80% rate and another City

New institute is for total industry

A BUILDING services institute, geared to serve and involve the interests of all people within the industry, has been established

Delegates to the inaugural meeting held in Pretoria recently elected Johann Botha chairman of the organisation's executive committee

Botha is a senior engineer with the building services division of the National Building Research Institute

The new institute will serve as a forum for the communication and exchange of information between members and play a role in the development of building services technology

In addition it will help to improve training standards and contribute to the rationalisation and development of design, construction and quality control procedures

Survival games for SA's R6bn/year bus industry

ARNOLD VAN HUYSSTEEN

SA's R1,6bn/year bus industry deserves sympathy

Buffeted by political unrest, the economic downturn and growing competition from black-owned mini-bus taxis, operators and manufacturers can be excused for looking down in the mouth

The township unrest of the past two years has exacerbated cyclical business woes by adding a damages bill of a further R100m to the industry's flagging fortunes.

This has led to many operators cancelling costly vehicle insurance and substituting this with book write-offs.

With some 14 000 buses operating daily in "black" areas throughout Southern Africa, the potential savings on insurance premiums could be astronomical

SA's total bus "population" is assessed at some 24 000 units and it is clear the industry is prone to political unrest in black areas.

Taxis

Apart from the political factor and the economic downturn, the 100 000-odd "black taxis" operating mainly in urban areas have also severely damaged the bus industry's turnover and profitability

With Combi taxi's mainly concentrating on up-market transport, there will always be a place for the bus industry — but the halcyon days of rapid growth are over for now

Department of Statistics figures show minibuses accounted for 3,7% of total available passenger seats in 1974 — and this jumped to 6,8% in 1985 But the recession also took its toll

"The bus industry is one of the best barometers of the state of the economy," says SA Bus Operators' Association (Saboa) executive director Dr Gerrie Prinsloo — and, he might add, of the political situation too

This is evident from a cursory glance at Putco's passenger and profit and loss statistics

"From a 1981 passenger total of 363-million we hit a peak of 396-million in 1982

"Thereafter annual passengers progressively fell — to 374-million in 1983, 353-million in 1984 and a mere 323-million in 1985."

The passenger drop is also reflected in Putco's profitability

"Profits of R2,5m in 1983 and R7,8m in 1984 were followed by a loss of more than R8m in the year to June 30, 1985," says Putco public relations executive Pat Rogers.

In the final six months of 1985 the loss became a virtual deluge of red ink — Putco lost nearly R20m in the half-year to December 31, 1985.

Physical damage to buses — flowing from political unrest — also played a big role.

Losses

"With more than 500 buses totally destroyed since September 1984, the direct loss to the whole industry is about R70m

Damage to other industry-owned vehicles and property takes the total loss to about R100m

"This has led to many companies substituting book loss provisions for normal vehicle insurance, as insurance premiums have become prohibitively costly," says Prinsloo

The relative drop in bus industry activities since 1983 now amounts to 20%-25%, although some areas like the Free State show different trends, he adds.

BUS INDUSTRY LEADERS
(according to bus population)

Putco	3 000
United Transport Holdings	1 500
Tollgate Holdings	1 400
Bophuthatswana Transport	1 200
SATS	950
KwaZulu Transport	850
Interstate	600
Durban Corporation	550
Pietermaritzburg	370
Ciskei Transport	200
Lebowa Transport	200

(Source Saboa)

Does the industry have a future? Prinsloo is adamant it has It is tied to the lower-income group's fortunes

"Although a vibrant tourism industry is important for the small luxury bus sector, the vast majority of buses are used for 'socio-economic' transport," he says.

Even here, profitability is the name of the game But State subsidies are vitally important to a group like Putco

"As a percentage of total revenue it continues to hover around 35%-40%," says Putco's Rogers Prinsloo puts the annual subsidy at some R200m/year. He states it is an accepted international socio-economic practise.

However, the subsidy issue is under strong pressure from free market economists, who believe subsidies distort the market and thus the economy

Whatever the outcome of the debate, it is highly unlikely SA could afford to continue raising its subsidies at the present rate.

Apart from unrest and other political problems, the industry will also be affected by expected political reform and the creation of Regional Services Councils (RSCs)

The latter would — under the expected new dispensation — administer regional transport affairs and bus operators would have to contract with RSCs for such business

The industry is also awaiting government's White Paper on the transport industry, following the final reports of the National Transport Policy Study group

Industry sources expect a greater focus on qualitative standards, rather than the current limitations of the permit system "Implementation is expected to take four to five years," says Rogers

Subsidy

In addition, some form of subsidy phasing-out will probably be proposed. But this could take up to 10 years to be effective

Bus manufacturers are obviously feeling the strain. Annual sales dropped steadily from 1981's 2 630, through 2 364 in 1982, 1 519 in 1983, 1 271 in 1984, 1 218 in 1985 — and are expected to fall to a dismal 1 000 units in 1986

Market leader Mercedes-Benz's share steadily grew from 1982's 29,1% to 30,9% in 1983, 33% in 1984, 41,6% in 1985 and an expected 40% in 1986

It is content with its share of a shrinking market, while former leader Leyland is steadily being overtaken by M A N

Market speculation has it that Leyland is considering a pull-out, but this is denied by marketing director Ken Parr

Outlook still positive

BRIAN VAN DER WESTHUIZEN

THE outlook for the commercial vehicle parts business in SA is relatively positive.

This is because, firstly, one of the contributing factors to the decline in vehicle sales is the fact that operators are keeping their vehicles longer, largely due to the rapid increase in vehicle prices.

Another trend is that operators are using their vehicles more productively.

The figures produced by the central statistical services indicate that the tonnage conveyed per vehicle, increased by nearly 16% from 1981 to 1984

Although this is encouraging as it implies an improvement in productivity, it also means the vehicles in question are working harder.

The combined effects of an increasingly aging vehicle park and higher utilisation of these vehicles must lead to greatly increased and enhanced demand for spare parts

Thus the declining industry still presents manufacturers with exciting marketing opportunities on the repair and the spare parts side of their business

Unfulfilled prophecy

SOUTH America was once earmarked as a growth market for trucks.

It will take some time before the sub-continent fulfils this prophecy

The two biggest markets in South America are Brazil and Argentina, both of which have shown marked downturn in recent years

The continent as a whole has serious balance of payment difficulties and is therefore not one of the most promising truck markets in the world to day

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SA lacks 'proper' drivers

COLIN HAYNES

THERE are about 500 000 "professional" drivers in SA, yet probably less than 5% of those who earn their living at the wheel have been properly trained to do so efficiently and safely

The statistics of what this is costing the country are even more vague But the penalty to business and the welfare of the community is enormous R100 000-plus rigs which should do 500 000km without major problems and be capable of being refurbished for almost indefinite working lives, are breaking up prematurely long before their economic pay-back period This is because of poor quality driving

Errors by working drivers — from those at the wheels of taxis to big articulated units — were to blame for a high proportion of the 370 000 road accidents in the country last year which killed nearly 9 000 people and injured about 94 000 others

It is estimated that those 370 000 road accidents cost the country an average R62 000 each, and inflation keeps pushing up that figure substantially A commercial vehicle is involved in nearly one in four of every accident which causes death or serious injury

"You only need to look at what is happening on the roads to see there is something really wrong," says Transman managing executive Graham Dick Transman is a road transport consultancy. "Most companies seem to be neither aware of or interested in the value of driver training"

The Manpower Director-General Dr Piet van der Merwe has urged transport operators to regard upgrading driver skills as an investment rather than an expense However, the miserly government support for driver training programmes has raised doubts about the determination of the authorities to tackle what should be recognised as a major national problem

The subsidy for heavy vehicle driving courses at the group training centres around the country is R400 Experts in the field regard this as a fraction of the true cost of doing the job properly

The country's foremost driver trainer centre cannot do a two-week extra heavy vehicle course for less than R850

"And that assumes 100% utilisation of your staff and facilities," says Jan Aukema, director of the Driver Training Facility of the Industrial Council for Motor Transport Undertaking (Goods) The actual cost is very much higher, probably around R1 250, while the poor standard of many candidates creates further problems.

About 12 000 professional drivers have been through that scheme and about as many again evaluated by the facility on behalf of employers

"Many of those we have seen should never get licences," says Aukema "A great number do not even have the basic aptitude to be professional drivers The standard is pathetically low

"Our best SA drivers are as good as any in the world and skin colour has nothing to do with driving ability There is plenty of good material in SA — it is just not getting the opportunity to be developed properly."

Experts ask how a driver can be trained for R400 when a one week-course in the UK costs almost R4 000, at current exchange rates?

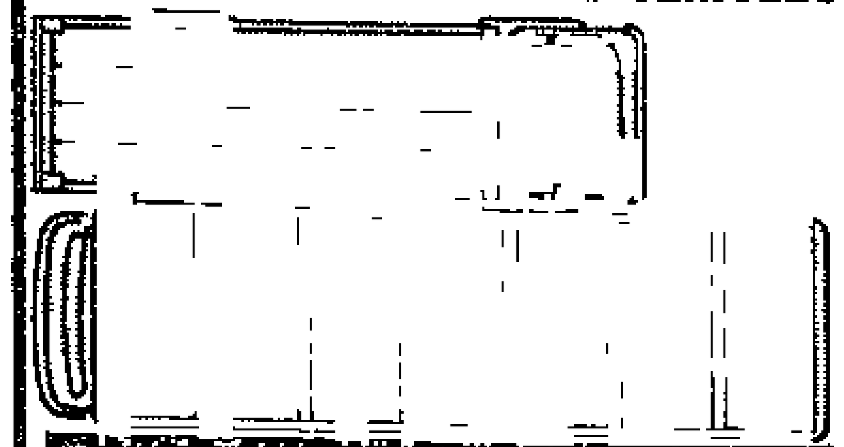
Aukema queries the logic of both operators and the authorities in equating the cost of a basic welding course to that of putting a driver into a rig which might represent a capital investment of R250 000

"The leading fleets which are approaching driver training properly show it is cost-effective," says an industry spokesman "You can quantify how the level of competence of the driver relates to operating costs"

"A cheap driver is not an economical driver," emphasises Aukema "There is enough proof among professional fleets that driver training can cut costs tremendously

"The most successful operators would not dream of putting an untrained driver into any of their vehicles Driver training is the cornerstone of efficient transport"

TRUCKS & COMMERCIAL VEHICLES



A Business Day Survey

No financial relief in sight for heavy truckers

DAVID FURLONGER

WITH truck and bus sales at their lowest point in 25 years, it is a brave gambler who forecasts a recovery in this strategically important market

While recent economic actions have brought a measure of hope to the car and light commercial vehicle sectors, truck manufacturers remain gloomy

Heavy commercial vehicle (HCV) sales this year are expected to total less than 8 000 units, down from 10 430 in 1985, 13 422 in 1984 and 14 159 in 1983 Compared to the peak year of 1981, when manufacturers sold 21,000 vehicles, the present market is small-fry indeed

Even the mild growth predicted for the next two years — analysts expect the market to expand to around 9 000 units next year and 10 000 in 1988 — is far less than industry requires

Nissan's Don Fyfe says the market must double simply to return to what the industry considers "normal" operating levels

"When we talk of industry norms, we're talking of a market of around 14 000 units a year We won't be in those realms for a long time We're not optimistic for the HCV sector picking up dramatically at all We think it will bump along the same as it has for the last couple of years"

Nevertheless, some industry officials believe there are signs of a recovery in the market They point to recent economic reports suggesting manufacturing activity is bottoming out Increased activity, they say, means more transport

Many operators have avoided buying new vehicles by one of two routes — refurbishing existing vehicles or renting their fleets

The first option may soon lose its advantage The National Association of Automobile Manufacturers (Naamsa) estimates a substantial number of commercial vehicles will need replacement in the next 12-18 months

However, Fyfe warns that fleets are presently so underutilised there is plenty of slack available when manufacturing activity picks up again And he adds any increase in sales could be hampered by the continuing "frightening cost spiral"

"So resistance grows, and hiring and refurbishing become more attractive," he says

This cost spiral, caused by a combination of inflation, rand-related import prices and local component costs, shows little sign of slowing. The result, inevitably, is steadily rising prices

Yet some manufacturers believe this could lead to a short-term improvement in buying habits The attitude is "You think we're expensive now but it's nothing to what it will be in 12 months So buy now while it's cheaper."

The industry's problems have already persuaded a handful of manufacturers to abandon the trucks market

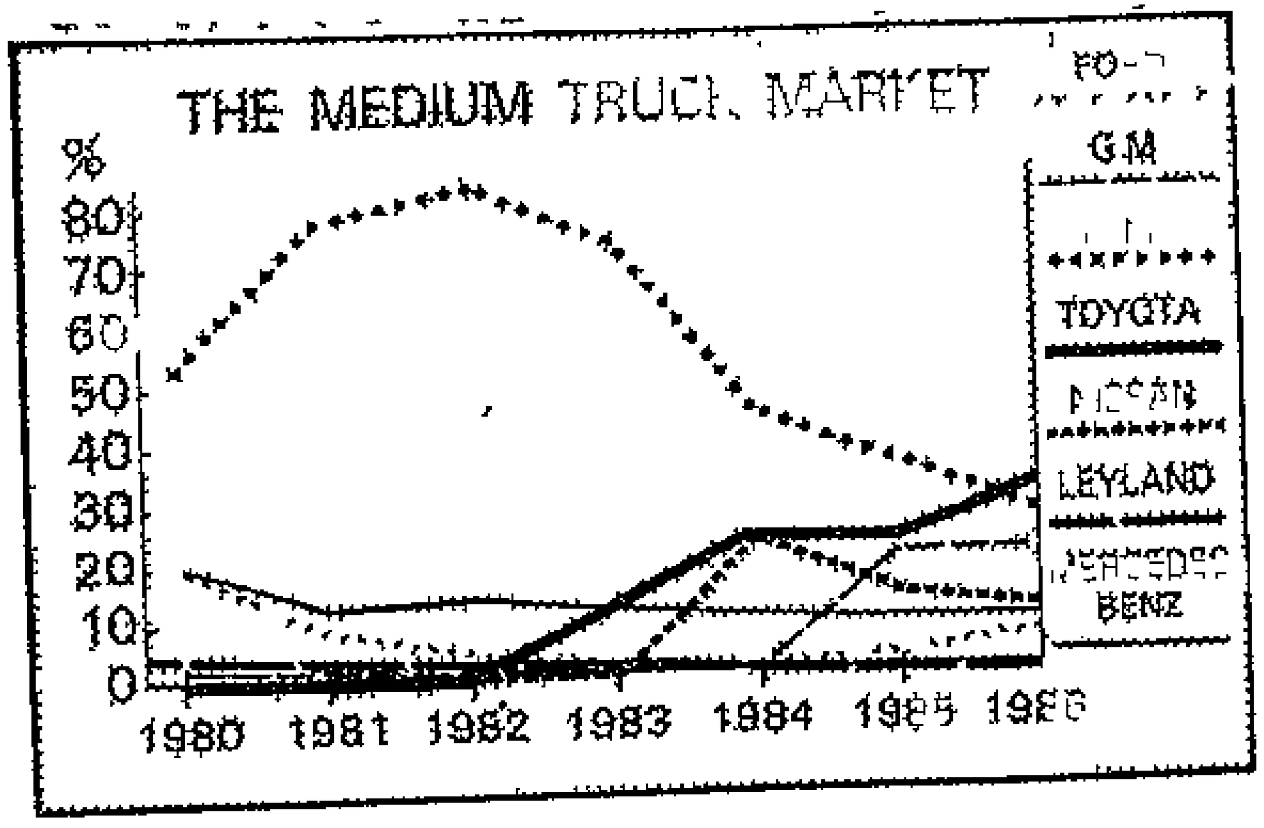
It is likely one or two more will follow before the day is out

Consequently, it is the survivors who will pick up business

Says Fyfe "While the market is depressed, remaining truckers are seeing a lot of competition on the market because of the demise of certain companies"

The industry, however, looks to government, rather than the departure of competitors, for real relief

front Nissan Diesel mounted a strong challenge with its Cabstar light truck range and Toyota has made a big play to add to its No 1 position in other vehicle market sectors with a substantial investment in new generation Dyna light truck models



Move to lighter, cheaper trucks

COLIN HAYNES

THERE are some radical changes afoot in the way trucks are used to move goods And this is proving a particular boost to the lower end of the truck market where, ironically, SA has a better selection of the best units available than many other countries

It never made any sense to have a partially loaded big rig muscling its way around town and waiting for hours to discharge at a warehouse or supermarket Now it can be a financial disaster to do so when a lighter, cheaper truck can do the same job faster and more cost-effectively

Changing patterns in the distribution chain for both raw materials and finished goods have accelerated the trend High interest rates and squeezed margins have reduced inventories and required more frequent deliveries in smaller quantities

Just in time

The big chain store groups and manufacturers alike prefer their suppliers to hold stock, with delivery to both supermarket shelf and factory production line being more on the Japanese "just in time" concept

In SA we have been blessed with an admirable choice of the best Japanese light trucks which have created a whole new market sector — the only one to show any real growth recently.

Samcor's antecedents pioneered the business with the Mitsubishi Canter which has now been reborn in Triton form with a Ford badge on the front Nissan Diesel mounted a strong challenge with its Cabstar light truck range and Toyota has made a big play to add to its No. 1

The dominant leader of the heavy truck business, Mercedes-Benz, has launched new generations of light trucks overseas and makes no secret of its hopes of using them to extend its overall dominant grip on the SA freight-carrying business

Japanese lightweights are typically 5 000kg to 7 500kg in gross vehicle mass and do not cost much more than an executive car to buy and run Initial purchase prices are from around R22 000 and fuel consumption with their efficient diesel engines can almost compete with that of a big luxury sedan

The 5 000kg-7 500kg units have moved from 8,2% of the 5 000kg and above SA truck market in 1980 to over 40% this year Their bigger brothers, the trucks of 7 501kg to 10 000kg (which used to be considered babies in the road freighting business), have fallen from a 12,9% share to only 4,4%

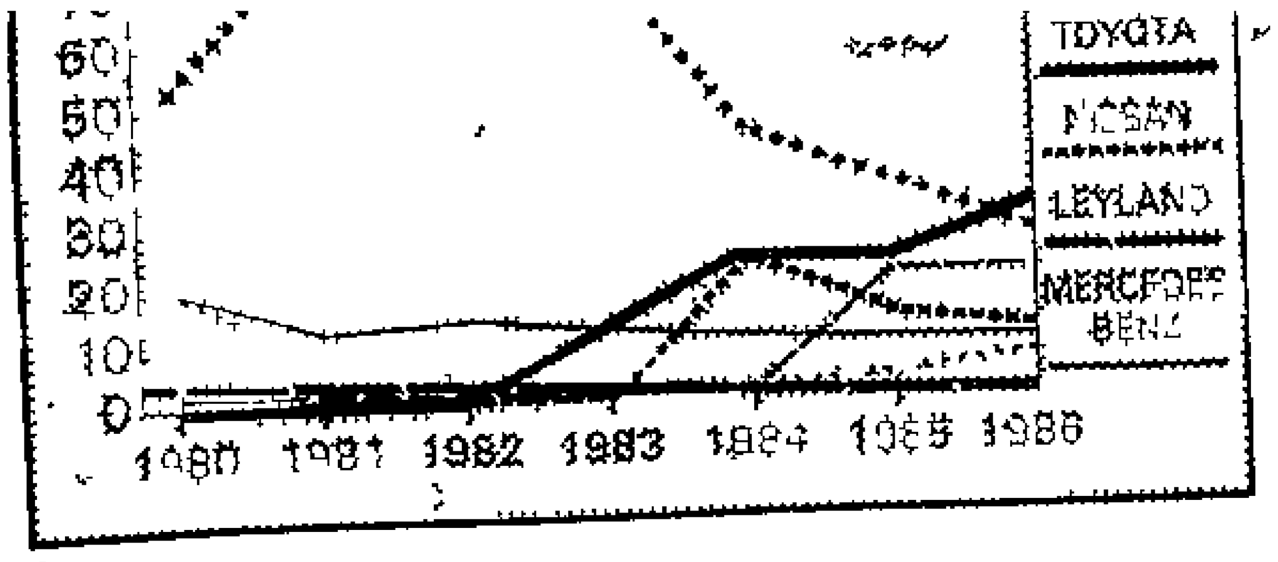
Toyota has gone from nowhere four years ago to leadership of the medium truck market with a 30,3% share Nissan peaked at 21,9% in 1984 but has dropped back to 10%

Competition

The MMI operation in 1982 held a massive 82,5% of the market sector it largely created But much competition has come along since to push this part of Samcor back to around 26% this year

However, Samcor's Triton has given its Ford division a current 5,4% share of a medium truck market once dominated by the blue oval

Despite a declining share, GM's Isuzus still



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Despite a declining share, GM's Isuzus still lead the 7 501kg to 10 000kg truck market while Ford's European sourced Cargo found it impossible to compete

23/2/86

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Transport equipment industry fights on

THE transport equipment industry has had its fair share of problems.

The number of manufacturers in this industry has shown an even greater decline since 1981 than the drop-off in chassis manufacturers, says a spokesman for Poole Industries

Poole is one of the few names, together with a handful of competitors, that has survived into 1986 Recently acquired by Murray & Roberts and merged with CI Trailmobile, it believes it is in a strong transport equipment market position

With over 20 different models of equipment available, Poole now dominates the waste-handling equipment market

The trailer market, most affected by the recent downturn, has dwindled from a high of up to 2 000-units/year down to a projected 200-300 for 1986

The Hercules semi-trailer, which won acclaim with its 1985 Design Institute Shell Award nomination, is battling along with its competitors to keep rolling at appreciable volumes. Transport equipment for the food distribution market and consumable goods distribution seems to be still reasonable, although volumes have declined

The problem facing the industry is one of over-capacity But should this production capacity be lost through the liquidation of transport equipment companies, there could be severe delays once demand picks up

Higher price contributors

BRIAN VAN DER WESTHUIZEN

EVER since the local content programme for medium and heavy trucks was announced in November 1978, there has been no shortage of critics predicting horrendous price increases.

Truck prices have increased dramatically in the last five years, but it should be recognised that there are three significant contributors to these increases apart from local content

Although very modest, ex-works price increases of completely knocked down (CKD) kits are the first of the increases to be recognised.

The increase (on an index basis with 1980 = 100), was 15,8% over the five-year period for a popular German mid-size truck A comparable mid-sized Japanese truck showed an 8% increase over the same period

The second major contributor to price increases has been the devaluation of the rand against all major currencies. The Deutschmark appreciated by 64,4% from 1980 to 1985 against the rand, whereas the Japanese yen appreciated by 72,9% over the same period

Clearly, these currency appreciations significantly impacted the landed costs of CKD kits Also affected where other relevant components imported by local manufacturers of major assemblies, such as engines and transmissions (both ADE and Astas still import a significant percentage of components from West Germany)

The local consumer price index, which is used as a surrogate for the inflation rate, has also climbed steadily Quite obviously, this has been the major factor impacting truck price increases

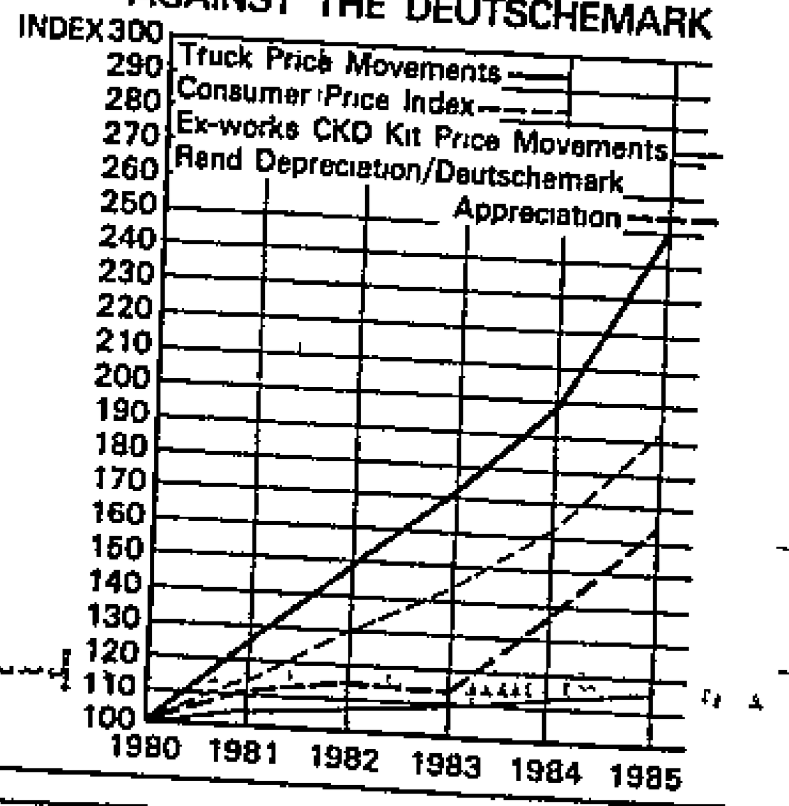
It becomes extremely difficult to determine the precise percentage by which each of the factors mentioned contribute to the overall truck price increase But it is equally clear it is *not* entirely attributable to the additional costs imposed by local content.

In discussions with all major truck manufacturers in SA during the course of this research, it was pointed out that truck prices are currently artificially low. Manufacturers indicated prices should be anywhere between 20 and 30% higher than current prices in order to provide reasonable profits (all major manufacturers are known to be operating at a loss at present).

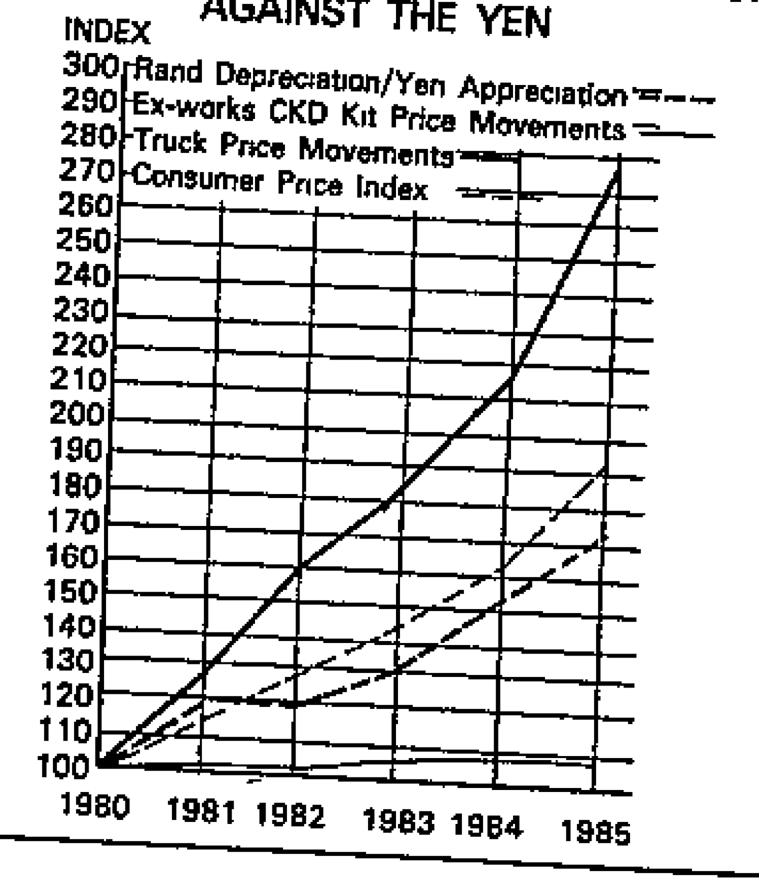
This situation cannot be maintained indefinitely purchasers must inevitably be faced with significant price increases in the coming months

☐ *Brian van der Westhuizen is a senior consultant at Sewells — a member of the Wesbank Group offering support services to the industry*

COMPARISON OF TRUCK PRICE MOVEMENTS, THE CONSUMER PRICE INDEX, EX-WORKS CKD KIT PRICES AND THE RAND CURRENCY DEVALUATION AGAINST THE DEUTSCHEMARK



COMPARISON OF TRUCK PRICE MOVEMENTS, THE CONSUMER PRICE INDEX, EX-WORKS CKD KIT PRICES AND THE RAND CURRENCY DEVALUATION AGAINST THE YEN



NZ's stable truck market

NEW Zealand boasts a small stable truck market with just over 3 000 medium and heavy duty trucks sold in 1983

Australia, however, had sales of over 40 000 medium and heavy duty units in 1983

It suffers from the same problem as SA — too many manufacturers competing in the same market

There are no less than five British, five US, four Japanese, two German and two Swedish truck makes competing in the same market

(192) 23/7/86

TRUCKS & COMMERCIAL VEHICLES

A Business Day Survey

Sanctions will not stop wheels rolling

COLIN HAYNES

EVEN severe international sanctions cannot prevent the wheels of SA commerce and the military from rolling

The controversial truck local content programme, which so far has made little technological or economic sense, at least promises to live up to one of its main political objectives — market growth

This year, the average local content by mass of the Atlantis Diesel Engine (ADE), the standard power units for SA civil and military trucks, will exceed 70% It was already scheduled to top 80% by the end of 1987, before the sanctions threat started to turn into a reality

Informed observers believe the programme could be speeded to meet most of our diesel engine manufacturing and refurbishing requirements

In addition to ADE, with its own foundry and sophisticated manufacturing lines for the Perkins and Daimler-Benz families of engines, there are nearly 60 local supplier companies

These are able to provide over 1 000 components and have already invested heavily in order to produce to comparatively high quality standards

So far, the low volumes and high investments required for such specialised precision components as fuel injection pumps, some piston rings and turbochargers have made local manufacture impractical

However, this could change It is considered unlikely that sanctions could effectively cut off supplies of these low-volume, high-value items of diesel engine equipment.

A similar capacity to manufacture transmissions locally has been established around Astas on the Witwatersrand.

It is intended to take care of the rest of the typical SA truck's driveline. Hundreds of other companies are producing chassis and cab components, or could do so comparatively quickly.

Already, due to the downward movement of the rand, local sourcing of truck equipment is more attractive financially than ever seemed possible during the 70s and early 80s.

However, truck manufacturers still smart from the enormously high cost of re-engineering vehicles to take local powertrains They are proving reluctant to push ahead with further R & D programmes

This is particularly infuriating for industry leader Mercedes-Benz SA (M-B). M-B could drop new high-efficiency small-truck diesel engines into its new smaller trucks, which would power its bid for a larger slice of this potential growth sector

Now M-B, which was off to a flying start in the truck local content programme, faces the prospect of having to re-engineer new generations of chassis to take out-dated versions of its own engine designs

Inevitably, the local content programme will delay — if not prevent — certain advanced technology from reaching SA The use of ceramics and new metallurgical techniques is making diesel engines more fuel-efficient, more powerful for their weight and less expensive to maintain

Such technology is already dribbling into SA in the smaller imported diesels, as these are able to slip underneath the local content protection net But new technology will be difficult, if not impossible in some cases, for ADE to deploy

However, ADE's defenders say much of this technology will be of only marginal benefit under SA operating conditions for many years to come

Top ADE executives maintain they can keep up with the most important trends.

Technology attitude

COLIN HAYNES

EVEN when technologically advanced products are developed and made available locally, manufacturers and operators are slow to catch on

Certainly, this is true of the ADE 354C altitude compensated engine, a Perkins design which has been considerably refined locally This uses a moderate form of turbocharging to overcome the engine "breathing" problems at high altitude

Many local manufacturers and operators seem prejudiced against Perkins-based ADE engines, compared with the Benz units, and so the 354C still battles for acceptance

When first introduced last year into some Ford Cargo models, it transformed their performance But there was not enough support to save the Cargo from local extinction, at the same time as it was relaunched overseas to spearhead Ford's drive for a bigger slice of the world truck market

ADE has produced about 80 000 diesel engines since it was founded in 1981, with over 50 000 of these — and the vast majority of those for vehicle applications — coming from the Daimler-Benz (DB) lines.

The Perkins division has made only a small penetration of the truck market, but continues to dominate in the agricultural sector Total ADE production should reach 200 000 by the end of this decade.

Local contents benefits

ALREADY some of the promised benefits of the truck local content programme are being felt, particularly with the rationalisation of parts inventories and the ability to train service technicians more cost-effectively

But the financial cost of local content to truck manufacturers and operators has been very high, pushing some OEMs out of the SA market and helping to raise the purchase price of new trucks to very high levels

The ripple effects have been felt throughout the economy, being highly inflationary, with road transport contributing to the cost of virtually all raw materials and finished goods.

However, the ultimate strategic payoff seems to be coming closer

The cornerstone of SA's truck local content programme has been the ADE 400-series family of engines

The recent introduction of a locally forged and machined crankshaft brings the local content of this basic workhorse power unit up to 74% by mass, and it will be over 80% next year

NM 3/7/86

New bid to break strike deadlock

180A 180 192

Labour Reporter

FURTHER talks between representatives of the Metal and Allied Workers' Union and BTR-Dunlop Ltd will take place today in a new bid to break a deadlock over wage increases at the strike-hit tyre factory

The entire black workforce of 1 200 downed tools on June 25 in support of their demand for a 50 c an hour pay rise and continued their strike when talks reached a deadlock

Mr Bobby Marie, branch secretary of Mawu, said yesterday that the workers were still determined to continue their battle for more pay and the fact that the company was prepared to lose 'millions of rands' through lost production clearly showed that the company could afford to play around with money and yet was not prepared to meet their pay demands

Mr Glen Sutton, group industrial relations manager of BTR-Dunlop Ltd, yesterday confirmed that the talks would be held today and said that it was hoped that the union would move away from its 'intransigent stance' so that the deadlock could be broken

'We are prepared to negotiate,' he said, adding that the company had offered workers a pay rise which would have amounted to R100 a month on average wages, but this had been rejected

BUSDAY (192)

23/7/86

Jaguar may swop franchise

HAMISH McINDOE

MOTOR industry sources believe British luxury car-maker Jaguar is looking to end its franchise agreement with Leyland (SA)

The Jaguar franchise may be handled by Lindsay Saker Porsche

This was confirmed by Porsche importers LSM Distributors, whose MD Christoph Köpke told *Business Day* yesterday "We are negotiating with Jaguar but there is nothing final yet"

The move is thought to follow the retrenchment last month of Jaguar's local sales and marketing director, Arne Pitlo

Doubts at Jaguar over the future of its franchise resulted in the car-maker's SA regional manager Alan Wemyss flying to SA last week to clarify the situation with Leyland executives

But a Leyland spokesman stressed "Jaguar representatives regularly visit SA to keep abreast of trading conditions"

He stressed the franchise agreement with Jaguar was still being covered through its trading arm, Associated Automotive Distributors (AAD), which also handles Land Rover and Unipart spares and accessories

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NM 24/7/85

Pay rise offer in bid to end strike

Mercury Reporter

IN A bid to break the strike deadlock at one of Durban's largest tyre factories, BTR-Dunlop Ltd, management yesterday afternoon offered workers a pay increase higher than that originally demanded

Mr Glen Sutton, Dunlop's group industrial relations manager, said the company had made an offer to the Metal and Allied Workers' Union 'higher than the 50 c'

The entire black workforce of 1 200 downed tools on June 25 demanding a 50 c an hour pay increase

Mr Sutton said the union would put the offer to workers today, and the company awaited a decision from the union

A Mawu spokesman could not be reached for comment yesterday

Sardine run nears an end

Latest pay offer rejected

Labour Reporter

EMPLOYEES of the BTR-Dunlop tyre factory in Durban yesterday rejected the company's latest pay offer and decided to continue their strike, a spokesman for the Metal and Allied Workers' Union, said

He said the company had offered a pay rise of 54 c an hour, spread over 15 months, retrospective to June 1 with a rise of 20 c an hour, 20 c at the end of December and 14 c at the end of April next year

'The company's offer was put to the workers at a meeting, but they rejected it because they considered the time limit too long A meeting between union representatives and the company is scheduled for 10 a m today,' he said

He said the workers had requested a 50 c an hour pay rise staggered over 10 months

Mr Glen Sutton, group industrial relations manager of BTR-Dunlop Ltd, said the company had not yet been officially informed of the workers' reaction to the latest offer, but a meeting between Mawu representatives and the company was due to take place today

The Star Friday July 25 1986

Ford's SA future depends on change

By Jeremy Sinek

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DETROIT — In future there could be real constraints placed on Ford's ability to do business in South Africa. That is the view of Mr Lindsey Halstead, Ford's US vice-president with responsibility for the company's South African interests.

Speaking to a group of South African journalists in Detroit, Mr Halstead said: "Despite some very positive actions in South Africa that we would not have conceived of three years ago, the gap between what people want to see happen, and expect to see happen, is wider rather than narrower."

He said there had to be substantially more change. "A year ago, if asked whether Nelson Mandela should be released, I would have said 'no'. Today, I think it's an absolute prerequisite."

Of Ford's continuing presence in South Africa, he said he believed the country was better off for Ford being there than if it were not.

Although from a business point of view, Ford had achieved its objectives since the Sancor merger, the political outlook had become less favourable, and damage due to consumer confidence was having a direct bearing on whether people buy cars.

Mr William Broderick, a director of Ford's Governmental Relations staff, said the US Chamber of Commerce in South Africa had outlined very specific points that needed to be addressed.

"How it gets resolved in some kind of political compromise is a job for South Africans to work out, not for the American people to dictate, even though they think they know what the answers ought to be."

"We don't, but we certainly know the process doesn't begin with the kind of negative actions we've seen so far from the Government," he said.

FIN MAIL **TRACTORS ON ICE** 192 25/7/86

Tractor sales in the first six months of 1986 were 35% down on 1985 — reflecting the industry's continuing state of woe.

From a dizzy peak of 24 862 units sold in 1981, sales dropped to 7 061 last year and are not expected to exceed 5 000 units in 1986. The past four years of drought and the erosion of the agricultural economy as a whole contributed to the current situation.

"June sales of 395 units are 16% down on last year's 471 units, while year-on-year sales for the first six months of the year show a 35% decline to 2 147 units — down from last year's 3 310," says Robin Phillips, chairman of the SA Tractor Manufacturers Association (Satma)

Phillips expects a slight sales upturn during August and September as farmers prepare for the new planting season — but this will not amount to a turnabout in the market, he adds.

June sales show Fiat manufacturer Vetsak losing market share against US manufacturer Case IH This follows the latter's concerted marketing campaign and a substantial cash injection by the US parent. Vetsak dropped from a 24,7% market share to 16,4%, while Case IH jumped smartly from 1,7% to 11,2%.

Most manufacturers are working at some 30%-35% of capacity — although the majority are still profitable And with new tractor sales dropping steadily, parts sales — and reconditioning of older models — are growing accordingly. The industry is lobbying for a reduction of the 10% surcharge on imported parts.

"Replacement parts sales now contribute some 30%-40% of total industry turnover, compared with 25%-30% a year ago," says Phillips.

27/7/86 S SUN TIMES

192 200

Opencast mine giants now being made in SA

By Don Robertson

GIANT R2,5-million mining trucks are being made in South Africa for the first time

Austral Engineering is making the trucks, which are used in opencast mining, at its plant in Boksburg They have a local content of 40% and are made under licence of Unit Rig & Equipment Company

The rand's collapse has caused a huge increase in the price of imported trucks

Ken Mannen, general manager of Unit Rig SA, says "Five years ago it became economically reasonable to consider SA manufacture But our problem was quality

"The quality standards were fixed, but we could not find a firm which could assure us it could meet them Then we got together with Austral Engineering

"We are not talking about a firm doing a bit of tin bashing for us In the short term we expect Austral to take over the entire fabrication and construction work previously done by Unit Rig This includes precision turning and jig boring, procurement and machining of castings and forgings, instrumentation and electrical work

"Local content is increasing daily and we intend to import only the electrical drive systems and diesel engines eventually"

Tooling for the plant was imported from a Unit Rig factory, says Mr Mannen

The first five frames began production in September last year and the full production run got under way in January

The trucks, which have payloads of 154 tons and 172 tons, are fitted with electrical drive systems for economical use in opencast mines and are powered by overhead trolley lines Once out of the mine area, they are powered by their diesel electric drive system

The cost of the tyres alone is R19 000 each

By the end of the year, the company will have exported two dump bodies and 18 electrical control conversion units to African countries In addition, 13 trucks will have been delivered to Palabora Mining Company Three will be 172-ton units

Saficon experiences its worst year of the decade

28/7/86 STAR (192)

Saficon has a portfolio of decentralised businesses involved in motor vehicle trading, materials handling and manufacture of motor vehicle components

In the latest annual report chairman Mr Sidney Borsook states "The motor industry had a difficult 1984, a disastrous 1985 and the outlook for 1986 doesn't look much better. The industry needs help quickly if it is going to survive as a viable contributor to our economy."

The group experienced its worst year of the decade While turnover was the highest ever, earnings retained were minimal

Shareholders must have been relieved with the final earnings of 36,68c for fiscal 198and final 11c dividend, because at the half-way stage, with a loss of 14,54c and no interim dividend, all seemed lost

While the turnabout in the last six months was highly commendable I believe shareholders should scrutinise the board's major investment decisions

Turnover improved marginally to R422,6 million (R418,2 million) resulting in normal earnings for ordinary shareholders of R2,92 million (R3,14 million)

After allowing for dividends and extraordinary items the earnings retained for the current year were a mere R1,5 million (R3,94 million)

The group's long-term plan to achieve a return on average net assets of not less than 17,5 percent was drastically down at only 7,47 percent (8,63 percent)

The debt to equity ratio was 0,59 1, down from 0,71 1 in 1985 This was materially assisted by lower stocks at March 1986 which reduced both the net assets and borrowings by R5 million

With Saficon heavily involved in the motor industry, my curi-

The bottom line with Michael Menof

osity was aroused by its major investment in Boumat, a building materials company

Just how compatible is this investment?

During the year Saficon increased its number of ordinary shares held in Boumat from 5,23 million to 5,77 million by electing to participate in two bonus share offers, instead of qualifying for the cash dividends by not participating in these bonus offers

The cost value of Saficon's investment in Boumat was R15,32 million (R15,95 million), while the JSE market value at March 31 1986 amounted to R24,52 million (R17,01 million)

No income was received from this investment during the year

Saficon's borrowings, comprising long and short-term loans and bank overdrafts, amounted to R28,5 million at March 1986 (R30,9 million)

Net interest expense hurt the income statement by R6,32 million in 1986 (R5,8 million) In addition share capital includes R4 million redeemable preference shares necessitating R431 000 in annual dividends

Would it not be in the best interests of Saficon to sell its Boumat investment and realise the R25 million which it could then utilise to repay borrowings? This would save R6 million interest and mean more income

In 1986 the group revalued its land and buildings upwards by R5,53 million which materially increased ordinary shareholders funds from R49,49 million in 1985 to R55,13 million The revaluation caused a R427 000 write-back of accumulated depreciation to extraordinary items I note the group's pension fund owns assets valued at R46 million

I hope this area of possible tax savings has been investigated, whereby the pension fund could acquire the land and buildings of Saficon at market value The cash received from the sale would help further reduce borrowings Any rent paid to the pension fund for using the buildings would be tax free to the fund while being allowed as a tax deduction to Saficon

While the ratio of current assets to current liabilities shows a healthy 1,58 1, current assets totalling R80,9 million include R53,9 million stock (1985 — current assets R79,9 million, stock R57,9 million) This position was reflected in the acid test ratio of current assets less stocks to current liabilities — a ratio of 0,53 1

EXPECTED DIVIDENDS

In his detailed projection for 1987 Mr Borsook lists the positive and negative elements in the economy He forecasts sales increasing 17 percent to R495 million and earnings rising a massive 74 percent to R5,2 million

This means earnings of 62 cents per share and expected dividends of 18 cents

Last year he had to drastically revise his forecasts downwards at the half-year stage What with all the uncertainty at present it will be interesting to see whether these projections will again need revision

MANUFACTURING – MOTOR INDUSTRY

1986

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CAR INDUSTRY

A better ride?

SA's depressed motor industry may be slowly climbing out of its two-year depression Following the industry's best sales month in June, market sources forecast that this could be the start of the long-awaited upswing

Since the record 301 000 units sold in 1981, industry sales have declined by 35% The National Association of Automobile Manufacturers of SA (Naamsa) statistics for the first six months of the year still paint a dreary picture, with passenger car sales 13,3% below the same period in 1985 — itself a very depressed year

Nevertheless, Naamsa's June car sales statistics of 15 769 units showed a 14,7% improvement on May sales, and were 1,92% up on June last year. Naamsa's passenger vehicle sales forecast for 1986 was accordingly revised from a low 170 000 to about 178 000 units

Although industry sources speculate that things will improve, they are still wary of overt enthusiasm."The market has bottomed out and we reckon that monthly sales averages will start improving marginally," says Toyota marketing director Brand Pretorius

Official statistics also show that the net loss of R25,8m recorded by motor trade wholesalers in the first quarter of 1986 was considerably below the R53,8m loss suffered in the last quarter of 1985

Public perceptions of greater political stability and some return of economic confidence — triggered by government's recent economic package — are the most important reasons listed by Naamsa for the brighter June figures.

McCarthy Motors agrees. "The sales boost comes with the launch of new vehicles, while measures taken by government — for instance, the re-adjustment of the perks tax scale in favour of company-owned cars — led to much improved business confidence," says MD Theo Swart

Swart expects a 10% sales increase over the next six months and reckons that 1987 will be a healthier year for all sectors of the industry

"The stimulation of the market by the launch of the new models, high discounts, aggressive sales campaigns and price reductions on certain models are further reasons for the increased sales," says Pretorius But he adds the rider that sales are always up in June because it is a pre-holiday month, as well as the financial year-end for many companies

Says former BMW MD Walter Hasselkus "Indications are that total sales for 1986 will be about 180 000 units — a further 12,0% down on last year's figure But the tide is turning and by 1987 the monthly and annual sales volumes should reflect an improvement compared with 1986 "

As the depressed exchange rate will remain a threat to the motor industry, Hasselkus believes the solution to the industry's problems lies in exports BMW proposes an export promotion scheme, enabling manufacturers which export components to claim the equivalent mass of the exported components as local content

Naamsa says recent measures to revitalise the economy should continue to underpin demand at current levels New car sales are likely to gain further momentum during the second half of this year, once the new basis of valuation of company-owned cars — for the purposes of fringe benefits tax — is officially implemented

Naamsa estimates new car sales to average more than 15 000 units a month for the rest of the year ■

18/8/86 (192) BUS DAY

PRETORIA INDUSTRY

A Business Day Survey

Carmakers in low gear, but set for racing take-off

GERALD REILLY

PRETORIA'S motor-vehicle industry has burgeoned in the past few years to become the second largest industry and employer in the region, pipped only by Iscor.

Hundreds of millions of rands have been poured into the vehicle industry, and although it is working well below capacity because of the poor economic climate, it is poised for take-off when the economy turns round

In January 1983, employment in the Pretoria region's vehicle-manufacturing industry reached a peak of 14 335, or 30,5% of the total 47 077 employed nationwide

Job numbers plunge

At that stage, Pretoria-based manufacturers produced 32,6% of vehicles sold throughout SA

By January 1986, however, employment in the industry in the Pretoria area plunged to 11 835, despite Samcor's move to Pretoria from Port Elizabeth This was 35,9% of the industry's total workforce of 32 941.

Pretoria began to find increasing favour in the 1970s, when the local content programme was initiated

With the SA motor-vehicle industry no longer so dependent on imported parts, major manufacturers have moved to Pretoria and the huge PWV market

About 60% of the national market is now in the PWV region, and one-third of vehicle manufacturers located in the Pretoria area These include BMW, Nissan and Samcor

According to Motor Industries Federation director Jannie van Huyssteen, there is little immediate prospect of further significant expansion of the industry to Pretoria

Of the other big manufacturers, Toyota is established in Natal, Mercedes in East London and Volkswagen in Uitenhage

Van Huyssteen says it's unlikely Mercedes will forgo its substantial decentralisaton benefits in the East London area (which include 60% rebates on transport and electricity), to relocate to Pretoria, although the company's head office is there

He adds that manufacturers moving to Pretoria not only benefit by being closer to the major markets, but also have a more stable labour force

Volkswagen publicity chief Jan Kruger says VW has no plans to diversify to Pretoria.

"We recently completed a R230m expansion programme, and our commitment to stay in Uitenhage is firm," he says

Samcor MD Spencer Sterling says the corporation aims to complete its rationalisation by year-end

Most of Ford's operations in the Eastern Cape have been transferred to the Silverton plant, he says, although about 1 000 employees have stayed behind in scaled-down operations in Port Elizabeth

A Samcor spokesman says Ford had employed between 4 000 and 5 000 in its Port Elizabeth operation By the end of the year Ford will have about 500 employees in its Port Elizabeth-based engine plant

The group's tractor production is expected to start next month at i Pretoria plant

Nissan spokesman John Elfor says the first Datsun-Nissan cars ai rived in 1959 for assembly in Durbai Nissan's Rosslyn plant started prc duction in 1965 with a 60 vehicle-a month capacity This has been raise to a capacity of 3 000 vehicles/montl

Nissan, a wholly-owned subsidiar of Sanlam, now has about 12% of th vehicle market, and a separate Ross lyn plant has been built for produc tion of heavy vehicles

Pretoria Chamber of Commerce GM Alec de Beer says the industry is of vital importance to the economy oi the region

Naamsa director Nico Vermeulen says that with the vehicle manufacturing industry initially dependent on imported parts, it was logical for assembly plants to be sited at ports

Progressively less was imported, with the local-content programme having evolved to a point where locally manufactured parts comprised 66% of cars and light commercial vehicles

Industrial showpiece

BMW (SA) has developed into one of Pretoria's industrial showpieces

Its cars, which measure up in detail to the strict quality control applied at its Munich headquarters, are not merely sold in SA, but are also exported to many other countries.

Adding to the existing 5-Series and 7-Series in 1983, the 3-Series was launched from Rosslyn to give SA the full range of BMW models.

To keep pace with demand, the Rosslyn facility has been expanded several times The last major expansion was in 1983, when more than R100m was invested

Towards the end of 1982, a plant to make all the soft-trim components necessary was opened in Garankuwa, Bophuthatswana

A major benefit to Pretoria, which, like many SA cities has many unemployed, is that BMW now employs more people than it did in 1981.

At the end of March this year, when the industry total dropped to 32 771, BMW had 2 130 on its payroll

SA car men see swing in fortunes

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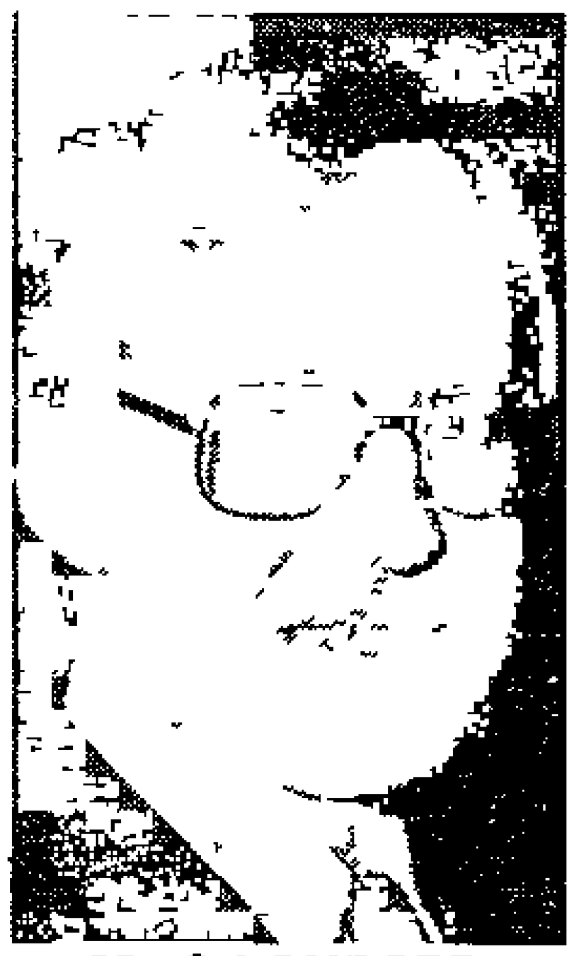
Mr RONNIE KRUGER ... zero growth


Mr S LOUBSER ... rain will help

By RALPH JARVIS
Motoring Editor

MOTOR manufacturers in South Africa appear to have their optimism in top gear for a swing in fortunes in the flagging industry, with some forecasting a significant turnabout

Their early predictions see a "return to form" of about 8%.

This upturn will be felt in the economy, industry spokesman believe, from the last quarter of this year and, according to the publication, Automobil, "certainly early next year".

For next year the industry has forecast average vehicle sales of 283 300, as opposed to the 260 725 predicted for 1986

This average figure includes 191 000 passenger cars, 83 400 light commercial vehicles and 7 480 heavy commercial vehicles

Only one of the seven South African manufacturers has not gone along with the general trend of optimistic forecasting

Volkswagen of South Africa has predicted zero growth in the passenger car section and a drop in the light commercial sector.

They do not compete in the heavy commercial sector.

The public affairs manager of VWSA, Mr Ronnie Kruger, said his company believed there would be zero growth in the passenger car market in 1987, the figure holding steady at the 180 000 they have forecast for 1986

"But we obviously hope the others are right."

Mr Stephanus Loubser, marketing director of Nissan South Africa, said that though his company's forecast of 195 000 passenger vehicle sales for 1987, as opposed to the 178 000 predicted for 1986, could be a bit optimistic, "with the changes we are experiencing in the market, this is possible"

On the light commercial field, where Nissan has forecast sales of 89 000 for next year (81 000 estimated for 1986), Mr Loubser was confident the rainy season would help improve agricultural prospects, with the light commercial market benefiting as well

General Motors South African, which participates in all sections of the motor market, has forecast a sales figure of 285 000 — 30 000 units up on the 255 000 it predicts for 1986

This includes 190 000 passenger cars (170 000 for this year), 87 000 light commercials (78 150) and 8 000 heavy commercials (6 850)

East London manufacturer Mercedes-Benz, operating in the passenger and heavy commercial sectors, expects sales to be up by 25 000 passenger cars (from 175 000 to 200 000) and heavy commercials up by 500 units (from 7 500 to 8 000)

Toyota forecasts a 5,9% increase in sales for 1987, with a 10 000-unit increase in passenger cars sales, light commercial sales up by 5 000 and a small 200-unit increase in heavy commercial sales from 6 900 to 7 100

Mr Brand Pretorius, Toyota's marketing director, said his company expected the motor industry to be better off in 1986 than originally expected

Indications were that August sales had exceeded expectations.

BMW has forecast a 20 000-car increase next year

Samcor, incorporating Ford and MMI, expects an industry total of 275 000 — 14 000 up on the 261 000 forecast for 1986 Samcor's 1987 total consists of 185 000 passenger cars (177 000 for 1986), 83 000 LCVs (77 000) and 7 500 heavy vehicles (7 000)


Mr B PRETORIUS ... better off in 1986

	PASSENGER		LIGHT COMMERCIALS		HEAVY		TOTAL	
	1986	1987	1986	1987	1986	1987	1986	1987
BMW	180 000	200 000	—	—	—	—	—	—
GM	170 000	190 000	78 150	87 000	6 850	8 000	255 000	285 000
Mercedes	175 000	200 000	—	—	7 500	8 000	—	—
Nissan	178 000	195 000	81 000	89 000	6 600	6 800	265 000	290 800
Samcor	177 000	185 000	77 000	83 000	7 000	7 500	261 000	275 000
Toyota	177 000	187 000	78 000	83 000	6 900	7 100	261 900	277 100
VW	180 000	180 000	76 000	75 000	—	—	—	—
Average	176 714	191 000	78 030	83 400	6 970	7 120	260 875	281 65

(192) FINANCIAL 3/10/86

SAMCOR

Taking a global view

Andrew McNulty discusses Samcor's prospects after the merger of Amcar and Ford against the background of developments and trends in the world motor manufacturing industry. He recently visited plants in Japan and the US.

When Samcor was put together in February 1985 out of the motor interests of Anglo American's Amcar and Ford SA, the merger was given a two-year timetable with break-even projected for June 1987. Inevitably, commentators treated the forecasts with caution Ford SA, as a privately-held interest of the multinational Ford Motor Company, had never disclosed its financial performance, Amcor had accumulated huge losses.

Confidence was not helped by the decline in overall vehicle sales since the merger was announced. Total 1985 car sales were 24% down on the 1984 figure and 32% down on 1981, while sales for the first eight months of 1986 were nearly 12% below those for the same period last year.

But some 18 months since the deal, Samcor MD Spencer Sterling says the merger is largely completed and so far meets expectations "We are below budget on all cost indications and ahead of schedule with respect to plans for putting this company on a sound basis," he says

After changes in the shareholdings of Anglo American and Amic, the Anglo group's 58% interest is widely spread, with the result that none of the shareholders now comments on Samcor's financial performance However, sources say that Samcor has actually made profits since its improved sales figures at mid-year. If so, this would be significant for Anglo, for a number of years the losses of its motor interests were an embarrassment

But sales performances for June and July were heartening In June Samcor, with new models being launched, pushed its share of the car market up to 25,42%, nudging Toyota into second place It held this share in July, but slipped back to 21,7% in August, when the industry's sales were again disappointing.

So it is clearly too soon to assume Samcor will necessarily maintain the hoped-for sales volumes Management's view is that it's early days yet, and the company is happy with the share achieved

Sterling contends that Samcor's sales could have been higher since mid-year, had production not been disrupted by the rationalisation

"Overall, we've had two big problems," he says. "Firstly, industry volumes have declined continuously since 1981, and kept falling after the merger The second is the exchange rate. Since the beginning of 1985 the rand fell dramatically against the yen and the pound These two currencies are critical for us as we import components from Japan and the UK The rand is everything to us now "

That Amcar and Ford decided to merge their South African motor companies, and that Samcor's management now stresses the importance of exchange rates, reflects trends that have also been shaking up the international motor industry When South African journalists recently visited Samcor's source

Samcor's Sterling . . . working on exports

companies — Mazda and Mitsubishi in Japan and Ford Motor Company in the US — senior executives there spoke along similar lines

Japanese executives noted that various partnerships have been formed between international motor manufacturers, and forecast that the trend will continue

Ford, for example, owns 25% of Mazda, while Chrysler has 20% of Mitsubishi Motors (whose commercial vehicles are assembled and sold by Samcor) "Throughout world markets, competition is becoming more severe and survival more difficult," says Keiji Asano an MD and deputy GM overseas operations at Mazda Motor Corporation

With demand reaching saturation in many industrialised countries, he estimates vehicle sales volumes will over the next decade show annual growth of only 1%-2% in the mature markets of the US, Japan and Europe, and 3%-4% in developing countries, with an overall annual growth of little more than 2% Meanwhile, low prices for natural resources exported from developing countries are hampering growth in those areas "This is forcing manufacturers towards mergers or partnerships " says Asano "The industry is becoming more international and less regional."

The strong yen, now close to an all-time high against the dollar, is a serious concern for the export-orientated Japanese motor industry Mazda, for example, was predicting a 40% drop in profits for its current year

Mitsubishi's GM Oceana South Africa group, K Sato says "On average motor manufacturers' profitability in our domestic market is low or negative Now we are faced with a negative trend in export markets too Our motor industry is facing a dangerous situation which will require new strategies " Notably, Toyota Motor Corporation last week reported a 15% fall in net profits for its year to end-June

But if the Japanese giants are worried, in Detroit the Ford Motor Company is riding a wave of vigorous sales, a successful new product range, high morale and whopping profits In the June 1986 quarter it reported net income after tax of just over $1 billion or R2,4 billion on the US45c exchange rate, earned on revenues of $17,3 billion This brought the half-year net income figure up to $1,8 billion, against the previous year's first half of $1,48 billion

The July figure was 54% up on the 1985 June quarter, and also better than the 1986 second quarter performance achieved by the larger General Motors (GM), whose earnings fell by 15,6% to $978m on revenues of $27,6 billion GM could boast sales 60% greater than Ford's, but has been struggling to reduce costs

Ford has, in fact, undergone an extraordinary renaissance It had large losses between 1980 and 1982 — a total of $3,7 billion. At that time some US analysts were wondering if Ford would have to follow Chrysler in seeking Federal financial assistance One reason given for Ford's recovery was the rationalisation of its entire organisation Certain plant was closed, the payroll was slashed and breakeven substantially lowered Samcor has, of course, been attempting to follow a similar strategy

Ford's profits also got an important boost from its international operations Although GM is larger in terms of US sales, Ford is stronger in worldwide markets, particularly in the Far East and Europe where its products have recently sold particularly well

In total, Ford claims some 13,7% of worldwide passenger car sales and 15,5% of truck sales The dollar's slide against sterling and the D-mark further increased the importance of Ford's profits from non-US markets, and its international profits tripled in the July quarter

However, with sales expected to remain under pressure in the longer term, costs and efficiencies have become critical to motor producers All international motor companies are moving further towards automation, with the Japanese setting the pace Like other Japanese firms, Mazda is investing in the US It is building a $450m plant at Flat Rock, Michigan, with annual production capacity of 240 000 Mazda 626 cars.

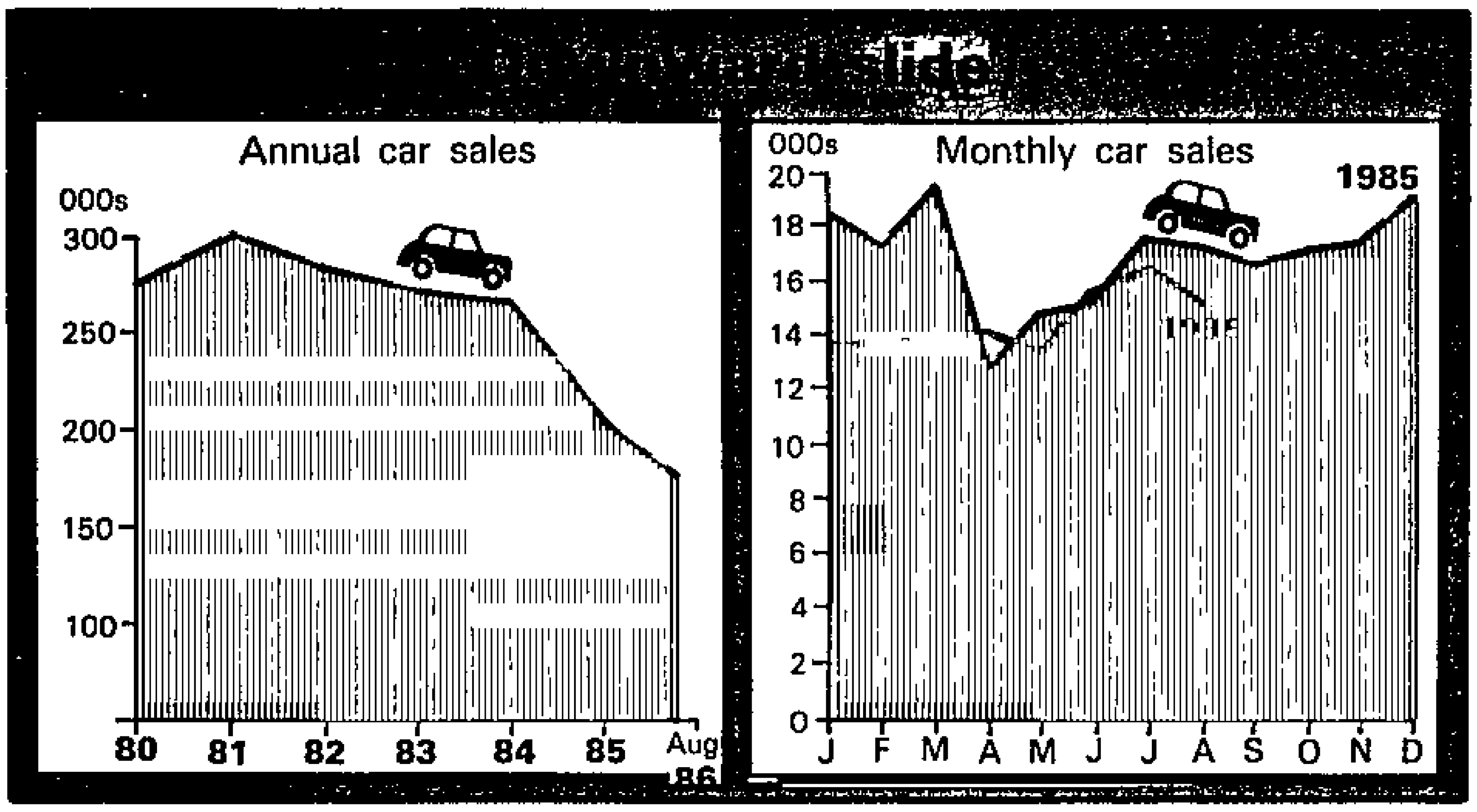
By way of comparison, in 1985 the entire South African motor industry sold only 204 322 cars from about 10 plants But the highly-mechanised Flat Rock plant will employ only 3 500 people, compared with about 35 000 employed in the South African motor industry last year

Mazda gained excellent experience at mechanised motor production at its four-year-old Hofu plant in Japan, which has a capacity of 300 000 units and employs only 1 800 people When built, the Hofu plant was among the most automated in the world, with 150 robots; the Flat Rock plant will have more than 300.

Despite intense media concentration on SA, each of the overseas companies we visited denied any intention of withdrawing from the country Phil Benton, Ford's executive vice-president international automotive operations, said: "At present the business prospects and the responsibility we have towards our people there outweigh all other considerations, including the so-called hassle factor"

Lindsey Halstead, Ford's vice-president Latin American automotive operations who is also responsible for its South African interests, stressed Ford's commitment towards global markets, and noted that arguments against staying in SA could be applied to various countries in which Ford is represented.

Obviously, however, any withdrawal would be a business decision, which may have to be constantly re-assessed Halstead also noted that, should a decision ever be taken to get out, a withdrawal could be implemented in many different ways The Japanese, too, emphasised the importance of SA to their global strategies, despite the relatively small size of the market here As Mazda's Asano put it. "In all forms we export about 1m vehicles a year. As SA accounts for 3%-4% of that, it is an important market to us"



But can the merger produce a renaissance at Samcor? Like Ford's, Samcor's breakeven has been slashed Shrunken volumes and the rand have caused Samcor's management to enact contingencies not envisaged in the merger plan In some respects, the business is as lean as it can get

The total workforce has been slashed from 8 500 to a projected 3 900-odd by end-1986. "If the total market continues to deteriorate, we will do what we have to do to survive," says Sterling "But you can reach a point where the infrastructure of a motor company is down to the lowest possible in terms of resource utilisation We will be at that level by the end of the year."

During the deterioration of both the markets and the rand, foreign motor companies — particularly those in Japan — are widely believed to have helped their South African representatives by providing leeway on component prices

This appeared to be confirmed overseas "Our prices are yen-based If we did not make some sacrifices, then all the risk would have to be carried by our partner That's not reasonable," says Mitsubishi's Sato "After discussions with Samcor we made significant price reductions"

Longer-term benefits could, however, come from arrangements to export components or even vehicles from Samcor's plant After closing three assembly plants, Samcor still has large excess capacity at its remaining assembly plant near Pretoria But the initial platform for exports is the engine and components plant at Port Elizabeth "As we've already achieved export contracts for engines and components, and are negotiating for further substantial orders, that plant is ideally situated," says Sterling

Government incentives and the low rand have suddenly made exports look attractive for the local motor industry Depending on volumes achieved, says Sterling, these could have a considerable impact on Samcor's financial position

"The incentives are attractive and we're very competitive in world markets," he says "We've just broken through in a number of markets and the contracts under negotiation are major ones If we succeed with everything we are negotiating for, then in six to 12 months exports would be making a major contribution over and above everything we've planned or budgeted for"

Mitsubishi's Sato says: "The unbelievable changes in our exchange rate have affected business profitability very significantly Our motor industry has reached a turning point, and Mitsubishi's executives have decided that we have got to find new ways of doing business So-called tripartite relationships will become more common For instance, we have already started exports from Australia to New Zealand" He adds: "The Japanese government prohibits investment in SA But thanks to Samcor's large capacity, it could be possible to export from SA to other countries We would have to arrange appropriate distribution channels first But the key factor is cost. We've had useful discussions with Samcor, and if the rand stabilises there is good potential for exports from SA"

That comment was made when the rand was below US40c Its recent recovery may have eased some of the pressure on motor manufacturers' import costs But a stronger rand, and uncertainty as to where it will level out, could make exports harder to launch on a long-term basis Even so, industry sources noted, "if you can't export at a US50c rand then you should forget about it"

While a number of manufacturers have plans for more exports, the benefits will take time to come through Meanwhile, hopes for improved profitability must be pinned to cost controls and sales volumes

Samcor has followed a strategy unusual among local motor firms in that it has two separate dealer networks; some of its products clearly compete with others in the Samcor range Sterling readily concedes that the Mazda 323 competes with the Ford Laser and the 626 competes with the Sierra But that, he argues, is one of the reasons why Samcor hopes to succeed It has a wide product range, produced with a high degree of common components

Samcor has commissioned a R150m body assembly line which uses automation and robotics (the only one in SA) at its Pretoria plant, and hopes to use more robotics and automation later But further expansion will depend on volumes

"If we go into a period of sustained growth in industry volumes then we will be in a position to continuously upgrade and modernise," says Sterling

"If we are going to see a continuing reduction in market volumes we will have to remain in a survival mode"

It looks like being a long time before any significant funds are committed to expansion of capacity After its rationalisation, Samcor is running its Pretoria plant at 45%-50% available capacity

But if profits are indeed in sight on present sales volumes, and an acceptable market share can be held, that suggests potential for profitability to improve substantially if and when demand for vehicles eventually recovers to anywhere near former levels

BUSDAY 192 8/10/86

NEWS FOCUS

As stability returns, PE faces the future

Economics Reporter

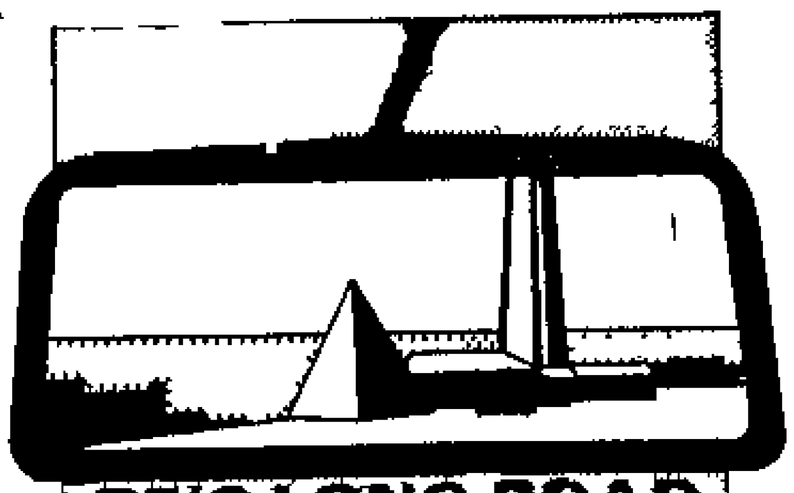
FORD'S plants are shuttered and the black boycotts, for the moment, have been lifted. The suspense is over, and a sense of stability has returned to Port Elizabeth.

With much unemployment and poverty in the area, the state of the city is not so terrific — but, some say, not as desperate as Press reports would have it.

With stability have come thoughts for the city's future — from motor executives, retailers, suppliers and union officers as varied in their sophistication, direction and promise as the needs and desires of the many constituencies.

Indeed, in the end, it may be a lack of consensus that limits what PE can do for itself in making a comeback.

There is a large, influential group who believes the city is, as it always has been, a function of the motor industry, and that recovery will come as vehicle sales return.



PE'S LONG ROAD TO RECOVERY

Last in a four-part series by *Business Day* that looks at the troubles of the past, the present and the future facing business in Port Elizabeth

Dramatic effect

"The vehicle and component plants are still there, they're just making less, and that's the positive side for 1987," said Brian Matthew, executive director of the Midland Chambers of Industries. "An upturn in motor car sales would be easily accommodated."

The current depression in the motor industry, he said, has had a dramatic effect on the dependent city "But an upturn would have the same kind of effect."

Others think waiting for car sales to return is a dangerous, complacent strategy "If PE people sit back and wait for the motor industry to recover, they're going to wait for a long time," said Urban Foundation regional policy director Roger Matlock "I think that's a bloody naive attitude"

Indeed, the most successful businessmen in the next decade may be those who recognise that PE cannot depend on the motor industry as it always has Some component suppliers, like Welfit Oddy, have developed new products and new markets to fill the capacity left idle by lost Ford orders. Even the remaining Ford plant, which produces engines at Struandale, has diversified into other motor components and export markets

In this way, the withdrawal of Ford "might be the best thing that's ever happened to PE," observed Sy Lippstreu, who owns Pioneer Ford, the city's one remaining Ford dealer (the other closed earlier this year).

Lippstreu and others believe that the loss of Ford business will force long-complacent suppliers to improve their competitiveness "When you're busy in good times, you don't tend to look at the nuts and bolts," added City Paint & Tool MD Alan Orchard

Even if PE businesses are flexible enough to adapt, however, it is uncertain what they should adapt to Component manufacturers, burdened by higher freight costs, will be hard pressed to compete for Samcor business with PWV suppliers And as long as SA remains mired in political and economic uncertainty, it is unlikely that any new industry will settle in the Eastern Cape Export opportunities, too, soon may be limited by more severe foreign trade sanctions.

An exception may be the gas field project at Mossel Bay, construction of which is scheduled to begin in 1988. Although much of the benefit from the project will remain in the immediate Mossel Bay area, the PE harbour is expected to secure some contracting business.

'Frightening'

Other problems seem even more intransigent Most believe the urbanisation of the PE-Uitenhage area will continue to intensify in the next decade, with the rate of black population growth rising to as high as 8% annually "It's quite frightening the extent to which people are flocking to the city, and we see evidence of that every day," said Volkswagen MD Peter Searle

Although the construction industry is expected to benefit from the growth of black housing, it will not create the economic activity required to offset the new population. "We don't see much new employment becoming available in the area," said National Automobile and Allied Workers Union regional secretary Les Kettledas.

Duty-free port

Kettledas and other leaders lay some blame for the lack of solutions on local government. Firestone CE Peter Morum, at a recent dinner celebrating the company's 50 years in PE, asked: "When last did we see some positive action from the council in terms of actively seeking new business?

"We have also heard comment about establishing a duty-free port here, but again it has been simply talk Too many times do we hear too many voices crying for help from central government, whilst what we need is a macro solution rather than a micro solution.

"The resolution of our local problems," Morum said, "is in the hands of local people"

GM: We can't afford SA

BUSDAY 21/10/86

DAVID FURLONGER
and SIMON BARBER

WASHINGTON — GM of the US confirmed yesterday it was selling its Port Elizabeth operations to local management.

The decision, announced in Detroit by chairman Roger Smith, represents the heaviest no-confidence vote in SA yet delivered by US business. In the wake of recent sell-outs by Coca-Cola and Proctor & Gamble, it could trigger an avalanche of departures.

Smith said the company's SA subsidiary had been struggling desperately and that "we could not see our operations turning around in the near future".

While GM SA had been "losing money for several years in a very difficult business climate", the decision to leave was not taken solely on economic grounds, he said.

"Decisions about our investment in SA have depended on an assessment of the economic, social and political environment... the ongoing economic recession in that country, together with this lack of progress (towards political reform) has made operating in SA increasingly difficult."

Bob White, MD of the SA operation, said last night the identity of the new owners should be known early next month.

He denied any of the new owners were financiers or associated with major finance houses. He said they were all on GM's payroll — "or will be shortly".

"There are no SA financiers involved. There will be no Anton Rupert and no Sanlam. They are all individuals or entrepreneurs working on an individual basis."

He said GM would liquidate all its SA debts so the new owners could start off with a clean sheet. The agreement would include a buy-back agreement whereby GM could retrieve its interests at a later stage.

"A buy-back period hasn't been determined, but I would imagine it would run for a fairly lengthy period."

White said the new company, which would not include the GM name, would be expected to honour existing union recognition agreements.

Management buy-out — brand names will continue

SMML

21/10/86

GM quits but keeps open option to return

By Peter Farley
Investment Editor

General Motors announced last night that it was selling its South African subsidiary to the local executives of the company

And, although political considerations were cited as the major reasons for the withdrawal in a statement issued from the motor giant's Detroit head office, local managing director Mr Bob White said that not only will all GM's brand names continue to be represented here but that the US company had an option to buy the company back if the situation here improves

Mr White ended months of speculation at a Press conference last night on the future of General Motors, the country's oldest motor company, which is the fifth motor multinational to withdraw in the last couple of years Those that have already departed are Leyland, Alfa Romeo, Peugeot and Renault

Ironically, however, GM will now probably end up making more money out of South Africa than at any time in the past five years Mr White said that the last time GMSA made a profit was in 1981

Income

Under the new arrangements GM will not only get licence fee income for the use of trademarks by the South African company, but will also benefit from the sale of components and kits from its factories in West Germany and Japan

Mr White said that this year GMSA spent more than R200 million importing parts from overseas, though only one percent of these came from the US

An end to the import of parts from the US and the severing of shareholding ties with the US company could also pave the way for the sale of vehicles by the company's new owners here to both the government and the military

In the past these sales have been banned under US legislation, which prohibts the sale of equipment made by US companies to South African government agencies

Mr White would not reveal who was behind the local "management buyout" of GM South Africa, apart from saying that they included existing executives of the company and "others close to the motor business"

Going home

He stressed that he would not be involved in the new deal and would be returning to GM in the US However, industry experts expect one of the major dealers — Williams Hunt — to participate in the new equity, either directly or through ultimate holding company W & A

However, it is clear that the new management will be picking up the operation at a bargain basement price, with the money only payable out of future profits And, according to Mr White, that will not be until 1988 at the earliest

In addition, however, General Motors will be bringing a large amount of money into the country to settle all the corporation's local debts before it is handed over to the new owners

Mr White indicated that the deal had been speeded up because of the US Senate's override of President Reagan's sanction's veto which prohibits new investment by US companies in this country

That decision means that GM now has to bring the money into SA by mid-November, a move integral to the success of the change of control

He said that discussions concerning the sale of GMSA had been taking place "since the end of August" and were finalised at a board meeting in Detroit on October 6

Representatives of the new owners are currently negotiating final terms with the US parent company and Mr White said that full details of who is buying the company and on what terms will be revealed by November 3

One important new aspect of the change of control is that the new owners are unlikely to be bound by either the Sullivan Code — a point which is currently under discussion — or regulations which prohibit sales to Government bodies

Mr White said, however, that safeguards had been built into the agreement with the new owners to protect GM's ongoing social responsibility programmes and to protect the jobs on the manufacturing side

Mr White indicated that GM would have liked to have remained here on the basis of a partnership with another manufacturer However, with no deals forthcoming the company was faced with either closing down or selling out

For some years now it has been struggling to maintain 10 percent of the local vehicle market, a figure which has little bearing on the strength of the company's products

It is therefore expected that a massive marketing drive will follow the re-launch in an effort to obtain a bigger slice of the market

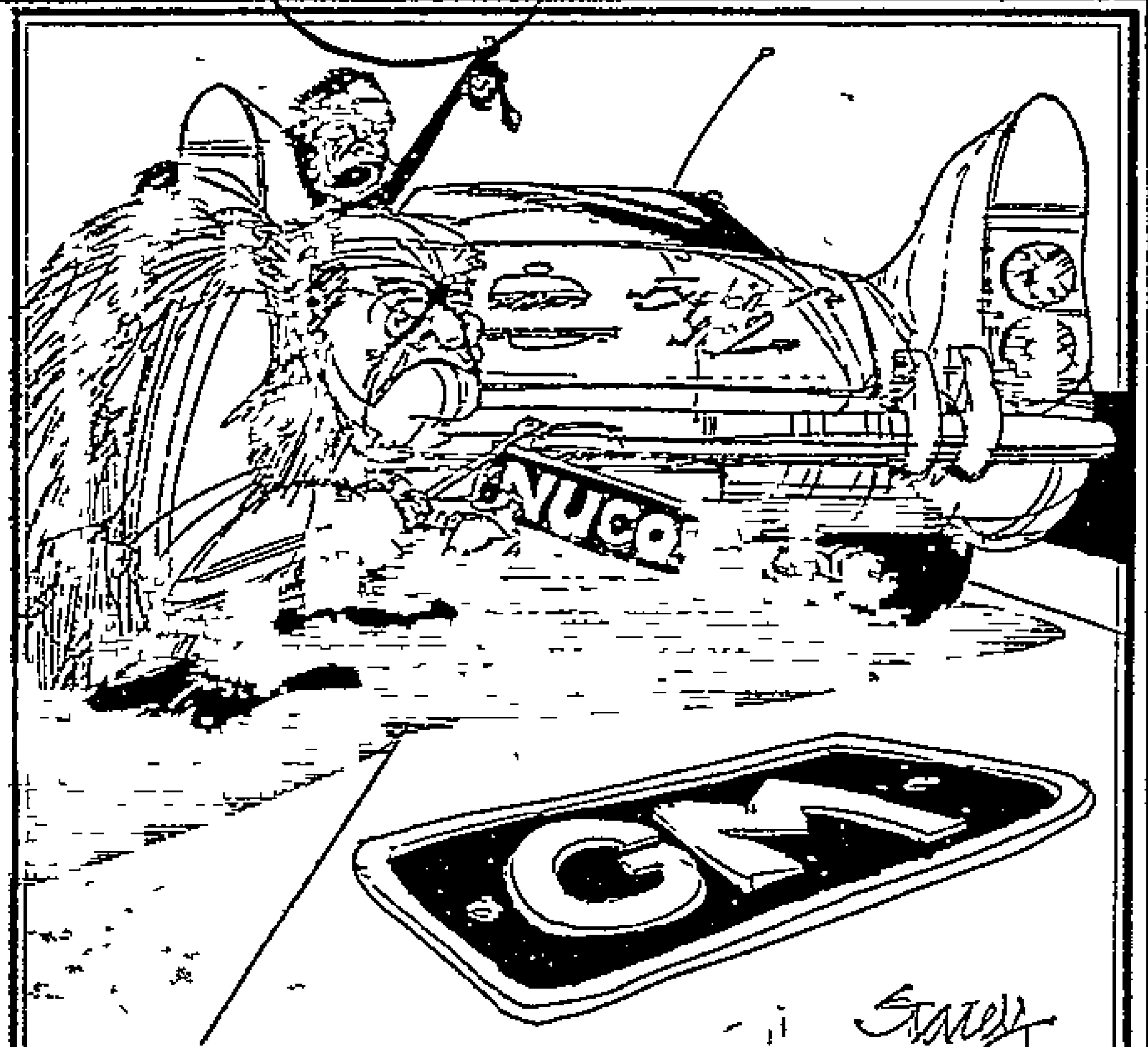
Bob White breaks the news

192

THE ECONOMY

Sanctions vice closes in on the unions

Two views of whether the unions underestimated the danger of sanctions to their own members



Drawing: JEFF STACEY

PHILLIP VAN NIEKERK argues that sanctions are being used as a cover to justify cost-cutting retrenchments

WHEN economic sanctions loomed distantly on the horizon, progressive unions gladly supported international pressure against the South African government

When the threat moved closer, the unions faced a potentially invidious situation between political support for sanctions, on the one hand, and large-scale job losses for their members on the other.

Both the Congress of South African Trade Unions (Cosatu) and the Council of Unions of South Africa-Azanian Confederation of Trade Unions (Cusa-Azactu) have in the past year passed resolutions strongly supporting sanctions.

But in the current political climate this was entirely to be expected What looked as if it could be more difficult was the practical application of this ideological position with members' jobs on the line.

The dilemma was exacerbated by public pronouncements by the government and employers directly linking sanctions and job losses, and thus forcing unions on to the defensive.

One of the most widely publicised was the Chamber of Mines' claim that if all coal exports were banned, 35 percent of the sector's 110 000 workers would have to be retrenched.

The Chamber challenged the National Union of Mineworkers (NUM) to explain how it could support sanctions when the imposition of sanctions would mean massive job losses for its members.

Alec Irwin, education secretary of Cosatu, says unions should respond to this kind of challenge by refusing to go on the defensive or to concede that workers are the ones who will have to suffer.

He points out that unions are not responsible for sanctions: the international community is putting pressure on South Africa because of the minority government and its actions.

Thus, the Chamber's challenge to the NUM over sanctions — "Is this really what you want?" — would be better directed at PW Botha than at NUM general secretary Cyril Ramaphosa.

Irwin says the manner in which jobs and sanctions have been directly linked is "propaganda" and that the issue is much more complex. In some cases, he points out, disinvestment is being used as a cover for rationalising production.

Perhaps even more germanely, South Africa already has an exceptionally high rate of unemployment. This has nothing to do with sanctions but everything to do with the government's political and economic policies

The steel and engineering industry — under threat from an export ban — has shed more than 100 000 workers since the slump began in 1982.

Many thousands of workers — more than would be out of work in the event of trade bans — have lost their jobs because of rationalisation and investment in new technology in the past few years.

In fact, the unions have decided to fight sanctions-related job losses as they would any retrenchments, holding that the burden of sanctions should be felt by profits, not by workers' jobs.

"We will fight to keep our jobs — whether the losses be through rationalisation, disinvestment or relocation to 'bantustans'," says Irwin.

Mathey Rustenburg Refiners, half-owned by the British Johnson Mathey group, has just illustrated the latter form of disinvestment by preparing to move its platinum refinery in Johannesburg to the union-free, low-wage zone of Bophuthatswana.

With the General Motors dispute, the battle over sanctions has been truly joined. — and it has taken an unexpected turn.

The withdrawal of General Motors in Port Elizabeth did not mean that the US parent packed all its assets into a box and shipped them home

On the contrary, it sold its plants to South African-based management and prepared to move out of the firing line — while retaining the ability to make money out of the operation through licensing and franchising

Members of the National Automobile and Allied Workers' Union (Naawu), concerned about their job security under a new management not bound by the pressures and scrutiny of a disinvestment lobby at home, went on strike and occupied their plants.

From initial demands for job security assurances, the dispute chrystallised into a test case of the responsibility of multinationals who disinvest from South Africa. At no stage, however, was the strike over workers' opposition to disinvestment.

Out of the GM dispute has emerged a new set of guidelines — reflecting worker concerns — for multinational companies disinvesting from South Africa

It was drawn up by Naawu, the Metal and Allied Workers' Union and the Motor Industry Combined Workers' Union

The basic demand is that when a company pulls out, it must negotiate the terms of the withdrawal with its workers

Demands include that workers be given notice that a company is pulling out, that the company disclose full details of its plans and that the company "provide adequate information to allow workers and their organisations to make a decision on their future"

Thus, the initial demand by GM workers for a place on the board of directors has been supplanted by a demand for disclosure.

The guidelines set out certain non-negotiable minimum conditions for pulling out These include no-retrenchment guarantees, severance pay of one month's pay per year of service and guarantees of full earnings for a year They also insist that no benefits be prejudiced

Thus, the GM dispute is an example of a concrete struggle over sanctions, forcing worker leaders to consider new solutions to tricky problems.

As Irwin points out, sanctions and disputes such as General Motors are forcing workers to look at shopfloor issues in terms of the macro-political situation,

And it looks as if, far from weakening the union movement, the depth of debate and soul-searching which black worker leaders are undergoing is having a mobilising and strengthening effect.

BUS DAY 22/10/86

Economics — not politics — forced GM to get up and go

BOB WHITE . . . "we've been losing for years"

DAVID FURLONGER/Industrial Editor

GENERAL MOTORS finally did it. After more than a year of insistent denials that it was planning to leave South Africa, the giant American motor corporation finally plucked up the courage to do what everyone knew it would — quit.

Despite GM claims of the market's strategic importance and of the company's commitment to the Port Elizabeth area, it became clear GM could not suffer heavy financial losses indefinitely.

In bowing to the inevitable, GM follows Alfa Romeo, Renault and Peugeot, who have all pulled out of SA in the past 18 months.

GM has not made a profit in SA since 1981 and has seen its share of a declining vehicle market in this country slashed by almost half.

In announcing that GM was selling out to local management, GM chairman Roger Smith cited the slow pace of SA political reform as a reason for the withdrawal. Few doubt, however, that the decision was based on cold economic facts.

As Bob White, MD of the SA operation, put it on Monday night: "GM's been taking a hiding in the US for its investment here. You can take it a little better when you're making money, but we've been losing for years."

GM's share of the SA car market this year is little more than 5%, compared to 12% five years ago. Even the commercial vehicle market — a traditional GM strength — has gone sour for the company, with its share down to less than 10% from around 16%.

That in a market that is itself in difficulties — car sales this year are running at record low levels, while vehicle production as a whole is operating at little more than a third of capacity — spells trouble. The SA motor industry lost an estimated R500m last year, and some sources expect that to grow to R700m this year.

That, however, is small-fry compared to the losses of GM's parent. The biggest US car manufacturer is expected to show a third-quarter operating loss ranging from R222m to R2,2bn when results are released later this week.

All that, and political resistance, too, for its SA operations, made it a straightforward decision to disinvest from SA. In doing so, however, GM has turned a loss-maker into a likely profit-maker — at least for its own ends. The deal will earn GM more money from SA than it has made for years.

It is rid of infrastructure, labour problems, import surcharges, high interest rates, perks taxes, local content programmes, soaring import costs and poor market conditions. In their place is a captive company that will pay GM licence fees for use of its trademarks and buy vehicle kits and components from GM in the US, Japan and West Germany.

GM is also protecting its long-term interests by insertion of a buy-back clause in the sale agreement. Politics permitting, and if the SA market becomes profitable once more, GM would be able to step back in. According to White, "The buy-back period hasn't been determined, but I would imagine it would run for a fairly lengthy period."

To guarantee its future profits, however, GM must first put its hand in its pocket to pay off its SA creditors, enabling the new owners to start off with a clean sheet. It is likely, too, that the new owners will be offered a favourable deal in determining the value of GM's holdings in SA. Gross value of GM's SA assets is about R400m and fixed assets a quarter of that.

No one is saying yet who the management buyers will be. But White's assurance that they are all on GM's payroll — "or shortly will be" — suggests experience in the motor industry.

That — and the fact they are taking over a debt-free company with modern production facilities and dealer network intact — gives them a running start in the market.

They have the added advantage that there is no immediate need for major capital investment. There is no replacement on the horizon for the Opel Kadett, and GM has already tooled up to introduce the new Opel Monza range. Likewise, the Isuzu and Suzuki commercial ranges are long-term propositions.

What the deal doesn't do, however, is solve the problem of the over-traded SA vehicle market. In that respect, GM's buy-out decision is the one the market needed least.

Peter Searle, Volkswagen MD and head of the manufacturers' organisation Naamsa, said yesterday: "In worldwide terms, the SA market is only big enough to support one manufacturer."

In spite of earlier departures, the car market is still serviced by GM, VW, Toyota, Nissan, BMW, Mercedes/Honda and the Samcor stable of Ford, Mazda and Mitsubishi. The commercial market is even more fragmented.

Industry officials are concerned at the effect GM's decision will have on the Eastern Cape motor industry, already devastated by Ford's departure and heavy lay-offs at GM.

Said Searle, whose own company is based at Uitenhage, near PE: "Any uncertainty is bad for the region. When GM pulls out, even if manufacturing continues, it is a weakening process — and that isn't helpful at a time we are trying to build up the area. Any uncertainty is bad for the region."

That uncertainty will continue at least until November 3, when White expects to announce details of the deal and the identity of the buyers. He has already denied a corporate buy-out along the lines of Sanlam's purchase of Nissan and Anglo American's effective take-over of Ford. Sanlam, Old Mutual and Rembrandt had all been named as potential GM buyers.

He also discounted suggestions of a takeover by major motor dealers, although he did not rule out them becoming shareholders. Nor did he rule out that some of the buyers were Americans.

He stipulated only that the buyers were all "individuals or entrepreneurs working on an individual basis".

White, who succeeded Lou Wilking as GM MD in mid-1985, won't be involved in the new company, although he has offered to stay on during the transition period. He expects to return to the US by the end of February. Of the new company's prospects, he says: "The new owners will have a better balance sheet than we've had in the last 15 years. I think they have a hell of a chance to pull it off."

Another bad year forseen for vehicles

(192) 29/10/86 Eve Post

By RALPH JARVIS
Motoring Editor

A SOARING inflation rate and loss of business confidence because of the withdrawal of international companies, allied to too many manufacturers in a limited market, could mean another year of decline for the motor industry in 1987

This is the view of the managing director of Samcor, Mr Spencer Sterling

At the launch of the new Mazda 626 series in Knysna this week he said pressure on the motor industry would continue to escalate in the near future.

'The fight for survival is going to get a lot tougher," he said

The SA motor vehicle market was now in its sixth year of decline

"A month ago I forecast that we would see a slight improvement of about 5% in 1987

"This was because we had a lot of indicators turning upwards and confidence was quite definitely improving "

However, as a result of the announcements of overseas company withdrawals of the last few days, the motor industry was staring at the possibility of another year of decline

"There is no doubt that business confidence in this country has taken a tremendous knock from the spate of disinvestment announcements," Mr Sterling said

"I believe that the psychological effect is going to depress business confidence

"If you add to that the increasing political pressures which, again, generate uncertainty, why should we see any growth next year?"

He said it was believed that if the rand stabilised around the 45c mark another price increase may been avoided this year

However, he said, the industry was "in shock" as a result of local inflation

"We thought we were heading for full year of inflation of about 16% but it looks like it will be closer to 23%.

"Next year, what I see coming in terms of local inflation, is frightening," he said

"Some economists are saying we are about to enter into hyper-inflation Other feel that if we pass 25% it will feed on itself and run rampant to 100% per annum

"I don't know what they based these figures on but it is frightening "

In SA today there were still seven motor manufacturers in an ever-decreasing market

"I don't know how anybody with less than 15% of the market can expect to break even in South Africa today," Mr Sterling said

"Inflation is on-going You cannot cut prices and survive

"So no matter what happens I cannot conceive of this country supporting seven car manufacturers for the next five years "

Mr Sterling said that with seven manufacturers chasing a smaller volume, "with the proliferation of models which we have there is little or no opportunity for any manufacturer to absorb ongoing inflationary pressures to any degree through improved productivity because the volumes are so small

"And that's my biggest argument for rationalisation

"A much smaller number of manufacturers competing will increase competition If you have three healthy companies fighting it out you're going to have real competition," he said

Motor industry in plea to govt

SMR 4/11/86 192

A "very strong appeal" will be made to government not to delay new stimulatory measures to help the economy and particularly the motor industry

This was made clear yesterday by the executive director of the Motor Industries Federation (MIF), Mr Jannie van Huysteen

Mr Van Huysteen was announcing the programme for the annual conference of the MIF and the SA Motor Industry Employers Association, which is to be held in Johannesburg beginning next week

MIF's executive director said that despite the local content programme for motor cars and light commercial vehicles, some 50 percent of the rand value of these vehicles is still being imported

"The depreciation of the rand against the yen and German mark — most South African vehicles are now of Japanese and German origin — has led to very sharp price increases in the past three years in spite of rationalisation in the industry"

He illustrated his point with the fact that in January 1984 the rand was worth 180 yen Now it is worth only 60 yen

A similar situation applies in the case of the German mark

The fact that real salaries and wages have not risen over the past three years to the same extent as car prices has left the average South African simply without the necessary disposable income to buy a new car

Mr Van Huysteen said ways and means will have to be found to put more money into the pocket of the consumer to enable him to buy

"In addition we have an inflation rate of nearly 20 percent further aggravating the position

"Solutions will have to be found for these problems before the industry can recover," Mr Van Huysteen said — Sapa

Car makers predict a 10-year low in sales

STAR 4/11/86.

192

By Michael Chester

The embattled motor industry has forecast that the 1986 total sales of new cars, despite a current mild improvement, will be the lowest in 10 years at only 178 285

Nor do the main producers expect any dramatic recovery in the next two years A new survey by the National Association of Automobile Manufacturers (Naamsa) shows that longer-term forecasts of sales patterns have again been shuffled downward

Predicted car sales for next year have been cut from an earlier estimate of 193 300 to only 188 142 — no better than 5,5 percent higher than the 1986 level And sales in 1988 are now expected to reach little above 200 000, still below the volumes of the late 1970s

Forecasts for sales of commercial vehicles of all sizes have also been cut since a Naamsa survey at mid-year

Manufacturers fear that sales of heavy trucks and buses will by 1988 still not have matched even the disappointing total recorded last year

No quick relief from upward price pressures has yet emerged, with imported components up between 3,74 and 6,5 percent in the September quarter alone and locally produced components up by between 3,97 and 5,3 percent

LITTLE CHANCE OF BENEFIT

Naamsa notes the mild improvement in the rand exchange that occurred several weeks ago but sees little chance of any benefits making much impact before the tailend of next year and even into 1988

Locally sourced raw materials shot up during the quarter at an annualised rate between 13,3 and 15,5 percent and looked like going still higher as a result of the steel price increases announced by Iscor

Mr Nico Vermeulen, director of Naamsa, sums up "While there are signs that the new car and light commercial vehicle sectors are gradually emerging from one of the most serious recessions in the industry's entire history, a sustained pace of recovery in consumer durable goods demand will of necessity have to reflect positive trends in real income

"These trends currently remain far from encouraging."

12/11/86 (192) BUSDAY

Talk of a recovery as vehicle sales rise

SALES of new cars rose to 16 452 in October, second highest monthly figure this year. Light commercial vehicle sales, meanwhile, hit their highest level since mid-1985.

Relieved industry officials believe the figures indicate the long-awaited recovery is finally on its way.

October's figures have prompted marketers to revise slightly predictions for total 1986 sales They believe these will reach 178 000, although even this figure is 13% down on last year.

According to Toyota, 1987's passenger car market is likely to grow 5% to 187 000 units.

CARS

BMW Series 841, 5 Series 270, 7 Series 59, Total 1 170.

General Motors — Opel Rekord/Commodore 425, Ascona 31, Kadett 1 171, Total 1 627.

Mercedes-Benz — Honda Ballade 1 154, M-Benz W123 Series 55, W124 Series 810, W126 series 109, Other 6, Total 2 134.

Nissan — Langley/Pulsar 733, Skyline 483, Laurel 35, Other 4, Total 1 255.

Samcor — Ford Laser/Meteor 1 351, Escort 25, Sierra 605 (Ford 1 981), Mazda 323 969, Mazda 626 464 (MMI 1 433) Total 3 414.

Toyota — Corolla 2 655, Cressida 1 278, Other 2, Total 3 935

Volkswagen — Golf/Jetta 2 488, Passat 275, Audi 500 148, Total 2 911.

Other — Lancia 6

Total October 1986 — 16 452
Total October 1985 — 17 204
Total September 1986 — 15 091
Total September 1985 — 16 874.
Total Jan-Oct 1986 — 149 268.
Total Jan-Oct 1985 — 167 651.

LIGHT COMMERCIALS

GM 968, Leyland 43, Nissan 1 528, Samcor (Ford 1 034, MMI 849) 1 883, Toyota 2 879, VW 714

Total October 1986 — 8 015.
Total October 1985 — 7 510.
Total September 1986 — 7 387.
Total September 1985 — 8 237.
Total Jan-Oct 1986 — 66 951
Total Jan-Oct 1985 — 70 958.

MEDIUM COMMERCIALS

GM 67, M-Benz 42, Nissan 33, Samcor (Ford 42, MMI 66) 108, Toyota 117.

Total October 1986 — 367.
Total October 1985 — 480.
Total September 1986 — 412.
Total September 1985 — 561.
Total Jan-Oct 1986 — 3 876
Total Jan-Oct 1985 — 4 408.

HEAVY COMMERCIALS

Erf 10, GM 73, Hestair 1, International Harvester 2, Leyland 44, Magnis/Nissan 132, Malcomess 11, Man Truck 35, M-Benz 235, Samcor (Ford 2, MMI 16) 18, Toyota 101.

Total October 1986 — 662.
Total October 1985 — 853
Total September 1986 — 601.
Total September 1985 — 1 029
Total Jan-Oct 1986 — 5 826.
Total Jan-Oct 1985 — 8 842.

Zimbabwe air boycott rumoured

BUS DAY 12/11/86

DIANNA GAMES

SPECULATION is rife in SA and Zimbabwe's travel industry that Zimbabwe is to cut its air links with SA as early as this weekend, but no official notification has been received.

Air Zimbabwe officials, to whom the Department of Transport referred inquiries, have not been available for the past two days, while SAA has had no notification of such a move

But travel sources in both countries set November 15 as the deadline date

Unofficial Frontline state allegations that Commonwealth Secretary General Sir Shridath "Sonny" Ramphal has asked member states to cut air links with SA by the end of December were not borne out at his headquarters in London

IAN HOBBS reports from London that the Commonwealth Secretariat said it had "no comment whatsoever" to make on claims that Zimbabwe was poised to cut air links this month if other member states followed suit

12/11/86.

STAR

(192)

October car sales the highest so far this year

It was a good-news month for car makers in October — by depressed 1986 standards, that is

The industry total of 25 496 vehicles of all types, 8,5 percent up on September's 23 491, was the highest monthly figure for the year so far

Increases were posted in passenger car sales (up 9,0 percent from 15 091 to 16 452), light commercials (up 8,5 percent from 7 387 to 8 015) and heavy trucks (up 10,2 percent from 601 to 662)

Only the medium commercial sector showed a fall, down by 11,0 percent from 412 to 367 vehicles

The year-to-date all-vehicle total of 225 912 sales was 10,3 percent down on the 251 859 for the equivalent period of 1985

According to the official NAAMSA figures the biggest gain of the month was credited to General Motors, which defied its ~~pull-out~~ traumas to register 2 735 sales, a 28,5 percent gain on September

VW was another strong performer, reaping the benefits of delaying its price increase until November. Its figure of 3 625 vehicles was 24,9 percent up on September's 2 903, promoting it to third-biggest seller behind Toyota (up 1,5 percent from 6 929 to 7 032) and Samcor (up 6,4 percent from 5 096 to 5 423)

It was also a month of consolidation for Mercedes-Benz with 2 411 sales, a 20,7 percent gain on September's 1 997

After a good showing in September, Nissan sales fell by 6,1 percent in October from 3 140 to 2 948 sales.

BMW recorded a typically small month-on-month variation with a marginal 1,3 percent fall from 1 185 to 1 170 cars — a performance that shouldn't concern the luxury car maker, which claims it would be profitable if sales fell by a further 30 percent from present levels

Relief as vehicle sales click into gear

12/11/86 BUSDAY

192

DAVID FURLONGER
Industrial Editor

VEHICLE manufacturers breathed a collective sigh of relief yesterday with the news that car and commercial vehicle sales finally appear to be on the up.

New-car sales in October rose 9% to 16 452, the second best monthly figure this year. Light commercial vehicles (LCVs), meanwhile, hit their highest level for 14 months

Even the troubled truck sector managed to improve performance, with sales up 10% on September to reach their peak so far this year.

Nico Vermeulen, director of the National Association of Automobile Manufacturers (Naamsa), said the figures confirmed earlier signs that the vehicle market was in the early stages of an upturn.

He added, however, that even at improved levels the market remained on a par with average monthly sales in 1976-77 and 1971-72.

LCVs apart, sales in all sectors last month remained below 1985 levels. Car sales were 4,5% down on October 1985, truck and bus sales 22%; and medium commercials 24%.

Nevertheless, Vermeulen attributed last month's improvement in car and LCV sales to "a combination of factors, including positive influence of official stimulatory measures; improved consumer sentiment; pent-up replacement demand; and aggressive marketing and sales campaigns ..."

A Toyota MD Brand Pretorius said of the October figures "They are better than we expected, and it is evident that macro-economic confidence is returning slowly but surely"

Total sales of all vehicles last month were 25 496

● See Page 4

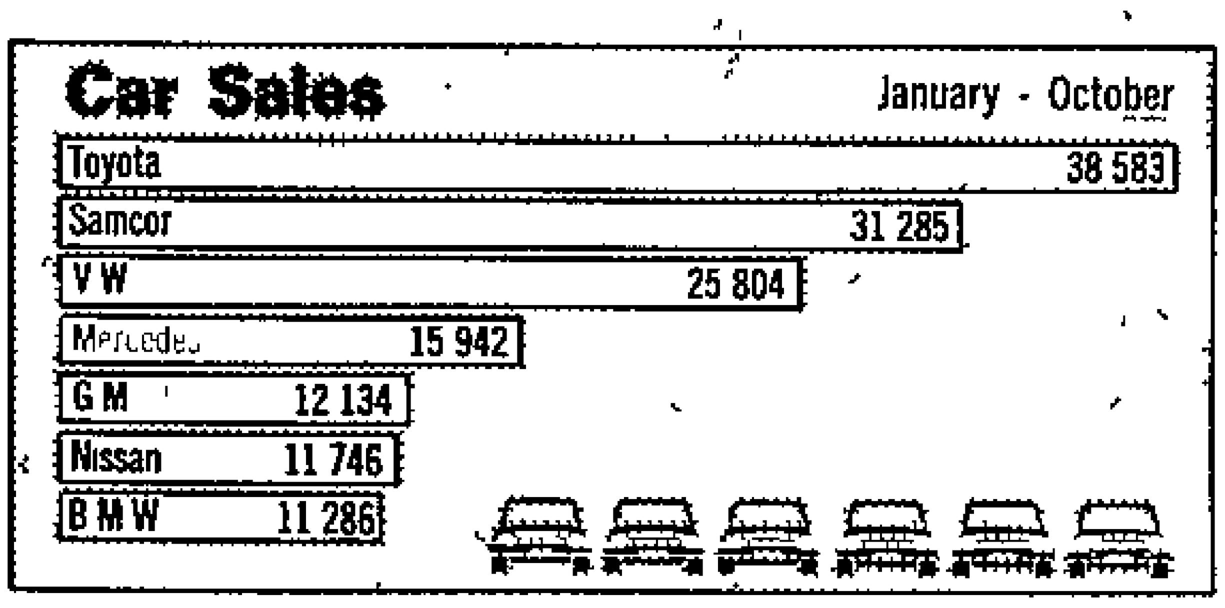
Motor industry split on losses

(192) BUS DAY 13/11/86

MOTOR industry officials are deeply split on how much the industry will lose this year

The more optimistic predict combined manufacturers' losses of R100m. Others believe the total could be higher than last year's R500m

There is broader agreement, however, that if exchange rates remain steady and the present rate of retail price increases continues, many companies will be trading profitably next year



DAVID FURLONGER
Industrial Editor

Lay-offs, short-time working, price increases, cutting of overheads and a more stable exchange rate have all contributed to a sharp cut in manufacturers' costs.

Car prices have risen by more than 30% this year as manufacturers have sought to recoup heavy losses caused by exchange rate-related import bills.

BMW marketing director Vic Doolan says "Most companies will be profitable next year if the rand stabilises, price increases continue and car sales for the year remain in the 180 000-200 000 range".

Industry sources say combined losses for this year will be governed largely by the local management buy-out of General Motors. The US parent has guaranteed to pay off the company's debts and present the new management with a clean balance-sheet.

The most pessimistic forecast, by Nissan, is for a combined loss of between R400m and R600m. And while a spokesman believes some companies may move into the black next year, he expects the industry to remain in the red

A GM spokesman says he expects industry losses to lag last year's only slightly, but Toyota marketing director Brand Pretorius is confident the total will be well below 1985 levels.

However, National Association of Automobile Manaufacturers (Naamsa) director Nico Vermeulen cautions that short-term profits must be weighed against long-term losses and debts.

Several manufacturers say they are already trading profitably, if only on a month-by-month basis Where that is the case, most are still in the red over the year as a whole

Mercedes-Benz CE Jurgen Schrempp confirms his company is trading in the black after several months of losses punctuated by industrial strife at the East London assembly plant.

Samcor — which produces Ford, Mazda and Mitsubishi vehicles — says it has been trading profitably recently

Forecasts of losses differ

CAPE TIMES 13/11/86

Outlook poor for motor industry

192

By DAVID FURLONGER

JOHANNESBURG — Motor industry officials are deeply split on how much the industry will lose this year

The more optimistic predict combined manufacturers' losses of R100m Others believe the total could be higher than last year's R500m

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'Import bills'

Car prices have risen by over 30% this year as manufacturers have sought to recoup heavy losses caused by exchange rate-related import bills.

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The most pessimistic forecast, by Nissan, is for a combined loss of between R400m and R600m And while a spokesman believes some companies may move into the black next year, he expects the industry as a whole to remain in the red

National Association of Automobile Manufacturers director Nico Vermeulen cautions that short-term profits must be weighed against long-term losses and debts

Several manufacturers say they are already trading profitably, if only on a month-by-month basis Where that is the case, most are still in the red over the year as a whole

Samcor — which produces Ford, Mazda and Mitsubishi vehicles — says it has been trading profitably recently Doolan says BMW, which will increase prices again on December 1 by between 5% and 6%, is in the black for the year as a whole, "but not enough for a sufficient return on investment"

'Figures inflated'

Toyota, which reported a R6m profit in the first half of this year, expects a similar result in the second half.

Toyota marketing director Brand Pretorius warns against over-optimism arising from October vehicle sales figures, which showed a sharp rise on previous months He says car sales figures, particularly, were inflated by major orders from car-hire companies, and delivery of some stock delayed by strike action

● Car sales figures 'misleading', page 15

14/11/86 BUSDAY 192

Motor scene looks dismal

● McCARTHY

DAVID FURLONGER

TWO more major vehicle manufacturers will disappear from SA within three years, McCarthy Group MD Brian McCarthy predicted yesterday

And in a worsening picture for the motor industry, he predicted·

- vehicle sales, after improving next year, will collapse again; and
- manufacturers have abandoned hope that black buyers will pull them out of the mire.

McCarthy told the Financial Mail Investment Conference that even with the departure of several foreign vehicle manufacturers, the market remained overcrowded

Seven major manufacturers remain — Toyota, Samcor, Volkswagen, Mercedes-Benz, General Motors (or its new owners), Nissan and BMW.

Further reduction in numbers would be achieved either through disinvestment, closure of a local company, or merger.

"Markets being projected for the next three years are just too small for seven manufacturers to obtain even minimal returns," McCarthy said.

He predicted that new car sales, expected to total 180 000 this year, would climb to 200 000 in 1987 before falling back to 180 000 by 1989. Commercial vehicle sales would fluctuate from 90 000 to 102 000, and back to 90 000.

The short-term increase would be achieved through improved economic confidence and the minor consumer-led recovery now under way.

"Thereafter, with the rising cost of sanctions, the continuing spiral of price increases as a result of both inflation and a depreciating rand, and with the level of unemployment rising, I believe the upturn will be of short duration."

McCarthy said most manufacturers

● To Page 2

Grim picture of car scene

BUSDAY 14/11/86 192

● From Page 1

had set up shop in SA at a time when predictions were for an average GDP growth of 5% and an increase in car sales of 6%. Actual sales growth had been 2,1%. Had 6% growth been achieved, sales this year would total 443 000 instead of the likely 180 000.

While sales to blacks had risen 7,1% on average since 1976, this was well below the level anticipated by manufacturers

"For many years, the emerging black buying power has been seen by a number of manufacturers as the raison d'etre to retain a presence in this market"

In fact, said McCarthy, black buying of new vehicles was having little impact on the industry The effects were being felt instead in the used-car market

Of the 260 000 cars currently registered by blacks, 225 000 were bought second-hand In 1985, only 6 391 new vehicles were bought by blacks

McCarthy said the transfer of wealth from whites to blacks had stopped, and negative growth in real black incomes was already occurring

"So while black ownership of vehicles will continue to grow at a faster rate than white, there is absolutely no evidence that it will move from its current 6-7% growth per annum, to the level of 12-15% being predicted as recently as three years ago."

INTO A HIGHER GEAR

(192) FIN MAIL. 14/11/86

Against expectations, vehicle sales surged last month. The light commercial vehicle (LCV) sector produced its best figures since September 1985

Total car sales increased by 9,0% from 15 091 in September to 16 452 and LCVs chalked up an 8,5% improvement — from 7 387 to 8 015 — over the same period

However, car sales were still down by 4,4% on October 1985. On the reckoning of National Association of Automobile Manufacturers of SA director Nico Vermeulen this puts performance on par with 1976-77

Paradoxically, the best performer on the car side was General Motors (GM), which showed a 36,9% increase over September — 1 627 units against 1 188 These results, of course, were achieved before the pull-out announcement and the strike

GM's Opel Kadett notched up sales of 1 171 to take fifth place on the best sellers list behind the Toyota Corolla, the VW Golf/Jetta, the Ford Laser/Meteor and the Toyota Cressida

Mercedes, Toyota and VW all reported better sales, but Nissan dropped by 7,5% and Samcor by 0,3% on the previous month.

Heavy commercial vehicle sales increased by 10,1% on the September total Most dramatically, Magnis/Nissan increased sales of its vehicles from 77 in September to 132 last month, a 71,4% improvement

Vermeulen attributes the upturn to the impact of official stimulatory measures, improved consumer confidence due largely to perks tax concessions, pent-up demand and more aggressive marketing by manufacturers

New car sales expected to reach only 177 000 units for this year

4 Dec 1986 B/Day 192

THE two acknowledged leaders of the SA car industry who set the benchmarks for marketing and product strength in their respective sectors are Toyota and Mercedes-Benz COLIN HAYNES spoke to their top marketing men, road-tested their products and takes a general overview of the industry.

NEW car sales will reach only about 177 000 units this year, says Toyota marketing director Brand Pretorius Peter Cleary, the Mercedes-Benz management board member responsible for car marketing is predicting the SA new car market might reach 200 000 units next year

Both share concerns throughout the industry that new cars are being priced beyond the reach of many motorists Cleary plans to expand the pioneering scheme in which cars can be rented through banks in an innovative variation on contract leasing

He says "We started the scheme with Nedfin mainly because the introduction of fringe benefit taxation indicated a swing to company users being given allowances The recent taxation changes have resulted in this motivation falling away to a large extent, but now many customers cannot afford to buy a new car, so rental remains an attractive option

Capital shortage

Although continuing to dominate the status-orientated quality executive car market, Mercedes-Benz has had a difficult year with labour problems in the Eastern Cape disrupting production schedules and the W124 model range launch adversely affected by erratic suppies of components to the lines

"Those supply problems are largely behind us, but we have capacity limitations and we will not be able to build more than 40 W124 derivatives a day — 800 a month maximum," reports Cleary.

Dealers are now only quoting February deliveries for the 200 derivatives and between four to six months delay in meeting orders for the 230E

Honda sales have also had their ups and downs because of stock availability, but still exceeded expectations with monthly market shares hitting around 7% when only about 5%-5,5% had been anticipated

Although the Merc 190 sedan is a run-away success in Europe, exploiting the small quality status car sector which the BMW 3 series has made its own in SA, the decision to manufacture Hondas in this country and not the 190 range has proved a wise long-term decision for Mercedes-Benz SA

Existing Honda body styles will continue next year, but there will be new product action resulting from the introduction of revised engines expected early next year

The advances made by Mercedes' Japanese competitors in launching new high specification models into the executive car market sectors concerns the European-sourced SA manufacturers, who cannot compete on price But status still plays a major role among SA motorists and the success of the BMW 3 series appears to be largely a result of buying down from larger BMWs and Mercs now priced beyond the reach of many.

Pretorius says many buyers forced to move down to smaller cars are surprised to find how much these have improved in recent years.

He reckons the market will continue to be depressed, and expects new car sales this year to reach only 177 000 units compared to 301 000 in 1984. "This means less will be sold than in 1973"

In 1983 the average price paid for a new car in SA was R12 021, while the average white household income was R19 560 In other words, the typical white buyer paid 61% of his household's yearly income to buy a new car This year he is having to lay out 88% of his household's earnings with the average new car costing R24 140 and income only rising to R27 458.

Before the economic crunch came last year, car price increases were generally lower than the CPI This year they have exceeded it by 29%, mainly as a result of the depressed rand against other major currencies. Local inflation has played a big part also, particularly in pushing up running costs astronomically. Insurance premiums have sky-rocketed and the cost of replacement parts affected by the low exchange rate have, in some cases, tripled

A notable trend because of the tight economic situation and the high purchase price of new cars is for owners to extend their vehicle's lives. Replacement cycles which used to be 50 000km or two years, or 80 000km or three years have gone up to 100 000 and 130 000km respectively. Some larger fleets are now trading in cars with 200 000km on the odometer.

Private owners who in the 1970s would replace cars after 40-48 months now hold on to them for six or seven years.

But Pretorius believes "the worst is now behind us" and that new car price increases should move more in line with the CPI, with domestic inflation being the crucial factor. The rand/dollar rate appears to have stabilised, although the main influence on local car production and parts costs are the rates against the Japanese yen and German Deutschemark.

The expensive yen hits Nissan, Samcor's MMI products ' its Japanese-sourced small Ford cars and bakkies, Honda and Toyota. The rand's weakness against the DM particularly affects VW, GMSA, BMW and Mercedes. There are no longer any French, British or Italian cars made in SA since the pull-out by Renault, Peugeot, Citroen and Alfa-Romeo, as well as that of Leyland concentrating on commercial vehicle manufacture.

There are signs of manufacturers seeking more alternative sources for car components to mitigate the worst exchange rate problems Australia, South America and Asia are possibilities if sanctions do not interfere too much with continuity of supply.

We are also likely to become more dependent on sources other than direct supplies from Japan and Germany because of a trend for longer model lives in Third World markets and SA and more multinational sourcing policies by the big motor-making companies.

Over-capacity

SA remains bedevilled by production over-capacity and high overheads which cannot be amortised over sufficient volumes of cars

Pretorius benefits from a Natal plant which has long been acknowledged as an industry leader with its stable predominantly Zulu workforce and a sophisticated facility which is currently 69% utilised, well above the industry average

SA manufacturers are typically running at only about 60% of capacity, and in some cases this is further aggravated by labour disputes like the GMSA strike in PE.

black market for minibuses and battling head-on with Toyota for the profitable bakkie business

The wild card in the pack is the General Motors operation, now being restructured under local ownership and playing its future car product cards close to its chest There is much speculation that GMSA may switch eventually from German to Japanese sourcing for its cars.

Both Pretorius and Cleary suffer from the trend for internal group fleet buying by companies associated with a motor manufacturer in a big corporate group Examples here are Sanlam's Nissan and Anglo's Samcor

Pretorius says that in one case it results in a 1 800-strong vehicle fleet turning its units over after four months on very favourable buy-back terms which independent manufacturers are hard-pressed to match.

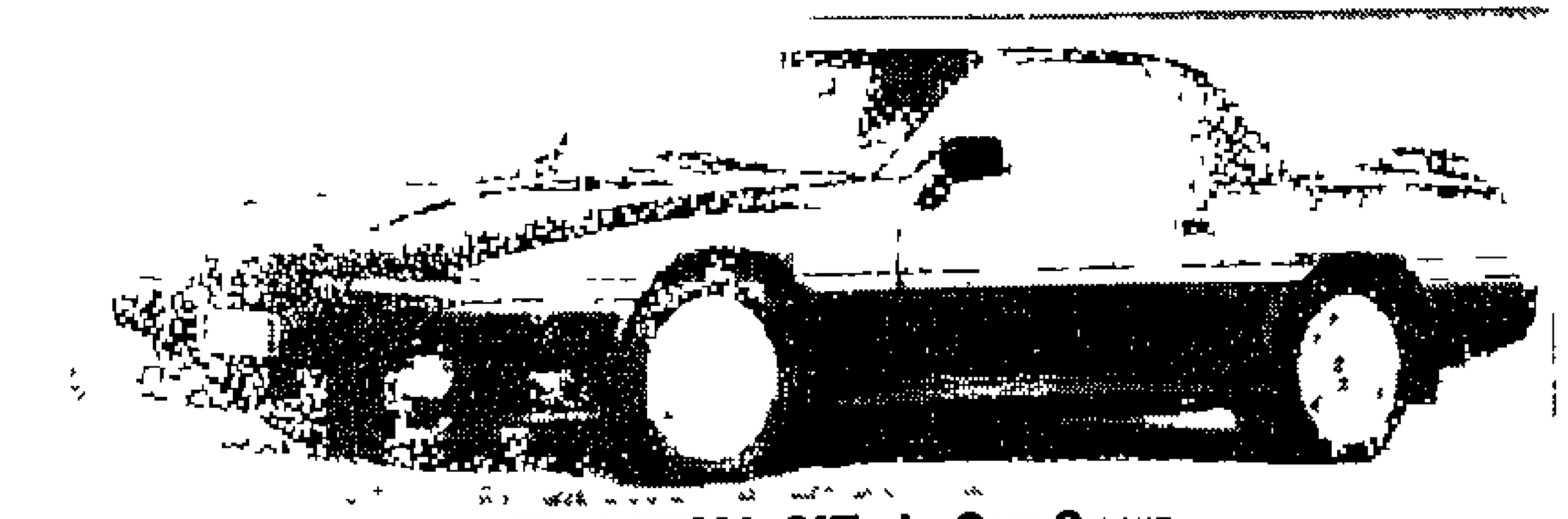
Samcor is one manufacturer which has invested heavily in automation and robots to increase both quality and productivity

The continuing investment during the downturn seems an anacronysm, but the motormakers regard it as essential to ensure that the few of them left keep a viable share of a market which could still have considerable long-term potential

Most of the rationalisation among manufacturers seems to be over, although individually they continue to rationalise their line-up of models and derivatives to achieve some economies of scale. They are also targeting their efforts to the market sectors in which they are strongest, typified by the close battle between Toyota and Volkswagen — and Samcor by blending its Ford and MMI marques — for the volume sector.

The top executive car market has become Mercedes' territory, while BMW exploits to the full the unique potential of the 3 series.

Nissan — and Samcor — benefit from their financial group affiliations for fleet business, with Nissan also making the most of its strength in the SA IS out of step with an important



☐ TOYOTA's 3/Twin-Cam Supra.

Car buyer's guide

A Business Day Survey

Edited by MELANIE SERGEANT

Sanctions may fuel a demand for diesel

technological and consumer motoring trend.

While the European market for diesel-engined cars has more than tripled since the start of the decade, here it has shrunk to a mere couple of hundred units annually.

European motorists are so attracted by the fuel-saving and long life, with minimal maintenance advantages, of diesel engines that a survey by Euromonitor Publications forecasts they may hold a fifth of the total European car market by 1990.

Diesel car sales in the 12 major European countries could top 1,6-million this year, with more than half of them in Italy and Germany.

The best-selling derivative of the new "mini-Merc" range is the diesel 190D And leading European manufacturers have diesel options to all their main model ranges, with the rapid technological improvements extending down into the small car sector

Volkswagen, Peugeot and Mercedes-Benz all used to have diesel models available in SA, but diesel fuel supplies pose potential problems because of the refining situation in this country

Government has deliberately inhibited the growth of diesel-engined cars· there used to be inhibitions on their promotion, there is still a surcharge on them.

Only Mercedes perseveres and caters for the few loyal local diesel car buyers — mainly farmers

Just released on the local market is a diesel-engined version of the new W124 series, called the 300D. It features a six-cylinder 3-litre engine which is completely encapsulated with extensive sound dampening to make it competitive in quietness with petrol-engined executive cars.

It costs around R74 000 for the manual transmission version and nearly R78 000 for the four-speed automatic transmission — as a result of the surcharge. Even with fuel consumption only 7l/100km at 120km/h, there is a long payback period in which the high initial cost is offset by fuel savings

Sanctions and continuing research into using alternatives to stretch national diesel fuel supplies might open up the diesel car market sometime in the future

Business Day 4 December 1986

The changing patterns of black car-ownership

Buying patterns in the new and used car market vary enormously according to race. Some manufacturers are working hard at creating special model identities to cater for these differing tastes.

NEW-CAR buying in the black community has slackened off dramatically because of unemployment and the adverse security situation

But black, Asian and coloured car and minibus buyers still play a key role in supporting the miniboom in the used car business

Car ownership among blacks is only about 22 per 1 000 of the population compared with about 60 for whites And the growth rate has slowed because of the unrest situation Even blacks who have the use of company cars are reluctant to take them into the townships overnight, and still commute to work by public transport or taxi

A few manufacturers already have higher shares of the black market than they do of car sales to whites One in every 10 new Mercedes is sold to an Indian, and research shows that Indian and black motoring communities both reflect status and perceived quality as important influences in their buying decisions, while the coloured motorist appears most influenced by performance and style when buying a new car.

There are considerable variations by region, and the availability of franchised dealers in different localities exerts an important influence.

It is in the used car market that the black population plays a particularly important role, with the demand emphasis on certain marques and models While whites account for around 80% of used Alfa and Renault registrations, blacks hardly buy them at all. The other population groups are keen buyers of certain popular used models and responsible for up to 40% of registrations for some used Toyota, Nissan, Ford and GM products, for example.

It is in the minibus — "kombi" — market that the black influence is starting to dominate. Nissan predicts that in five years the black market for minibuses will be much bigger than the white market. In 1981 65 000 or 2,2% of whites owned minibuses and only 40 000 blacks (0,03%) did. Last year ownership among black South Africans soared to 78 000.

Black taxi-owners play a key role in this vehicle market sector and they are emerging as the single most powerful organised group of purchasers of motoring products.

Nissan claims to control over 60% of the 10- and 15-seater minibus market and, in 35-year-old Alfred Manyaka, has one of the industry's first black marketing managers. With the future potential for increasing car and minibus sales to blacks, Manyaka is quietly confident of achieving his ambition to become GM of Nissan SA

"I'll get there — it's simply a matter of hard work," he says.

Manufacturers have worked hard to create separate model identities for the white private buyers of their minibuses and the black taxi-operators. Many minibuses are bought by whites as second-car substitutes for family transport, with features like turbocharging, a high level of internal features, and automatic transmission being popular.

Changes to the licensing regulations have resulted in modifications to permit 15-seat configurations. Other unique features include distinctive paint-work such as livery in the SA Black Taxi Association colours and an internal safebox to hold fare revenue.

Top models revving up

WHAT is the pick of the bunch of many new car models and derivatives on the market?

The seven local manufacturers and the motoring writers give a clue with their finalists in this year's "Car of the Year" contest.

Their choice is obviously influenced by the fact that performance-orientated members of the Guild of Motoring Journalists will conduct the evaluations.

Volkswagen has picked high performers in the Passat CLi and the Golf GTi 16-valve derivatives

BMW has its 325i, Ford the Meteor GLi and Laser Sport and TX3 derivatives, GM the Opel Kadett GLX 1800 five-door, Mazda the 626 SLX hatchback, Mercedes-Benz the 230E automatic and the 260E manual gear change models, and Nissan the Langley 1300GL.

Toyota, last year's winner with the Corolla Sprinter Twin Cam, this year put forward its little Corolla Conquest RSi and two Cressidas, the 2,8i automatic and the GLi6 Executive with manual transmission.

Second one could be sought as ego-booster

WHY buy a new or used car if the existing one is still giving satisfactory service?

Sewells, which provides a wide range of support services to the local motor industry, has produced a new guide for car dealers which defines the most common motivations which bring potential customers onto the showroom floor

A prime motivation is the potential buyer's need to satisfy his ego or to enhance his status in the eyes of his family, neighbours and co-workers

He may also be motivated by fear that his present car is becoming unreliable, could incur heavy repair bills and is not as economical as it should be

Car buyers also copy one another and often tend to opt for a replacement vehicle to keep up with neighbours or co-workers.

There are strong family motivations in many car purchases, with the desire to get the best transport buyers can afford for their loved ones.

High prices

Even at the present high prices, many buyers simply desire to spend money and treat themselves to a new car, while others seek to save by buying wheels which will be more reliable and economical.

And an important factor is that motoring can still be fun, especially if the new car will make leisure pursuits more enjoyable.

Motor industry hits 19-year low

(192) E.P. 10/12/86

By RALPH JARVIS
Motoring Editor

SOUTH AFRICA'S bleeding motor industry, already struggling to regain its feet after a series of body blows this year, received another — unseasonal — thumping in November, recording the lowest monthly new car sales total for 1986 and the worst November since 1967

The situation is disclosed in the National Association of Automobile Manufacturers of South Africa (Naamsa) sales figures for November which were released yesterday

However, the statistics also show that Volkswagen, claiming 20% of the passenger car market (17,7% in October), was the only manufacturer to be up on its November, 1985, total (2,54%)

GMSA, hit by the three-week strike, suffered badly because of lack of units and recorded big drops in cars, light commercials and medium commercials

However, so far this year the Eastern Cape has claimed 36,2% of the car market and 46,1% of the heavy commercial vehicle sector, thanks to the performance of Mercedes-Benz and General Motors

Toyota remains the most successful manufacturer, with the Corolla the top-selling car

Naamsa director Mr Nico Vermeulen said that following the improved sales momentum in recent months, new car and commercial vehicle sales last month had suffered "disappointing and serious setbacks"

Last month's sales of new cars, at 13 109 units, was the lowest monthly sales total for 1986 and the worst November total since 1967 It was 20,3% down on the October, 1986, figure and 25% lower than the November, 1985, total

One of the hardest-hit manufacturers was General Motors

However, GM's performance was almost expected The three-week strike hit the plant after a good October which depleted stocks Stock could not be replenished because virtually nothing was built

Another factor which may have affected the sales was the fact that many buyers were awaiting the arrival of the new Opel Monza

"Traditionally private new car buying has been strong during November and the latest lower-than-expected new car sales confirmed that the position of private buyers remained under pressure," Mr Vermeulen said

CAR SALES

Manufacturer*		Units	% mkt	% change on — Oct '86	% change on — Nov '85	Year to date Units	Year to date % mkt
Toyota	(1)	3302	25,2	−16,1	−17,5	41885	25,8
*Samcor	(2)	2 823	21,5	−17,3	−31,9	34 069	21,0
VW	(3)	2622	20,0	−9,9	+2,54	28426	17,5
M Benz	(4)	1491	11,3	−30,1	−26,6	17433	10,7
BMW	(7)	1180	9,0	+,85	−4,3	12467	7,7
Nissan	(6)	932	7,1	−25,7	−21,7	12708	7,8
GM	(5)	758	5,8	−53,4	−50	12892	7,9
Other	(8)	1	,006	−83,3		72	,04
*Samcor Ford		1642	12,5	17,1	−12,3	18143	11,1
Samcor MMI		1181	9,0	17,6	−48,1	15965	9,8

Top five models		Industry totals			
Corolla	2 389	For Nov 86	13 109	13 109	
Golf/Jetta	2 157	For Oct 86	16 452	16 452	;change −20,3%
Laser/Met	1 052	For Nov 85	17 501	17 501	;change −25%
Cressida	913	For year to date	162 377		
BMW 3	836	Comparable in '85			,change −12,3%

* Indicating ranking in previous month

LIGHT COMMERCIAL SALES

Manufacturer*		Units	% mkt	% change on — Oct '86	% change on — Nov '85	Year to date Units	Year to date % mkt
Toyota	(1)	2 314	38,7	−19,6	−19,5	28 420	38,9
*Samcor	(2)	1 601	26,8	−14,9	+39,7	15 104	20,7
Nissan	(3)	1 052	17,6	−31,1	−32,9	15 609	21,4
GM	(4)	499	8,4	−48,4	−53,4	8 094	11,09
VW	(5)	498	8,3	−30,2	+46,5	5 441	7,46
Leyland	(6)	7	,11	−83,7	−83,3	247	0,34
*Samcor Ford		954	16,0	−7,7	+44,1	4 318	5,92
Samcor MMI		647	10,8	−23,8	+33,7	3 609	4,95

Industry totals

Nov 86	5 971		Oct 86	8 015	change −25,5%
Nov 85	7 050	change −15,3%	For year to date	72 922	change −6,5%

* Indicating ranking in previous month.

MEDIUM COMMERCIAL SALES

Manufacturer*		Units	% mkt	% change on — Oct '86	% change on — Nov '85	Year to date Units	Year to date % mkt
Samcor	(2)	109	34,5	+,92	−28,6	1 372	32,7
Toyota	(1)	99	31,3	−15,4	−12,4	1 270	30,3
M Benz	(4)	49	15,5	+16,6	+8,88	347	8,3
GM	(3)	41	12,9	−38,8	−63,0	767	18,3
Nissan	(5)	18	5,7	−45,4	−51,3	432	10,3
*Samcor Ford		39	12,3	−7,14	+178	482	11,5
MMI		70	22,1	+6,0	−49,6	890	21,5

Industry totals

Nov 86	316		Oct 86	367	change −13,9%
Nov 85	459	;change −31,15%	For year to date	4 192	;change −13,87%

* Indicating ranking in previous month

HEAVY COMMERCIAL SALES

Manufacturer*		Units	% mkt	% change on — Oct '86	% change on — Nov '85	Year to date Units	Year to date % mkt
M Benz	(1)	232	27,6	−1,3	−12,5	2 258	35,1
Toyota	(3)	99	16,6	−1,98	−9,17	1 059	16,5
GM	(4)	71	11,9	−2,7	−45,8	706	10,9
Magnis	(2)	64	10,7	−51,5	−42,3	862	13,4
Leyland	(5)	47	7,9	+6,8	+30,6	464	7,2
M A N	(6)	40	6,7	+14,3	—	403	6,3
*Samcor	(7)	19	3,2	+5,6	−63,5	342	5,3
Erf	(9)	10	1,8	—	+400	143	2,2
Int Harv	(10)	7	1,2	+250	+75	31	,48
Malcomes	(8)	7	1,2	−36,3	−82,5	126	1,96
Hestair	(11)	1	0,2	—	—	16	,25
*Samcor Ford		—	—	—	—	126	1,96
Samcor MMI		19	3,2	+18,7	+138	216	3,36

Industry totals

Nov 86	597		Oct 86	662	change −9,8
Nov 85	842	change −29 1%	For year to date	6 431	;change −33,6%

* Indicating ranking in previous month

RANKING E CAPE'S SHARE*

	SA mnfrs Ex-Ec	East Cape manufacturers VWSA	GMSA	MERC	Total	Share (%)
Cars	103 626	28 426	12 892	17 433	58 751	36,2
Light Comm	59 353	5 441	8 094	34	13 569	18,6
Medium Comm	3 078	—	767	347	1 114	26,6
Heavy Comm	3 467	—	706	2 258	2 964	46 1
Total	169 524	33 867	22 459	20 072	76 398	31,1
% market	68,9	13,8	9,13	8,2	31,1	

*Aggregate for year to date

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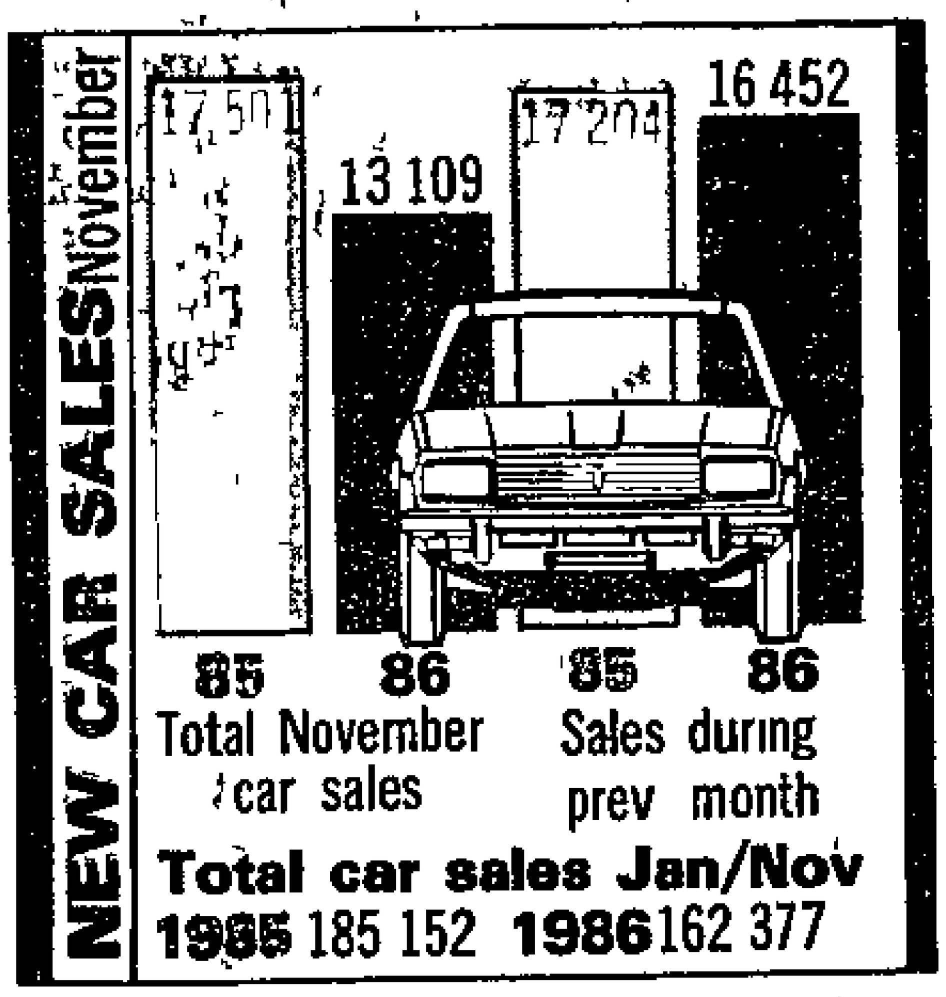
Car sales plummet further

BUSDAY 10/12/86 192



MICK COLLINS

CAR sales in November plumeted to their lowest level since 1967.

The motor industry was rocked yesterday by news that the monthly level was also the lowest so far this year, with sales of only 13 109 units.

And sales of medium and heavy trucks and buses for 1986 are expected to turn in the worst industry performance in the past 20 years, reaching only about 11 500 units.

● See sales chart Page 2

An industry spokesman said that, after improved sales in recent months, new car and commercial vehicle sales in November had suffered serious setbacks.

Commenting on the poor performance, National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said November's new-car sales at 13 109 units recorded the lowest monthly sales total for 1986.

He said: "It is also the worst November monthly sales since 1967."

Sales of light (5 971 units), medium (316 units) and heavy (597 units) commercial vehicles also showed substantial declines compared to previous months.

The industry's problems were compounded by corporate and fleet-operator buying which did not come to light. Toyota marketing director Brand Pretorius said historically those had served to underpin the market in recent months.

He said: "We are distressed about the

● To Page 2

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Car sales plummet to '67 level

BUSDAY 192 10/12/86

● From Page 1

total market trend. We had hoped the general business tempo was picking up, but November told a different story."

Industry sources said light commercial vehicle sales were expected to reach only 79 000 units, while new car sales for 1986 would probably not exceed 176 000 units for the year.

Expectations of modest growth in the various sectors during 1987 were based on the assumption the economy would record a sustained positive growth rate of at least 3% per annum, in real terms, during next year and that official monetary and fiscal policies would be supportive of such an objective.

General industry expectations of a modest 5% growth, in unit terms, in the various sectors for 1987 remained unchanged at this stage.

12/12/86

FIN MAIL

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VEHICLE SALES

Braking hard

Hopes that SA's embattled motor industry was coming to the end of a long, rough road have been dashed by disastrous November sales of new vehicles (see page 53)

The latest figures from the National Association of Automobile Manufacturers (Naamsa) show that sales of new cars and light, medium and heavy commercial vehicles all fell heavily last month

Total vehicle sales in the month fell below the 20 000 unit barrier The final tally of 19 993 units is 22,7% below sales for November last year and 21,7% below sales in October Sales for the first 11 months of this year totalled 245 922 units, 11,5% below sales in the same period last year.

The figures have particularly shocked the industry, coming as they do after several months of slightly improved sales momentum. While Naamsa says that industry expectations of a "very modest 5% growth" next year remain unchanged, many industry watchers doubt that this can be achieved

Clearly price resistance is setting in after the heavy increases by most manufacturers throughout this year

Naamsa director Nico Vermeulen describes November sales as a "disappointing and serious setback" for the industry

New car sales at 13 109 were the lowest for any month this year and the worst November sales since 1967 Sales of light (5 971 units), medium (316 units) and heavy (597 units) commercial vehicles also showed substantial declines

Vermeulen says price resistance, pre-buying in October to beat expected price hikes, lower demand by companies and fleet operators and lower State tenders all contributed to the sharp decline in sales

Traditionally, there has been strong demand for new cars from private buyers looking ahead to the Christmas holidays But this year, the rush to the showrooms did not materialise.

Corporate and fleet purchases, which have underpinned the market in recent months, also fell in November. Total sales for the year, which have been forecast at 180 000, now seem unlikely to top 176 000 Truck and bus sales are now likely to total some 11 500 for the year, the worst performance in 20 years. At the beginning of the year, the industry was confidently talking about total sales of 210 000-215 000

In a year-end review, Toyota MD Colin Adcock predicts only a modest recovery in 1987. But he says that if the country can solve its political and social problems and rebuild local and international confidence, the small upswing could be transformed into a major boom. "If everything comes right, we could easily see a 30% improvement "

But as things stand, he predicts only a 5% or 6% upswing in consumer demand, a view shared by Samcor MD Spencer Sterling He says "We expect total vehicle sales to be 281 500 in 1987, against 271 300 this year," he tells the *FM* "I didn't share the general euphoria in October which was mainly caused by buying ahead, in anticipation of price increases. I expected this to hit November sales."

Volkswagen MD Peter Searle hopes for growth, but says it is difficult to see this while disposable income is being eroded

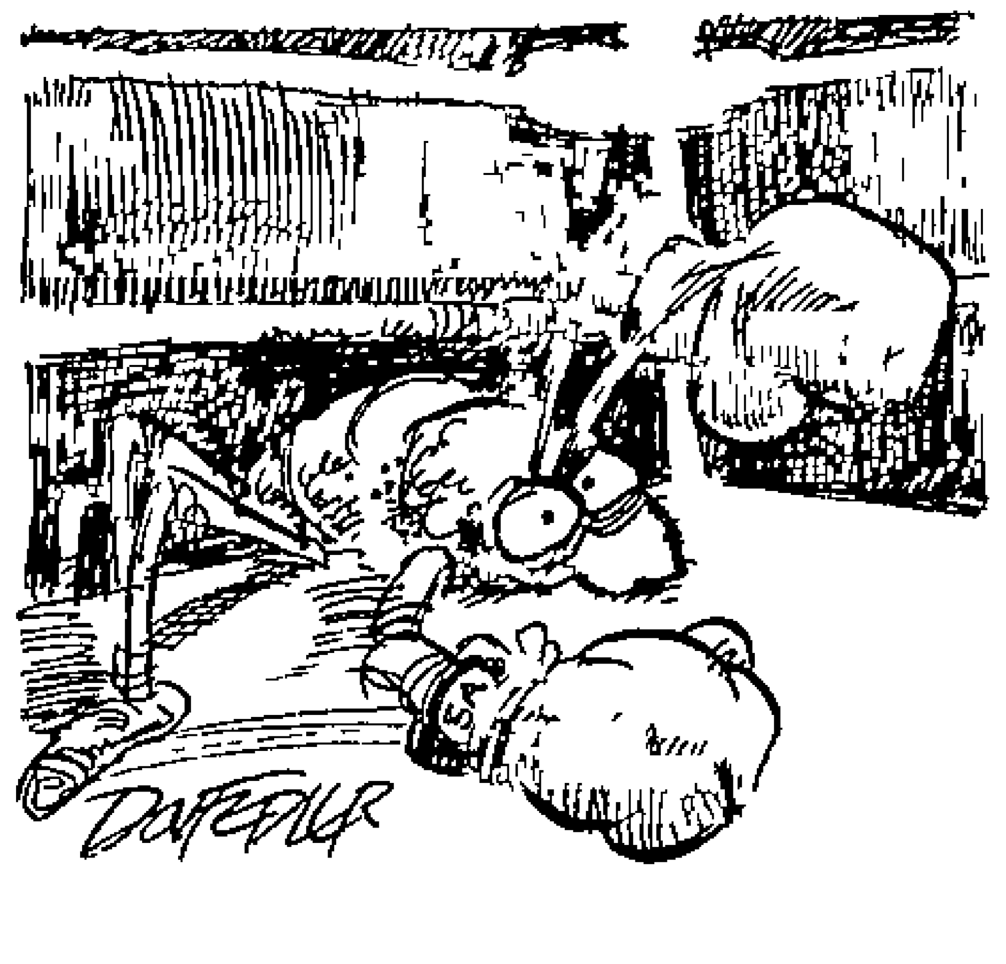
However, the rand has stabilised against the D-mark and yen, which should bring more price stability to motor prices, he says.

He predicts that most manufacturers will think twice about launching new models "We all have excellent models with the latest technology Most should enjoy longer runs "

But, it is still a far cry from the predicted sale of 443 000 units this year if the growth of the early Seventies had been sustained ■

SANCTIONS

Kreef clings on



SA's lucrative rock lobster industry is trying to claw its way back into world markets after the loss of its largest outlet, the US, because of sanctions Most industry spokesmen are reluctant to talk about recovery plans for fear of "giving more ammo to enemies "

And, in line with government requests to exporters to go underground, percentages and values are as difficult to come by as lobster out of season

The US absorbed a major slice of nearly 4 000 t of rock lobster caught annually off the South African coast Exports are potentially worth some R72m

Although exporters were initially bullish about re-directing sales to the Far East and Europe, it may take a while to establish new export patterns In the meantime some companies may take a knock

Barlow Rand's Oceana Fishing Group chairman, Cedric Walton, says in his latest report that the loss of the US market will have an adverse effect on group earnings until alternative markets can been developed

But Walton is even cautious about the success of new markets He says that while the group has been diversifying its product and market range for some time to lessen the impact of trade sanctions, "it would be unwise to overlook the continuing pressure in other markets for embargoes to be placed on the products of this country."

Oceana, with 1 366 t of the current 3 957 t government-imposed lobster quota, is the largest individual quota holder.

Group MD and CE Walter Lewis says some 70% of Oceana's exportable lobsters

WHERE CREDIT IS DUE

Not surprisingly, moves to close an important loophole in the Credit Agreements Act have the full backing of the Institute of Credit Management Thousand of contracts are affected but the amending legislation, which institute president Jack Brownrigg describes as "positive," will regularise the position

The action, he adds, further illustrates government's closer involvement and interest in the field of credit which began with the passing of the Act in 1980

The Act's shortcomings became apparent during a court case earlier this year The court found that in terms of the Act a credit agreement, including a leasing transaction, was invalid unless the initial payment was made on the same day the agreement was signed

According to a government memorandum published with the amendment Bill, "a substantial number of credit agreements may be invalid for this reason "

In terms of the amendment — which is being made retroactive to the commencement of the principal Act — the initial payment will not have to be made on the same day as the signing of the agreement

Several factors combine to bludgeon car industry

(192) (30) W/E Post 13/12/86

By RALPH JARVIS
Motoring Editor

SEVERAL factors combined to bludgeon South Africa's stricken motor industry in November

The tumble in last month's sales figures led the director of the National Association of Automobile Manufacturers of South Africa (Naamsa), Mr Nico Vermeulen, to say the industry had suffered "disappointing and serious setbacks".

New car sales for November, at 13 109 units, were the lowest of the year and the worst November sales since 1967

Sales of light (5 971 units), medium (316 units) and heavy (597 units) commercial vehicles also showed substantial declines compared to previous months

For the record, car sales dropped by 20% over October this year and 25% over November last year. The corresponding figures for light commercial vehicles were -25,5% and -15,3%, for medium commercials -13,9% and -31,15% and for heavy commercials -9,8% and -29,1%

Not a happy position

Mr Vermeulen made it plain that among the factors behind these drops were resistance to higher new vehicle prices, pre-buying during October to avoid expected price increases, reduced demand by the corporate segment and fleet operators and lower State tender deliveries

Traditionally, too, private new car buying had been strong during November "and the latest lower-than-expected new car sales confirmed that the position of private buyers remained under pressure", Mr Vermeulen said

"The industry's problems were compounded by the fact that corporate and fleet operator new vehicle purchases, which had served to underpin the market in recent months, declined during the month of November."

Mr Vermeulen said new car sales for 1986 would probably not exceed 176 000 units, while light commercial vehicles sales were expected to reach 79 000 units for the year

But if you think that's bad, Mr Vermeulen had an even gloomier forecast for medium and heavy trucks and buses

These, he said, were expected to turn in the worst industry performance in the last 20 years, reaching only some 11 500 units during 1986

FIN MAIL 19/12/86

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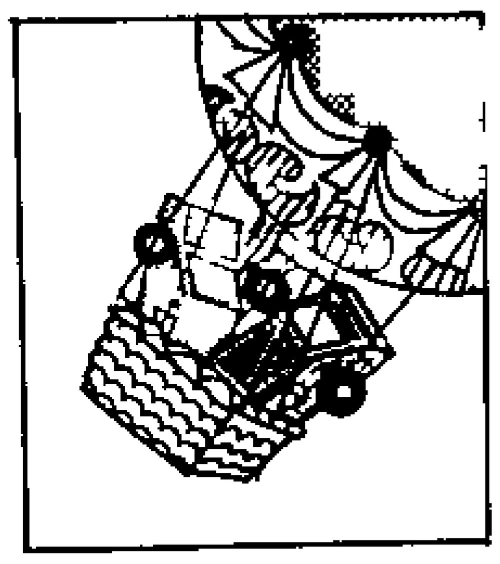
Heading for a crash?

SA's carmakers have come through the most difficult year in the industry's history bowed and bloody, but not quite beaten. There's even a small surge of confidence in the sector, but it's still all bad news for car buyers.



Pity the poor South African motorist The cost of a car increased by some 85% in the last three years — by 30% or more this year alone — and more hikes are in store

Manufacturers are not insensitive to price resistance Indeed, the "price shock" which virtually drove the private motorist out of the showrooms is seriously debated throughout the industry, particularly after November's disastrous sales figures*(*Business* December 12)

But after several years of heavy losses, or at best marginal profits, manufacturers are adamant that prices must continue to rise to recover the erosion of margins by local inflation Car prices will probably go up next year in line with inflation — making the average car 17%-18% more expensive by next Christmas

How is it that fierce competition for diminishing sales still allows hefty price increases from all manufacturers — most of whom are still below break-even point and, in even the best cases, have "unacceptable" returns on investment?

No doubt some of the industry's big problems are of its own making In the good old days when anything sold, South Africans happily plunged into debt and passenger car models and variants multiplied

Then with the first chill of the current recession, some manufacturers [illegible] read the signs and embarked on [illegible] sales promotion The inevitable shake-out saw the departure of Alfa Romeo, Renault and Peugeot [illegible])

But without doubt the single most significant factor was the rand's decline against the currencies of Japan and West Germany, the source of all SA vehicle kit

More than 50% of value of the average car is still imported with the rand's fall manufacturers have been bleeding heavily As National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen says "This factor alone put massive price pressure onto manufacturers, and in the current climate they've been forced to pass it on"

Car sales had in fact already started to decline from their peak of 301 000 back in 1981, when the average car price after GST was R10 299 By 1984, when the rand started its real slide, sales were down to 267 000 and average price climbed to R15 098

Other important factors affecting car-buying patterns, says Vermeulen, are the persistent recession, sharp increases in the prime lending rate which peaked in August 1984 at a record 25%, the doubling of GST to 12% in March 1985, fuel price increases, and imposition of fringe benefit tax on cars, though on an extended phase-in basis.

Temporary measures, since abolished, which hit sales include the tightening of HP repayment periods between August 1984 and February 1985 and imposition of *ad valorem* customs and excise duties in the 1984-1985 Budget

All this when pressure on net disposable incomes was mounting Real earnings of employed whites fell by 0,2% a year from 1981 to 1985 And direct tax paid by whites increased massively in 1980 some 8,8% of personal incomes went in direct tax, by 1985 this had risen to 15,5%

Market research for a leading manufacturer has shown that in 1983 an average car price of R12 021 accounted for 61% of a white household's average annual income In 1986 it's estimated that the average car price of R24 140 is absorbing some 88% of average household income

So it's easy to understand why extremely strong price resistance has been generated, why car sales figures for the year are unlikely to top 176 000, and why manufacturers are operating at little more than 50% of capacity

But in spite of all this, Vermeulen insists all is not gloom and doom "There's an air of cautious optimism in the industry," he tells the *FM* His view is supported by other industry leaders

He says that in spite of November sales figures' distortion by heavier-than-usual October buying and the absence of private buyers, statistics show car sales bottomed out in the first quarter His view is backed by Toyota marketing experts, who say that if October and November sales are combined they match the pattern for the rest of the year.

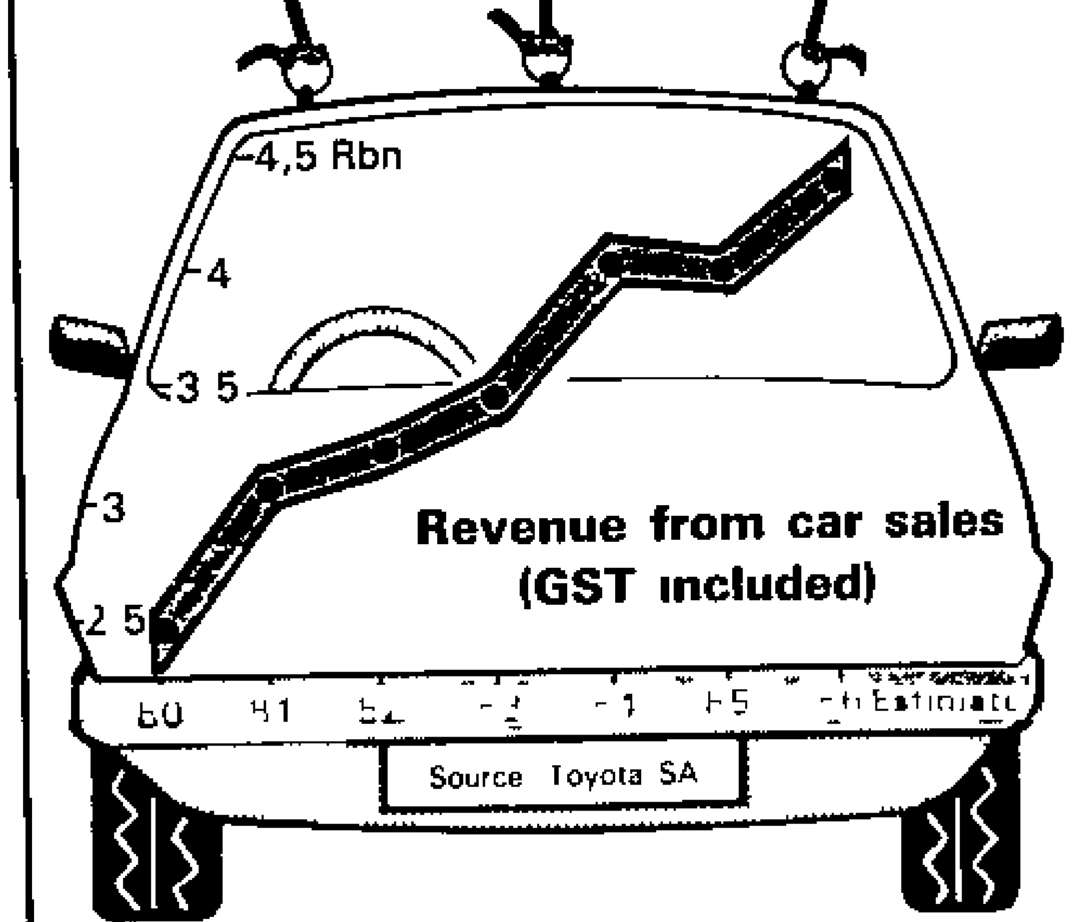
Vermeulen also points to signs that the heavy commercial vehicle sector, undergoing its worst patch in 20 years, bottomed out in October

A number of factors lead manufacturers to believe overall sales next year will be a modest 5% ahead of final sales for this year

Confidence is growing that the rand has stabilised at the US44c-45c level and that the effects of its earlier rapid slide have worked their way through the system Toyota MD Colin Adcock [illegible] the rand staying at current levels until at least mid-1987 He [illegible] more optimistic about [illegible] prices than others in the field

"If the rate remains stable we should be able to keep price [illegible] year's level On a year-on-year basis, price rises next year should be around 12% [illegible] well below the rate of inflation" Adcock says Toyota will hold current prices until February — "and then we will keep the increase down to 8%"

Nissan's John Newbury also believes the



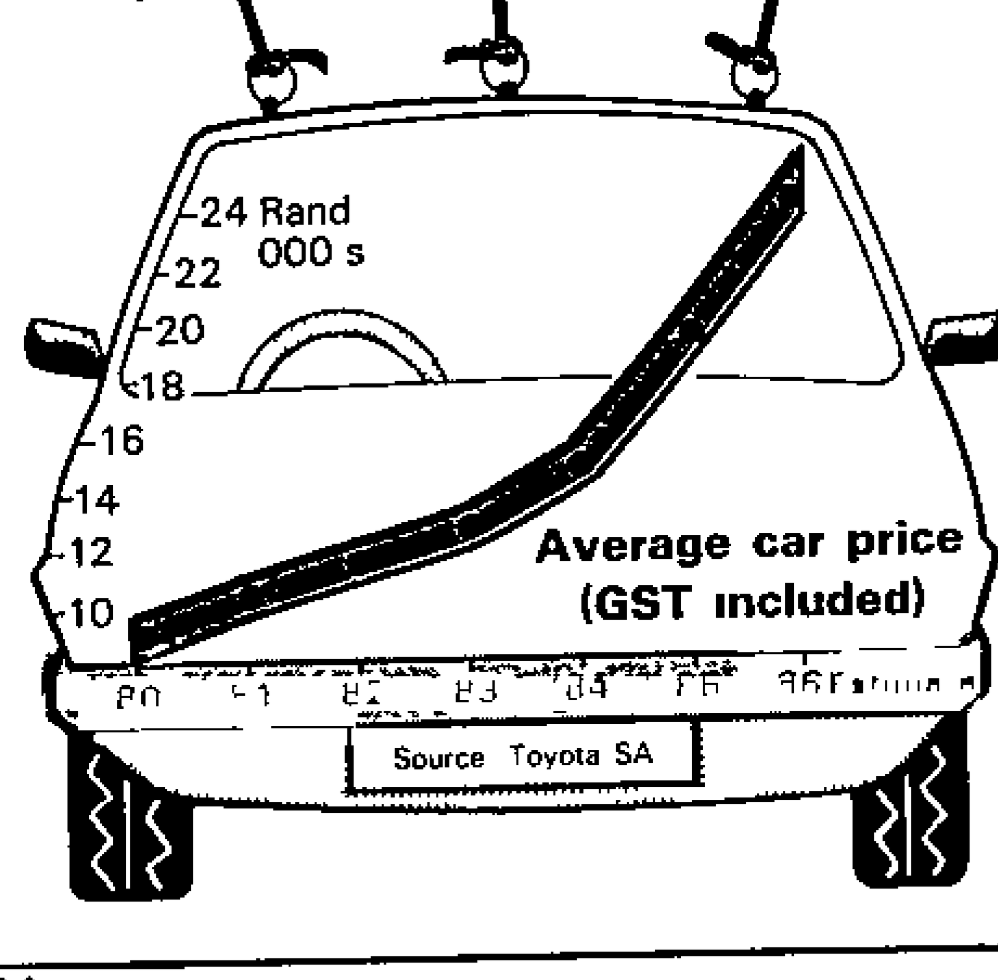
industry has absorbed the effects of the falling rand, and providing it stays steady at the current rate, price increases next year should average 3,5% a quarter (or 14% for the year).

Fortunately, with inflation in West Germany virtually nil and just nominal in Japan, the cost of imported components is stable

Another hopeful development is the fall in interest rates, important to motor manufacturers with their high capital investment

Then, too, pre-election stimulatory measures, including civil service salary increases and higher government spending on development projects to boost employment, could start to trickle through from February And a good agricultural season seems likely to generate confidence — and sales.

The industry's tribulations inevitably raise speculation about further rationalisation Every manufacturer would like to see some competitors depart, but all deny they're ready to pull out A glance at interna-



tional car ownership figures shows the long-term incentive to stay in 1984 it was estimated that SA had 11,3 people per car compared with 1,9 in the US, 2,5 in West Germany, 3,4 in the UK, 2,3 in Canada and 2,4 in Australia

Two years ago the industry manufactured 42 major passenger car lines available in a number of variations Today there are 22 major lines, with derivatives The trend to cut the number of derivatives will probably continue, but manufacturers say financial advantages are very limited and a wide range of options could have an important bearing on market share

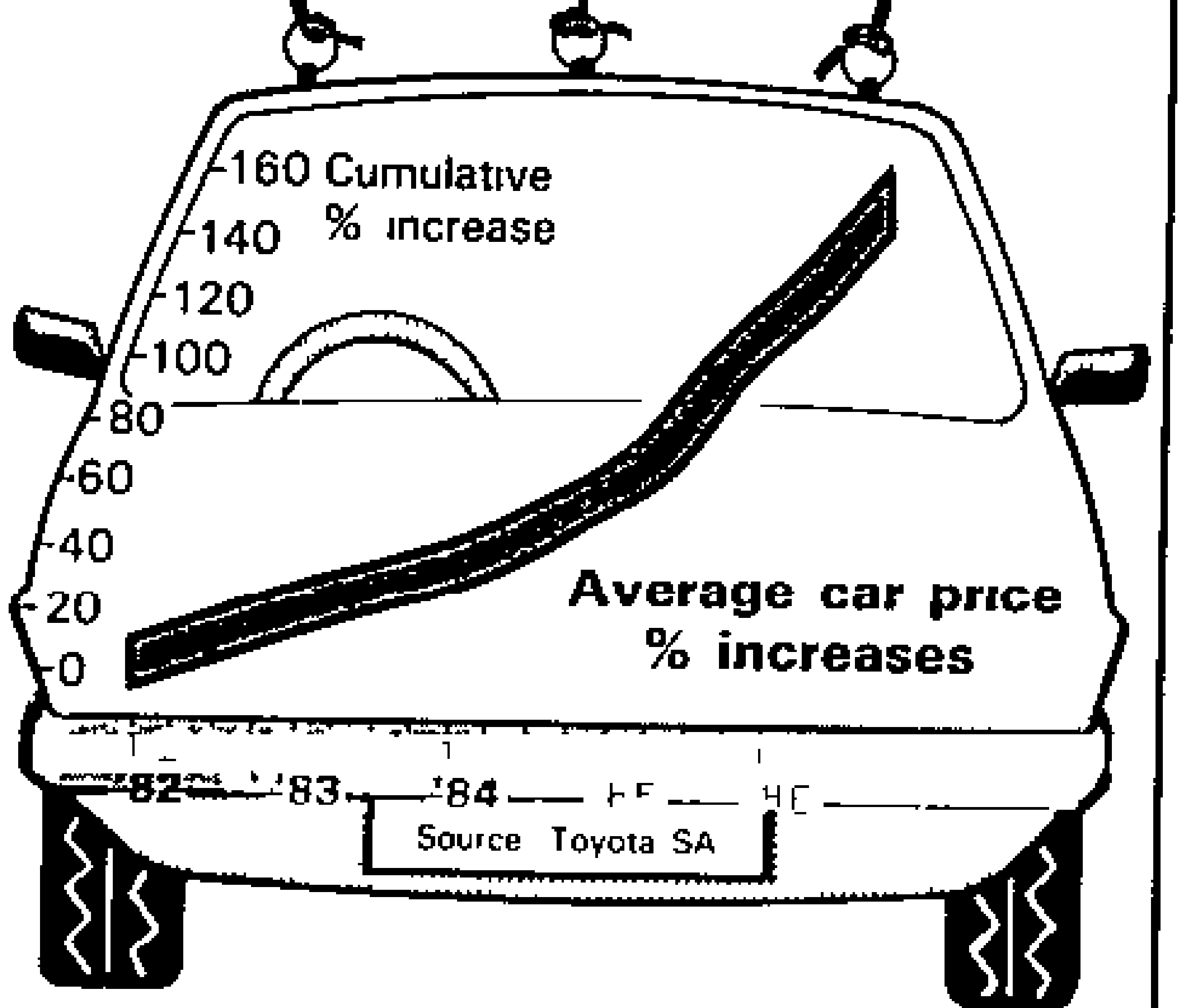
More likely is another extension of the life of car models on the local market. The current recession has seen model life extended from four to six years; for some models this is likely to be stretched to eight

This makes sense given the current cost of tooling up for introduction of a new model A new small car line car runs at R40m-R70m, most of it in variable-rate foreign exchange, and a new line for a medium or large car costs between R60m and R100m

But adding to the industry's small upsurge of confidence is the very different shape it's in. "It's leaner and fitter than it was," says Vermeulen At least two big manufacturers are in the black even after the trauma of 1986 Other hope to join them in the new year as increased confidence in the economy and sheer necessity overcome price resistance

It hasn't come cheap, particularly in employment "That's the real tragedy," says Vermeulen He reckons the motor industry, with its vast backward linkages into raw materials and component supply, supports some 250 000 workers — or one million people

Since 1982, motor industry jobs have fallen from 50 300 to 29 000 Component manufacturers have cut employment from 75 000 to 50 000 Another 30 000 jobs have been lost in the retail sector



Despite their importance to the economy and as a supplier of strategic equipment, Vermeulen believes car builders can expect little more help from the government

He points to the direct relief from the 1985 abolition of the 1% *ad valorem* customs and excise duty on vehicles, reduction of HP deposits and longer repayment periods, changes to local content provisions, beneficial amendments to the 10% import surcharge regulations and the fringe benefits tax relaxation for cars

But a current review of the Phase V local content programme, which applies to cars and light commercial vehicles, could result in some new benefits for manufacturers, particularly as the review aims at ensuring the sound development of the industry

It may be too late for some — the possibility of one or even two manufacturers quitting the market or merging can never be ruled out, whatever they say for public consumption If the survivors bring prices under control through greater volume throughput, perhaps it should even be welcomed ■

RAY MITCHELL

Landlocked in SA

While many British companies are pondering the pros and cons of divestment, British auto giant BBA has recently acquired a majority stake in JSE listed Landlock through a reverse takeover But Ray Mitchell, BBA financial director and Landlock's new chairman, says that BBA's South African acquisitions are all in the interests of rationalisation

"BBA has been in SA since the fifties," Mitchell (53) explains "We're Europe's largest producer of friction materials and the number two producer of heavy industrial belting in the US and Europe We owned glass manufacturer, Vivien Regina, and purchased Don, a manufacturer of friction material for brake linings and clutches, from Malbak last year We then integrated it with Mintex, making the combination profitable and are now reversing them into Landlock

"Brake and clutch reconditioning company Veltol/Parko is our latest acquisition However, the R2,4m we spent on this company is only £400 000 in financial rand. In Britain, we have borrowings of over £100m, so it's actually a drop in the ocean "

BBA bought UK-based Automotive Products earlier this year and as a result acquired a 50% stake in brake manufacturing company Girlock SA Now BBA is negotiating with Girling UK to buy the remaining 50% for Landlock In addition, the probable acquisition of brake manufacturing company, Repco, in Australia gives BBA a possible 50% stake in Repco SA

"We do anticipate making further acquisitions in SA through Landlock, but we won't be bringing more money into the country We'll ensure that what we hold here is profitable and that we get a higher return on this investment than on our European investments since there's greater risk involved

"But it would be in Landlock's interests to issue Landlock shares and to place the shares with individuals or institutions in SA. After the BBA/Landlock deal is finalised, we could land up owning 80% of Landlock

Mitchell

So we'll be placing some of our own shares on the market to widen the shareholding base and encourage local equity participation

"Landlock would have gone to the wall if we hadn't come along and dumped assets into it Our priority is to tidy up the automotive division which will take a number of months Then we'll have a close look at the industries we've acquired "

Combined turnover of BBA's SA subsidiaries is around R120m, with profits in the region of R2,5m Mitchell is adamant that profits will soon increase to at least R10m and plans to achieve this with tight financial controls and further rationalisation

"We're not forecasting an economic recovery, but we can reduce the number of locations of our plants," he explains "I see no reason why we can't make a profit while the motor industry is depressed The replacement market isn't particularly buoyant, but there's a lot of spare capacity and high cost profiles

"Instead of operating factories at 40%-60%, we'll close some factories and transfer operations into those we retain This should improve capital ratios and reduce cost profiles. We're adjusting capacity to today's level of demand It's simply a question of balancing the supply and demand equation On completion, we should have a powerful automotive components division giving a good return on capital "

When Mitchell has finished tidying up BBA's SA operations, he'll move on to Australia to do the same thing there As Landlock chairman, however, he'll visit SA at least once a quarter "The chairman and Landlock board must restrict itself to formulating policy and objectives for the group Anything more would be interfering "

A qualified accountant, Mitchell was headhunted to join the BBA group as financial director in 1974 He was made responsible for BBA's SA operations in 1984 because of the large loss incurred in Mintex and the political sensitivity of the investment Having spent 11 years with BP, stationed at one time in Nigeria, Mitchell considers that today he understands Africa better than most European businessmen

"Though I think apartheid is an evil bit of social architecture, I recognise that making rapid changes would be disastrous for the welfare of the people we're trying to help I believe that SA will get a better system of power-sharing We must remember that Britain only gave females the vote in 1918 and we've had centuries of democracy If we act sensibly and responsibly, at the end of the day we'll make a return on investment here " ■

CAPE TIMES 1/8/86

Uitenhage firms hit by stayaway

Own Correspondent

PORT ELIZABETH — A work stayaway called by the Congress of South African Trade Unions (Cosatu) yesterday halted production at the Volkswagen plant in Uitenhage and interrupted operations of most local component manufacturers.

The stayaway, called in part over alleged forced removals of residents from Langa to KwaNobuhle, was heeded by 79 percent of black and 43 percent of coloured hourly-paid staff at 23 companies polled by the University of Port Elizabeth's Labour Monitoring Group

The stayaway had been less effective than the March 21, May 1 and June 16 actions, when all of the black workforce and 71 percent of the coloured staff at companies polled had not reported for work, a LMG spokesman said.

Eight of the companies polled, including three supermarket chains, had been unaffected, the spokesman added

The policy of all but two companies towards boycotting workers was "no work, no pay", and workers are expected to return on Monday, company spokesmen said

Last night, a Cosatu spokesman said the action had been called in protest against the "futile" management attempts to prevent the removal of the squatters at Langa, and the Department of Education and Training's ruling that all black pupils re-register

These grievances were voiced at a meeting between the Uitenhage branch of the Midland Chamber of Commerce, representatives of the KwaNobuhle Town Council and Cosatu, which the regional MCI chairman, Mr Ronnie Kruger, said had been "cordial"

Stayaway halts production at Volkswagen's EP plant

(192) 1/8/86 N/M

Mercury Correspondent

PORT ELIZABETH—A work stay-away in Uitenhage called by the Congress of South African Trade Unions yesterday halted production at the Volkswagen plant and interrupted operations of most major manufacturers

The stay-away, called in part over alleged removals of residents from Langa to Kwanobuhle, was heeded by 79% of African and 43% of coloured hourly-paid staff at 23 companies polled by the University of Port Elizabeth's Labour Monitoring Group

Workers are expected to return on Monday, say company spokesmen

At Cosatu-organised firms, the African stay-away was 96% and 71% among coloureds, said a spokesman for the monitoring group

A Cosatu spokesman said the stay-away was also to express 'deep concern' over the Department of Education and Training's ruling that all African pupils reregister

Emergency Day 50

Because of the emergency regulations, the free flow of information relating to unrest is severely restricted. This newspaper will do its utmost to keep readers informed

Work stayaway in Uitenhage in second day

EVE-POST 1/10/86

192

Post Reporter

VOLKSWAGEN was closed for the second day in succession today by a workers' stayaway in Uitenhage

Other major industrial companies were also hit and an estimated 80% of the town's black workforce was out

The labour relations manager at the VW plant, Mr Johan Rautenbach, said yesterday the plant would resume production if sufficient workers returned today The plant will be closed until Monday

Commercial firms were again unaffected and most reported no absenteeism.

It was earlier reported that the stayaway was linked to forced removals of squatters from Langa to Kwanobuhle, the ruling by the Department of Education and Training that black pupils re-register and the detention of community leaders

● A phone survey of 23 firms by the labour monitoring group from the Industrial Relations Unit at UPE revealed a 95% stayaway by black workers and 41% stayaway by coloureds

These preliminary results are based on figures released by 19 of the 23 firms surveyed

The stayaway at work places where a Cosatu affiliate was the only union represented, was 97% for blacks and 59% for coloureds.

At work places where Cosatu was not the sole union represented or work places where other unions were represented, and a third category where there was no union representation at all, showed a stayaway of 80% by blacks and 7% by coloureds

Stayaway shuts car plant

PORT ELIZABETH — Volkswagen was closed for the second consecutive day yesterday by a black workers' stayaway in Uitenhage.

Other companies were also hit, with an estimated 80 per cent of the town's black workforce absent

A spokesman for the Labour Monitoring Unit at the University of Port Elizabeth said the stayaway had been most effective at plants where the Congress of South African Trade Unions (Cosatu) was in control

At these plants almost 100 per cent of black staff were absent, along with about 70 per cent of coloured personnel

On Thursday the labour relations manager at Volkswagen, Mr Johan Rautenbach, said the plant would resume production if sufficient workers returned to work yesterday

Yesterday morning a sporadic trickle of workers coming to work signalled the stayaway had not yet ended and the plant shut down until Monday

Companies in the commercial sector were unaffected by the stayaway and most firms reported no absenteeism among staff

Only one supermarket reported a slight drop in the number of black people who reported for work yesterday

Earlier it was reported that the stayaway was linked to forced removals of squatters from Langa to KwaNabuhle — Sapa

192 DD 2/8/86

R6m car group sale discussed

CAPE TIMES 2/8/86 192

By BRIAN GROBBLER
Motoring Editor

TALKS took place this week between the mighty Barlows Motor Holdings and Mr Brian Porter, chief executive of Brian Porter Holdings, with a view to buying the entire Motors Western Province Group in the Cape

The figure being mentioned is R6-million

The negotiations are expected to be finalized on Tuesday

MWP is one of the oldest and biggest Volkswagen franchise dealers in the Western Cape with a 13,6 percent share of the Cape Town and Bellville registrations areas

The MWP group consists of seven sales and service outlets in Cape Town, Claremont, Plumstead, Lansdowne, Goodwood and Bellville and a huge service complex in Paarden Eiland The group was founded by Mr Jannie Strydom, of Sea Point, in 1952 He was sole owner for 30 years He then sold a 50 percent share to the Ovenstone Group which put it in the Diroyal Group Mr Strydom still owns some of the MWP properties including Goodwood, Bellville and the Paarden Eiland service complex

Brian Porter Holdings bought the MWP franchise 3½ years ago for a reported R1,5m

Mr Porter was in Johannesburg this week and was expected back late last night and could not be contacted yesterday

A senior executive at MWP said Mr Porter was the only person who could comment on the matter

The person handling the talks for Barlows Motor Holdings in Johannesburg, Mr Roy Burger, was busy with meetings all day yesterday

'Confirmed'

However, a spokesman for Barlows confirmed that the talks were taking place

Barlows is one of the industrial giants in South Africa and the Motors Holding division has motor franchises in Transvaal, Natal, Free State and the Western Cape They already own Grosvenor Ford and Auto Atlantic (BMW) in the Cape so the acquisition of MWP would make them one of the biggest motor groups in the Western Cape

192 CITY PRESS 3/8/86

200 back at BTR – but 250 Toyota workers may get the chop

By SIBUSISO MNGADI

200 striking BTR Dunlop workers returned to work ...rban this week after a month-long wage dispute, ...giant Toyota SA was about retrench between 250 ...75 workers in the city.
...nother incident, the Food and Allied Workers ..., a Congress of SA Trade Unions affiliate, has ...ed a national dispute with National Clover Dairies ...he dismissal of the entire workforce of 230 worker... Maritzburg plant.
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The 3 600 workers have been on short-time since early this year.

Earlier last month, workers went on a three-day strike in demand for higher wages and in protest against short-time. They returned to work after an ultimatum from management to return to work or face dismissal.

Natal National Automobile and Allied Workers' Union secretary Edwin Maepe told *City Press* the union had asked management to delay the retrenchments, which are scheduled for today, to enable the union to hold further negotiations.

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NCD public relations manager John Fisher said th... matter was sub judice – and refused to comment.

City Press 3/8/86

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1 200 back at BTR – but 250 Toyota workers may get the chop

By SIBUSISO MNGADI

AS 1 200 striking BTR Dunlop workers returned to work in Durban this week after a month-long wage dispute, motor giant Toyota SA was about to retrench between 250 and 275 workers in the city.

In another incident, the Food and Allied Workers' Union, a Congress of SA Trade Unions affiliate, has declared a national dispute with National Clover Dairies over the dismissal of the entire workforce of 230 workers at its Maritzburg plant.

Metal and Allied Workers' Union secretary Bobby Marie confirmed that BTR workers had endorsed fully the settlement agreement reached between Dunlop management and union representatives.

The present minimum wage, based on a 45-hour week, was R116,10 a week. In April next year, this would rise to R143 a week, with a 60c an hour pay rise which would split into three parts of 20c each.

The giant tyre factory has been crippled by strike action since June 25 when workers downed tools in support of a rise of 60c an hour, over a year.

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The union had therefore decided to follow the correct procedure by declaring a dispute of all members employed by Clover, a union spokesman said. If it succeeds, about 3 000 Clover workers countrywide will go on a legal strike.

The sacking of Clover workers comes after a stoppage by workers in protest against the dismissal of shop steward chairman Jethro Ndlovu.

NCD public relations manager John Fisher said the matter was sub judice – and refused to comment.

Car-sale sights lowered again

192 SUNTIMES

By Don Robertson

CONTINUING poor car sales have prompted the industry to again lower its projections for the year

The June quarterly review of the National Association of Automobile Manufacturers of SA (Naamsa) predicts car sales of 177 150 compared with its estimate in March of 198 333

Naamsa reports that the industry, including commercial vehicles, is operating at only 53,8% of capacity compared with 54,7% in March

The Industry's work force declined by 1 026 to 31 745 in the three months

Naamsa also predicts light commercial vehicle (LCV) sales of 74 200 for the year compared with the previous estimate of 81 875, medium commercial sales (MCV) of 5 000, compared with 5 925 and heavy commercial (HCV) sales of 7 300 against 9 375

Sales projections for 1987 and 1988 have also been reduced

Naamsa says prices of imported components fluctuated because of exchange rate movements and increases of between 7% and 21% were experienced in the June quarter Local components were less freely available because of labour problems and prices rose by between 3,7% and 4,5%

It is expected that the rand's weakness will continue to exert upward pressure on prices and so will the 10% steel-price rise

Capacity use was 56,6% for cars, 60,5% for LCVs, 47,7% for MCVs and 50,6% for HCVs

There was, however, a moderate improvement in sales in June — to 15 769 from 13 754 in May

Motor giants will maintain SA links

4/8/86 BUS DAY 192

FLYING in the face of international pressure to sever all links with SA, three of the world's leading motor manufacturing giants have independently and publicly reaffirmed their intention to maintain and even strengthen their ties with the country

And they have strongly condemned as counter-productive all those steps aimed at imposing a range of economic sanctions against SA.

In separate interviews with *Business Day* in Tokyo and Detroit, senior executives of Mitsubishi, Mazda and Ford stressed their opposition to the policies of apartheid practised by government.

But they also emphasised their belief that "affirmative contact rather than withdrawal is the route they have chosen as most likely to bring about much-needed reform"

They indicated also that the depressed nature of the SA economy, and particularly that of the motor industry, has in no way clouded their perspective either over business links with SA — indeed, most industry executives appeared to be more positive over prospects domestically than did their local counterparts.

In global terms, of course, the links the three international corporations have with SA are marginal, at best.

CHRIS CAIRNCROSS

Their direct umbilical cord is via a manufacturing and distribution arrangement with Anglo American's Samcor group. And in this, only Ford has a direct investment involvement amounting to a 42% shareholding in Samcor

The hassle factor in the form of growing pressures internationally against those companies doing business in SA does not appear at this stage to have impacted significantly on the decisions of these three corporations to review their status with SA

Mazda overseas operations MD Keiji Asano said the company had not yet met with any pressures to curtail its links in SA

And Ford executives stressed they would be unlikely anyway to bow to such pressure

"We like to believe we are not fair-weather friends and will stick in there as long as we can," observed Phil Benton, Ford's executive vice-president of international automotive operations.

"Quite frankly, we have more problems with our operations in Brazil than

● To Page 2

Motor giants to keep SA links

● From Page 1

we do in SA — and we are staying there

"We think the business prospects in SA and our commitment to a large number of people in SA far outweighs any hassle factor we may be experiencing," Benton added.

Mitsubishi and Mazda executives expressed similar sentiments, their strategy seemingly being to strengthen their existing foothold in the area over the long term

They see SA as potentially acting as their springboard into the rest of Africa once the country is able to resolve its internal political problems

Until then, the SA motor industry remains very much in a "stand alone" situation, in which the high local content has eliminated the cost-competitiveness of built-up vehicles on any international market

But even now, all three companies view Samcor, and the SA automotive industry in general, as representing a potentially important new component source

Immediate interests in this area have been stimulated by the weak rand and the export incentives offered by government

5/8/86 EVEPOST

GM head office reshuffles posts

192

Business Editor

GENERAL MOTORS in Port Elizabeth has announced a series of top-level management changes as part of its streamlining programme following last week's announcement that 270 salaried and hourly staff were being retrenched or going on early retirement as part of a restructured organisation

In a statement today, the company said it was making a number of changes in "executive assignments in its efforts to improve operating effectiveness and increase longer-term viability in the depressed South African motor industry"

The changes are

- Mr Keith Butler-Wheelhouse — former director, sales and marketing, of Ford in Port Elizabeth, who joined General Motors last year — has been appointed director of technical operations, combining the functions of product engineering, quality, manufacturing and assembly, and materials management
- Mr Isaac van der Linde becomes director, materials management, combining the functions of purchasing, material scheduling and handling, supplier quality assurance, and logistics and customs
- Mr Rolf Mentzel becomes manager, engineering and reliability, effective September 1, replacing Mr Reinhold Metzger who is returning to Germany in a new assignment at Adam Opel AG
- Mr Aubrey Adshade — formerly manager, reliability and quality control — is appointed special assistant to the managing director
- Mr Herbert Eickhaus becomes GM South African's European liaison manager and will be relocating to West Germany in the near future to fulfil his new responsibilities

These last three will report to Mr Butler-Wheelhouse

In GM's sales and marketing division, Mr Charles van Niekerk — formerly manager, parts and accessories — has been appointed manager, parts and service

7/8/86

Toyota increase takes prices to new high

By Jeremy Sinek

192

New car prices are going into orbit again.

Toyota has put up the prices of its cars ~~and light~~ commercials by between six and eight percent — and it predicts that further increases are inevitable this year

Once market leader Toyota moves on prices, most other car makers usually follow suit within one or two weeks.

This latest increase comes only two months after the last one, and means that today's Toyota costs around 17 percent more than it did in January.

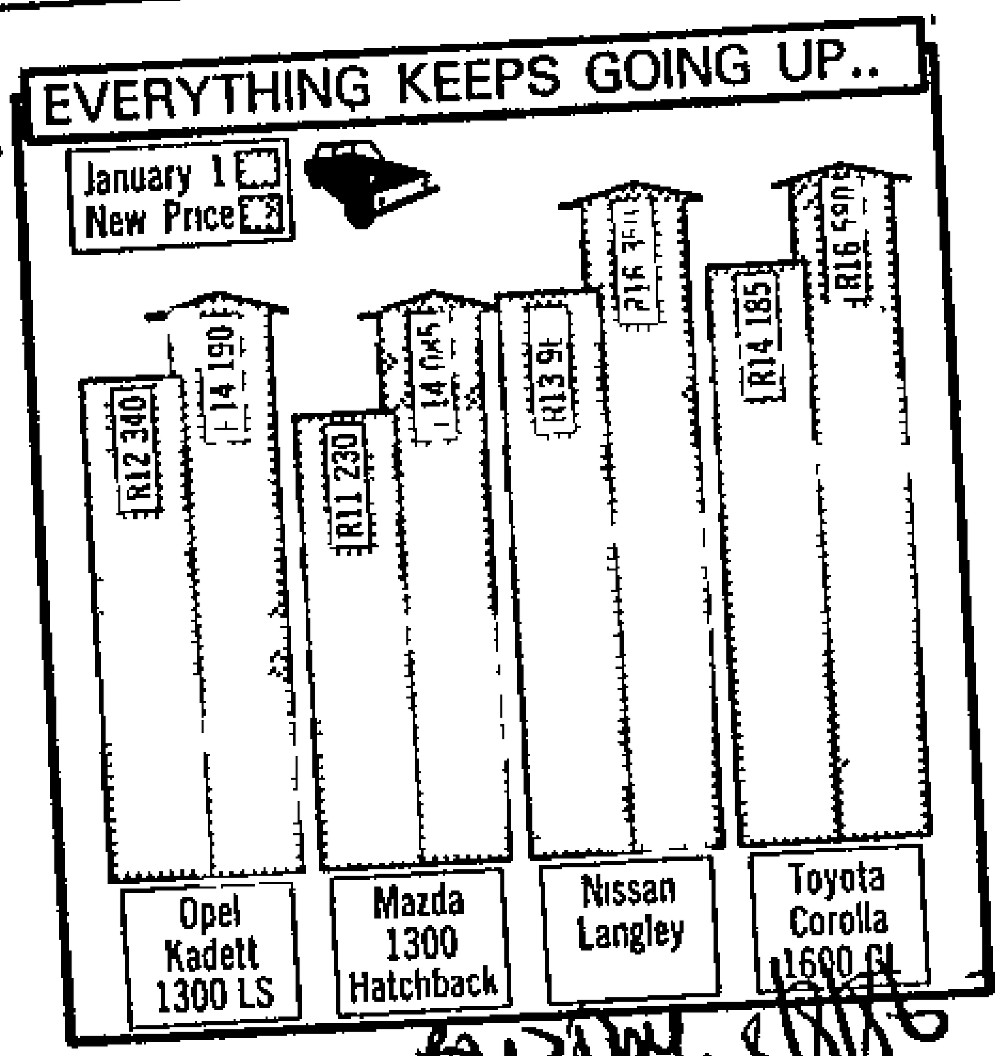
Since August 1984 the prices of most models have risen by between 70 and 75 percent. The rises are blamed on the weakening of the rand against the currencies of the two countries from which most car components are imported, Japan and Germany.

The value of the rand has dropped from 90 yen in February, for example, to around 60 yen at present.

"The crux of the pricing problem," says Toyota Marketing company's executive director, Mr Bert Wessels, "is that although our imported content only accounts for 30 to 33 percent of the weight of a vehicle, the cost of these imported components accounts for more than half what the vehicle costs"

On a typical compact car, he said, the imported content by value had increased from 44 percent in February to 55 percent at the end of July.

Mr Wessels said that his company had tried to absorb as much of the increases as possible, and that retail prices had risen by only 17 percent since February while costs had risen by 24 percent.



BusDay. 8/8/86

Car prices accelerate

DAVID FURLONGER
Industrial Editor

CAR prices are going up again — and further increases are on the way.

Toyota and General Motors raised car and light commercial vehicles prices by between 6% and 8% this week. Other manufacturers say they will follow suit.

General Motors and Nissan will increase prices on Monday — GM by 6% on its Opel Kadetts and Isuzu bakkies, and Nissan by an average 5,5% on its entire car-bakkie range.

Volkswagen officials met yesterday to discuss prices. MD Peter Searle said an increase was likely in a few days. BMW, which put up its prices on July 7, said it had no plans for a further increase at this stage.

Mercedes-Benz said it expected to put up prices by the end of the month.

The increases are the fourth for most manufacturers since the end of last year

● To Page 2

BusDay

Car prices get into gear

● From Page 1

— and there are more on the way.

Manufacturers predict a further round of price rises early in October and another at the end of the year.

Nissan's Peter Coetzee said yesterday: "It all depends on the rand, but prices will have to move at least once again, probably in October, and then again at the end of the year."

Toyota executive director Bert Wessels said: "Further increases before the end of the year are unfortunately inevitable."

The chief reason for the increases is the collapse of the rand against the yen and mark. Since February the rand has declined by 50% in value against the yen.

In pure cash terms, this is the effect of the latest price increases:

- A Nissan Langley 1500GL that cost R13 965 on January 1, and costs R15 450 today, will go up to R16 350 on Monday;
- An Opel Kadett 1300LS, R12 340 on January 1 and R13 385 today, goes up to R14 190 on Monday;
- A Mazda 1300L hatchback, R11 230 on January 1 and R12 780 last week, went up on Tuesday to R14 085;
- A Toyota Corolla 1600GL, R14 185 on January 1, went up to R16 580 on Monday;

Toyota back in the black for first half

(192)

8/8/86 BUS. DAY.

PRISCILLA WHYTE

TOYOTA has turned the corner by producing healthy first-half profits of R7,5m, compared to a loss of R8,9m in the first six months to June last year.

No interim dividend has been declared.

MD Colin Adcock said that had the rand/dollar exchange of $0,45 continued, Toyota could have kept price increases within the limits of the SA inflation rate. However, this has not proved the case

Toyota had a 6% to 8% price hike this week and another one is scheduled for October.

The drag on profitability in 1985 was foreign exchange losses amounting to R17m in the first-half and R58m for the full year. Adcock said that offshore financing on a fully covered basis was again favourable compared to local interest rates For the first six months of this year there were no forex losses.

Operating income was maintained at R24,3m (R23,7m) and the interest bill was only marginally up at R17,1m (R16,7m).

Net interest bearing debt was higher at R271m (R248m)

Japanese imported content remains a problem for Toyota because although the rand appreciated against the dollar in the first half of the year, the yen was also strengthening against the dollar

In January 1984 the equivalent cross rate was 296 yen to the rand, compared to between 80 yen and 64 yen to the rand in the first-half of 1986.

The imported content by weight is 33% but the monetary cost proportion is about 55%.

Pay row erupts over detainees

(192) BUS DAY 8/8/86

SIPHO NGCOBO

A ROW over wage-payments to two General Motors' workers detained under the state of emergency is to be taken to the Industrial Council.

The National Automobile and Allied Workers' Union (Naawu) has accused the company of not being prepared to pay the detained workers' wages

Naawu official Les Kettledes said the union had asked GM to retain and pay the two for the period of their detention

He said GM had agreed to keep them in its employ, but would not pay them while they were detained

A GM industrial relations spokesman said the company had initially refused to pay the two all their wages on the basis of no work, no pay

"We reconsidered our stand after a second meeting and conveyed to the union this week that we were prepared to pay a portion of the detained workers' wages," he said

He declined to disclose further details on the grounds that it would pre-empt Industrial Council discussions about to take place

Car prices go up again — and again

DDC 8/8/86 (192)

Dispatch Correspondent

JOHANNESBURG — Car prices are going up again — and further increases are on the way

Toyota and Samcor raised car and light commercial vehicles prices by between 6 and 8 per cent this week. Other manufacturers say they will follow suit

General Motors and Nissan will both increase prices on Monday — GM by 6 per cent on its Opel Kadetts and Isuzu bakkies, and Nissan by an average 5,5 per cent on its entire car-bakkie range

Volkswagen officials met yesterday to discuss prices The managing director Mr Peter Searle said an increase was likely "in a few days" BMW, which put up its prices on July 7, says it has no plans for a further increase at this stage, but Mercedes-Benz says it expects to put up prices by the end of August

Nissan's Mr Peter Coetzee said yesterday "It all depends on the rand, but prices will have to move at least once again, probably in October, and then again at the end of the year"

Toyota executive director Mr Bert Wessels said "Further increases before the end of the year are unfortunately inevitable"

The chief reason for the increases is the collapse of the rand against the yen and deutschemark Since February, the rand has declined by 50 per cent in value against the yen

Mr Wessels said "The crux of the pricing problem is that although imported content only accounts for 30 to 33 per cent of the weight of a vehicle, the cost of these imported components accounts for more than half the total vehicle cost"

He said imported content had increased from 44 per cent of total cost at the end of February to 55 per cent at the end of July

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- A Mercedes-Benz 280SE, R60 445 at the beginning of the year, and R66 995 today, is expected to rise to about R70 000 later this month

Toyota posts R16 million turnaround

ARGUS 8/8/86 (192)

TOYOTA drove out of the red in the first half of the year with a R16 million turnaround, recording net profit of R7,6 million after R17 million of losses a year ago

Earnings jumped to 186,76c a share from a loss of 220,91c but a long road lies ahead before recovery to the 1983 level of 1 000,54c a share

It was saved by the elimination of foreign exchange losses which amounted to R17 million a year ago and struggled against a doubling of costs of imported material because of the strong yen and weak rand

Borrowing increased by R23 million to R271 million to finance new model tooling and the interest bill topped R7 million

Sales dipped to 38 738 from 40 783 but the company increased its share of a smaller cake with a market penetration of 30,2 percent

The directors expect a similar performance and are not paying an interim dividend

However, they say they hope the recently announced relief package will have a measurable positive effect on demand and general business confidence, particularly the revisions in the scale of fringe benefits tax

- **Msauli Asbes** has passed its interim dividend

Earnings fell to R1,7 million (R2,6 million) or 26,4c (41c) a share

- Asbestos producer **Gefco** is cutting its interim dividend to 7,5c from 10c

Turnover eased slightly to R41,8 million but earnings fell by R1,7 million to R6,4 million or 18c (to 22,6) a share

Tom Hood

Cape Times 8/8/86 192

Car prices going up again

Own Correspondent

JOHANNESBURG — Car prices are going up again — and further increases are on the way.

Toyota and Samcor raised car and light commercial vehicles prices by between 6 percent and 8 percent this week.

General Motors and Nissan will both increase prices on Monday — GM by 6 percent on its Opel Kadetts and Isuzu bakkies, and Nissan by an average 5,5 percent on its entire car-bakkie range.

Volkswagen officials met yesterday to discuss prices. MD Mr Peter Searle said an increase was likely "in a few days". Mercedes-Benz says it expects to put up prices by the end of August.

Manufacturers predict a further round of price rises in October and another later in the year.

The chief reason for the increases is the collapse of the rand against the yen and Deutschmark.

More than half the cost

Toyota executive director Mr Bert Wessels said "The crux of the pricing problem is that although imported content only accounts for 30 to 33 percent of the weight of a vehicle, the cost of these imported components accounts for more than half the total vehicle cost."

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Another round of car-price increases

10/8/86 SUN TIMES (192)

By Don Robertson

THE third round of car price rises this year has been sparked off by market leader Toyota.

It has increased prices of the top-selling Corolla by 7% and the Cressida by 8% Other manufacturers have either followed or will in the next few weeks

Because the price increases are based on high figures, a small 1,3*l* car will go up by about R1 500, and a medium-sized 2,0*l* car by about R2 300

The continuing weakness of the rand has added to the cost of components imported from the main source plants in Germany and Japan Although the imported content of a car represents an average of only 34% by weight, the increasing cost of components has lifted this value to about 50%

Manufacturers relying on components from Japan, for instance, have been hard hit by the rand's low exchange rate Since January, the rand has declined in value from 90 yen to about 60 yen The result being a 24% increase in the cost of components

Toyota last raised prices in mid-June by 5% on the Corolla and 7% on the Cressida The previous price increase was an average of 4% in February

Increases by Samcor, which produces the Mazda and Ford range, are between 6% and 8% The Mazda 323 is up by 6%, and the Mazda 626 by 8% Light commercial vehicles have risen in price by about 6% Medium and heavy trucks cost 10% more

Holding

The new Ford Laser and Meteor cost 6% more and the price of a Sierra is up 8% The Courier and Triton are up in price by 6% and 10% respectively

Samcor last moved prices by between 4,5% and 7% in the middle of June

Volkswagen raised its prices a month later than the others in mid-year, waiting until mid-June before announcing increases of about 5% It has no immediate plans for a price increase

Volkswagen models rose between 4% and 5% in price The Audi range was increased by 5,5% in April after going up by between 4% and 6% in February

General Motors will raise prices tomorrow, but their extent is not known. The last GM increase was 5% in June.

Nissan prices went up by between 5% to 6% in June, but it has not decided on the next round

BMW is holding prices after an average increase of 5% on July 7 The previous increase was 5% in February

Mercedes-Benz is reviewing its prices, but no date for a change has been set The company last raised prices by 5% on the Honda and between 5,1% and 5,5% on the old Merc 123 and S Series

BUS DAY 11/8/86

Ford to revamp engine plant

192

CHRIS CAIRNCROSS

THE giant Ford Motor company, in partnership with Samcor, is planning tentatively to revamp its engine plant in Port Elizabeth, with a view to penetrating markets outside SA

The focus is to produce a range of automotive components and engines to serve the after-sales market, and to provide an additional manufacturing source for Ford's other assembly plants worldwide

An outline of Ford's plans were revealed to *Business Day* by Lindsey Halstead, vice-president of the corporation's Latin American automotive operations and the person directly responsible for Ford's interests in SA

In an interview at Ford's international headquarters at Dearborn, Michigan, Halstead said the weak value of the rand on foreign exchange markets was one of the reasons Ford was looking to source some products out of SA

Another potential inducement was the favourable export incentives government was offering, particularly to the motor industry

A Samcor spokesman confirmed that a number of export opportunities were currently being explored for the Port Elizabeth operation, but stressed they were tentative at this stage

If they did come to fruition, it could provided a much needed fillip to the depressed Eastern Cape economy, providing opportunities for other automotive manufacturers in the region to ride on Ford's, and Samcor's, muscle

Ford's continued presence in SA, through its 42% stake in Samcor, and its resolve possibly to strengthen its position, was bound by strategic considerations, and not just on short-term vagaries like the rand's value

According to Halstead, Ford's global strategy was to diversify and spread its manufacturing and engineering base.

While maintaining a significant manufacturing base in the US, the global spread would, and already did, enable the company to reap the benefits of importing built-up vehicles or components from lower-cost sources to enhance its competitive situation

SA and, directly, Samcor did therefore have a fundamental role to play in Ford's globalisation strategy which has, as one of its primary goals, a commitment to assist its suppliers to become full partners who could service fully the group's need for components, Halstead said

It was an approach increasingly being adopted worldwide throughout the motor industry — and did, in effect, represent an ongoing global rationalisation of the industry

Vehicle sales on uptrend

192

8.8.86

DAVID FURLONGER
Industrial Editor

VEHICLE manufacturers' believe the worst of the industry's woes may be over — at least for now.

Figures released yesterday show sales of cars and light commercial vehicles last month exceeded industry expectations, continuing the improving trend shown in June.

At 16 788, car sales in July were 6,4% up on June's 15 779. Industry sources say they expect sales to fluctuate between 15 500 and 17 500 a month for the rest of the year.

Sales of light commercial vehicles in July also continued to reflect underlying strength, improving 8,2% on June, from 6 881 to 7 449. Manufacturers expect this area to record further improvements by the end of the year.

No such recovery beckons for medium and heavy commercial vehicles. Sales of both declined against June figures. Industry officials are becoming increasingly concerned at the pressures being placed on these important sectors.

Naamsa — the National Association of Automobile Manufacturers — says that although car and light commercial sales so far this year are 12% down on those of 1985, recent stimulatory measures are

● See chart Page 14

● To Page 2

Vehicles sales exceed forecasts

● From Page 1

192

clearly helping to bolster sales.

Naamsa director Nico Vermeulen says that in addition to lower interest rates and the perks tax standstill, "the continuing recovery in new car sales can be attributed to a combination of factors such as pent-up replacement demand, the positive influence of recent new model introductions, aggressive marketing and sales campaigns, and the greater number of trading days during the month of July".

"Consumer sentiment could improve further and, in particular, new-car sales are likely to gain additional momentum during the last four months of the year once the new basis of valuation of company-owned cars, for purposes of fringe benefit taxation, is officially implemented."

Toyota was once again the leading car manufacturer in July, selling 4 000 cars to regain the place it lost for one month to Samcor. Samcor was second, with 3 604. Volkswagen was the big surprise, its Golf-Jetta range proving the month's biggest single seller, with 2 994 cars sold. In all, VW sold 3 462 cars in July.

Cape Times 13/8/86 (192)

Cape

Porter 'satisfied' with R4m MWP deal

Brian Porter

By AUDREY D'ANGELO
Assistant Financial Editor

THE injection of cash received by Brian Porter Holdings (Port) from the sale of the Motors Western Province group to Barlow Motor Holdings (Pty) for approximately R4m, will largely compensate for the drop in operating earnings, chairman Brian Porter said yesterday

A statement issued by Port said that, based on unaudited financial statements at June 30, the deal would lift the net asset value of its shares by 14c each to 506c a share

Porter stressed in an interview that Motors Western Province was "only a small section of our business and we are certainly staying in the business

"I am still chairman and we are in the motor business to stay

"We have the franchises for Mazda, Ford, General Motors, BMW and Porsche "

Although there has been speculation about the sale, Porter said "We are satisfied with the deal

"It was not that we needed to sell Motors WP"

Like other motor firms, Port has been hit by the recession But it ended the first half of its financial year in December with a net income after tax of R360 000 and earnings of 13,22c a share

The results of the year to June have not yet been released but Porter said "We have had some very good used car months "

It was a sign of the times that people were buying used cars, and were looking after cars rather than replacing them before it was necessary

But, he said, the motor industry had definitely picked up since the perks tax was eased

Although new car sales had not been boosted by inflation psychosis, the knowledge that car prices would continue to rise was causing some people to buy now

Discussing the possible imposition of sanctions, Porter said "Normally there are alternative sources of supply "

He expected this to apply to car parts as well as to new vehicles His group was "very big in used cars and the parts and repair business

"These will be plus factors for us if sanctions are imposed We shall be able to do better than some other firms "

Dunlop workers end 5th day of strike

BENONI — About 600 workers at Dunlop's factory here ended the fifth day of their legal strike for higher wages and better working conditions, spokesmen for the Chemical Workers' Industrial Union (CWIU) and the company confirmed yesterday

The workers, who are all members of the CWIU, downed tools last Thursday after a strike ballot where 99,9 per cent voted in favour of the action, a union spokesman said

This followed "protracted negotiations" on wages and working conditions, the spokesman for the CWIU said

The workers are demanding a minimum wage of R3,10 an hour, compared with the current wage of R2,43 an hour

The CWIU said Dunlop was refusing to make any offer on conditions and would only consider wages

A Conciliation Board will be sitting next week to mediate the issue — Sapa

Fair maiden results from T & N

SDM 14/8/86 192

By Gareth Costa

Industrial group Turner & Newall turned in a fair set of maiden results for the half year since listing, with earnings a share rising 13 percent to 12,2c after a 23 percent growth in turnover

On an annualised basis, the earnings fell short of the prospectus forecast in the region of 31c a share at the year-end (or similar to 1985's figure). This would place the shares on an earnings yield of 11,7 percent based on the current and issued share price of 270c

However, T & N chief executive Mr MC Pretorius says in a statement that the results were achieved without the company registering any of the earnings which it expected to flow through from its concerted export drive "We anticipate that the benefits of this export drive will be felt during the second six months and in 1987"

Turnover reached R58,9 million, while trading profit was R5,7 million, compared with the R5,2 million of the same six month period last year Pre-tax profit was R4,4 million, up from R3,7 million, while the tax bill of R1,8 million eroded after-tax profit to produce a 16 percent increase to R2,6 million

Most of the increased profit is attributed to the automotive aftermarket which "remains buoyant", and forms the major part of the companies trading

"T & N's products in this market — brake and clutch linings and gaskets — all enjoy market leadership and have increased their market shares significantly in the past six months"

On the balance sheet, the debt equity ratio is 31 percent, with the net-asset value of the shares standing at 246c.

A final dividend of 9,5c will be declared at the year-end The shares have traded in a narrow range between 230c and 275c since their listing a few months ago Analysts say that the scenario is unlikely to be much changed on current earnings

(8) In clause 9 (4), in the first line, substitute "klousule" for "klosule".

(9) In clause 7 (12), substitute "skofwerkers" for "errorsers".

(10) In clause 12, substitute the word "vrystellingsertifikaat" for the word "errorsertifikaat".

~~No. R. 1724~~ 192 GOVT. 942. **15 August 1986**

LABOUR RELATIONS ACT, 1956

MOTOR INDUSTRY —AMENDMENT OF PENSION FUND AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby, in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from 1 September 1986 and for the period ending 1 February 1991, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions.

P. T. C. DU PLESSIS,
Minister of Manpower

BYLAE

DIE NASIONALE NYWERHEIDSRAAD VIR DIE MOTORNYWERHEID

PENSIOENFONDS VIR DIE MOTORNYWERHEID

OOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge 1956 gesluit deur en aangegaan tussen die

South African Motor Industry Employers' Association

en die

South African Vehicle Builders' and Repairers' Association

(hierna die werkgewers of die werkgewersorganisasies genoem), aan die een kant en die

Motor Industry Employees' Union of South Africa

en die

Motor Industry Combined Workers' Union

(hierna die werknemers of die vakverenigings genoem), aan die ander kant

wat die partye is by die Nasionale Nywerheidsraad vir die Motornywerheid,

om die Ooreenkoms vir die Pensioenfonds vir die Motornywerheid gepubliseer by Goewermentskennisgewing R 7 van 2 Januarie 1981 soos gewysig en hernieu by Goewermentskennisgewings R 1581 van 30 Julie 1982 R 2319 van 26 Oktober 1984 en R 358 van 28 Februarie 1986, te wysig

1 TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Hierdie Ooreenkoms moet oral in die Republiek van Suid Afrika (uitgesonderd die gebied geokkupeer deur die Cape Explosives Works Ltd Somerset Wes) nagekom word deur alle werkgewers in die Motornywerheid wat lede van die werkgewersorganisasies is en deur—

(a) alle lede van die Motor Industry Employees Union of South Africa met inbegrip van vakleerlinge en

(b) alle vakmanlede van die Motor Industry Combined Workers' Union wat in besit is van n geldige lidmaatskapkaart graad CA of graad CAE wat voor 1 Januarie 1964 aan hulle uitgereik is

(2) Ondanks subklousule (1) moet hierdie Ooreenkoms in die geval van vakmanne wat lede is van die Motor Industry Combined Workers Union en hul werkgewers (ten opsigte van sodanige vakmanne) nagekom word net in die provinsie Natal die Kaapprovinsie en die landdrosdistrikte Alberton Barberton Benoni Bethal Boksburg Brakpan Brits Ermelo, Germiston Heidelberg (Transvaal) Johannesburg Kempton Park Klerksdorp Krugersdorp, Lichtenburg Middelburg (Transvaal) Nelspruit Pietersburg Piet Retief Potchefstroom Pretoria [met inbegrip van daardie gedeeltes van die landdrosdistrike Odi en Moretele wat voor 1 Junie 1972 (Goewermentskennisgewing 872 gelees saam met Goewermentskennisgewings 893 en 894 van 26 Mei 1972) binne die landdrosdistrik Pretoria geval het] Randburg Randfontein, Roodepoort Rustenburg Springs Standerton, Vanderbijlpark Vereeniging Witbank Bloemfontein (met inbegrip van daardie gedeeltes van die landdrosdistrikte Jagersfontein en Petrusburg wat voor die publikasie van Goewermentskennisgewing 1106 van 26 Julie 1963 deel uitgemaak het van die landdrosdistrik Bloemfontein maar uitgesonderd daardie gedeelte van die landdrosdistrik Bloemfontein wat voor die publikasie van Goewermentskennisgewing 2076 van 19 November 1971 binne die landdrosdistrik Thaba Nchu geval het) en Kroonstad (met inbegrip van daardie gedeelte van die landdrosdistrik Hennenman wat voor die publikasie van Goewermentskennisgewing 790 van 30 Mei 1963 deel uitgemaak het van die landdrosdistrik Kroonstad)

2 KLOUSULE 5 —BYDRAES

(1) In subklousule (1) (a), vervang die syfer "R11,00 deur die syfer R15,00

(2) In subklousule (1) (b) (i) vervang die syfer "R4,00 deur die syfer "R5,45"

(3) In subklousule (1) (b) (ii), vervang die syfer 'R4,00 deur die syfer R5,45"

Namens die partye op hede die 11de dag van April 1986 te Johannesburg onderteken

F. J HACKNEY,
President van die Raad

W DE KLERK,
Vise-President van die Raad

H C L LOOCK,
Sekretaris van die Raad

SCHEDULE

THE NATIONAL INDUSTRIAL COUNCIL FOR THE MOTOR INDUSTRY

MOTOR INDUSTRY PENSION FUND

AGREEMENT

in accordance with the provisions of the Labour Relations Act 1956, made and entered into by and between the

South African Motor Industry Employers' Association

and the

South African Vehicle Builders' and Repairers' Association

(hereinafter referred to as the ' employers' or the employers organisation) of the one part and the

Motor Industry Employees' Union of South Africa

and the

Motor Industry Combined Workers' Union

(hereinafter referred to as the employees or the trade unions), of the other part,

being the parties to the National Industrial Council for the Motor Industry,

to amend the Motor Industry Pension Fund Agreement published under Government Notice R 7 of 2 January 1981 as amended and renewed by Government Notices R 1581 of 30 July 1982 R 2319 of 26 October 1984 and R 358 of 28 February 1986

1 SCOPE OF APPLICATION OF AGREEMENT

(1) The terms of this Agreement shall be observed throughout the Republic of South Africa (excluding the area occupied by the Cape Explosives Works Ltd Somerset West) by all employers in the Motor Industry who are members of the employers organisations and by—

(a) all members of the Motor Industry Employees Union of South Africa including apprentices, and

(b) all journeymen members of the Motor Industry Combined Workers Union who are validly in possession of a Grade CA or CAE membership card issued to them prior to 1 January 1984

(2) Notwithstanding the provisions of subclause (1) in the case of journeymen who are members of the Motor Industry Combined Workers' Union and their employers (in respect of such journeymen), the terms of this Agreement shall be observed only in the Province of Natal, the Cape Province and the Magisterial Districts of Alberton Barberton Benoni, Bethal Boksburg Brakpan Brits, Ermelo Germiston, Heidelberg (Transvaal) Johannesburg Kempton Park, Klerksdorp Krugersdorp, Lichtenburg Middelburg (Transvaal), Nelspruit Pietersburg Piet Retief, Potchefstroom Pretoria [including those portions of the Magisterial Districts of Odi and Moretele which, prior to 1 June 1972 (Government Notice 872 read with Government Notices 893 and 894 of 26 May 1972), fell within the Magisterial District of Pretoria] Randburg Randfontein Roodepoort Rustenburg Springs, Standerton Vanderbijlpark, Vereeniging, Witbank Bloemfontein (including those portions of the Magisterial Districts of Jagersfontein and Petrusburg which prior to the publication of Government Notice 1106 of 26 July 1963 formed part of the Magisterial District of Bloemfontein but excluding that portion of the Magisterial District of Bloemfontein which prior to the publication of Government Notice 2076 of 19 November 1971 fell within the Magisterial District of Thaba Nchu) and Kroonstad (including that portion of the Magisterial District of Hennenman which prior to the publication of Government Notice 790 of 30 May 1963 formed part of the Magisterial District of Kroonstad)

2 CLAUSE 5 —CONTRIBUTIONS

(1) In subclause (1) (a), substitute the figure ' R15,00 for the figure 'R11,00

(2) In subclause (1) (b) (i), substitute the figure "R5,45 for the figure "R4,00

(3) In subclause (1) (b) (ii), substitute the figure 'R5,45 ' for the figure ' R4,00

Signed at Johannesburg, on behalf of the parties, this 11th day of April 1986

F J HACKNEY,
President of the Council

W DE KLERK,
Vice-President of the Council

H C L LOOCK,
Secretary of the Council

No. R. 1725 **15 Augustus 1986**

WET OP ARBEIDSVERHOUDINGE, 1956

MOTORNYWERHEID —WYSIGING VAN PENSIOENFONDSOOREENKOMS VIR MOTORWERKERS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van 1 September 1986 en vir die tydperk wat op 31 Julie 1990 eindig, bindend is vir die werkgewersorganisasies en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is, en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousule 1 (1) (b), met ingang van 1 September 1986 en vir die tydperk wat op 31 Julie 1990 eindig, bindend is vir alle ander werkgewers en werknemers as die genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer

P T C DU PLESSIS,
Minister van Mannekrag

BYLAE

DIE NASIONALE NYWERHEIDSRAAD VIR DIE MOTORNYWERHEID

PENSIOENFONDSOOREENKOMS VIR MOTORWERKERS

ooreenkomstig die Wet op Arbeidsverhoudinge 1956 gesluit deur en aangegaan tussen die

South African Motor Industry Employers' Association

en die

South African Vehicle Builders' and Repairers' Association

(hierna die werkgewers of die werkgewersorganisasies genoem) aan die een kant, en die

Motor Industry Combined Workers' Union

Motor Industry Employees' Union of South Africa

en die

Motor Industry Staff Assocation

(hierna die "werknemers of die vakverenigings genoem) aan die ander kant,

wat die partye is by die Nasionale Nywerheidsraad vir die Motornywerheid

om die Pensioenfondsooreenkoms vir Motorwerkers, gepubliseer by Goewermentskennisgewing R 1510 van 25 Julie 1980 soos gewysig en verleng by Goewermentskennisgewings R 2022 van 3 Oktober 1980 R 2635 van 24 Desember 1980 R 1017 van 15 Mei 1981 R 1280 van 26 Junie 1981, R 2318 van 26 Oktober 1984 en R 1203 van 30 Mei 1985 te wysig

1 TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Behoudens subklousule (2) van hierdie klousule moet hierdie Ooreenkoms nagekom word—

(a) in die Motornywerheid in die Republiek van Suid Afrika,

(b) deur alle werkgewers wat lede is van die werkgewersorganisasies en deur alle werknemers in dié Nywerheid wat lede is van die vakverenigings

(2) Ondanks subklousule (1) van hierdie klousule is hierdie Ooreenkoms nie van toepassing nie op—

(a) werknemers wat in aanmerking kom vir lidmaatskap van die Motor Industry Employees Union of South Africa en die Motor Industry Staff Association,

(b) lede van die Motor Industry Combined Workers Union wat lede is van die Pensioenfonds vir die Motornywerheid

No R. 1725 **15 August 1986**

LABOUR RELATIONS ACT, 1956

MOTOR INDUSTRY —AMENDMENT OF AUTO-WORKERS' PENSION FUND AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from 1 September 1986 and for the period ending 31 July 1990, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions, and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clause 1 (1) (b), shall be binding, with effect from 1 September 1986 and for the period ending 31 July 1990, upon all employers and employees, other than those referred to in paragraph (a) of this notice who are engaged or employed in the said Undertaking Industry, Trade of Occupation in the areas specified in clause 1 of the Amending Agreement

P T C DU PLESSIS,
Minister of Manpower

SCHEDULE

THE NATIONAL INDUSTRIAL COUNCIL FOR THE MOTOR INDUSTRY

AUTO WORKERS' PENSION FUND AGREEMENT

in accordance with the provisions of the Labour Relations Act 1956 made and entered into by and between the

South African Motor Industry Employers' Association

and the

South African Vehicle Builders' and Repairers' Association

(hereinafter referred to as the employers or the employers organisations) of the one part and the

Motor Industry Combined Workers' Union

Motor Industry Employees' Union of South Africa

and the

Motor Industry Staff Assocation

(hereinafter referred to as the employees ' or the trade unions) of the other part

being the parties to the National Industrial Council for the Motor Industry

to amend the Auto Workers Pension Fund Agreement published under Government Notice R 1510 of 25 July 1980 as amended and extended by Government Notices R 2022 of 3 October 1980 R 2635 of 24 December 1980 R 1017 of 15 May 1981 R 1280 of 26 June 1981 R 2318 of 26 October 1984 and R 1203 of 30 May 1985

1 SCOPE OF APPLICATION OF AGREEMENT

(1) Subject to the provisions of subclause (2) of this clause, the terms of this Agreement shall be observed—

(a) in the Motor Industry in the Republic of South Africa,

(b) by all employers who are members of the employers organisations and by all employees in that Industry who are members of the trade unions

(2) Notwithstanding the provisions of subclause (1) of this clause the provisions of this Agreement shall not apply to—

(a) employees who are eligible for membership of the Motor Industry Employees Union of South Africa and the Motor Industry Staff Association

(b) members of the Motor Industry Combined Workers Union who are members of the Motor Industry Pension Fund,

(c) vakmanne wat nie lede van die Motor Industry Combined Workers Union is nie of vakleerlinge wat nie lede van die Motor Industry Combined Workers Union is nie uitgesonderd die van wie daar onderskeidelik in die omskrywing van vakman en vakleerling melding gemaak word,

(d) n werknemer aan wie aftreebystand toegestaan is deur n fonds wat vir sodanige bystand voorsiening maak

(e) werknemers ten opsigte van wie hul werkgewer bydra en solank as wat hul werkgewer aldus bydra tot n pensioenfonds wat in werking was op die datum waarop hierdie Ooreenkoms in werking getree het en wat na die mening van die Raad bystand verskaf wat nie minder gunstig is nie as die wat deur die Pensioenfonds vir Motorwerkers verskaf word,

(f) n werknemer vir ses maande vanaf die datum waarop hy by n werkgewer in diens tree Met dien verstande dat n werkgewer na goeddunke van hierdie uitsluiting kan afsien

2 KLOUSULE 5 —BYDRAES

(1) In subklousule (1) (d) vervang die syfer R11 00 deur die syfer ' R15 00

(2) In subklousule (1) (e), vervang die syfer R4 00 deur die syfer ' R5 45

Namens die partye op hede die 11de dag van April 1986 te Johannesburg onderteken

F J HACKNEY,
President van die Raad

W DE KLERK,
Vise President van die Raad

H C L LOOCK,
Sekretaris van die Raad

(c) journeymen who are not members of the Motor Industry Combined Workers Union or apprentices who are not members of the Motor Industry Combined Workers Union other than those referred to in the definition of journeymen and apprentice respectively,

(d) any employee who has been granted a retirement benefit by any fund which provides for such benefits

(e) employees in respect of whom their employer contributes and for as long as their employer so contributes to a pension fund which was in operation on the date of commencement of operation of this Agreement and which in the opinion of the Council provides benefits not less favourable than those provided by the Auto Workers Pension Fund

(f) any employee for six months from the date on which he begins employment with any employer Provided that any employer may in his discretion waive this exclusion

2 CLAUSE 5 —CONTRIBUTIONS

(1) In subclause (1) (d) substitute the figure R15,00 for the figure ' R11 00

(2) In subclause (1) (e) substitute the figure R5 45 for the figure R4 00

Signed at Johannesburg on behalf of the parties this 11th day of April 1986

F J HACKNEY,
President of the Council

W DE KLERK,
Vice-President of the Council

H C L LOOCK,
Secretary of the Council

No R 1726 **15 Augustus 1986**

WET OP ARBEIDSVERHOUDINGE, 1956

MOTORNYWERHEID —WYSIGING VAN MISA-PENSIOENFONDSOOREENKOMS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van 1 September 1986 en vir die tydperk wat op 31 Julie 1990 eindig, bindend is vir die werkgewersorganisasies en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is

P T C DU PLESSIS,
Minister van Mannekrag

BYLAE

DIE NASIONALE NYWERHEIDSRAAD VIR DIE MOTOR-NYWERHEID

MISA-PENSIOENFONDSOOREENKOMS

OOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

South African Motor Industry Employers' Association

en die

South African Vehicle Builders' and Repairers' Association

(hiervan die , werkgewers ' of die ,werkgewersorganisasies genoem) aan die een kant en die

Motor Industry Staff Association

(hiervan die „werknemers of die „vakvereniging" genoem), aan die ander kant,

wat die partye is by die Nasionale Nywerheidsraad vir die Motornywerheid,

No. R. 1726 **15 August 1986**

LABOUR RELATIONS ACT, 1956

MOTOR INDUSTRY —AMENDMENT OF MISA PENSION FUND AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby, in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from 1 September 1986 and for the period ending 31 July 1990, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions

P T C DU PLESSIS,
Minister of Manpower

SCHEDULE

THE NATIONAL INDUSTRIAL COUNCIL FOR THE MOTOR INDUSTRY

MISA PENSION FUND AGREEMENT

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956 made and entered into by and between the

South African Motor Industry Employers' Association

and the

South African Vehicle Builders' and Repairers' Association

(hereinafter referred to as 'the employers ' or the employers organisations), of the one part and the

Motor Industry Staff Association

(hereinafter referred to as the employees' or the trade union), of the other part,

being the parties to the National Industrial Council for the Motor Industry

om die die MISA pensioenfondsooreenkoms gepubliseer by Goewermentskennisgewing R 1530 van 25 Julie 1980 soos gewysig en verleng by Goewermentskennisgewings R 2634 van 24 Desember 1980, R 1582 van 30 Julie 1982 R 2320 van 26 Oktober 1984 en R 1201 van 30 Mei 1985 te wysig

1 KLOUSULE 2 —TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Behoudens die uitsonderings vermeld in subklousule (2) van hierdie klousule en in klousule 5, is hierdie Ooreenkoms in die Streke hierin omskryf bindend vir alle werkgewers in die Motornywerheid wat lede van die werkgewersorganisasies is uitgesonderd daardie werkgewers wat—

(a) die besigheid van voertuigbakbouwerk dryf soos omskryf in die Hoofooreenkoms vir die Motornywerheid gepubliseer by Goewermentskennisgewing R 2317 van 26 Oktober 1984 en/of

(b) as vervaardigers ingevolge Hoofstuk III van genoemde Hoofooreenkoms geregistreer is

en vir alle klerke onder die ouderdom van 65 jaar wat lede van die vakvereniging is en nie in diens is nie by die werkgewers wat in paragrawe (a) en (b) van hierdie subklousule bedoel word

(2) n Werkgewer wat op 1 September 1965 n pensioenskema wat sy klerke dek in werking gehad het en voortgaan om die pensioenskema in werking te hou en daarin deel te neem is behoudens die uitsonderings vermeld in subklousule (3) van hierdie klousule nie aan hierdie Ooreenkoms onderworpe wat betref sy werknemers wat in so n pensioenskema deelneem nie

(3) Die uitsondering vervat in subklousule (2) van hierdie klousule is nie van toepassing nie—

(a) as n werkgewer se pensioenskema gewysig word op n wyse wat of vervang word deur n ander pensioenskema wat minder gunstige pensioenvoordele vir sy klerke meebring as die verskaf deur die skema wat op 1 September 1965 bestaan het,

(b) op werknemers wat n proeftydperk moet voltooi voordat hulle vir lidmaatskap van die werkgewer se skema in aanmerking kom—

(i) in alle gevalle ten opsigte van enige tydperk waarin die proeftydperk langer as 12 maande is

(ii) in die geval van werknemers wat lede is van die Misapensioenfonds wat ingevolge die Ooreenkoms gepubliseer by Goewermentskennisgewing R 1253 van 27 Augustus 1965 gestig is vanaf die tyd wat hulle by die werkgewer in diens tree totdat die proeftydperk voltooi is

2 KLOUSULE 6 —BYDRAES

In subklousule (1) vervang die syfer ' R11,00 deur die syfer R15 00

Namens die partye op hede die 11de dag van April 1986 te Johannesburg onderteken

F J HACKNEY,
President van die Raad

W DE KLERK,
Vise President van die Raad

H C L LOOCK,
Sekretaris van die Raad

to amend the MISA Pension Fund Agreement published under Government Notice R 1530 of 25 July 1980 as amended and extended by Government Notices R 2634 of 24 December 1980 R 1582 of 30 July 1982 R 2320 of 26 October 1984 and R 1201 of 30 May 1985

1 CLAUSE 2 —SCOPE OF APPLICATION OF AGREEMENT

(1) Subject to the exclusions referred to in subclause (2) of this clause and in clause 5 the terms of this Agreement shall be binding in the Regions defined herein upon all employers in the Motor Industry who are members of the employers organisations other than those employers who—

(a) are conducting the business of vehicle body building as defined in the Main Agreement for the Motor Industry published under Government Notice R 2317 of 26 October 1984 and/or

(b) are registered as manufacturers in terms of the provisions of Chapter III of the said Main Agreement

and upon all clerical employees under 65 years of age who are members of the trade union and are not employed by the employers referred to in paragraphs (a) and (b) of this subclause

(2) An employer who had in operation on 1 September 1965 and continues to operate and participate in a pension scheme which covers his clerical employees shall not in respect of those of his employees who are participants in such pension scheme and subject to the exceptions detailed in subclause (3) of this clause be subject to the provisions of this Agreement

(3) The exclusion contained in subclause (2) of this clause shall not apply—

(a) if an employer s pension scheme is amended in a manner which, or replaced by another pension scheme which results in less favourable pension benefits to his clerical employees than those provided by the scheme which was in existence on 1 September 1965

(b) in respect of employees who must complete a period of probation before they become eligible for membership of the employer s scheme—

(i) in all cases in respect of any period by which the probation ary period exceeds 12 months, and

(ii) in the case of employees who are members of the Misa Pension Fund established in terms of the Agreement published under Government Notice R 1253 of 27 August 1965 at the time they join the employer s service until the period of probation has been completed

2 CLAUSE 6 —CONTRIBUTIONS

In subclause (1) substitute the figure R15 00 for the figure R11,00

Signed at Johannesburg on behalf of the parties this 11th day of April 1986

F J. HACKNEY,
President of the Council

W DE KLERK,
Vice President of the Council

H C L LOOCK

No R 1727

WET OP ARBI

MOTORNYWERHEI
ONGEVALLEBYSTA
DIE M(

Ek, Pieter Theunis
Mannekrag, verklaar h
die Wet op Arbeidsve
van die Ooreenkoms
genoem) wat in die Byl
op die Onderneming, N
opskrif by hierdie kenn
September 1986 en vi
eindig, bindend is vir
vakverenigings wat di
het en vir die werkge
genoemde organisasies

P T C DU PLESSIS,
Minister van Mannekra

THE JSE

Technically vulnerable

Only a month or two ago, deepening political and economic gloom was causing market commentators to argue that the JSE was due for a shake-out. Not only did that correction never really materialise, but in the past week precious metals prices have lifted off and sent mining share indices rushing to new highs.

In a five-week run from 1 218 on July 4, the JSE All Gold index soared 31,8% to 1 605,4 on Monday. Towards the end of the period, daily gains were spectacular. Chartist Hannes Boshoff of stockbroker McKie Van Velden described last Wednesday's gold share market — when the index moved from 1 392 to 1 465 — as "the fastest bull market I've seen in one day." The day's performance was surpassed on Monday, when the index jumped nearly 7%.

Analysts are uncertain how long the market will maintain momentum. On one point there is agreement: a correction must be expected in the short term. As Keith Goode, mining analyst at stockbroker Frankel Kruger, says: "The market could go higher before the real correction comes. When it's like this literally anything is possible. But, from a technical viewpoint, gold shares have very little support and must be heading for a fall."

As the recent rejuvenation of the gold price underlined (technical buy signals are said to have helped fuel its climb), it would be risky to under-rate the influence technical factors can exert on markets, including the JSE. "Technical analysis prefers prices to move slowly and consolidate along the way," says Goode. A number of brokers believe that gold shares on Tuesday were discounting gold prices at or above $400/oz, and Goode feels that 1 300-1 400 would be a more acceptable range for the All Gold index.

Tuesday's trading patterns tended to support predictions of a correction. During the morning, sanity was returning to the gold board, where a number of gold shares were easier; most of the price gains seen on the market were centred on industrials and, in most cases, the rate of increase was more sedate than the gains of the past few days. Evidence of investor caution was noted in the firming of gilt rates, despite an apparent bull market in equities.

But forecasts of a short-term correction do not necessarily mean this bull market will simply fade away. For one, William Bowler, research director at broker Fergusson Brothers, Hall, Stewart, says: "The gold price looks rather artificially based, so it's easy to see the logic of forecasting a fundamental crack — but the problem is timing. The gold game appears to be on again and I can see grounds for the shares remaining buoyant for some months yet. One might as well be in it."

He feels that while gold's run may have been partly speculative, there are other encouraging factors for gold shares. Much of the buying of the past fortnight was from local institutions, yet prices were also spurred by intense interest from overseas investors on Friday and Monday.

Net selling of South African gold stocks by overseas institutions and gold funds from May 1985 to June 1986 abated at mid-year. "That could be very significant," says Bowler. "The gold funds exist to invest in gold. But the opportunities offered by Canadian, Australian and US gold shares are peanuts compared with ours. The funds could start returning to our market."

As Sanlam's investments GM, Ron Masson, says, all forecasts are complicated by the financial rand (finrand). At US19,38c on Tuesday afternoon, the finrand remained weak and unresponsive while the commercial rand was only US38,60c. This probably suggests lack of foreign buying but also indicates a record gold price around R1 000/oz, which should keep giving the shares some support. "I'm nervous about this market now, but on the other hand I don't expect a pull back of, say, 10%-20%," says Masson.

Andrew McNulty

VMB

Korsten goes

Since this week's resignation of Volkskas Merchant Bank (VMB) executive chairman Laurie Korsten, rumours of "policy differences" between Korsten and Volkskas Group CE Pieter Morkel have abounded in the market. Morkel, who is overseas, will re-assume the chairmanship of VMB. No official reason has been given for Korsten's departure but there are plenty of theories — including talk of personality clashes between Korsten and Morkel. What seems clear is that there is more behind the resignation than has yet emerged.

Observers point to Korsten's independent attitude towards VMB, which he felt should be distinct from the broader group. This apparently extended to a desire to make VMB appear independent of Volkskas, perhaps even changing VMB's name. Korsten, himself, says: "I have come to the end of an era, when I value my independence more than anything else."

A central issue seems to have been the proposed listing of VMB, announced in Volkskas's annual report. Korsten was known to have been a leading proponent of the listing. Volkskas Group joint MD Danie Cronje says VMB should have been listed about now, but the listing will not take place in the short term. "Korsten is the merchant bank," he explains. "There must be a period of stabilisation." Adds Korsten's successor as MD, Jean Brown: "There is nothing wrong with VMB's performance. But Laurie had a high profile, and his leaving could affect investor perceptions."

Cronje says the listing was seen as the cheapest way of raising needed capital for VMB. VMB made a disclosed profit of R8,25m in the year to March 1986, a return on shareholders' funds of 26%. Two-and-a half million shares (18%) were to be issued to the public, which at a p e of say 12 would raise R17,5m. The staff allocation for the listing has already been set at 15%, of which Korsten says he has a "meaningful percentage." Volkskas planned to keep 54%.

Quite how these shares were allocated is unclear. It has been suggested that this was close to the nub of the problem. Korsten won't comment on this, and Cronje denies there has been contention here. But he agrees the listing is no longer on in the short term. "We'll reconsider it later," he says.

Another question is where Korsten will go. He has various private interests and could elect to concentrate on these. A rumoured alternative is that he could ultimately move into the top slot at Nedbank; but the corporate climate there is very different from what he is used to.

Pat Kenney

VMB's Korsten ... no explanations

Fin Mail 15/8/86

TOYOTA 15/8/ 192

Clutch out

Toyota shareholders, starved of a dividend for two consecutive six-month periods, are unlikely to go hungry again at year end, especially if more favourable market conditions continue. If Toyota's second half earn-

President of the Council

W. DE KLERK,
Vice-President of the Council

H. C. L. LOOCK,
Secretary of the Council

No. R. 1727 192 15 August 1986

LABOUR RELATIONS ACT, 1956

MOTOR INDUSTRY —AMENDMENT OF MOTOR INDUSTRY SICK AND ACCIDENT PAY FUND AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby, in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from 1 September 1986 and for the period ending 30 Junie 1987, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions.

P. T. C. DU PLESSIS,
Minister of Manpower.

BYLAE

DIE NASIONALE NYWERHEIDSRAAD VIR DIE MOTOR-NYWERHEID

OOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

South African Motor Industry Employers' Association

en die

South African Vehicle Builders' and Repairers' Association

(hierna die "werkgewers" of die "werkgewersorganisasies" genoem), aan die een kant, en die

Motor Industry Employees' Union of South Africa
Motor Industry Staff Association

en die

Motor Industry Combined Workers' Union

(hierna die "werknemers" of die "vakverenigings" genoem), aan die ander kant,

wat die partye is by die Nasionale Nywerheidsraad vir die Motornywerheid,

om die Siekte- en Ongevallebystandsfondsooreenkoms vir die Motornywerheid, gepubliseer by Goewermentskennisgewing R 1600 van 30 Julie 1982, soos gewysig by Goewermentskennisgewing R. 2797 van 31 Desember 1982, te wysig

1. TOEPASSINGSBESTEK VAN OOREENKOMS

Hierdie Ooreenkoms moet in die Streke wat hierin omskryf word, nagekom word deur alle werkgewers in die Motornywerheid wat lede van die werkgewersorganisasies is en deur alle werknemers in genoemde Nywerheid wat lede van die vakverenigings is

2. KLOUSULE 6.—BYDRAES

In subklousule (1), vervang die syfer "50 sent" deur die syfer "R1,00".

Namens die partye op hede die 11de dag van April 1986 te Johannesburg onderteken

F. J. HACKNEY,
President van die Raad

W. DE KLERK,
Onder-president van die Raad

H. C. L. LOOCK,
Sekretaris van die Raad

SCHEDULE

THE NATIONAL INDUSTRIAL COUNCIL FOR THE MOTOR-INDUSTRY

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

South African Motor Industry Employers' Association

and the

South African Vehicle Builders' and Repairers' Association

(hereinafter referred to as the "employers" or the "employers organisations"), of the one part and the

Motor Industry Employees' Union of South Africa
Motor Industry Staff Association

and the

Motor Industry Combined Workers' Union

(hereinafter referred to as the "employees" or the "trade unions"), of the other part,

being the parties to the National Industrial Council for the Motor Industry,

to amend the Motor Industry Sick and Accident Pay Fund published under Government Notice R 1600 of 30 July 1982, as amended by Government Notice R 2797 of 31 December 1982

1. SCOPE OF APPLICATION OF AGREEMENT

The terms of this Agreement shall be observed in the Regions defined herein by all employers in the motor industry who are members of the employers' organisations and by all employees in the said Industry who are members of he trade unions

2. CLAUSE 6—CONTRIBUTIONS

In subclause (1), substitute the figure "R1,00" for the figure "50 cents"

Signed at Johannesburg, on behalf of the parties. this 11th day of April 1986

F. J. HACKNEY,
President of the Council.

W. DE KLERK,
Vice-president of the Council.

H. C. L. LOOCK,
Secretary of the Council

DEPARTEMENT VAN OMGEWINGSAKE

No. R. 1679 **15 Augustus 1986**

DIE RAAD VAN KURATORE VIR NASIONALE PARKE

WYSIGING VAN REGULASIES IN VERBAND MET VERLOFVOORWAARDES VAN BEAMPTES EN WERKNEMERS

Die Raad van Kuratore vir Nasionale Parke het, met die goedkeuring van die Minister van Omgewingsake en Toerisme, kragtens artikel 29 van die Wet op Nasionale Parke, 1976 (Wet 57 van 1976), die regulasies uitgevaardig by Goewermentskennisgewing R 2006 van 6 Oktober 1978, gewysig soos in die Bylae hierby uiteengesit.

BYLAE

Paragraaf (c) van subregulasie 13 van regulasie 24 word hierby deur die volgende paragraaf vervang:

"Alle Saterdae, Sondae en openbare vakansiedae wat binne 'n tydperk van goedgekeurde vakansieverlof, siekteverlof of spesiale verlof, of daartussen val indien meer as een van genoemde soorte verlof aaneenlopend geneem word, word geag by die genoemde verloftydperk ingesluit te wees.".

DEPARTMENT OF ENVIRONMENT AFFAIRS

No. R. 1679 **15 August 1986**

NATIONAL PARKS BOARD OF TRUSTEES

AMENDMENT OF REGULATIONS CONCERNING CONDITIONS OF LEAVE OF OFFICERS AND EMPLOYEES

The National Parks Board of Trustees has, with approval of the Minister of Environment Affairs and Tourism, in terms of section 29 of The National Parks Act, 1976 (Act 57 of 1976), amended the regulations made by Government Notice R 2006 of 6 October 1978, as set out in the Annexure hereto.

ANNEXURE

Paragraph (c) of subregulation 13 of regulation 24 is hereby substituted with the following paragraph

"All Saturdays, Sundays and public holidays falling within a period of approved vacation, sick or special leave or between periods of such leave, if more than one type of leave is taken consecutively, shall be deemed to be included in such leave period.".

Cost-cutting drive as Leyland slims

192 SUN TIMES 17/8/86

By Don Robertson

LEYLAND SA is slashing its costs in an effort to match the dwindling size of the market

A total of 120 hourly paid workers and other staff members have been retrenched The company is focusing its attention on the size of working capital, inventory control, productivity and reducing management costs

The exercise began after the appointment of managing director Brian Fuller

But the company's continued existence in South Africa, like that of other motor manufacturers, will depend on sales volumes in the next few years

Other goals

Mr Fuller says "Our main focus in the months ahead will be to get our cost base to more accurately reflect the size of the market and our sales

"In any vehicle assembly operation, the major cost burden walks on two legs For this reason, we had to trim the number of employees When necessary, we must cut costs at all levels"

Arne Pitlo, marketing director of the Jaguar division, and Bennie Booysen, head of sales of heavy trucks to the Government, have left

'The present staff complement is about 760

The company is working towards the other goals, but it must be flexible in its approach and adjust to market conditions

The sale of heavy trucks makes up 80% of Leyland's operations after the cancellation of the Renault assembly contract

Sales drop

Leyland's success is directly linked to the heavy-truck market which almost halved from 19 101 units in 1982 to 10 430 last year In the first six months of this year, heavy-truck sales, including those to the Government, declined by 32,8% on the first half of 1985 Leyland beat the odds with a market fall of 24,9% Market leader Mercedes-Benz's market share fell by 26,6%, and Toyota declined 11,7%

Retail sales alone fell by 26,8%, and Leyland's loss was 8,2% Mercedes declined by 16,5% and Toyota 5,6%

Mr Fuller says "We have made significant progress in the current market and our products are well accepted"

But he does not have much hope for the future Sales are expected to be about 7 000 this year and a recovery is at least 18 months away

He says truckers will have to become more efficient More and more truck operators are refurbishing existing units

Spare

In Europe, about 16% of the cost of items is for distribution, but in South Africa it is 45%

"In addition, many trucks are now unused, so there will need to be a long period of upturn before spare capacity is fully used"

However, the company hopes to do better this year than in 1985

Of the European and US-based manufacturers, Leyland holds second position in market sectors in the seven- to 10-ton market, 10- to 12,5-ton, 12,5- to 15-ton, joint first in the bus market and fourth in the 20-ton and over market, a sector it has only recently entered

Sales to the Government have, however, all but dried up as Leyland's product range has moved out of the medium-sized sector

Mr Fuller describes as speculative suggestions that the Jaguar franchise will be moved from Leyland to Lindsay Saker Porsche

E W Tarry forecasts profit surge to R3,5-m

18/8/86 STAR (192)

By Gareth Costa

W & A-controlled E W Tarry is on course to push earnings over the R3 million mark this year, following a solid set of results in the six months to end-June

The backbone of this forecast is the expectation of a return to profitability at recently acquired subsidiary Williams Hunt which, though now accounting for half the group's turnover, has yet to contribute to profits

Management is now forecasting a 50 percent increase in group turnover for the next six months, to more than R100 million, and the probability of a profit surge to near the R3,5 million mark for the year

The managing director, Mr Brian Joffe, says he expects a further increase in sales from Williams Hunt and this should push annual group turnover to around R200 million

Mr Joffe also expects the division to contribute to profits in the second half of this year, after edging into the black in July on sales of R12 million

He bases his expectations on GM's growth in the motor vehicle market from an average of about 8 percent in the first six months of the year, to 13,5 percent in July and a possible 14 percent for the year Of this market share, Williams Hunt accounts for about a quarter

The fortunes of Williams Hunt are to some extent reliant on a new product within the Opel range, called the Monza This is due to be launched towards the end of 1986 and contribute for nearly two months of the year. It will be a saloon version of the successful Kadett T-car

Mr Joffe does point out, though, that the launch could be late, putting forecast figures out of line

The one factor that distracts from the performance at the interim stage in the results is that a vast proportion of the increased profits can be attributed to a reduced interest bill, down from R1,22 million to R786 000 Operating profit was marginally up at R2,31 million from R2,26 million.

Debt reduction

However, Mr Joffe says this is not just a result of reduced interest rates, but also reflects a sharp debt reduction, from R13 million to R3,5 million.

The other side of the group is the countrywide distribution of a range of products, including Briggs and Stratton petrol engines, Lombardini diesel engines, Stihl chain saws and Hitachi power tools. These could add another 25 percent to turnover for a total of R80 million for the year.

The company is listed both here and in London, and Mr Joffe is keen to point out this provides it with an excellent opportunity to acquire an overseas interest and bring in strongly levered foreign earnings

He says the company is seriously looking to buy a company here or abroad, and "if we do it it will be with style," with the mostly likely vehicle being the issue of shares

The company is effectively held by Williams Hunt SA, which has 81 percent of the voting power after the recent reverse takeover of its motor dealer operations by Tarry However, with only 2,2 million shares in issue, there is plenty of scope for paper-based acquisitions.

From a 12-month low of 350c the share price has risen to 800c, after a general strengthening from around 500c in the middle of May.

After interim earnings of 69c a share, the share now stands at an annualised PE ratio of 5,7 — based on the half-year figures — and an historic dividend yield of 4,4 percent

Based on historic cover of 3,2 the annual dividend could therefore be lifted close to the 50c mark from last year's 35c, so at current prices the share offers a potential forward yield of 6,2 percent against the sector's 4,4 percent average

And with management now over the disruptions of two major restructurings in the past couple of years, and prospects looking up — although reliant on the moribund new-car market — the share could well continue firming.

The HP/leasing industry perks up

192 BUSDAY 19/9/86

STEPHEN ROGERS

SIGNS of recovery are beginning to appear in the hire purchase and leasing industry as banks report increased volumes of finance for motor vehicles

Wesbank said business volumes started to recover this month

Senior GM Neville Nightingale said trading volumes in new and used cars had picked up.

Most of the general banks bread-and-butter business is the provision of finance for motor vehicles to consumer and corporate clients

A Nedfin spokesman confirmed the trend He said the bank had experienced a significant upturn in demand for finance for used and new cars in the last month

Barnib MD Viv Bartlett said the bank had experienced a 20% growth in new business in the last month on a month-to-month basis

He said "We expect to have a record month in September in terms of sales of cars, plant and equipment Furthermore, our total volumes for the year to August are significantly higher than in the same period last year"

Bartlett attributed the upturn in car sales to deferred replacement demand and the finalising of the perks tax Act this month.

He said· "However, we have also noticed a more positive attitude coming through in the business community.

"Although we anticipate more growth in the months ahead, the leasing/HP industry is coming off a low base and, with the recent tax changes, is unlikely to regain the high growth rates of previous years"

Workers chip in to help others

Labour Reporter

WORKERS at a Jacobs motor components firm, Smith Manufacturing, had rallied to the aid of fellow workmates who had been put on short time, Mr Viceroy Mandlakapeli, a spokesman for the National Automobile and Allied Workers' Union, said yesterday

He said the union had more than 500 members at the plant and each member had volunteered to contribute R2 towards a relief fund to help workers on short time during the next three weeks

'About 30 workers were put on short time last week and more will be following soon The company has stated that there will be no pay for workers on short time To help them, we started the fund,' he said

The company was planning to retrench about 90 workers

'We are still negotiating with the company to avoid the retrenchments '

'Short time was introduced as a temporary measure while negotiations take place,' he said Short time would be spread among workers in the different sections

'Various departments will have their quota of short time in rotation '

A spokesman for the company said yesterday that he could not comment on the workers' relief but confirmed that they were planning to retrench about 90 workers because of the tough times the motor industry generally was going through

192

17/8/86

W.E. Post 23/8/86

GM is again top PE seller

192

Motoring Editor

FOR the second month in a row, General Motors South African has become the motor manufacturer to sell most new vehicles in Port Elizabeth, taking a 25,7% slice of total sales

In June and July, 953 new units with CB registrations were sold by all manufacturers

Of these, 247 (25,7%) were GM products, followed by 226 (23,7%) by Toyota and third 171 (17,9%) by VW The VW figure includes Audi sales

Of the others, Nissan sold 97 (10,2%), MMI 71 (7,5%), Ford 65 (6,8%), Mercedes 52 (5,5%) and BMW 23 (2,4%)

Samcor, therefore, with its MMI and Ford badging, sold a combined total of 136, or 14,3% of the market

The final unit sold was a Magnis truck manufactured under the general Nissan umbrella

In the passenger sales sector alone, PE-based GMSA still came out tops, selling 175 units to Toyota's 168 and the 153 from the Uitenhage plant of VWSA

The public affairs manager of General Motors, Mr Mick Killeen, said the company was obviously very happy with the result over the past two months

He ascribed this to the "better availability of the new Rekord models and Isuzu units as well as a welcome renewed interest in the Opel Kadett range"

"June was the first month that we managed to dominate the market in PE, and we did it again in July. We hope to maintain that dominance," Mr Killeen said

Two more increases before yearend

SUN TIMES 24/8/86

192

By Don Robertson

TWO more increases in the price of new cars can be expected before the end of the year

The continuing decline of the rand against the yen and the mark will cause each increase to be between 5% and 6%

Peter Searle, managing director of Volkswagen, says that in the case of his company a 1% decline in the value of the rand against the mark results in a R2,5-million increase in the cost of imported components

Volkswagen's costs have risen by R80-million this year and by R20-million on an annualised basis since the beginning of June

Mr Searle says "Even after last month's price rises, we are still about 10% behind"

Marketing director Clive Warrilow expects the next price rise at the beginning of October and another in the middle of November

Mr Warrilow says "Only then will we meet costs which were effective at the beginning of June. Since June the rand has fallen by another 20% against the mark"

To counter continually rising prices, Volkswagen has secured its imported stock requirements for the rest of the year

SUN TIMES 24/8/86. 192

By Don Robertson

Prices soar in scramble for used cars

SECOND-HAND car dealers are snapping up repossessed vehicles from the four major finance houses.

The banks say their parks are empty and "the trade" buys up to 90% of cars put up for auction

The demand for used cars has doubled in the the past six months The ratio of used- to new-car sales has risen from slightly more than one to one last year to about 2,5 to one

In the past three months, sales of second-hand cars have risen by 22% on the first quarter, says Jonathan Treagus, managing director of Lindsay Saker, which operates Hypercar

Prices have risen and the gap between the cost of new and used is narrowing

Bids raised

Nissan dealer Arnold Chatz says new-car prices have increased by about 15% in the past 12 weeks Used-car prices tend to follow about six weeks later.

The market is changing by the month and dealers are continually raising their bids to obtain stock.

The problem facing dealers is the shortage of "clean" vehicles caused by the decline in new-car sales. Traditionally, one new-car sale results in two used cars becoming available.

Dealers have discovered that their best source of vehicles is the finance houses whose repossession rates have soared

Repossessions in the first six months of this year were about 25% higher than in the second half of 1985. The biggest finance house repossesses 1 200 to 1 300 cars a month.

Dealers have also been buying cars from hire companies Most of the vehicles have low mileage and have been properly maintained.

Roeland Perold, managing director of Santam says prices paid by dealers for repossessed cars have risen substantially. Santam is taking back about 200 cars a month

Mr Perold says cars are generally better looked after than they were a few years ago — the reason being that most people expect to keep a vehicle for a long time.

Jock Scott, marketing manager of Wesbank which has about 400 000 cars on its books, says there has been great demand from the trade in recent months

"Earlier in the year dealers were more selective — now they buy almost anything we offer."

Another factor which has crept into the market is the return of repossessed cars to the original buyers after suitable financial arrangements have been made In July, Wesbank returned 414 cars to the original owners

Premiums

Ron Rundle, managing director of Nedfin which finances mainly fleet deals, says repossessed cars are attracting higher prices than a few months ago But prices received on sales to the trade are not always sufficient to cover outstanding debts This is because annual insurance premiums are often included in the monthly lease or hire-purchase agreement.

Stannic is experiencing strong demand from dealers. Stan Weston, manager of public relations, says repossessed cars are being bought as soon as they are put in the parks.

Motor group prepares to expand

Port displays strong recovery

28/8/86

192

By AUDREY D'ANGELO
Assistant Financial Editor

BRIAN PORTER HOLDINGS (Port), the Cape Town-based motor group, has made a strong recovery after initially being hit hard by the recession.

It has ended the year to June with a net after-tax income of R1m compared with a loss of R298 000 in the previous financial year.

Earnings were 39,2c a share compared with a loss of 11,9c before an extraordinary item last year.

Income

Turnover rose by 23% to R167,3m (R135,5m) and net operating income more than doubled to R3,2m (R1m)

The final dividend is 8c (3c) a share, making a total for the year of 13c (6c)

Chairman Brian Porter made it clear in an interview yesterday that the group was preparing to expand, in spite of its sale of the Motors Western Province group to Barlow Rand this month for about R4m.

He said Port was negotiating for two new passenger car franchises — both extensions of existing franchises.

Even more encouraging, it has bought a site covering nearly 3 000 m² in Diep River, on which it intends to build showrooms and workshops, and has leased an adjoining Shell garage.

Brian Porter

In the 1985 financial year it was able to keep out of the red only by selling premises for R1,9m and leasing them back.

This was the extraordinary item which enabled the group to end the last financial year with a net income of R1,6m after making a net loss before tax of R312 000.

Porter said yesterday that the group was now looking for other suitable premises to purchase.

He said it had been decided to expand into Diep River because he thought it a good area for growth and because the group was already well represented in most other parts of greater Cape Town.

The opportunity to lease the Shell garage was an important plus factor It added to the network of service stations from which regular customers could buy petrol on account.

"People with an account with us can use it to buy petrol from any of our sites.

"We are very conscious of the advantages of selling fuel It is definitely an adjunct to our profits and it also brings people into our garages, making it more likely they will buy cars from us and come to us for servicing"

Sales

Porter said it was improved sales of used cars and run out models of new cars which had lifted turnover by 23% in the past year to R167,3m (R135,5m).

"Used cars have helped us a lot, although sales of new cars have started picking up"

Attention to keeping costs down had also helped to lift net operating income.

The improved results continue the trend shown in the interim report which showed a 34% rise in turnover to R90,6m in the six months to December, net operating income of R1,4m and earnings of 13,22c a share.

Motor group prepares to expand

Port displays strong recovery

CT 28/8/86

By AUDREY D'ANGELO
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Weekly M.

US motor unions to lean on SA

By PIPPA GREEN

PRESSURE on United States companies operating here is likely to increase following the visit of a delegation from the 1,1-million strong United Auto Workers of America (UAW), who have promised to investigate the policy of American companies on detained workers

And the National Automobile and Allied Workers' Union (Naawu), one of the Congress of SA Trade Unions' most powerful affiliates, has put the spotlight on the policies of American companies in South Africa by embarking on an aggressive campaign to secure full pay for all detained union members, as well as job guarantees.

According to Naawu, motor workers in Port Elizabeth are wondering why they get support from a major United States-based company if they break apartheid beach laws, but substantially less support if they are detained under State of Emergency regulations

It is a matter of some dispute between General Motors and its workers — the majority of whom belong to Naawu — that the company is prepared to pay only 50 percent of detained employees' wages

Naawu issued a strongly worded statement before the UAW visit condemning GM "for their negative attitude towards employees of the company detained under security laws or Emergency regulations".

Last week, Owen Beiber, president of the UAW, said he would take up the matter of detained employees "with any American companies with which I have direct contact and that would include GM"

Beiber's five day visit to South Africa came in the wake of lengthy negotiations between Naawu and motor companies over wages for detainees. There are, at present, 11 Naawu members in the Port Elizabeth/Uitenhage region in detention, including three from GM, four from Volkswagen and one from Ford (now Samcor)

According to Naawu regional secretary, Les Ketteldas, VW has agreed to pay 75 percent of detained workers' wages and guarantee their jobs Ford has settled for 60 percent and a guarantee "not to terminate" detained employees, according to Director of Industrial Relations, Fred Ferreira

Indications are that Naawu has accepted this. However, Ketteldas asked how GM could justify supporting employees charged for using "so-called white beaches while refusing to support employees detained without contravening any law.

Bob White, managing director of GM in South Africa, said he had told both Beiber and Naawu that it was company policy to "campaign for the release of all detainees".

"We are supporting our people who are detained They are still entitled to every benefit and we are paying their families," he said

White confirmed that GM's policy was to pay detainees' families 50 percent of their normal wages. Asked to comment on Naawu's accusation that there was a contradiction in company policy by offering support to those who broke beach apartheid laws while not giving adequate support to detainees' families, White replied there was no contradiction. "It is company policy to take care of our people."

Meanwhile, the Paper Wood and Allied Workers' Union settled its formal dispute with Sappi this week after the company agreed to pay three detained workers between 75 and 100 percent of their wages

Sappi Human Resources manager Quinton Stubbings said that if the employees were still in detention by the end of November, the company and the union would review the situation.

Car running costs up 5% in year

BUS DAY 1/9/86

MICK COLLINS

THE cost of owning and running a car has risen by between 3,5% and 5% in the past year.

An Automobile Association spokesman said one of the main causes was the increase in the price of new cars — 16% for a Japanese model and 50% for a German make.

He added: "Higher comprenhensive insurance rates and an escalation in the price of spare parts also contributed to the rise in the cost of motoring during the past 12 months."

The inflationary effect had been diluted by a stimulation in the demand for used cars.

He said: "This has resulted in higher trade-in prices, a lower average fuel price this year and dropping interest rates."

As well, a growing number of cars were now on extended service intervals.

Sabta setting up auto service centre chain

SOPHIE TEMA

A CHAIN of automotive service centres costing millions of rands is to be set up in black areas throughout SA.

The scheme undertaken by the Southern Africa Black Taxi Association (Sabta) will also receive the support of Shell Oil

The centres will be operated by Sabta local associations

Each service station will be the hub of several small units offering discount prices to taxis and black motorists on a wide range of motoring products such as accessories and services, excluding fuel

The centres will provide a base for local black technicians, mechanics and entrepreneurs to provide goods and services to taxis — Sabta members and non-members alike — and the general motoring public.

They will also provide local Sabta members with vital business expertise by giving them an opportunity to buy shares in the service centres and to become involved in their management

Sabta's 40 000 members constitute 90% of licensed taxis and a third of SA's black taxi industry.

They use 800-million litres of fuel and up to 1-million tyres each year.

Announcing Shell's involvement in the scheme, Sabta vice-president Godfrey Ntlatleng said: "It was a major breakthrough for Sabta and the taxi industry and this means that the oil company has demonstrated a deep commitment to the development of black small business."

Ntlatleng said the service station concept had been devised by Sabta, then discussed with a number of oil companies.

"Shell has shown foresight in spotting the commercial potential of this venture."

Another oil company had also been approached and negotiations were continuing, he said. Its identity would be disclosed once an agreement was finalised.

He also said he expected the first two service centres to be operating by the end of the year.

In addition to ongoing negotiations, Sabta was also close to finalising a number of franchise deals with suppliers of motoring accessories.

BMW is keeping up the revs

BMW SA, founded in 1975 in Rosslyn, outside Pretoria, as a wholly-owned subsidiary of the Munich-based Bayerische Motoren Werke, appears to be beating the recession

Being an unlisted company, it won't reveal any financial results, so nobody outside the company knows how the bottom line reads But certainly its performance, measured in terms of sales and market share, is contra-cyclical

While some other overseas motor manufacturers are closing their bruised local subsidiaries and several are cutting production and retrenching staff, BMW SA now employs more people than it did five years ago, and is selling more cars than it did a year ago.

Only minor hiccoughs

The 85 543 cars sold in total in the first six months of this year was 13 116, or 13%, fewer than the 98 659 sold in the same period last year But BMW's sales for this period have increased by 248 units to 6 534, or nearly 4% up on the 6 287 sold from January to June 1985.

From 1981 to 1985, both years inclusive, new car sales in South Africa fell by 32,8%, but BMW's sales over the same period dropped by only 3,83%

In 1981, BMW employed 1 681 people, and the entire car manufacturing industry employed 41 463 people At the end of March, when the industry's employee numbers had fallen to 32 771, BMW had 2 130 on its payroll

With only minor hiccoughs, BMW SA has steadily increased its market share through the years

In 1975 it had 2,9% of the market This dropped a shade to 2,6% in 1976, then rose to 3,7% in 1977, and fell back again in 1978 to 3,4%

Since then, with one exception, it ~~has been~~ rising In 1979 3,9% of all cars sold into the market were BMWs, in 1980 BMWs accounted for 4,1% of all cars sold, and for 4,5% in 1981 In 1982, BMW SA recorded another gain when its share shot up to 5,3%, but dropped back to 4,8% in 1983

Since then, the curve has been going up In 1984 the 15 967 cars it sold earned it 5,9% of a market that absorbed 268 751 cars And in 1985 when the recession played havoc with the car industry, BMW SA's sales dropped to 12 928, which was enough to account for 6,3% of the 204 322 cars sold

In the first half of 1985, BMW SA sold 6 287, or 6,3%, of the 98 659 cars sold In the first half of this year the 6 534 cars it sold was 7,6% of the total market of 85 543 cars.

Focus on resale value

BMW SA would not have got anywhere near these figures had its management not had the good business sense in 1979 to anticipate that the executive car market was entering a "buy down phase" and decided to introduce the smaller "three" series in 1983.

In the first six months of this year it sold 5 137 "threes", 956 of its "five" series, 424 of its "seven" series and 17 "other"

The thrust now, says BMW SA's management, is not centred as much on growth as it was in the 1970s It has swung to consolidation, better resale value of BMW products and improved profits

Exporting has been a strong point of BMW, exporting cars and components Indeed, it is hoping that this business will be worth about R50m this year, and is aiming for an export value of R100m a year eventually this regard, (b) how have officials determined the names of the original residents and (c) where are these persons residing at present,

(3) whether any restrictions will be placed on the construction of new dwellings in these areas, if so, (a) what restrictions, (b) why and (c) how will they be enforced,

(4) whether the barbed-wire surrounding these sites has been removed, if not, (a) why not and (b) when will it be removed, if so, when?

†The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(1) No

(a) Until peace is restored between the factions, more faction fighting could erupt at any moment and the Government cannot guarantee their safety under these conditions

(b) Services are being and will be provided on the vacated land as part of upgrading

(c) A final decision has not yet been taken but it is anticipated that any of the residents will be allowed on a priority basis

(d) Falls away

(i) As soon as the upgrading action has been completed.

(ii) None, as this is a function of the Provincial Administration

(2) Yes

(a) Fighting groups have been identified and during the course of discussions held between officials of the Department of Community Services of the Cape Provincial Administration and the leaders, the leaders undertook to identify the original residents

(b) As this is a slow process, the identification is still taking place

(c) Khayelitsha, scattered in the Peninsula, and some even in Transkei and Ciskei

(3) Yes

(a) Buildings will have to comply with minimum health standards

(b) To prevent slum conditions

(c) By the respective local authorities

(4) Barbed wire surrounds only the vacated area of Crossroads

(a) It serves to demarcate the construction area

(b) As soon as circumstances allow

*8 Mr E K MOORCROFT—Manpower
[Reply standing over]

Alexandra Township

*9 Prof N J J OLIVIER asked the Minister of Law and Order

(1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, was arrested by the police in Alexandra Township, Johannesburg, on or about 11 July 1985, if so, (a) for what alleged offence, (b) what was his age at the time of his arrest, (c) where was he held and (d) what is his name,

(2) whether this person appeared in court, if so, (a) on what date and (b) on what charges,

(3) whether he was legally represented, if not, why not:

(4) whether he was released on bail, if not, why not, if so, (a) on what date and (b) how many applications for bail had been made in respect of this person prior to that date,

(5) whether this person made any allegations that he had been assaulted while in police detention, if so, (a) when, (b) what were the circumstances surrounding these allegations and (c) what action has been taken in this regard?

†The MINISTER OF LAW AND ORDER

(1) Yes

(a) Public violence

(b) 11 years

(c) Alexandra police station

(d) Fanie Gaduka

(2) Yes

(a) On 12, 15, 23 and 29 July 1985, on 12, 14 and 16 August 1985, on 17 September 1985, on 16 October 1985 on 21 November 1985 and on 13 January 1986

(b) Public violence

(3) Yes

(4) No, he was released into the care of his mother on 6 September 1986

(a) and (b) Fall away

(5) Yes

(a) 14 January 1986

(b) He alleged that he was assaulted by a member of the Force who is known to him

(c) An allegation of assault was investigated and handed to the Attorney-General for decision

Brochures

*10 Mr L F STOFBERG asked the Minister of Environment Affairs and Tourism †

(1) Whether his Department makes available publicity brochures in overseas countries with the object of promoting tourism in South Africa, if so,

(2) whether it is stated in any of these brochures that separate amenities in South Africa are being replaced by mixed amenities at an accelerated rate, if so,

(3) whether it is the official policy of his Department to promote tourism in this manner?

The MINISTER OF AGRICULTURE AND WATER SUPPLY (for the Minister of Environment Affairs and Tourism)

The South African Tourism Board forms part of my portfolio but is a statutory body which is not integrated with the Department of Environment Affairs The word "Department" in the question should therefore be substituted by "South African Tourism Board"

Against this background, the reply to the question is as follows

(1) Yes

(2) No

(3) Falls away

2/9/86 G cor 2486

Brits: visit to motor car factory

HANSARD

*11 Mr L F STOFBERG asked the Minister of Defence †

192

(1) Whether at ~~the end~~ of their period of service on or about 17 June 1986 Defence Force members of the Personnel Service Corps paid an organised visit to a certain motor car factory at Brits, the name of which has been furnished to the South African Defence Force for the purposes of the Minister s reply, if so, by whom was this visit arranged,

(2) whether Black workers at the factory raised objections to this visit with their employers, if so,

(3) whether the management of the factory requested the Defence Force members to terminate the visit and to leave the premises, if so, with what result,

(4) whether the Defence Force subsequently contacted the management of the factory about this matter, if not, why not, if so, with what result,

(5) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF DEFENCE

(1) Yes, by a member of the Staff of the Personnel Service School

(2) and (3) On the arrival of the group at the factory they were informed by the production manager that the visit had been cancelled as he feared that Black workers would object to the presence of members in uniform at the factory The group was invited to visit the factory later in civilian dress

(4) Yes, to advise the management that the invitation to visit the factory in civilian dress could not be accepted due to a lack of time

(5) No

2/9/86 Q col 2487

HAN SWKD

Zeerust: occupation of erf

*12 Dr F HARTZENBERG asked the Minister of Law and Order †

Whether, with reference to his reply to Question No 1 on 18 March 1986, the investigation into the alleged illegal occupation by an Indian married couple of a portion of a certain erf in the residential area of Zeerust has been completed, if not, why not, if so, what is the result of the investigation?

The MINISTER OF LAW AND ORDER

Yes, the case docket was submitted to the Senior Public Prosecutor, for a decision, who declined to prosecute

†Mnr F J LE ROUX Mr Chairman, arising out of the reply of the hon the Minister, I would like to know whether he intends leaving the matter there

†The MINISTER Mr Chairman, I am not the one to do something more about this matter It is the obligation of the SA Police to investigate a complaint lodged with them and to submit the dossier to the Attorney-General In such a case the decision of the Attorney-General is totally objective and independent No one can apply any further pressure on him or force him, and it also ought not happen Therefore I have no obligation whatsoever to do anything else concerning the matter If the hon member for Lichtenburg feels unhappy about the circumstances he is free to submit representations in this regard to the Minister of Justice or the Attorney-General concerned

†Mr J H VAN DER MERWE Mr Chairman, further arising out of the reply of the hon the Minister, I would like to ask him whether he is aware of any pressure being applied by his Department or the Department of Justice or Attorney-Generals and/or prosecutors not to institute prosecutions in terms of the Group Areas Act?

†The CHAIRMAN OF THE HOUSE Order! The hon member is actually providing information now and not asking a question

†Mr J H VAN DER MERWE Mr Chairman, with respect, I am asking him a pertinent question, namely whether he is aware of any instructions or guidelines to Attorney-Generals and/or prosecutors not to prosecute people in terms of the Group Areas Act? Is he aware of something like that?

Zeerust: occupation of erf

*13 Dr F HARTZENBERG asked the Minister of Law and Order †

(1) Whether the South African Police recently received (a) complaints and/or (b) representations about certain persons in connection with the occupation of certain properties in the residential area of Zeerust, particulars of which have been furnished to the South African Police for the purposes of the Minister's reply, if so, what are the particulars of the properties concerned,

(2) whether these complaints and/or representations relate to alleged contraventions of the provisions of the Group Areas Act, No 36 of 1966, if so, what is the nature of the (a) complaints, (b) representations and (c) alleged contraventions,

(3) whether the South African Police has taken or will take any action in this connection, if not, why not, if so, (a) what action and (b) when,

(4) whether he will make a statement on the matter?

†The MINISTER OF LAW AND ORDER

(1) (a) Yes in respect of houses situated at
1 Jan Rossouw Street
16A Kruger Street
14 President Street

(b) No

(2) Yes

(a) That other racial groups than Whites, occupy the houses, situated in a White residential area

(b) Falls away

(c) Section 26(1) of the Group Areas Act, 1966 (Act 36 of 1966)—illegal occupation

(3) Yes

(a) Case dockets were opened and each case was investigated and handed to the Senior State Prosecutor for decision

(b) 20 March 1986 in respect of all three complaints

(4) No

†Mr F J LE ROUX Mr Chairman, arising out of the hon the Minister's reply, may I ask him whether he is aware of the fact that the Attorney-General refused to prosecute in this case as well?

†The MINISTER Mr Chairman, I have answered the hon member on that in paragraph 3(a) where I expressly stated that case dossiers have been opened Each case was investigated and was handed over to the senior public prosecutor on 20 March 1986 already A ruling has not yet been given in the case, and that is why I cannot take the answer to the question any further than what I have already told the House

†Mr J H HOON The holy cow has garget!

Zeerust: occupation of erf

*14 Dr F HARTZENBERG asked the Minister of Constitutional Development and Planning †

(1) Whether with reference to his reply to Question No 2 on 18 March 1986 (a) certain cases of alleged illegal occupation of residential erven in Zeerust, particulars of which have been furnished to the Minister's Department for the purposes of his reply, and (b) any other such cases in Zeerust have been brought to his or his Department's attention, if so, (i) when, (ii) why and (iii) what were the particulars of (aa) the erven concerned and (bb) each case,

(2) whether his department intends taking steps in respect of the families concerned, if not, why not, if so, (a) what steps and (b) when,

(3) whether his Department has consulted the town council of Zeerust in

DD 5/9/86 (192)

Work halt continues at EL plant

Dispatch Reporter

EAST LONDON — Workers at the Mercedes Benz plant here continued yesterday with a work stoppage which started on Wednesday after 13 of their colleagues were dismissed for staying away from work on August 14

This was confirmed in a statement by a company public relations officer, Mrs Wendy Hoffman

She said a work stoppage began on Wednesday in support of a demand for the reinstatement of 13 employees who had been dismissed after a stayaway on August 14

"Disciplinary inquiries were held and appeals against the disciplinary action were held on Wednesday In spite of this, the stoppage took place and the demand was the unconditional reinstatement of the 13 employees

"On Thursday the appeal hearings were completed and the original dismissal decisions were upheld.

"The individual employees have been notified and a notice was posted to all the employees informing them of the decision

"The employees have also been advised that the strike action is in breach of their contract of employment and are required to return to work," she said

The branch secretary of the South African Allied Workers Union, Mr Boyce Melitafa, said yesterday he would not comment until he had studied the company's statement

(b) bedoelde opheffing deur my goedgekeur is om op die datum van publikasie hiervan in werking te tree; en

(c) Goewermentskennisgewing R 560 van 27 Maart 1986 met ingang van die datum van publikasie hiervan herroep word.

J. J. G. WENTZEL,
Minister van Landbou-ekonomie.

(b) the said revocation was approved by me to come into operation on the date of publication hereof; and

(c) Government Notice R 560 of 27 March 1986 is repealed with effects from the date of publication hereof.

J. J. G. WENTZEL,
Minister of Agricultural Economics.

DEPARTEMENT VAN MANNEKRAG

No. R. 1811 5 September 1986

WET OP ARBEIDSVERHOUDINGE, 1956

BOUNYWERHEID, KIMBERLEY. — HERNUWING VAN DIE OOREENKOMS VIR DIE ELEKTRIESE INSTALLERINGSEKSIE

Ek, Mattheus Willem Johannes le Roux, Direkteur: Mannekrag, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (ii) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van Goewermentskennisgewings R 2153 van 16 Oktober 1981, R. 1384 van 9 Julie 1982, R. 2199 van 15 Oktober 1982, R. 1096 van 20 Mei 1983, R. 1090 van 30 Mei 1984, R. 509 van 8 Maart 1985 en R 17 van 3 Januarie 1986, van krag is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Oktober 1986 eindig.

M. W. J. LE ROUX,
Direkteur: Mannekrag.

DEPARTMENT OF MANPOWER

No. R. 1811 5 September 1986

LABOUR RELATIONS ACT, 1956

BUILDING INDUSTRY, KIMBERLEY —RENEWAL OF THE AGREEMENT FOR THE ELECTRICAL INSTALLATION SECTION

I, Mattheus Willem Johannes le Roux, Director: Manpower, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (ii) of the Labour Relations Act, 1956, declare the provisions of Government Notices R. 2153 of 16 October 1981, R. 1384 of 9 July 1982, R. 2199 of 15 October 1982, R 1096 of 20 May 1983, R. 1090 of 30 May 1984, R 509 of 8 March 1985 and R 17 of 3 January 1986, to be effective from the date of publication of this notice and for the period ending 31 October 1986.

M. W. J. LE ROUX,
Director: Manpower.

No. R. 1846 5 September 1986

WET OP ARBEIDSVERHOUDINGE, 1956

MOTORNYWERHEID.—PENSIOENFONDS VIR MOTORWERKERS—VERBETERINGSKENNISGEWING

Die onderstaande verbetering aan Goewermentskennisgewing R. 1725 wat in *Staatskoerant* 10386 van 15 Augustus 1986 verskyn, word hierby vir algemene inligting gepubliseer:

In klousule 1 van die Bylae, vervang subklousule (2) (f) deur die volgende:

"(f) 'n werknemer vir ses maande vanaf die datum waarop hy by die Motornywerheid in diens tree: Met dien verstande dat 'n werkgewer na goeddunke van hierdie uitsluiting kan afsien.".

No. R. 1846 (192) **5 September 1986**

LABOUR RELATIONS ACT, 1956

MOTOR INDUSTRY.—AUTO WORKERS' PENSION FUND—CORRECTION NOTICE

The following correction to Government Notice R. 1725 appearing in *Government Gazette* 10386 of 15 August 1986, is hereby published for general information:

In clause 1 of the Schedule, substitute the following for subclause (2) (f):

"(f) any employee for six months from the date on which he begins employment in the Motor Industry Provided that any employer may in his discretion waive this exclusion.".

DD 5/9/86 (192)

Work halt continues at EL plant

Dispatch Reporter

EAST LONDON — Workers at the Mercedes Benz plant here continued yesterday with a work stoppage which started on Wednesday after 13 of their colleagues were dismissed for staying away from work on August 14.

This was confirmed in a statement by a company public relations officer, Mrs Wendy Hoffman

She said a work stoppage began on Wednesday in support of a demand for the reinstatement of 13 employees who had been dismissed after a stayaway on August 14

"Disciplinary inquiries were held and appeals against the disciplinary action were held on Wednesday. In spite of this, the stoppage took place and the demand was the unconditional reinstatement of the 13 employees

"On Thursday the appeal hearings were completed and the original dismissal decisions were upheld

"The individual employees have been notified and a notice was posted to all the employees informing them of the decision

"The employees have also been advised that the strike action is in breach of their contract of employment and are required to return to work," she said.

The branch secretary of the South African Allied Workers Union, Mr Boyce Melitafa, said yesterday he would not comment until he had studied the company's statement

Directors in bid to save Fodens

7/9/86 SUNTIMES

192

By Don Robertson and Udo Rypstra

TRUCK manufacturer Fodens SA and its subsidiaries have been placed in provisional liquidation, but may be saved after an offer of compromise by some of their directors.

The subsidiaries are Fodens Service, Fodens Spares, Truck Leasing & Finance and Albag Properties

Liquidation was requested by managing director Allan Pellow, who said in papers before the Rand Supreme Court that liabilities of Fodens SA exceeded assets by R1,7-million

Nedbank, to whom the offer of compromise has been made, was listed as the major creditor.

Forex losses

Mr Pellow submitted that if the compromise did not occur or new capital was not injected, Fodens SA would be unable to trade out of its illiquid position

Reasons for the illiquidity were given as the downturn in the economy which affected turnover, heavy foreign-currency losses, high interest rates and expansion by Fodens into property at an inopportune time

Directors A R Wilkinson, L J C de Koker and H S Rothman have offered to pay preferential creditors in full and concurrent creditors 10c in the rand subject to agreement with Nedbank to fix "the total indebtedness" at R2,5-million and that Nedbank cedes remaining claims estimated at R3,1-million to them

Cession of debtors and passing of bonds and mortgages over moveables and properties of Fodens and certain associated companies is included in the offer

The offerors also request overdraft facilities of R200 000 to meet liabilities to Syfrets Mortgage Nominees

It was submitted that the proposal would benefit Nedbank more than the liquidation of the group which would realise "R700 000 at best"

SA-owned

The provisional order, returnable on October 7, was granted by Mr Justice Goldstone

Fodens, established in 1950, is wholly SA-owned It makes vehicles under licence It is one of the small manufacturers in the troubled heavy-truck industry and last year sold only 41 units In the first six months of this year sales tumbled to only nine units.

The demise of Fodens would add to the number of truck manufacturers that have withdrawn from SA in the past two years They include VSA, Motor Distributors, International Harvester and MAC Trucks

Truck sales fell from 13 422 units in 1984 to 10 430 last year and are forecast at below 7 000 this year There is unlikely to be much recovery in the next two years, the National Association of Automobile Manufacturers predicting sales of 8 560 and 9 950 in 1987 and 1988

Mr Pellow would not comment on developments

Car plant strikers get ultimatum

(DD 8/9/86)

Dispatch Reporter

EAST LONDON — Workers at the Mercedes Benz manufacturing plant here, who have been on strike since last week, have been given an ultimatum to return to work today.

Failure to do so would lead to the company exercising its "full legal rights", a company spokesman said in a statement.

The company's public relations officer, Mrs Wendy Hoffman, said employees had been addressed by a member of management on Friday and had been reminded of their rights in resolving disputes with the company.

"Management confirmed that unlawful strike action was unacceptable to the company and that an ultimatum was issued to employees to return to work on Monday at the normal starting time and that normal working standards be ensured.

"Failure to heed the ultimatum will lead to the company exercising its full legal rights," the statement said.

The local branch secretary of the South African Allied Workers Union, Mr Boyce Melitafa, could not be contacted yesterday for comment.

Mercedes staff return to work

9/9/86 BUSDAY (192)

Own Correspondent

WORKERS at the Mercedes Benz manufacturing plant in East London, who went on strike last Wednesday, returned to work yesterday.

A company spokesman had warned workers that failure to report for work would lead to the company exercising its "full legal rights".

The ultimatum came after a work stoppage in support of a demand for the reinstatement of 13 employees dismissed after a stayaway on August 14.

The local branch secretary of the SA Allied Workers' Union, Boyce Melitafa, declined to comment

Cape Times 9/9/86

Car sales down 8% last month

192

AUGUST passenger car sales in SA took a dip of 8,2% after an encouraging upturn in retail figures the previous month, according to the latest Naamsa report on the industry.

Last month's figure of 15 404 was down 1 374 on July sales in this important segment of the industry — and 1 854 (10,7%) lower than the figure for the same month last year.

Commenting on the August sales results, Toyota SA marketing director Brand Pretorius said he was disapopointed that the most recent sales results were still not reflecting a meaningful upturn in motor vehicle sales

Total passenger car sales for the year January to August 1986 were 117 725, compared to 133 573 for the same period last year

Toyota maintained its number one position in the total passenger car market with sales of 3 932 units and increased its market share from 23,8% in July to 25,5% in August

Light commercial vehicles sales for August also reflect the continuing depression in this sector, with Naamsa reporting total sales of 7 329 vehicles, 120 fewer than in July and representing a decrease of 1,6%

Toyota kept its traditional lead with sales of 2 938 units (40,1% of the market)

There was slight downward movement in August sales of medium commercial vehicles over the previous month Total unit sales of 365 were 20 lower than for July

Toyota moved in to No 1 market position with 126 mcv units (34,5%)

Sales of heavy commercial vehicles climbed by a single unit in August over July's total to register 544 Mercedes-Benz sales of 177 (32,5% of all sales n this sector) gave it top spot

A glance at total vehicle sales (cars and commercials), for August of 23 642 units reveals a slump of 6% over the previous month

London stocks after hours
Blyvoors 565, Bracken 235, Driefontein 17⅛, E Rand Prop 61³⁄₁₆, Freegold 12¹⁄₁₆, Grootvlei 3⅞, Harmony 11¹¹⁄₁₆, Leslie Gld 178, Randfont 91½, Southvaal 37¾, Stilfont 7³⁄₁₆, Venters 70, West Rand unchanged

Car workers back

EAST LONDON — Workers who went on strike at the Mercedes Benz manufacturing plant here last Wednesday heeded an ultimatum by management and returned to work yesterday, the company's public relations officer, Mrs Wendy Hoffman, said

The company had warned workers it would exercise its "full legal rights" if they failed to report for work.

The ultimatum followed a work stoppage in support of a demand for the reinstatement of 13 employees dismissed after a stayaway on August 14

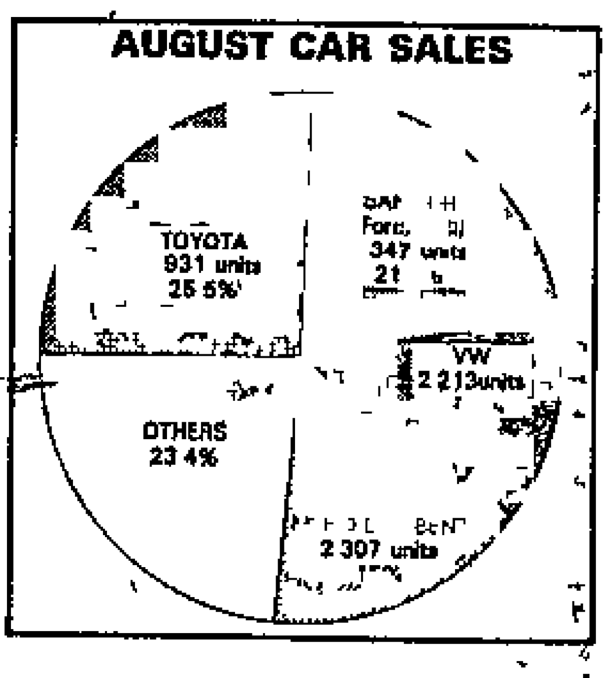
The local branch secretary of the South African Allied Workers' Union, which represents the workers, Mr Boyce Melitafa, declined to comment yesterday — DDR

DD 9/9/86 (192)

New car sales fail to materialise

BUSDAY 10/9/86 192

HAMISH MCINDOE



MOTOR industry expectations that August's new car sales would reflect strong gains in the previous two months failed to materialise

Latest National Association of Automobile Manufacturers of SA (Naamsa) figures show last month's car sales falling by 8,2% to 15 404 units — a decline of 1 374 units compared with July.

Naamsa director Nico Vermeulen said signs of improved consumer sentiment apparent during the

● To Page 3

New car sales expectations fail to materialise

BUSDAY 10/9/86 192 10/9/86

● From Page 1

first 20 days of August had been eclipsed by month-end

August's sales returns for cars and light commercials were 10,7% lower than the corresponding month in 1985.

Car sales in the eight months to August 1986 were 117 725 units compared with 133 573 units for the same period last year.

425 - CORDAGE AND MATTING INDUSTRY, CERTAIN AREAS.

Superceding w.d. no: 292

AREA A: Lower Tugela.

AREA B: Durban and Port Elizabeth.

FIN MAIL 18/7/86.

Les Weiss says that coal research should be more centralised and co-ordinated and the fund will provide the best way of doing this

A CSIR spokesman says that extra money is welcome — its cut would amount to R5,6m to be spent on coal beneficiation and projects to determine its mineral characterisation

Experts say this is inadequate for the major projects which will have to be undertaken, for example, hundreds of tons of coal in the form of pulverised powder is wasted every year, and this should be tapped ■

TRACTOR SALES

192

Long haul ahead

When SAAU president Kobus Jooste, opened Samcor's new R4m tractor assembly plant in Silverton, recently, he commented "I hope I will not come back one day to say that you have built a white elephant "

Cynics would say that the plant is already a white elephant It has an annual capacity of 4 000 units at a time when the total market is 5 000, and still declining

Traditionally, the average market for tractors is 12 000-15 000 a year and it peaked in 1981 with sales of 25 000 Samcor admits that the industry, like the whole auto sector, has an over-abundance of manufacturers and suppliers The plant's equipment and staff, moved from Port Elizabeth as part of Ford's rationalisation, is still working at only 30%-25% of capacity

But SA Tractor Manufacturers' Association president Rob Phillips says that despite the gloomy predictions, tractor manufacturers are hanging on

"Everyone has been surprised at the resilience of the industry, although we've gone through a difficult adjustment period In the process, we've had to shed 60% of our labour," he says

Phillips is confident that in the medium term the industry has to recover because it services such a vital sector of the economy

There is still plenty of work on the maintenance side, much of which he says could be avoided by more intelligent use of farm equipment "Farmers often over-inflate or under-inflate their tyres or overstress their transmission If organised agriculture is serious about this problem, then there should be a SAAU committee investigating "

Yet the news is not bad for all tractor manufacturers Since Case took over International Harvester's (IH) South African interests in March 1985 it has more than doubled its market share — from 5,2% to 11,3%.

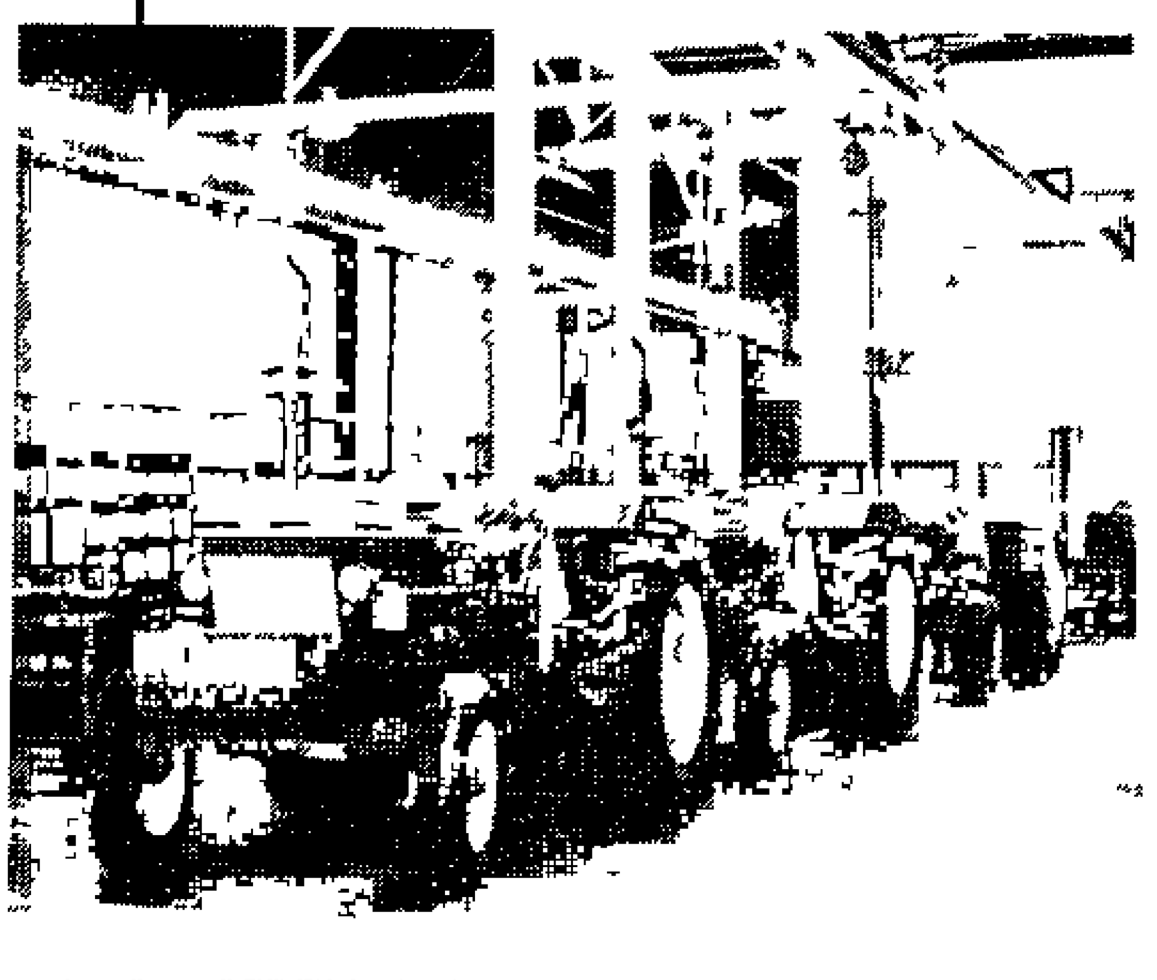
Agricultural director Bill Pascoe says IH got into financial difficulties when it misdirected resources into its truck division and, as a result, slipped on customer service

He says the product was always sound and under the new set-up Case IH is growing largely by developing its own dealer network — 16 have been set up since the takeover and another will open in late September

On the other hand, Pascoe says, companies relying on traditional dealers have seen their market share decline

Phillips reckons independent platteland distributors, who are an important part of the rural infrastructure, should get State support and loans from the Land Bank.

He believes government should also remove the 10% import duty and GST. Part of the problem, as he sees it, is that "for some reason farm machinery is not treated like an input Perhaps government thinks farmers treat a tractor like a Mercedes and use it for a Sunday afternoon ride " ■



Tractor assembly ... still going downhill

SURVEYING NATAL

Not for the first time, Natal seems to be taking the lead over other South African provinces. The Natal Town and Regional Planning Commission (NTRPC) has become the first provincial body to commission a thorough investigation of the region's manufacturing sector

Because of the sector's diverse nature, statistics on manufacturing tend to be collected irregularly, and, when they're finally published, to provide outdated information

The NTRPC plans that its survey, conducted by Wits lecturers Richard Tomlinson, Frederick Pretorius and Mark Addleson, will be used as a data bank for establishing future trends to help with forward planning

The initial stage of the project, currently being carried out, consists of postal surveys of manufacturers in the KwaZulu, Natal and northern Transkei region seeking information on the companies and individual factories in the area

Particular emphasis will be put on locational factors, employment and urbanisation But Addleson says there must be full co-operation from all Natal businessmen to make the project effective

Naawu criticises EL plant over sackings

DD 13/9/86

Dispatch Reporter

EAST LONDON — The National Automobile and Allied Workers' Union (Naawu) has criticised the management of the Mercedes-Benz plant here for dismissing "a group of workers who for various reasons failed to meet the company ultimatum to return to work on Monday".

The national secretary of Naawu, Mr Fred Sauls, said in a statement yesterday the union "did not and would not" accept that the company could issue a notice on Monday morning giving the workers an ultimatum to start work at 10.15 am the same day and expect workers, who were not near the factory to obey it.

Naawu would challenge the company's stand that it was not prepared to enter into any negotiations about the future of the dismissed workers, he said.

"The Mercedes-Benz company issued the ultimatum following a week-long strike by the plant's workforce A report on the ultimatum in Monday's issue of the Daily Dispatch (September 8) said the ultimatum had been given the previous Friday

When this apparent discrepancy in the timing of the ultimatum was pointed out by telephone to Mr Sauls last night, he said he was referring to the written notice It was possible it had been given verbally at a meeting between workers and management on the Friday.

The ultimatum said workers who did not report for duty on Monday would be "dealt with in accordance with the law"

A spokesman for the company's public relations office in Pretoria said the company had dismissed all employees who failed to turn up for work on Monday "without valid reasons"

The employees would not be paid for the period they did not work, the spokesman added.

BUS DAY

Weeks of talks bring assurance for detainees

GM to pay held workers

192

Business Day Reporter

GENERAL MOTORS (GM) has agreed to pay full wages to employees who have been detained.

The decision comes after weeks of negotiations between the company and the National Automobile and Allied Workers Union (Naawu) and the United Automobile Workers of America (UAW)

Naawu general secretary Fred Sauls said GM had confirmed in a letter to the union that no employee detained without trial would lose his job or have his future prospects jeopardised in any way as a result of being detained

The company said 50% of an employee's weekly or monthly earnings would be paid directly to the employee's spouse or named dependent for a maximum period of six months

On release, or if acquitted after being charged during the six-month period, employees would receive the accumulated balance

Sauls said the position adopted by GM was accepted by Naawu

Problems which might arise as a result of the delay in the payment of the deferred 50% of the detainees' wages would be addressed by the union

The issue of legal representation of the detainees had not yet been replied to by the company and would be an issue for further discussion.

A company spokesman could not be contacted for comment

Chris Heunis' empire to be cut back

Own Correspondent

THE vast "empire" of Constitutional Development and Planning Minister Chris Heunis is to be cut back

He said yesterday the department's officials will be cut back to about 400 from the present 1 600.

Heunis' sprawling department and the massive influence he wields has earned him barbed epithets such as "The Minister of Everything", "His Royal Heunis" and even "Poo Bah".

He has also been accused by opposition members of having so much to do that he has neglected his prime job of negotiating a new constitution to the extent that the reform programme is now off the tracks.

Incorporation protest

SOPHIE TEMA

RESIDENTS of Braklaagte, near Zeerust, have drawn up a petition to government rejecting their planned incorporation into Bophuthatswana

Last week 671 residents, under Chief Johannes Sebogodi, signed the petition to be handed to the Department of Constitutional Development and Planning

The move was taken by the Braklaagte community after the Borders of Particular States Extension Amendment Bill was passed in Parliament The Bill threatens the incorporation of thousands of blacks into Bophuthatswana

Several thousand residents at Machakaneng in the Western Transvaal, to be incorporated into the Tswana homeland, have also objected to the planned move

BUS DAY 15/9/86

Interest payments up 19,3%

LINDA ENSOR

INTEREST payments by debt-burdened farmers increased a massive 19,3% in the year ending June 1986

The Department of Agriculture's figures — to be released shortly in its annual report — reveal a total interest payment of R1,76bn in 1985/86 compared to the R1,475bn paid in the previous year

"This proved a heavy burden for farmers, many of whom have been forced to leave the land," a spokesman for the department's economic trends division said

The increase was due to soaring overdraft rates and the escalation in the overall, drought-inflicted, debt

Any improvements in their plight largely depends on the weather and farmers are hoping against a fifth successive year of drought

September 16, 1986 Sowetan 16/9/86 (385) (40A)

DUNLOP STRIKE ENDS

By LEN MASEKO

DUNLOP has reached a settlement with 550 Benoni workers who have been on a wage strike since early last month.

The settlement, reached late yesterday, provides for an increase of 60 cents an hour to be paid in three instalments The minimum wage will be R3,03 an hour by June 1 next year

Initially the workers' representatives, the Chemical Workers' Industrial Union (CWIU), had demanded a minimum wage of R3,10 an hour as opposed to the current minimum of R2,43.

The agreement also provides job security for pregnant women who will be guaranteed four months' maternity leave; a long service award payable in cash, and an *ex gratia* back payment

Dunlop has agreed to withdraw its plans to retrench 70 workers due to the closure of a department. Instead the company will now introduce a new shift system in three departments.

• About 140 members of the Black Health and Allied Workers' Union of SA are involved in a work stoppage at SA Druggists' Elandsfontein

They are protesting against management's plan to introduce nightshift.

The dispute follows weeks of unsuccessful talks between management and the union over the issue Mediation has also failed to resolve the dispute

A Bhawusa spokesman said the workers were locked out twice in less than a month during the dispute Management had refused to talk to the union officials last Friday when the union wanted to present it with new proposals, he said

Mr G Slabbert, manager at the plant, was not available for comment yesterday

• The Congress of SA Trade Unions (Cosatu) has given Springs-based Braitex four days to reinstate 23 workers allegedly dismissed after participating in a stayaway on July 14

Cosatu said in a statement that while talks on the matter were still on, the company retrenched 47 other workers

25/9/86

BUS DAY

192

Local car parts are shunned

Industrial Staff

VEHICLE manufacturers are not using more local components — despite the soaring cost of imported components.

Hannes Fehrsen, president of the National Association of Automotive Component and Allied Manufacturers (Naacam), complained yesterday. "We remain most perturbed at the fact that little, if any, increase in the local sourcing of components took place"

Addressing Naacam's annual meeting in Cape Town, he said the declining rand had resulted in the imported value of the average car rising from 50% to 66% in the last 18 months

"Economic incentive does not appear to be sufficiently convincing in purchasing more SA-made components," he said. This strengthened the argument for increasing the present mandatory local-content minimum to 75% by weight from the present 66%.

Fehrsen was pessimistic about the short-term prospects of the vehicle industry as a whole

"Pent-up replacement demand and the revised perks tax package have not been sufficient to lift the industry from its present low level".

He said there would be no upturn "without a general improvement in the economy, stable vehicle prices at affordable levels and a return of confidence to the economy as a result of real political progress"

MERCEDES DATAKOR GROUP

A Business Day Corporate Survey

Edited by MELANIE SERGEANT

Decentralising management works well

□ BRUNETTE

A decentralised management system has proved to be a bonus in the market-place — giving the added benefit of flexibility

A DECENTRALISED management philosophy has given the Mercedes Datakor Group several advantages in the market place

Financial director Neil Brunette says the decentralised philosophy is unusual in smaller companies, but it has benefits in terms of the flexibility it allows

He says "This is particularly important in a company which is as customer orientated as ours"

The structure allows lots of flexibility in marketing managers are able to make changes quickly in response to market needs

Mercedes Datakor tends to see the role of finance and administration a little differently from other organisations Brunette says "Our main aim is to make it as easy as possible for our sales and technical teams to operate with maximum efficiency.

"We do this by providing them with the necessary tools We try to ensure our buying, warehousing, delivery systems and billing systems are not cumbersome and still provide the levels of control and the data which we need"

Without control

The organisation has learnt from experience that decentralisation without control does not work. Brunette says "While the customer is our main concern, we still need control, and to keep a finger on the pulse of the business while giving lots of autonomy to managers."

The company has established an integrated and totally divisionalised

earning packages are structured to reward good performances in these aspects and to penalise poor performances

Stock or inventory control includes spares, machine stock, software and other items During the last four years, the company has installed systems to track items on a real-time basis through a national network linking branches to head office

Brunette says "Apart from monitoring stock levels, stock must be watched closely in terms of technology changes — the quality of the inventory as well as physical numbers must be kept in check."

The incidence of slow moving stock and obsolescence is reviewed throughout the year and financially recognised in reflected results Brunette says. "This avoids unpleasant surprises at financial year end and ensures that divisions are reporting accurate profits

"The company moved to the open item debtors system in late 1984, which coincided with the fully divisionalised debtor reporting At the same time, we decided to pay sales forces commission on collection

"The results were dramatic Collection periods were cut across the board from more than 80 days to

THERE are various essential stages in the product development cycle

As far as Mercedes Datakor is concerned, these can broadly be broken down into the following

□ SYSTEM DEFINITION This involves understanding the client's needs and defining the system.

Negotiations take place between the customer's systems experts and Mercedes Datakor design experts

A functional definition, rather than a detailed definition, is developed between them And according to operations director Mike McEvoy, it is essential to understand the client's needs and to be honest when a product request is not possible or cost effective

"It is sometimes necessary to help customers adapt their business infrastructure to adopt new products," he says

He points out that many new technologies take a long time to be adapt-

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WINNER of this year's Non-Listed Company award, Mercedes Datakor, has built up an admirable reputation in SA's high-technology world for both its products and its service.

The company, formed in 1977, has an installed base of locally developed products worth about R50m All its product launches have been successful, probably due to the philosophy of developing these in close co-operation with end-user companies

And, on the service front, about 93% of calls are claimed to be responded to on the same day; equipment based in remote locations takes a little longer to reach

Considering it is a smallish company, the firm has benefited from its decentralised-management philosophy, a structure more common in larger organisations

Indeed, decentralisation allows the company several advantages in the market place, as it is a flexible approach In the marketing arena, for instance, managers are able to make

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An unbroken run of successful launches

MERCEDES Datakor, launched in 1977, has an installed base of locally designed products worth … R50m It produces more than 16 products in SA … boasts an unbroken record of successful launches. …

Its first product was a receipting terminal for … ban Corporation Although there were some early … nical hitches, the system is still being used

In 1978, after developing a close association with SA Permanent Building Society, the company pro… a financial terminal — the FT 3000

MD Nic Frangos says the company opted to form joint development team with the Perm to ensure …

12 (192)

ıtifying vital stages aids development

the system side often ... enough for these ...osophy, therefore, is ...s that are open-end... as technology ad... broadly accepted obsolescence out ... term view of client ... from the system" he says. ... on hardware and ... allel, deciding how together right from

... DEVELOPMENT. ... such as floppy disk ... ray tubes, are not ...atakor sources these

... products are concerned, the company identifies trends in the technology industry and is careful about its sourcing

The detailed hardware development phase incorporates electronic design, and mechanical design Packaging of the product is also considered vitally important

Datakor uses computer-aided design systems for its systems design, integrating all aspects in the prototype stage, where the product is then evaluated by both client and Datakor

Testing is carried out, and then the product must be industrialised to be ready for production

Detailed production documentation is produced for third-party manufacturers These also incorporate detailed quality control procedures,

☐ SOFTWARE DEVELOPMENT Software is produced from the start of each product's life

According to software director Peter Styber, Datakor has total control over all aspects of its software development for local products "We are totally independent of overseas companies

"All our products use Datakor's own software, giving customers major benefits because support is local

"We use the high-level C language because it is highly portable on hardware," he says

☐ DOCUMENTATION AND TECHNICAL SUPPORT This is one area in which Datakor prides itself greatly Emanating from the development stage of manufacture, a full documentation centre is an integral part of the local design and development division This centre is used for the creation of operating and field maintenance manuals, and full training courses are given to field engineers

"Support must be available forever," says R & D director John Alberti

The company also boasts an on-line fault reporting system so that problem areas can be easily pinpointed and the system will highlight areas that need attention before they become real problems

Datakor has about 12 000 units in the field which it maintains About 45% of these are self-developed, and this percentage is growing

... hi-tech reputation

...y in response to the demands of clients and ...al

Datakor's winning ... its non-deviating poli... ...-party manufactur... It sticks to design ... and marketing, al... a tight watch on throughout the pro...

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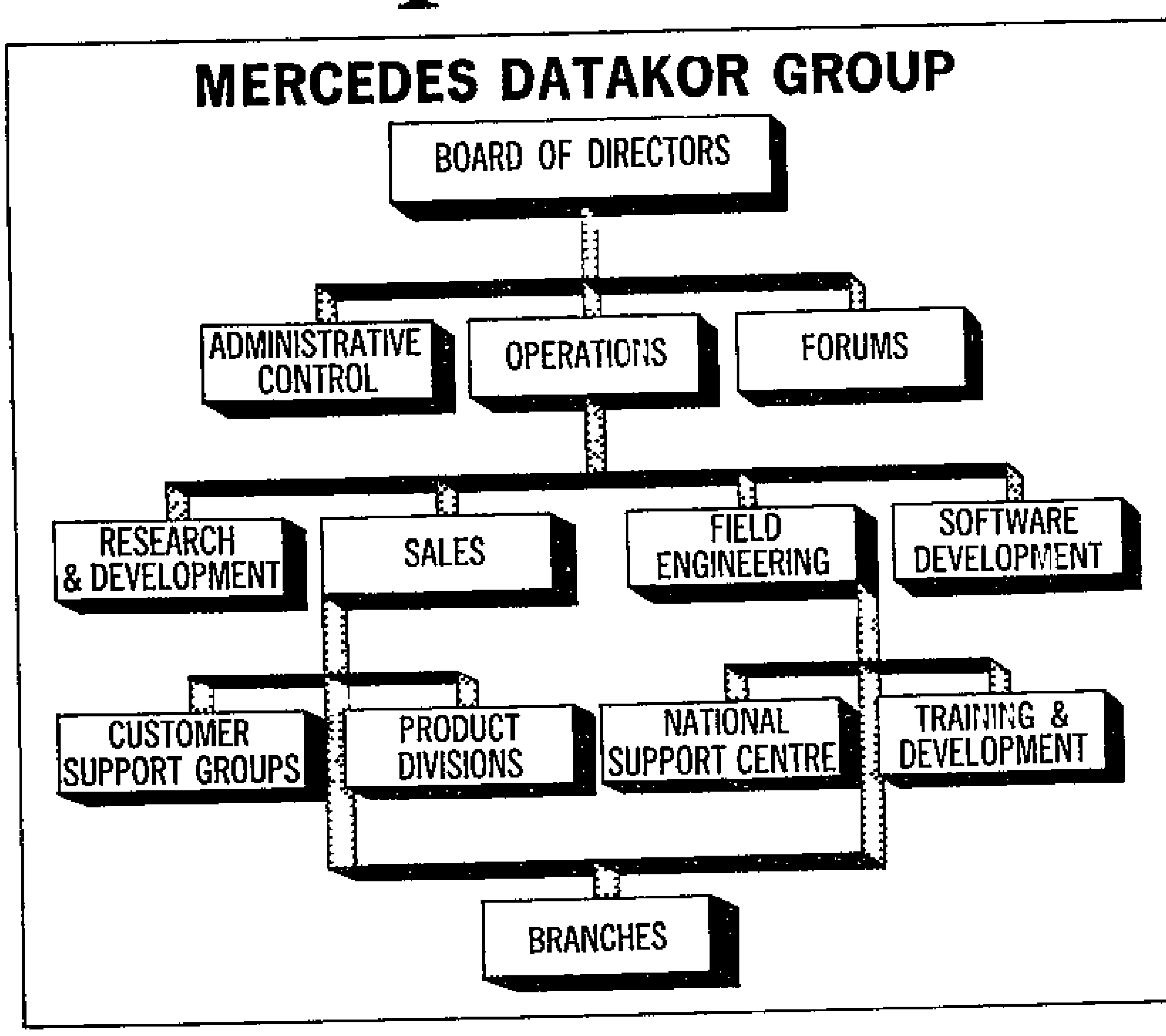


Strong ties fostered with suppliers

AN established system of relying on third parties for all its manufacturing has ensured that Mercedes Datakor has fostered strong ties with a number of supplier and manufacturer organisations

According to operations director Mike McEvoy, the company has learned from experience that buying services from the cheapest vendor is not always the best way of doing business — it does not always ensure good finished products

"Also, we prefer to be a major customer with our main suppliers so we can engender support from these, and create long-term relationships"

On the manufacturing level, Datakor provides its suppliers with detailed information

Says McEvoy "This allows the supplier to do his job professionally

"We generally give every necessary detail of the production process to the supplier, and keep close to them — right through to the stage of quality control"

And as is to be expected, suppliers that have given a decent level of service to Datakor have consistently received more business from the company over the years

"This ensures the suppliers are motivated to take Datakor seriously," McEvoy points out

A statement of company philosophy: 'First belief is in our clients'

"THE Mercedes Datakor Group's first belief is in our clients to whom we owe our existence.

"The standard the group strives for is the high standard required by our clients

"It is our duty to meet their requirements without excuse This attitude encourages long-term client relationships based on trust, performance and mutual respect which requires of us commitment, attention to detail and courteous, quick responses to their needs

"Our second belief is in our staff.

"They are mature individuals with a desire to succeed. It is the primary role of management to safeguard, develop and motivate the human resources of our business

"Our third belief is to entrust management with sufficient authority and control to enable them to feel genuine responsibility for their tasks and their interface with the organisation as a whole.

"Fourthly, the profitable growth of the business does not depend on any one section but on all of us, and the way in which we establish positive communications at all levels.

"The team process is used whenever it is appropriate to do so without undermining the motivation of the individual."

Bussines Day

25/09/86

and cost centres are tracked accurately.

The system extends to divisionalised asset reporting as well

Brunette says. "Our managers are well-versed in the principles of good management Their performance is closely monitored and reviewed regularly

"Each operational manager has the latest financial data relating to his division's performance and his asset situation Results are measured against budget and re-forecasts and produced quarterly Actual results are measured against this, variances investigated, and remedial action taken where necessary"

Indeed, Brunette says all divisional managers, whether from sales or technical backgrounds, have knowledge of the effects of poor margin control, poor expense control and poor control of assets In fact, their between 45 and 50 days

Working capital

"The benefits of these two control systems and other rationalisations resulted in the reduction in working capital so that working capital is now turned five times compared to only two times in 1983

"The administration and accounting processes have been simplified with the aid of modern data communications and data processing techniques The information systems have been streamlined and rationalised so that the company has an efficient real time database from which useful management information is readily available"

Apart from its decentralisation programme, Mercedes Datakor also rationalised its activities Areas of duplication and triplication have been eliminated, thus saving money co-operation on the project

"That product has proved to be our most successful and is still in operation today with several models that have been upgraded.

"We are now involved in producing a modular terminal related to that technology

Frangos reckons his group has many advantages over overseas-based hi-tech companies "We put the Perm into a position where it deals with a local organisation developing systems with as much as 75% local content

"The operating system is written in SA, as is the software, the hardware specifications and the communications software

"This means hassles are easier to rectify than they would be if the system was overseas-sourced.

"Indeed, this started our philosophy of customising specific products to suit the needs of clients We have found that custom-made products usually have a longer life than off-the-shelf products"

Mercedes Datakor produced the first locally made automatic teller machine three years ago Its data communications system handles the financial transactions at the Automatic Clearing Bureau

MERCEDES DATAKOR GROUP
A Business Day Corporate Survey

Company's SA roots right back to late 19

An integrated divisional approach is just one step along the way

IN 1977, Mercedes Datakor was the second company in SA to launch word-processing products

These were from a US-based company, Lanier, world-leaders in word-processing systems at the time

It was in 1977 that Mercedes Office Machines changed its name to Mercedes Information Systems, a move that spearheaded the change in the group's profile.

In 1980, the group shifted out of typewriters, the company's heritage, and shed some other minor office products

Indeed, by 1980, the company was well on its way to integrating office automation and data processing — the mainstays of the group's business

In 1982, the integration of Mercedes and the data-processing division, Datakor, started

Formation

This led to the formation of a common field engineering and software development team Products are often sold jointly by the two branches

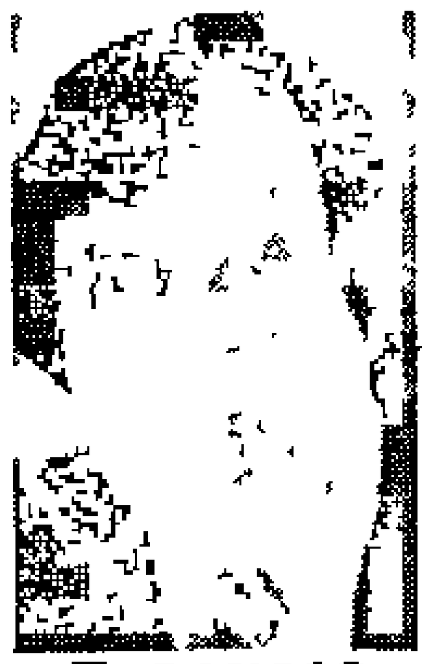
MD Nic Frangos says "We have now reached our goal of an integrated, divisional approach The next goal is to have an organisation which remains integrated as much as possible in the three areas of office automation, data processing and communications

"In terms of office automation, we aim to increase our market share through internal growth, while in the data processing arena, we intend entering related markets which are generally mature So acquisition is likely to be the most appropriate method of growing

"We are already involved in the networking side of data processing and telecommunications and hope to get involved in the broader area of telecoms However, this will also have to be done through acquisition"

Ultimately Frangos says these three areas will merge

And when they do, it will be time to merge the divisions in the company once again



FRANGOS

THE roots of Mercedes Datakor go back to 1937, when two German brothers came to SA and launched Mercedes Office Machines.

The Flugner brothers used the name Mercedes because of the good connections they'd had with their previous company, German-based Mercedes Büromachinen

After the Second World War, however, the company fell inside East Germany and its SA ties were severed

From the start, Mercedes Office Machines was totally SA-owned It later represented Adler typewriters from Triumph Adler in Nürnberg

Until the early '60s, it concentrated on office machines, predominantly in the Transvaal

The company's fortunes changed when Triumph Adler was bought out, and its new owners expressed their dissatisfaction with the number of sales made by their SA agents

However, the Flugner brothers — short of capital and unable to expand — opted to sell out to another office machinery agency

This took Mercedes Office Machines into several other major centres around SA, and ensured the company's emphasis for the next decade remained in the realms of office machinery

Mercedes Office Machines grew to become one of SA's leading typewriter vendors, with a significant client base It also dabbled in computers, representing a few overseas computer companies

Current MD Nic Frangos bought the company in 1975 — having looked for an established firm with the potential to move into the hi-tech era — to transform it into a leading computer organisation

Because of its significant base of corporate clients, this company proved the right vehicle

However, the company experienced financial problems — it had expanded rapidly in achieving its R2m turnover and cash flow hassles were evident

Frangos, who had little cash available, had to buy his way in and managed to turn the company around

He says "In 1976 it was already fairly profitable, with the cash flow under control and other cleaning-up operations well under way"

It was time for issues concerning tablished culture

At the end launched a separ kor He had bough that year which involvement, but ducing products into Datakor we company was

Datakor and M chines fell under holding company, ment and Financ

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Frangos says. the technology of tually merge all made sense."

However, to gos spent six the computer emphasis on the design and deve gating potential

He says "In has been a mo terms of growth now dominates ties"

Exports not a major player in p

Mercedes Datakor finds that exports are contributor to profits However, when it products they have been well tested on the Africa would be the natural market for political problems preclude that

EXPORTS are not a major player in the contribution to profits for the Mercedes Datakor Group

Indeed, the company is kept so busy keeping up with local demand, that it hardly has time to manufacture for export markets

However, it has proved its products are of world standard Operations director Mike McEvoy says "We don't suffer from the typical SA company inferiority complexes when it comes to comparing our goods with overseas products"

Software exports are illustrative of this

In a recent technology exchange agreement with a large multinational company, Mercedes Datakor is exporting some of its locally developed communications software for sale on international markets

Datakor software director Peter Styber says "We will train that company on the software and commission it. In exchange, we will get some software products that we can use on our local products"

And for another overseas computer company, Datakor recently installed locally developed IBM 3278 emulation communications software

Styber says "The software was developed to interconnect that company's product to their controller And the Datakor software was ready before the hardware was even fully developed

"We discovered the company had a need for such software, and simply offered our product"

And while the overseas company expected the acceptance tests to take up to four months, Datakor managed to successfully complete 90% of its tests in two days, and took a few more days to perfect the job

As far as other export products are concerned, McEvoy points out that only products that are successful locally are consid

He says "Whe tion capacity, we products as the the SA market

"These pro ported into niche will satisfy pro thrust into the S develop products problems enc customers"

McEvoy says natural market products, but p various African difficult He sa overseas buyers essential to keep cause of the sa threats"

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Frangos is after a solid foundation for group

WHEN Nic Frangos bought Mercedes Office Machines in 1975, he was not buying a company that sold typewriters predominantly, but a solid foundation on which a successful, innovative group could be built.

There were two new lines, Frangos felt after months of research, that could be major forces in the commercial world, and these were the design and development of local computer products and communication systems.

Once the direction of the company had been established, the next step was to find the staff to make a successful group possible — and at last Datakor emerged.

At this point there were two legs to be tackled — Datakor was to create its own culture and credibility, and Mercedes was to be upgraded to the same superior level.

From the outset, five central philosophies were established which were designed to promote and maintain the success of the group.

Philosophies

These were:

☐ The life of the group depended on the customer and thus customer satisfaction was the most important objective.

☐ Employees interfacing with the customer should be aware they were central to the most important philosophy.

☐ All people in the group provided support to the customer and should be aware of this.

☐ The development of a strong management team.

☐ The interests of the shareholders.

Anybody who has given business philosophy any consideration will notice these philosophies are the opposite to those generally practised

Companies with shareholders as their main priority are thinking only in terms of dividends and share appreciation.

In Frango's opinion, a short-term approach would result in a short life for a company

By protecting the company's long-term interests, clients are given a sense of security and this, as a result, almost guarantees business.

He says his group has experienced unstable relationships with its shareholders, but particularly stable relationships with its customers, a company's lifeblood.

A company release says: "In our industry, 80% of the market place is made up of international organisations.

"The Mercedes Datakor Group has already started to try and improve the situation, and one method it is using is to maintain an independant status

"Through having no affiliations, the Group has been able to offer the majority of the market independent deals."

At the end of the group's planned first stage, its turnover has increased from R2m to R42m

The progression of the group to adulthood is beginning to emerge and long-term plans are showing growth

Frangos details the second stage as having three long-term objectives:

☐ Broadening the group's base of products to include those closely associated to data processing, office automation and communications.

☐ Broadening the customer base.

☐ Implementing programmes to upgrade the group's level of skill and capabilities

Frangos predicts this stage as the one that will bring about various acquisitions and mergers over the next 10 years.

What he'd like to see in the future is his group being considered the best support organisation in the country

One of the group's major policies is equal opportunity in employment and Frangos believes Mercedes Datakor was among the first companies in SA to eliminate discrimination based on race and sex.

Policy

Another strongly supported policy of the group is to encourage the growth and ambition of employees within the group

Because of its diversification, many opportunities for development are available to the staff, but what all people must realise, Frangos emphasises, is that success is a by-product of hard work

To support this, Frangos tells his staff to take note of the following quote, made by one of the most successful businessmen in the US.

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Slick service keeps those clients happy

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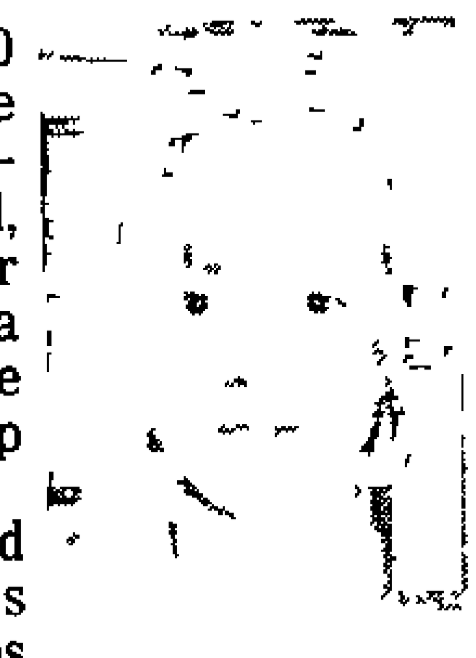

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MERCEDES DATAKOR GROUP

A Business Day Corporate Survey

Company's SA roots go right back to late 1930s

An integrated divisional approach is just one step along the way

IN 1977, Mercedes Datakor was the second company in SA to launch word-processing products

These were from a US-based company, Lanier, world-leaders in word-processing systems at the time

It was in 1977 that Mercedes Office Machines changed its name to Mercedes Information Systems, a move that spearheaded the change in the group's profile

In 1980, the group shifted out of typewriters, the company's heritage, and shed some other minor office products

Indeed, by 1980, the company was well on its way to integrating office automation and data processing — the mainstays of the group's business

In 1982, the integration of Mercedes and the data processing division, Datakor, started.

Formation

This led to the formation of a common field engineering and software development team Products are often sold jointly by the two branches

MD Nic Frangos says "We have now reached our goal of an integrated, divisional approach The next goal is to have an organisation which remains integrated as much as possible in the three areas of office automation, data processing and communications

"In terms of office automation, we aim to increase our market share through internal growth, while in the data processing arena, we intend entering related markets which are generally mature So acquisition is likely to be the most appropriate method of growing

"We are already involved in the networking side of data processing and telecommunications and hope to get involved in the broader area of telecoms However, this will also have to be done through acquisition"

Ultimately Frangos says these three areas will merge

And when they do, it will be time to merge the divisions in the company once again.

THE roots of Mercedes Datakor go back to 1937, when two German brothers came to SA and launched Mercedes Office Machines

☐ FRANGOS

The Flugner brothers used the name Mercedes because of the good connections they'd had with their previous company, German-based Mercedes Büromachinen

After the Second World War, however, the company fell inside East Germany and its SA ties were severed

From the start, Mercedes Office Machines was totally SA-owned It later represented Adler typewriters from Triumph Adler in Nürnberg

Until the early '60s, it concentrated on office machines, predominantly in the Transvaal

The company's fortunes changed when Triumph Adler was bought out, and its new owners expressed their dissatisfaction with the number of sales made by their SA agents

However, the Flugner brothers — short of capital and unable to expand — opted to sell out to another office machinery agency

This took Mercedes Office Machines into several other major centres around SA, and ensured the company's emphasis for the next decade remained in the realms of office machinery

Mercedes Office Machines grew to become one of SA's leading typewriter vendors, with a significant client base It also dabbled in computers, representing a few overseas computer companies

Current MD Nic Frangos bought the company in 1975 — having looked for an established firm with the potential to move into the hi-tech era — to transform it into a leading computer organisation

Because of its significant base of corporate clients, this company proved the right vehicle

However, the company experienced financial problems — it had expanded rapidly in achieving its R2m turnover and cash flow hassles were evident

Frangos, who had little cash available, had to buy his way in and managed to turn the company around

He says "In 1976 it was already fairly profitable, with the cash flow under control and other cleaning-up operations well under way"

It was time for expansion, but key issues concerning the company's established culture had to be addressed

At the end of 1977 Frangos launched a separate subsidiary, Datakor He had bought another company that year which had some computer involvement, but his hopes of introducing products from this company into Datakor were dashed, and that company was closed

Datakor and Mercedes Office Machines fell under the newly-formed holding company, Mercedes Management and Finance

The 10-year plan for the group was to transform the office products organisation into an office automation company, and to put Datakor on the data processing track

Frangos says "The knowledge that the technology of the two would eventually merge ensured that the plans all made sense"

However, to launch Datakor, Frangos spent six weeks learning about the computer industry — with special emphasis on the potential for local design and development, and investigating potential employees

He says "In many ways, Datakor has been a model organisation in terms of growth and profit record. It now dominates the group's activities"

Exports not a major player in profits

Mercedes Datakor finds that exports are not a major contributor to profits However, when it does export products they have been well tested on the SA market Africa would be the natural market for exports but political problems preclude that

EXPORTS are not a major player in the contribution to profits for the Mercedes Datakor Group

Indeed, the company is kept so busy keeping up with local demand, that it hardly has time to manufacture for export markets

However, it has proved its products are of world standard Operations director Mike McEvoy says "We don't suffer from the typical SA company inferiority complexes when it comes to comparing our goods with overseas products"

Software exports are illustrative of this

In a recent technology exchange agreement with a large multinational company, Mercedes Datakor is exporting some of its locally developed communications software for sale on international markets

Datakor software director Peter Styber says "We will train that company on the software and commission it. In exchange, we will get some software products that we can use on our local products"

And for another overseas computer company, Datakor recently installed locally developed IBM 3278 emulation communications software

Styber says "The software was developed to interconnect that company's product to their controller And the Datakor software was ready before the hardware was even fully developed

"We discovered the company had a need for such software, and simply offered our product"

And while the overseas company expected the acceptance tests to take up to four months, Datakor managed to successfully complete 90% of its tests in two days, and took a few more days to perfect the job

As far as other export products are concerned, McEvoy points out that only products that are successful locally are considered

He says "Where we have production capacity, we will export turnkey products as the multinationals do to the SA market

"These products are chiefly exported into niche markets where they will satisfy problems — unlike our thrust into the SA market where we develop products to satisfy identified problems encountered by specific customers"

McEvoy says Africa should be the natural market for SA developed products, but political problems with various African countries make this difficult He says "And as far as overseas buyers are concerned, it is essential to keep a low profile because of the sanctions and boycott threats"

Frangos is a foundation i

WHEN Nic Frangos bought Mercedes Office Machines in 1975, he was not buying a company that sold typewriters predominantly, but a solid foundation on which a successful, innovative group could be built

There were two new lines, Frangos felt after months of research, that could be major forces in the commercial world, and these were the design and development of local computer products and communication systems

Once the direction of the company had been established, the next step was to find the staff to make a successful group possible — and at last Datakor emerged,

At this point there were two legs to be tackled — Datakor was to create its own culture and credibility, and Mercedes was to be upgraded to the same superior level

From the outset, five central philosophies were established which were designed to promote and maintain the success of the group

Philosophies

These were

☐ The life of the group depended on the customer and thus customer satisfaction was the most important objective

☐ Employees interfacing with the customer should be aware they were central to the most important philosophy

☐ All people in the group provided support to the customer and should be aware of this

☐ The development of a strong management team

☐ The interests of the shareholders.

Anybody who has given business philosophy any consideration will notice these philosophies are the opposite to those generally practised

Companies with shareholders as their main priority are thinking only in terms of dividends and share appreciation

In Frangos's opinion, a short term approach would result in a short life for a company

By protecting the company's long term interests, clients are given a sense of security and this, as a result, almost guarantees business

He says his group has experienced unstable relationships with its shareholders, but particularly stable relationships with its customers, a company's lifeblood

A company release says "In our industry, 80% of the market place is made up of international organisations

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Fighting spirit characterises success

THERE'S a fighting spirit behind the success of Mercedes Datakor

It emanates from years of achievements — against all odds

MD Nic Frangos says "Some of our success stories go back many years and have become the folklore of this company

"They still create drive for staff"

One example goes back five years

At the time Mercedes Datakor represented a US minicomputer company It was invited to submit proposals to link up various centres via computer to speed up the operations of the Automated Clearing Bureau

Its expensive solution was based on minicomputers

Although the solution was chosen and implemented, the operating system did not work

The US company went into Chapter 11 (protection against its creditors) at about the same time

Mercedes Datakor tried to rectify the problems and meetings were held over three weeks with all staff involved in the project

It was discovered that perspectives of the problem had been identified differently by different staff They were told that the cost of pulling out of the deal exceeded R1m

Once staff realised this, their attitude became more positive They set about designing a new product with high local content and superior to the imported solution

That gave birth to the company's data communications system, the MS 8000, which proved successful, and is now operating in many different sites around SA

Frangos says the company and many of its developments have been based on this fighting spirit

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Out of recession — success

Despite severe problems, the picture in the motor components industry is by no means entirely gloomy

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FIN MAIL 26/9/86

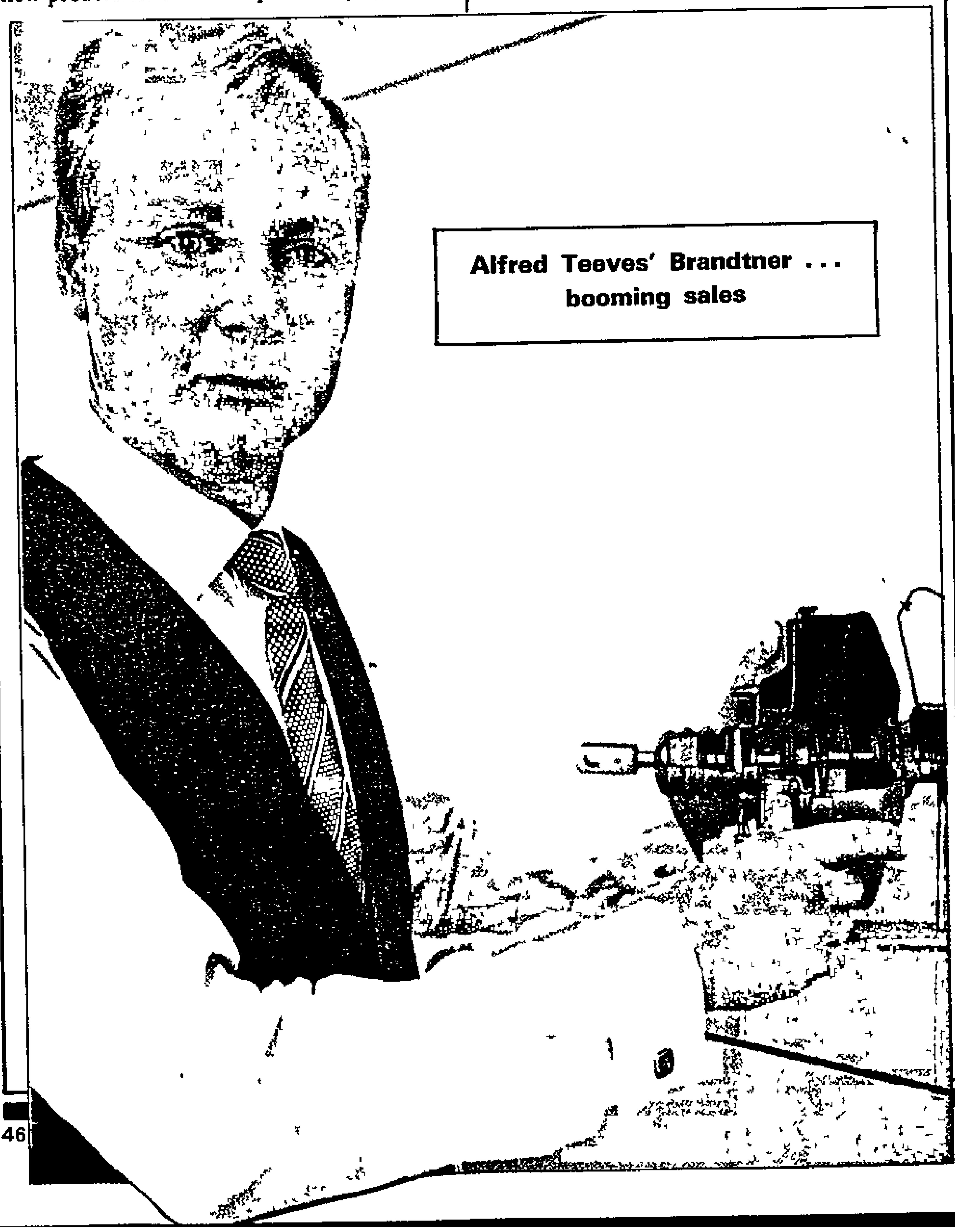
While much of the motor components industry languishes and the number of people employed has halved in a few years, the picture is by no means entirely gloomy.

Grabbing opportunity as it knocks, pushing their marketing efforts beyond SA's borders or riding the wave of a still-healthy replacement market, some companies are experiencing growth and looking forward to more

Alfred Teeves Engineering is one Manufacturing complete brake systems, the company reports development in local markets, new product areas and exports. Says general manager, John Brandtner "Sales are booming on the replacement market and our new products are gaining acceptance among car manufacturers We expect both markets to continue growing in 1987"

A R12m investment in plant has enabled the company to move into export markets in Europe, meeting that market's specifications.

"The South African operation is closely integrated with the international Alfred Teves group," says Brandtner, "so we can manufacture without the need for outside licencing agreements — and that's important in case of sanctions"



Alfred Teeves' Brandtner ... booming sales

Another industry executive who maintains an optimistic stance, though he is well aware of the industry's problems, is Gabriel MD, Fred Keywood.

His own company, which makes shock absorbers, is well positioned in the replacement market and has become increasingly involved in exports

This increase, says Keywood, sprang directly from the downturn in the local original equipment market and the need to compensate — though his company has been in exports for 15 years

"Our products have been received very favourably overseas," says Keywood, "and we have high hopes of increasing export levels because overseas buyers like our quality, reliability and price"

He is well aware of the problems sanctions could bring, but confident that the industry will cope

"Plans will probably include reducing the number of local models and increasing local content The components industry is very capable, and with available tooling we could relatively easily achieve higher local content Our own company uses very few imported components and materials

"The biggest problem is not the sanctions, but the uncertainty We are in a state of limbo, which is very bad for ourselves and our trading partners."

Bill Cooper of Ferodo Heat Exchangers is also in good spirits, not least because his company this year won the prestigious Volkswagen Supplier of the Year award.

The award, he says is based on a complex points system and is closely connected with successful mastery of the "just in time" method of supplying, which has important cost saving features.

But Cooper has other reasons for smiling. Breaking into export markets, he expects no less than half his production to find overseas markets soon.

Ferodo entered the local market for heater cores and radiators only three years ago and is still expanding its share

"We've been lucky," says Cooper "Despite the decline in the market we've grown"

He warns companies looking to export markets that keen pricing, resulting from the low rand, is not enough "Quality is the key That's the message — and SA can do it." ■

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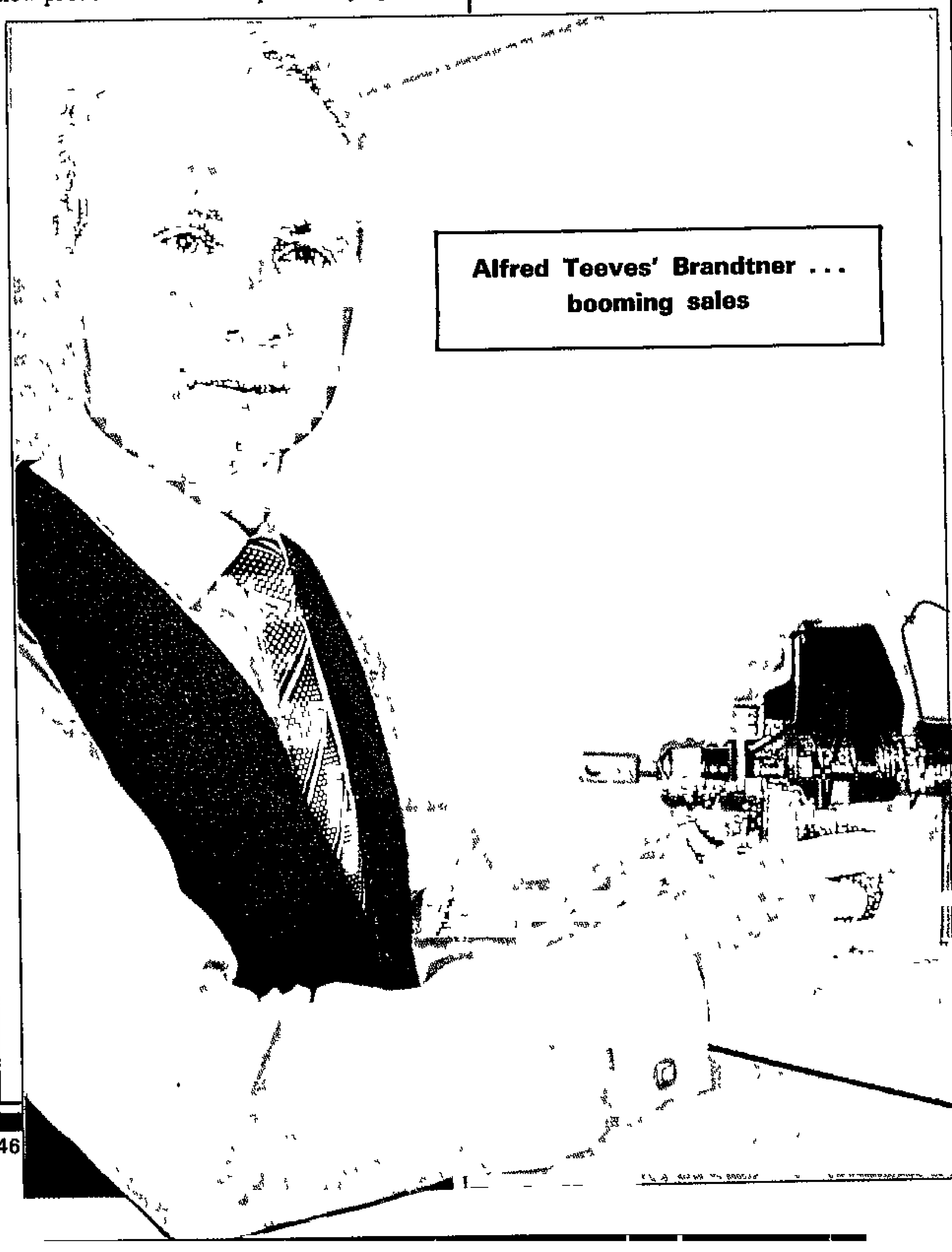

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International answers

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The small home market for component manufacturers breeds short production runs and less than ideal profits, so eyes are turning to overseas buyers. Other spin-offs are local job creation and forex inflow

While the motor and components industries are both already substantial exporters, there is much hunting about for wider markets, particularly on the part of component manufacturers, with a view to alleviating one of their major problems — low-volume production runs

However, as things stand, there is no special direct incentive for them to export If they want to get some advantage from existing excise duty rebates, they must export through motor manufacturers

Some components companies are also restricted from selling in certain markets, in terms of licencing agreements that cover their products Moreover, a component company only has rights to do as it wishes with its product if it has paid the cost of tooling This is not always the case since motor companies frequently pay these costs

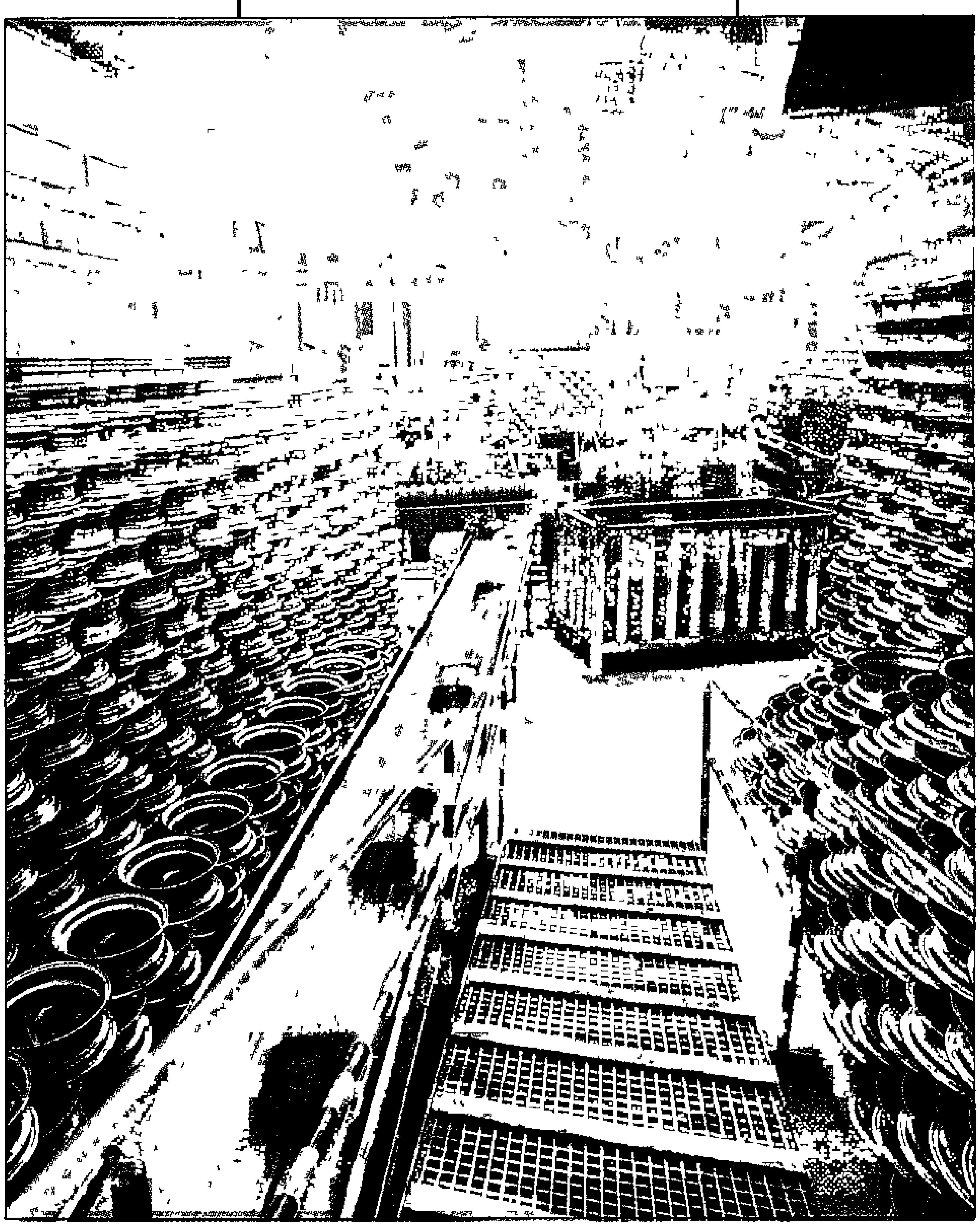
Any exporter qualifies for government incentive schemes but, over and above that, the motor industry enjoys a R4/kg excise duty rebate on local content This is a deduction from the excise duty payable on the sale of passenger cars Out of this excise duty "kitty" come the rebates for export of either built-up cars or components exported as such

No rebates are available directly to components manufacturers, because there is no excise duty paid on their products and hence no kitty to draw from

As a result, sharing agreements have been worked out between component and motor makers, the latter usually handling the exportation of the components But it is also allowable for a components company to export in its own right, so long as rebates are claimed through a motor company

Not surprisingly, in these circumstances, there is a certain amount of shopping around for sharing agreements It is also not surprising to learn that this system is under study, with a view to introducing modifications so that it will fully comply with Gatt requirements Perhaps it should also be studied from the point of view of its essential quaintness

Despite the system, or perhaps because of it — it's hard to say which — exports are coming along well In present circumstances, the industry is chary of pointing to specific markets, but will reveal that its moves in Europe seem to be bearing fruit



Production line ... a question of scale

South African participation in a Swiss components exhibition (Sitef) generated such interest that if only serious inquiries came to fruition, says National Association of Automotive Components and Allied Manufacturers (Naacam) director, Denzyl Vermooten, business worth some R500m a year could result With the rand where it is, South African-made components are now very competitive

Sixteen South African components manufacturers exhibited in a single pavilion at Sitef and, says Vermooten they plan to go back every two years "Our acquired ability to produce efficiently in short runs has given us great flexibility, and that has turned out to be an advantage on export markets," he adds

Where local manufacturers are restricted by the licence-holders, who may well be major overseas

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Any exporter qualifies for government incentive schemes but, over and above that, the motor industry enjoys a R4/kg excise duty rebate on local content This is a deduction from the excise duty payable on the sale of passenger cars Out of this excise duty "kitty" come the rebates for export of either built-up cars or components exported as such

No rebates are available directly to components manufacturers, because there is no excise duty paid on their products and hence no kitty to draw from

As a result, sharing agreements have been worked out between component and motor makers, the latter usually handling the exportation of the components But it is also allowable for a components company to export in its own right, so long as rebates are claimed through a motor company

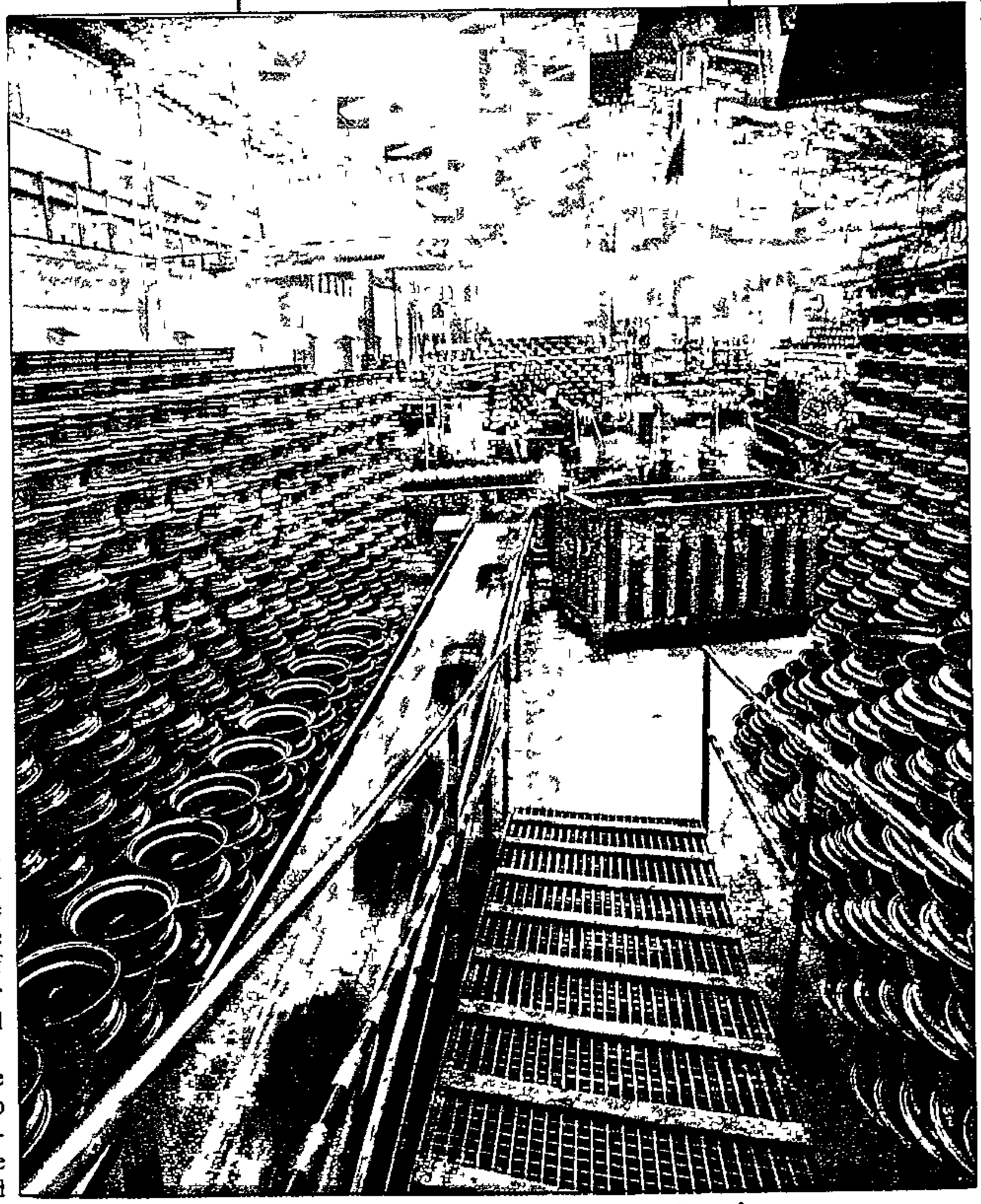
Not surprisingly, in these circumstances, there is a certain amount of shopping around for sharing agreements It is also not surprising to learn that this system is under study, with a view to introducing modifications so that it will fully comply with Gatt requirements Perhaps it should also be studied from the point of view of its essential quaintness

Despite the system, or perhaps because of it — it's hard to say which — exports are coming along well In present circumstances, the industry is chary of pointing to specific markets, but will reveal that its moves in Europe seem to be bearing fruit

South African participation in a Swiss components exhibition (Sitef) generated such interest that if only serious inquiries came to fruition, says National Association of Automotive Components and Allied Manufacturers (Naacam) director, Denzyl Vermooten, business worth some R500m a year could result With the rand where it is, South African-made components are now very competitive

Sixteen South African components manufacturers exhibited in a single pavilion at Sitef and, says Vermooten, they plan to go back every two years "Our acquired ability to produce efficiently in short runs has given us great flexibility, and that has turned out to be an advantage on export markets," he adds

Where local manufacturers are restricted by the licence-holders, who may well be major overseas



Production line . . . a question of scale

F.N MAIL 26/9/86

(192)

International answers

The small home market for component manufacturers breeds short production runs and less than ideal profits, so eyes are turning to overseas buyers. Other spin-offs are local job creation and forex inflow

While the motor and components industries are both already substantial exporters, there is much hunting about for wider markets, particularly on the part of component manufacturers, with a view to alleviating one of their major problems — low-volume production runs

However, as things stand, there is no special direct incentive for them to export If they want to get some advantage from existing excise duty rebates, they must export through motor manufacturers

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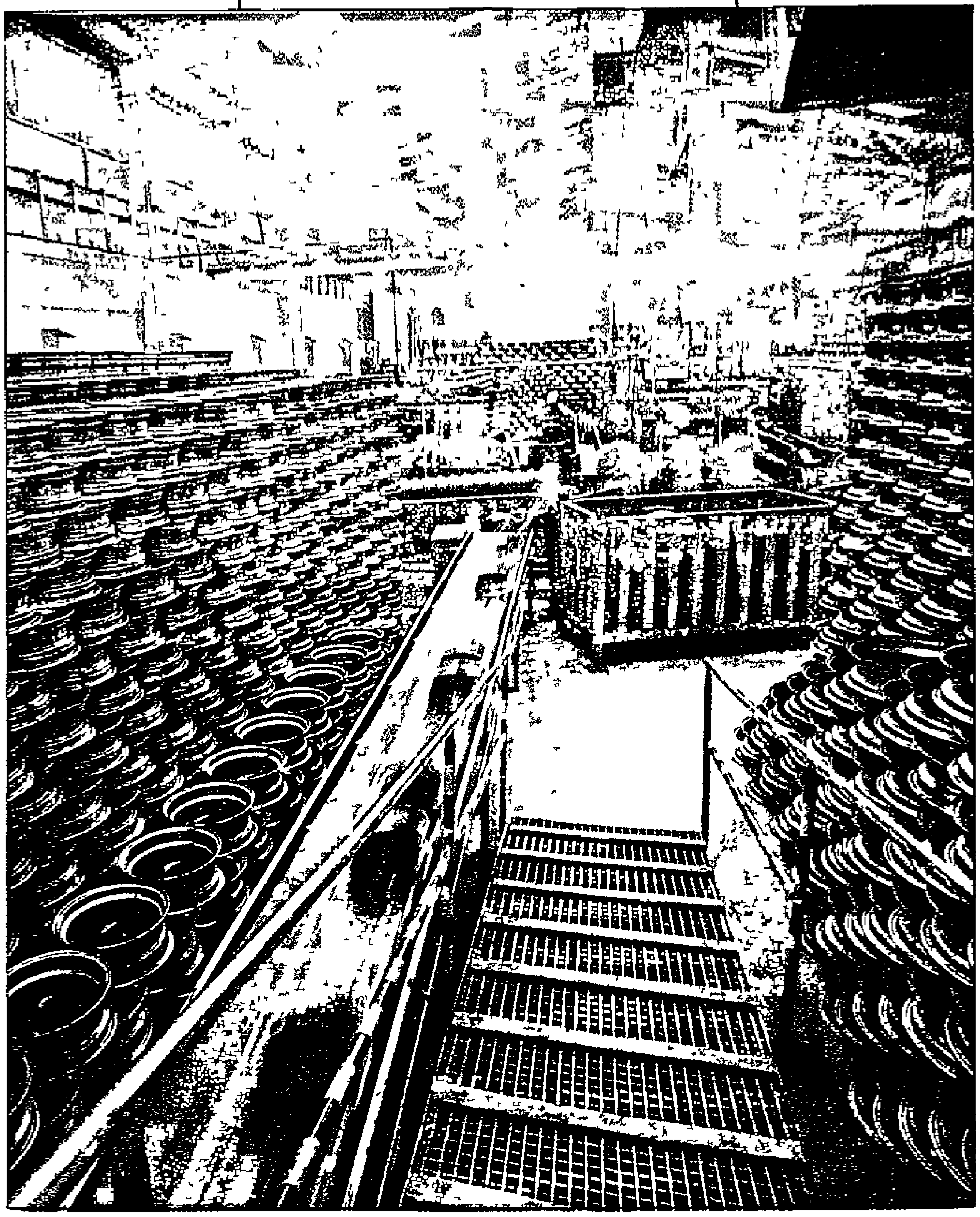

Production line ... a question of scale

26/6/86 SOWETAN 192

Benz workers down tools

ABOUT 150 workers downed tools at Mercedes Benz Johannesburg demanding a reinstatement of a sacked colleague

The worker, Mr Stephen Stephen Sibeko, a shop steward at the company, was fired after he refused to work under a white supervisor, allegedly given to making "racist remarks about black workers"

SUNTIMES 28/9/86

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Car prices up soon and worse to come

By Don Robertson

MOTOR manufacturers will increase prices again in a week or two — and for several it will be the fourth rise this year.

But worse is on the way A fifth price increase is likely before the end of the year in spite of the improvement in the rand in the past four weeks

Nissan and Toyota have indicated that prices will rise soon. Volkswagen will follow later in October — and the rest of the pack will not be far behind

The average increase for the year to date is about 24%, but some manufacturers insist that because of the weak rand in previous months they are still under-recovering by between 10% and 15% The only way to return to profitability is another round of price increases shortly before the yearend

Prices of cars and commmercial vehicles rose by an average of 30% last year.

Manufacturers of Japanese cars are under more pressure than the Germans Japanese content of cars has risen to about 50% of retail value in spite of the fact that imported components represent about 34% by weight

Waiting

Cars being built now use components ordered at least three months ago when the rand was much lower against the yen than now

Toyota will increase prices by between 6% and 8% across the range soon This follows increases of 4% in February, 5% to 7% in June and 7% to 8% in August

Nissan's increases will average about 6%, but the next price move is unlikely until the beginning of next year.

Volkswagen will lift the price of Audis by about 6% this week A similar increase in Volkswagen prices will be made before the end of October. The company hopes that if the rand improves, another price rise before January will be avoided

Volkswagen raised the price of cars in February by between 4% and 6% and by 5% in July and August Audi prices went up by 5,5% in April

Surprisingly, Samcor — manufacturers of Ford and Mazda — has not decided on a price increase But it is almost certain to charge more — as is General Motors

Mercedes-Benz will decide on pricing strategy in the middle of October BMW, which last lifted prices by 6% in September, will probably hold off until December

McCarthy group has cause for glee at its half century

In a motor industry that saw new vehicle sales decline 10 percent in 1986 against 1985, and 33 percent lower than the year ended June 1984, the McCarthy group celebrated its 50th anniversary on a high note

In 1936, McCarthy sold 1 232 new and used vehicles, in 1986, 62 246 cars were sold In 1936 the group turnover was R2,65 million, in 1986 it exceeded R1 billion

Shareholders funds of R467 000 in 1936 had grown to R95 million by 1986

But the group did not escape the effects of the horrendous state of the motor industry

While turnover increased 18 percent to R1 billion (1985 R86 million) operating profit declined from R27 million in 1985 to R24,3 million due to profit margins coming under heavy pressure

Despite debt to equity ratio declining from 49 percent to 40 percent and borrowing from R43,7 million to R38,6 million and lower interest rates, interest expense was still a significant R7,15 million (1985 R7,4 million)

Reduced tax

Reduced tax saved the day with an effective tax rate of 39 percent — R6,7 million — compared to 47,4 percent in 1985 — R9,54 million.

Exempt income, training allowances and the utilisation of an assessed loss in a subsidiary reduced by disallowable expenses helped cut taxes Tax losses available for future use totalled R4,38 million (1985 R6,9 million) at end-June 1986.

This helped profit attributable to ordinary shareholders end at R10,36 million compared to R10,35 million in 1985 and saw earnings a share marginally up at 60,7 cents (1985 60,6 cents) The annual dividend remained the same at 25 cents

In the chairman's review Mr B C McCarthy expressed dismay at the group's operating environment having to contend with negative growth in a country that requires a growth rate of 3,5 percent a year to accommodate the new annual entrants to the labour market of around 350 000.

Fanning flames

He believes effective sanctions will aggravate the already serious situation as further unemployment will fan the flames of violence and cause even greater socio-political polarisation and upheaval Regretfully the process of reform will become the ultimate loser, he says

Apart from 1977 one has to go back to 1969 to find a year in which sales were at a lower level than in 1986 Car sales were adversely affected by diminished disposable incomes and the perks tax

The depreciated value of the rand has increased the value of the imported contents of a car by a massive 55 percent from around 34 percent two years ago Today, about 90 percent of the vehicles sold in South Africa are sourced from either Germany or Japan

The most shattering thought is that if price escalation levels out at 20 percent a year over the next four years, by 1990 a small car today selling at R14 000 and a big car at R40 000 will more than double to R29 000 and R83 000 respectively, according to Mr McCarthy

Just who will be able to afford such prices four years from now with the drop in disposable incomes and an inflation rate of around 20 percent? The standard of living will decline considerably in the next four years even without taking sanctions and a siege economy into account.

Helped by the Toyota franchise, McCarthy's new vehicle dealer share of the market increased to 11,4 percent (1985 10,7 percent) The Volkswagen and BMW divisions achieved the highest growth in earnings over the previous year

Now that Peugeot, Alfa Romeo and Renault have withdrawn, the group has successfully negotiated with the parent companies of these three franchises to act as national parts distributor

Used cars

In the case of Peugeot the group acts as concessionaire for their full product range This will only apply to used cars of the three makes as their new models won't be seen in South Africa again

Manpower has declined by 4 percent from 5 736 to 5 495 The budgets for 1987 forecast that the new vehicle markets will be similar to 1986 while national motorcycle sales will be 25 percent lower.

With the emphasis on used cars and parts together with further cost savings in the pipeline, Mr McCarthy is pitching earnings marginally higher than 1986

There is no doubt that management's conservative approach is paying dividends

The balance sheet shows there is a capital base of almost R100 million to build on

Working capital is adequate at R47,3 million (1985 R43,4 million) with the current assets to current liabilities ratio of 1,38 to 1 (1985 1,36 to 1)

The ratio of current assets less stocks to current liabilities of 0,39 to 1 (1985 0,36 to 1) is the only worrying aspect caused mainly by high stocks of R123 million (1985 R121 million)

Dwindling product ranges and escalating costs are here to stay Just what the public will be driving in five to 10 years time is anyone's guess Perhaps bicycles, oxwagons and pony traps are just around the corner?

McCarthy has had a memorable half century and in the next 50 years could face demands few companies will be able to withstand The group has a proven track record and a solid foundation on which to build

Is it something to do with 'deletion allowances'?

E. Post 29/9/86 (192)

Why is local content of cars not soaring?

LOCALLY manufactured motor components cost less than imported items and strategic considerations, including sanctions, point to the need to increase in local content So why is local content not soaring right now? Why are people in the components industry hoping for more local content legislation?

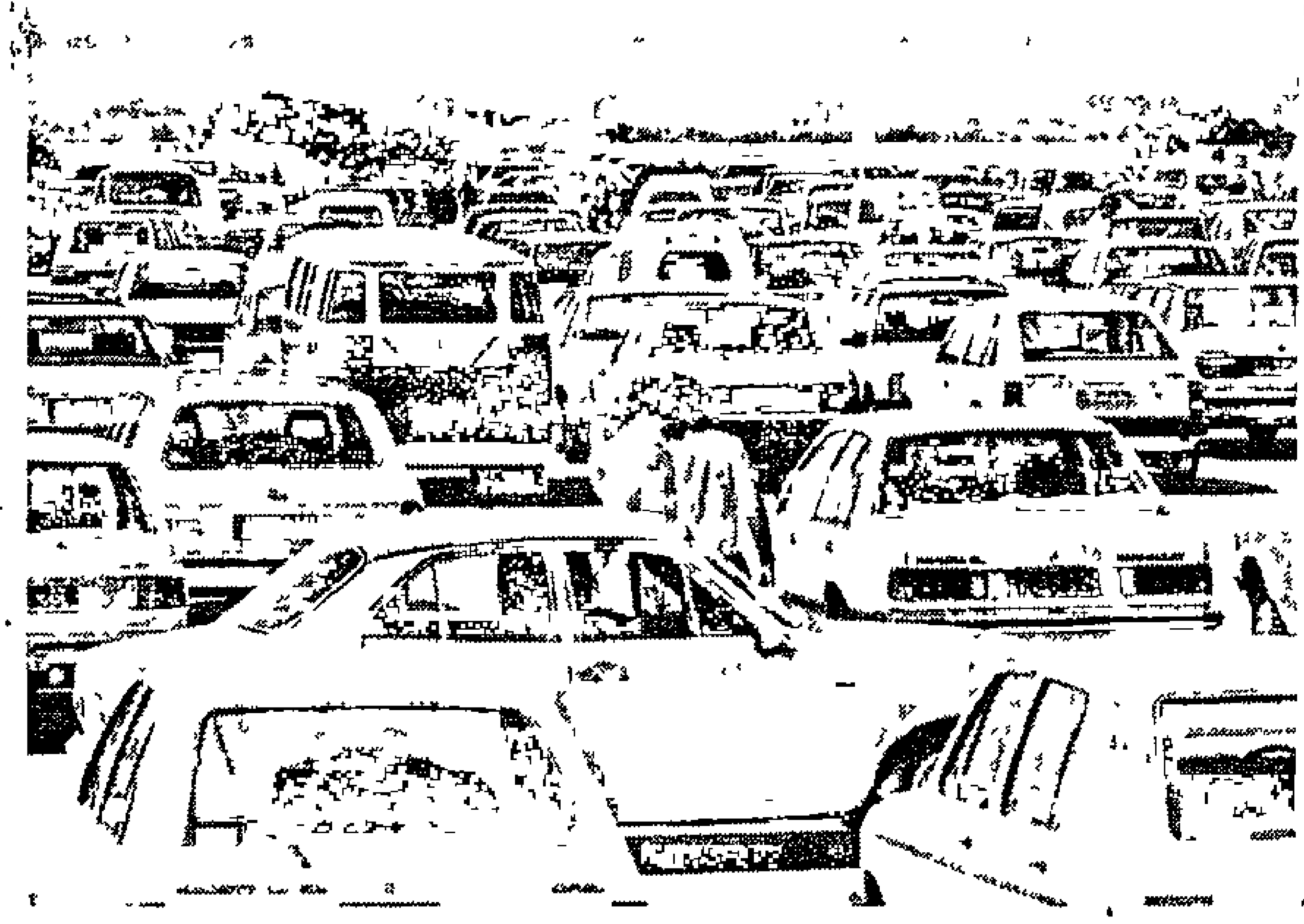
The answer is that the South African motor industry is not alone in the world Look at the products of the local motor industry Fords, Volkswagens, Toyotas, Mercedes Barring local modifications, you are looking at the products of design shops in Europe, Japan and, indirectly, America You are seeing that behind the South African manufacturers lie principals whose designs and technology are being used here and which have interests of their own to protect

In guarding their interests, it is inevitable that they will attempt to dictate certain methods of trading in markets such as South Africa's. As owners of the basic technology, and possessing enormous heft, it is equally inevitable that they will succeed, at least in some degree

This is the measure of the heft The market for passenger cars in Europe hovers around 10 million units a year South African production is presently under 200 000 units a year.

Then there is the factor that most concerns the giant overseas manufacturers exports These motor companies operate with over-capacity in saturated home markets Fiat chairman, Gianni Agnelli, says that by the 'Nineties two of Europe's big six manufacturers will have dropped out

So, overseas manufacturers do not just see exports as being in their interests — exports are a necessity for survival.



If the local content of SA manufactured cars was increased, would they not be cheaper? Would it not be easier to beat sanctions?

And, with that in mind, why should they be overjoyed at the prospect of the South African components industry eating into those markets?

They apply pressure in a number of ways, though you would be hard-pressed to find a South African motor manufacturer who will openly admit this It is difficult to resist pressure when you owe your technology to an overseas principal, and quite probably your capital investment too

Of course, if the law says 66% is the breakpoint, then that's what it is And this provides a straight answer for the overseas company If the law said 76%, that too would have to be adhered to Which brings us closer to understanding why there are still calls for legislation, despite the fact that the local component industry is highly cost-competitive today

What form does pressure from abroad take? In terms of direct pressure, nobody is telling But when it comes to indirect pressure, one method is claimed to be clearly identified, though proving that conclusively is another matter It revolves around deletion allowances

Overseas motor companies dispatch to their associated South African companies packs of components that include the parts of the vehicles which are not manufactured locally In the event that a South African carmaker decides to use a local component that was previously imported in the pack, he will ask for that item to be deleted from the pack and apply for an appropriate reduction in the price of the pack — known as a deletion allowance

But, what is an appropriate reduction?

That depends on who is making the decision and what his motivation is

In this case, it is the overseas manufacturer and one of his motivations is to increase exports, not diminish them

There are various schools of thought in SA on how appropriate the actual deletion allowances are, and one of these schools holds that they are not appropriate at all, but intended to knock out the local component manufacturer But try to prove that There are many methods of calculating and each has its claims to validity

However, one thing is certain When a local component manufacturer quotes for the supply of a part which was previously in the pack, he is not necessarily competing with the actual landed cost of the import He is competing with the deletion allowance, whatever that might be — and he doesn't know, nor can he attempt to calculate it, with much hope of success.

So it is not protection that the local component manufacturer is looking for when he hopes for legislation — unless it is protection from deletion allowances The deletion allowance is a cunning adversary that can grow, shrink, or even disappear

And who can blame the local motor manufacturer? If the deletion allowance is less than the minimum, cut-to-the-bone quote for a local component, he must go for the full import pack He must cut costs in the stiff competition of this market

To complicate the matter further and make the task of the local component man even more difficult, some imported packs, particularly from Japan, are priced as a pack, with no cost breakdown on the contents This makes it virtually impossible to identify the cost of any one item People in the motor industry make educated guesses But that's not a suitable basis for negotiation

Apart from such indentifiable roadblocks, Naacam president Hannes Fehrsen points to "the snowball effect of general overseas policy, summed up as 'let's protect our markets'

"We have a very strong case for more local content at this time," he says. "We should go for it But any legislation should concentrate on incentives rather than the stick We should get together — the motor industry, the components industry and Government — to see what is best for the country in the long term

"I believe we are far closer to that kind of co-operation now than we have ever been"

Faith for Today

The alternative

'. . . choose you this day whom ye will serve'. — Joshua 24:15 (Authorised Version)

TO be a "man of the world" is thought by many to be an admirable state. It implies a toughness that is able to comply with the demands of life and an aggressiveness that will brook no opposition. Such a man is wise in the ways of the world and his attitude to success is dictated by the trends of the society to which he belongs.

A "man of the world" places himself first in all things

Local content for vehicles stays static

192

Eve Post 29/9/86

Post Reporter

MOTOR manufacturers such as General Motors, despite unfavourable exchange rates on imports, have not increased the content of locally manufactured vehicles.

PRO for General Motors Mike Killeen said this was because the imported content was made up largely of high-tech equipment which was not manufactured in South Africa

Mr Killeen said his company used as many locally made components as possible However, micro-technological parts, which were too advanced for local manufacture, were incorporated in the instrument panel.

These were imported from plants in Brazil, Australia and Korea, he said

Access to these plants allowed GM South African to negotiate the best possible exchange rate

According to legislation, local content of vehicles must be at least 66%

In most cases the local content was higher, he said, and in some cases well over 70%

Although the company was forced to import parts, they also had "a sizeable export programme", Mr Killeen said

Although unable to quantify the amount, he said metal pressings (bonnets, doors and underpans) had been exported last year.

The managing director of Volkswagen SA, Mr Peter Searle, said one of the models marketed by his company, the Citi Golf, could lay claim to the being "the most South African vehicle"

With a local content mass of 80,37%, the Citi Golf boasted the highest local content of any passenger car made in South Africa, Mr Searle said

Nine other models in VW's range had a local content in excess of 70% and the average local content of the company's cars was 69,8%

"Since the collapse of the rand, our product engineering division has been intensively involved in developing components for local production To date, annual savings of R1,86-million have been achieved on previously imported components

"A further R3,45 million will be saved on components now under development," Mr Searle said

Volkswagen had the largest body pressing plant in South Africa, enabling it to press all the body parts for its own products and to produce pressings for other manufacturers under contract

The company was also the only manufacturer with its own engine reconditioning plant on the premises, Mr Searle said.

● See Page 12

LCV sales to hit highest peak

11/10/86

BUSDAY

MICK COLLINS

(192)

LIGHT commercial vehicle (LCV) sales will hit their highest yearly peak for the month of September, but the expected upturn in car sales will fail to materialise, industry sources say

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen says "The LCV sector has turned in another solid performance and sales could rise to their highest point so far this year

"With totals for August on record at 7 300, preliminary results are showing us that sales will pitch at between 7 500 and 8 000 units."

Forecasts on car sales do not look as promising with a decline of 7% predicted on August's figures

Vermeulen says "Passenger car sales for September are expected to come in at about 14 500 units, which is down on August's 15 400 and also down on predictions"

Recent measures to revitalise the economy prompted Naamsa last month to predict an average monthly sales figure of 15 000 units for the remainder of 1986

However, with car prices due to start rising again today, those forecasts may remain optimistic Some manufacturers have already announced increases of about 6,5% and others are certain to follow Last time prices rose was on August 1

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HEAVY VEHICLES

A heavier load

The threat of sanctions has given new impetus to import replacement programmes for the truck industry The Board of Trade and Industry (BTI) has already put forward proposals to make incorporation of locally made components more attractive

However, the commercial vehicle industry still believes such a programme will inevitably increase prices and be a further blow to the ailing industry, which has suffered from slowing sales in the heavy sector since 1981

On paper, sanctions could be devastating for the industry Econmetrix analyst Tony Twine told last week's *Outlook for Trucks* conference about the particular vulnerability of the truck sector to sanctions

On the assumption, unlikely as it may be, that two-way trade is blocked, that sanctions continue indefinitely and are effectively policed, he says there might be a short-term improvement in the market but sales would probably be down to less than half current — already low — volumes by 1990

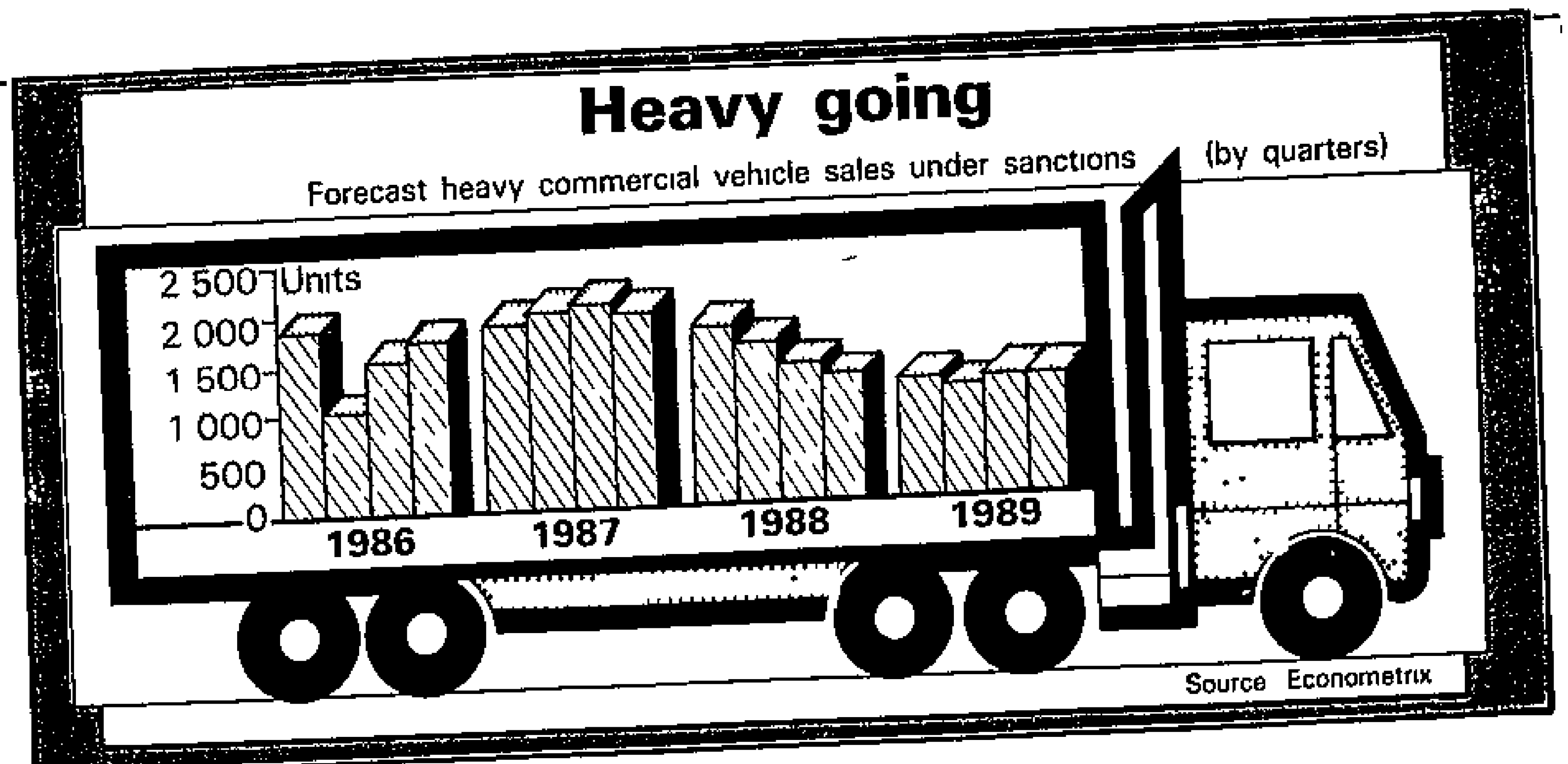
"Atlantis Diesel Engines and Astas transmissions are the only genuinely local components," Twine tells the *FM*. "Most imported components come in knocked-down packs. Parts could be scratched together for a car, but it would be very difficult to get the diversity of components needed to build a truck "

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen says that even without sanctions the outlook for commercial vehicles, and heavy trucks in particular, is not promising "We would need a growth in GDP of at least 3% a year before the industry can even think of recovery "

Against this background many motor manufacturers are reluctant to risk further instability and see increased regulation through a wider local content programme

The BTI is now studying the industry's comments on its initial proposals, and final recommendations are likely to go to the minister soon The new proposals envisage that while engines and gearboxes will continue to enjoy strategic protection, a rebate on excise will be introduced equal to 0,3 times the local content

For example, tyres are estimated to equate to 6% of the value of the vehicle and so a rebate of 1,8% of the excise duty would be allowed if the tyres were 100% locally made Once local content was over 40% excise duty would be nil



Naamsa told the BTI a local content system would be tolerable, provided that

- It is set at reasonable levels, consistent with the abilities of the industry,
- It operates on a no-hurt basis, meaning it would not add to vehicle costs, and
- It gives manufacturers sufficient choice as to which areas they can apply local content

But even if these conditions are satisfied, the industry still has reservations Vermeulen says "Further regulation is very hard to justify in the current economic climate, and the cost of administering such a programme would inevitably filter down into the price of vehicles Anyway, our truck industry is too small for economies of scale really to apply "

EVENING POST, THURSDAY, OCTOBER 2, 1986

192

E Cape could benefit from export drive

By DENISE BOUTALL

AN EXPORT foray by South African motor component manufacturers could result in contracts worth between R200 and R500 million and Eastern Cape companies are also expected to benefit

On May 17 South African component manufacturers took part in the biennial international exhibition of component manufacturers, Sitev, in Geneva Six of them came from Port Elizabeth or Uitenhage

In an interview the director of the National Association of Automotive Component Manufacturers, Mr Denzyl Vermooten, said manufacturers were confident of new export contracts worth at least R200 million and possibly as much as R500 million a year

Some of the work would definitely come to the Eastern Cape

A spokesman for one of the Uitenhage-based manufacturers said today that his company had not received any firm orders yet, but was still negotiating and there was a chance of them landing a contract worth R5 million

He said if the company did get new contracts, it would not publicise it because it could lead to political pressure on clients

In PE the technical sales manager of the Guestro Wheels division of Dorbyl Automotive Products, Mr Don Matthew, said they had received numerous inquiries after Sitev, but no firm orders They were busy with "very promising" negotiations

No other companies' spokesmen were available for comment today

FIN MAIL 3/10/86.

McCARTHY GROUP

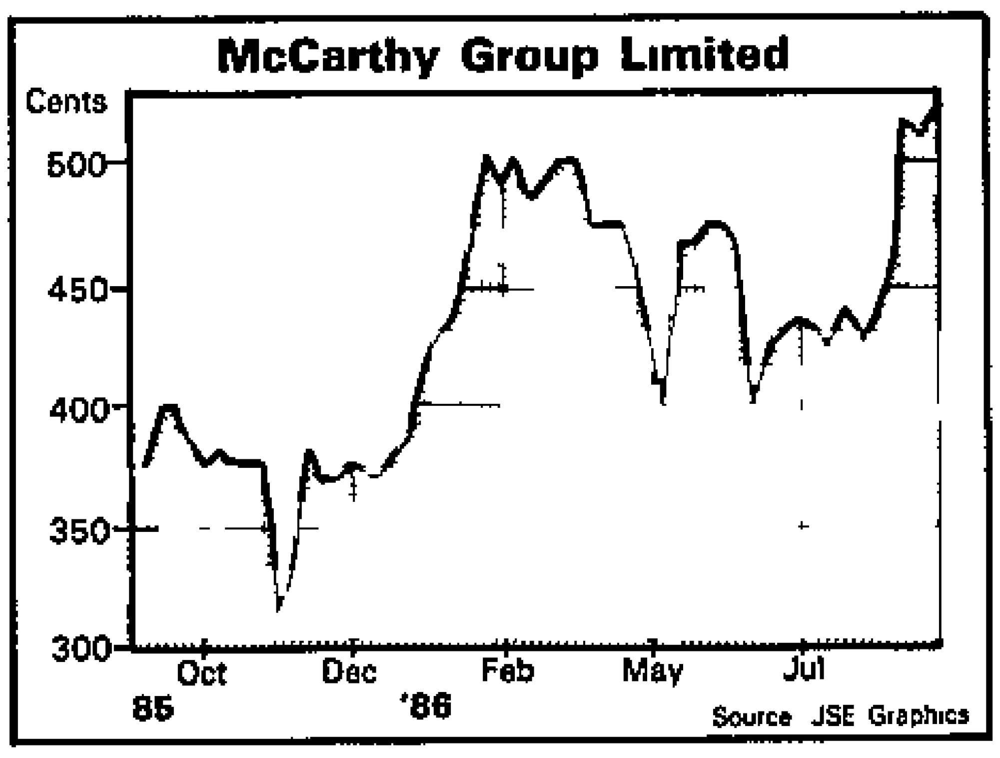
Smooth ride

192

The McCarthy group has managed to dodge the potholes many of its competitors fell into during one of the worst passages in the South African motor industry's history The group points out that with the exception of 1977, it is necessary to go back to 1969 to find a period in which sales were at a lower volume than in the year to June 1986

However, the way ahead looks to be a lot smoother Although the improving sales trend in June and July stalled in August, manufacturers are reasonably optimistic that the second half of 1986 will be better than the first Their optimism stems from the belief that demand has been pent-up, with the replacement cycle of vehicles extended in the face of the punitive fringe benefits tax Now that the tax proposals have been somewhat relaxed, buyers are returning to the market, and recent monthly sales figures of around 16 000 are an improvement on the 14 300 average experienced earlier this year

In budgets for the year ahead, McCarthy has assumed new car sales similar to last year, and motor cycle sales 25% lower (sales fell 35% from June 1985 to 1986) but is



Activities: *Sells new and used vehicles, imports and distributes motorcycles, outboard motors and generators Sells vehicle and motorcycle accessories and is active in truck and car rental*
Control: *Anglo American owns 38% of the equity. Directors own another 11,9%.*
Chairman: *Brian McCarthy; managing director. Dudley Saville.*
Capital structure: *17,1m ords of 50c each 5,5% cum prefs of R2. Market capitalisation: R90,6m*
Share market: *Price 530c Yields· 4,7% on dividend; 11,5% on earnings; PE ratio, 8,7, cover, 2,4. 12-month high, 530c, low, 315c Trading volume last quarter, 263 000 shares*
Financial: *Year to June 30*

	'83	'84	'85	'86
Debt				
Short-term (Rm)	9,7	11,9	38,8	34,5
Long-term (Rm)	7,5	4,2	4,8	4,1
Debt equity ratio .	0,23	0,19	0,49	0,40
Shareholders' interest	0,47	0,44	0,42	0,43
Int & leasing cover	2,5	2,6	1,8	1,6
Debt cover .	0,57	0,93	0,27	0,29

Performance·

	'83	'84	'85	'86
Return on cap (%)	14,1	16,5	12,7	10,9
Turnover (Rm)	746	937	865	1 019
Pre-int profit (Rm)	22,7	32,4	27,4	24,3
Pre-int margin (%)	3,0	3,4	3,2	2,4
Taxed profit (Rm)	9,2	14,1	10,4	10,5
Earnings (c)	52,7	81,4	60,6	60,7
Dividends (c)	22,5	30,0	25,0	25,0
Net worth (c)	438	501	519	557

nevertheless predicting improved profits as a result of heightened marketing efforts and cost savings effected in the group. So, if new car sales continue their better trend in the months ahead, McCarthy could be in line for a good increase in earnings.

That the group managed to raise earnings during the poor market conditions of the past year is commendable, although the improvement came below operating profit level Even though turnover rose 18% to top R1 billion due to inflationary cost increases and the inclusion of recently acquired Dan Perkins for the full year, operating margins fell to 2,4% (3,2%), and operating profits were 14% lower But lower rates, improved current asset levels and declining interest-bearing debt helped cut the interest bill by 4%. The tax rate fell from 47,4% to 39% owing to the inclusion of exempt income, training allowances and the use of an assessed loss in a subsidiary.

The group kept a tight hold on assets in the past year — debtors and stocks rose only 1%, while cash and deposits on call rose from R165 000 to R4,8m, although this is a temporary measure reflecting the decision to take advantage of attractive rates on short-term loans The group intends to further reduce gearing in the current year

The McCarthy share price has risen 15% to 530c since release of the better-than-expected results early in September, and it is now on an 8,7 p.e and a dividend yield of 4,7%. This is a far lower rating than that accorded Saficon, the other listed motor retailer, which has a 14,6 p:e and 2,1% dividend yield McCarthy's share price is unlikely to remain at these levels for long, particularly if there is more encouraging news on the vehicle sales figures during the next few months

Kerry Clarke

3/10/86 LANDLOCK FIN MAIL

Looking expensive?

On the strength of its recent reverse take-over by UK-based BBA, Landlock has hauled itself back into the black, with profits of R227 000 (R210 000 loss) for the six months to end-June. Interim earnings amounted to 1,2c, but had Girlock, the subsidiary it acquired recently from BBA, been included from January, Landlock earnings would have been 2,1c a share.

Earnings this year are expected to total 15,6c, rising in 1987 — the first year in which Landlock will see the full benefits of rationalisation — to around 50c This is based on chairman Ray Mitchell's prediction of R120m turnover, 10% pre-tax margins, and a low tax rate, but excludes a charge of some R2m reconstruction expenses.

LANDLOCK'S RECOVERY

Six months to	Jun 30 '86
Turnover (Rm)	34,5
Operating profit (Rm)	1,4
Pre-tax profit (R 000)	169
After-tax profit (R 000)	227
Earnings (c)	1,2

That places the share, at 265c, on a 1987 forward yield of around 19%, providing some long-range justification for a share price that seems, on shorter-term considerations, somewhat expensive

At 265c, Landlock trades at double its post-reconstruction net worth, and on a current year earnings yield of only 5,8% What seems remarkable is that, with all its new acquisitions contributing, Landlock will earn only 15,6c this year, but the figure will rise next year to around 50c Does this imply that, while its automotive markets are expected to remain inert, Landlock will squeeze 35c additional earnings from merely rationalising various divisions?

That prospect, MD Eddie Ross tells the *FM*, is not as far-fetched as it may seem In the wake of Landlock's deal with BBA, Ross says that group operating costs are falling sharply The product range has been revamped, and loss-making lines either brought back into profits, or discontinued Most importantly, Landlock's debt and interest burden has fallen sharply because it has acquired from BBA lowly geared companies, and paid for them with equity And thanks to a R22m reserve of assessed losses, several years of profitable recovery will attract little tax

In Landlock's automotive markets, demand for original equipment (for new cars) remains weak, but this is partly offset, says Ross, by continuing good demand from the replacement market The impact on Landlock's bottom-line of an auto sales recovery, says Ross, could be powerful

Landlock certainly looks to have excellent recovery prospects, but the share on immediate considerations looks far from cheap, given that the company needs still to translate its new-found confidence into profits

Neville Glaser

192

Car firm to pay detainees' wages

Dispatch Correspondent

PORT ELIZABETH — Volkswagen has followed the stance adopted by General Motors and is to pay 100 per cent of the wages of its employees in detention to their families.

A spokesman for the union representing the workers, the National Allied and Automobile Workers' Union (Naawu), last night welcomed the move and urged other companies who have been approached by the union to do the same

A Volkswagen spokesman, Mr Ronnie Kruger, last night confirmed that his company would be paying workers' full salaries to their families

Naawu's regional secretary, Mr Les Kettledas, said the detainees involved were all breadwinners "In the light of the Volkswagen decision, we would like to call on all the other companies who we have approached to make the same decision."

Mr Kettledas said yesterday management at a Uitenhage engineering component firm, SKF, had agreed, after negotiations with Naawu, to increase workers' wages from R2,22 to R3,36 an hour

New separation benefits in the case of retrenchments were also introduced, he said

"They range from 50 per cent of a month's wages, for a year for every full year of service, up to 75 per cent of a month's wages for each year of service, for every 10 years," he said

324/DD 3/10/86

Searle: VW on the right track

BUSDAY 192
3/10/86

FUNDAMENTAL changes in corporate culture have been the key factor in Volkswagen's resurgence in SA's car market, says MD Peter Searle.

Addressing an Institute of Personnel Management convention in Johannesburg yesterday, he said despite appearing soundly based in the late 1970s, VW had been dragged down by a preoccupation with product, antiquated production facilities, and inattention to staff and customers.

Even a R250m investment programme to expand and modernise plant, and improvements in VW quality, had failed to solve the problems fully.

"Once the soul-searching was over, we embarked on the thousands of small actions that have served to place us back on the road to success.

"Our market acceptance has changed dramatically. From a lowly sixth place in 1984, we're now in second place and, in many respects, this is the most conclusive proof that we're on the right track," Searle said.

Toyota puts prices up, others will follow

7/10/96 STAR

Motoring Editor

Car prices are going up again Toyota has announced rises of eight percent on its Cressida large car range and six percent on commercial vehicles

There is no change for now to the prices of the Corolla, which were adjusted last month at the time of a face-lift to the range However, some models might move on the 15th of the month, a Toyota spokesman said

A Samcor spokesman said a Ford and MMI price rise was expected mid-month. GM said it would definitely not move before the middle of the month, while Nissan said, "We will move once we see what everyone else is doing"

Surprisingly, however, Volkswagen said it does not plan to adjust prices before November

Mercedes/Honda were not available for comment at the time of going to press On past form it is likely that Honda will move soon, while Mercedes prices remain unchanged for a while longer

BMW and Audi also traditionally move a month later than other carmakers, which suggests an increase is on the cards for early November

The Toyota increase comes despite recently improved exchange rates which might be expected to ease the cost of imported components The Toyota spokesman said "Keep in mind that parts used in the cars we are manufacturing now were paid for months ago when the rand was at its worst

"Prices are also affected by local inflation — it's not just the exchange rate"

He predicted that, depending on the exchange rate, there may be another rise at the end of December

FIN MAIL 10/10/86

TAXATION (192) (3?)

The big booze guns

The booze business is to be the first hit by Finance Minister Barend du Plessis' new powers to withdraw GST exemption certificates Draft regulations in the beer, liquor and wine industries are expected to come into effect on December 1

Tax experts and observers in the liquor industry note that the new rules amount to an attempt to test a value added tax (VAT) This indirect tax, popular in the West, is expected to replace GST after the report of the Margo Commission on tax is released

Draft regulations provide that liquor "licencees" (retail outlets such as bottlestores and bars) will have to pay GST to suppliers Such outlets currently buy supplies free of GST, collect the tax from imbibers, and hand it to Revenue

At the present GST rate, the new rules mean that a bottlestore that buys R100 000 worth of beer must pay R12 000 to the supplier — SA Breweries (SAB) SAB is affected by the draft regulations, but only to the extent that it must hand over GST it collects to Revenue

If the bottlestore marks up the beer to, say R150 000, it collects R18 000 from end-users It deducts from this the R12 000 it paid SAB and pays the balance of R6 000 to Revenue

This is an over-simplification, since it may be wholesalers who collect GST, rather than producers But the principle is clearly to collect as much revenue as close to source as possible

The draft regulations affect the consumer naught. But the background is vast the real quarry are the township shebeens, where turnovers are fantastic

In the past it has not been uncommon for a Johnny-come-lately to "rent" a bottlestore GST certificate for an hour He proceeds to buy GST-free liquor He pockets the GST — if any — he charges his consumers

So a "wholesaler" in, say, Alexandra township may charge less than Benny Goldberg, the largest liquor outlet in Africa, just down the road The new rules will end this, with basic suppliers charging GST on every transaction

Tax experts have raised many questions Is this a trial run for VAT, which Margo is expected to recommend, and Du Plessis repeatedly hints at? Will the new rules solve collection problems? What business or industry will be next? Or is this a one-off try? What will happen to administration? One answer without question is that the new rules will see Revenue collecting dues quicker than before ■

92 DD 11/10/86

Car plant to pay detained workers

Dispatch Reporter

EAST LONDON — Workers at the Mercedes Benz of South Africa (MBSA) plant here who have been detained in terms of the emergency regulations will be paid for six months while in detention

In an agreement reached with the National Automobile and Allied Workers' Union (Naawu), the company will pay 50 per cent of the detained employee's salary to "recognised" dependents The other half will be retained by MBSA — and paid to the employee on his return to work

The company has also guaranteed their jobs — regardless of how long they are held

Naawu's East London branch chairman, Mr Wellington Nonyukela, said that the agreement with MBSA did not cover anyone who was convicted while in detention

The money paid out would be backdated to the first day of the employee's detention

If the employee was detained for longer than the 180-day period without conviction, his salary payments would be stopped, but his job would be guaranteed on his return

Mr Nonyukela said there had been three confirmed detentions of MBSA employees under the state of emergency

"If dependants of detained MBSA employees are unsure of the procedure required to claim money from the company, or if they are experiencing financial difficulties because of the detention of the family's breadwinner, they should contact the Naawu branch here," he added.

Inquiries made to MBSA management here were referred to the company's public relations office in Pretoria

The office was closed yesterday

Parts pierce sanctions net

12/10/86 SUN TIMES (192)

By Don Robertson

AUTOMOTIVE-component manufacturers have effectively broken the sanctions net and have negotiated export deals which could top R500-million in the next two years.

Since the industry's participation in the Sitev exhibition in Geneva in May this year, export deals to Europe worth R200-million have been secured and additional inquiries have been received from Japan.

At the recent annual meeting of the National Association of Automotive Component and Allied Manufacturers (Naacam), retiring president Hannes Fehrsen said that, because of the quality of the components and the relative price advantage enjoyed by local manufacturers, "we were successful in negotiating export orders of considerable value".

Because of this success, the Government has agreed to assist Naacam to exhibit on a permanent basis at the Geneva show

The export deals will be of substantial assistance to the industry, which is operating at about 50% of capacity and which has seen employment tumble from a peak of 100 000 a few years ago to about 50 000

However, the orders now secured will not mean more jobs, says Naacam executive director Denzyl Vermooten, but they will prevent further retrenchments and help take up spare capacity

If the orders increase according to targets, labour could again be required

"We have also received numerous inquiries from Japan, but at this stage we do not know quantities or the size of production runs."

Naacam has about 140 members, which represents about 80% of the industry. However, only about 30% of its members are presently involved in the recently negotiated export deals.

Components are supplied partly for the after-market in Europe, but also for European carmakers This latter category is moved through SA manufacturers to their European parents

12/9/86 192 ~~230~~ BUSDAY.

Luxury cars in demand for those ready for the chicken run

DOMINIQUE GILBERT

LUXURY cars are selling like hot cakes because they do so well on the so-called chicken run, say dealers.

People thinking of transferring themselves and their wealth out of SA appear to be snapping vehicles — such as Mercedes and BMWs — for resale across the waters

Mercedes prices range between R39 950 and R116 040

One man, said to have made as much as four times what he paid for his Mercedes in the US — and in dollars — has returned to SA and is negotiating his second deal.

"The chicken-run people are paying cash," said one of the largest second-hand dealers.

He added that private buyers must own cars for at least 180 days before sending them overseas.

A new-car dealer confirmed many luxury car buyers made their purchases intending to sell them overseas

Stuttafords export manager Avril Campbell yesterday confirmed an increasing number of cars had left the country over the past few months. At least 80% of the full container loads leaving for Australia contained cars, mostly BMWs and Mercedes

In August a total of 30 cars left SA for the US, Australia and UK.

Campbell said "The authorities have clamped down by saying people have to own their cars for a year, but this is not always the case as they can slip through the banks. It is in their interest to own the car for a year anyway as they can then apply for duty free imports."

Generally, the Reserve Bank looks at each case on its merits and usually requires at least one year's possession before passing approval. Sources confirmed there was no "hard and fast" rule.

"There is a money-making racket going on," a salesman confirmed, saying some foreign countries were now insisting people must own cars for at least a year in the new country before reselling.

A chart in *Business Day* this week showed Mercedes sales, which include Hondas, achieved 15% market share'

● See Page 4

General Motors reassesses local operation

Motor giant on brink of quitting SA

STAR 15/10/85 192

By Alan Dunn, The Star Bureau

Washington

General Motors, the world's largest company and one of the longest investing multinational corporations in South Africa, is again on the brink of pulling out.

The corporation's general manager, Mr Roger Smith, told *Automotive News* of Detroit that the poor economic climate and the country's political situation had led to General Motors reassessing its South African operations.

Mr Smith is co-chairman of the US Corporate Council on South Africa, a group of more than 100 American companies formed a year ago to work towards the elimination of apartheid through their operations there

In Port Elizabeth, a company spokesman said GM South Africa was looking for a local partner

Mr Smith told *Automotive News* he was discouraged at progress in South Africa

"Something happened to that government there that changed their mind and they are not doing what I had hoped they would Maybe the world did it to them Maybe the siege mentality has set in," he said

Mr Smith has been a leading corporate figure against divestment, arguing that companies adhering to the Sullivan Principles — a code of fair, non-racial employment practices — could do, and had done, much to dismantle apartheid

Mr Smith said GM had considered pulling out of South Africa since 1971 It had stayed because it provided 3 000 jobs, 1 800 of them to non-whites, and had 200 dealerships

"Every day we have to appraise what we're doing, how much help we are and what our prospects are," Mr Smith said

"We have been a positive force But I guess you always have to measure that against what you can do and how much you can hope to do and what's the best thing for you"

Struggling

GM was "struggling desperately" in South Africa, Mr Smith said

It is understood the corporation will sell only 27 000 vehicles in South Africa this year after 35 000 last year and 44 000 in 1984

A GM spokesman, Mr George Schreck, said GM operations were reviewed regularly worldwide. But those in South Africa had been reviewed more frequently because of the economic, social and political situations

Mr Schreck said GM was willing to "examine any kind of business association that would facilitate our operations there" But he would not enlarge on this and declined to specify propositions or business relationships GM would consider

He also refused to say whether GM was negotiating with any South African interests

Industry sources said that, if GM were to pull out, the passenger car operation would be the first to go

The Eastern Cape, the "Detroit" of South Africa, has already seen Ford move to MMI in Pretoria and, if GM decides to pull out, it would leave only Volkswagen of Germany in the region, together with such supportive industries as Firestone Tyres, now owned by Sanlam

GM planning to pull out of SA?

DD 16/10/86

192

Dispatch Correspondent

JOHANNESBURG —The motor industry in Port Elizabeth was still in disarray yesterday as it awaited word on General Motors' (GM) future in South Africa.

New rumours that GM may abandon its South African operation have rekindled doubts concerning the future of Port Elizabeth as an industrial centre

Contacted in Detroit last night a GM spokesman, Mr George Schreck, said he was aware of remarks made by the GM chairman, Mr Roger Smith, to Automotive News

"We are familiar with the Smith interview. He did indicate that we are regularly assessing operations in South Africa

"As you are aware, we have frequent reviews of our operations world-wide. In the case of South Africa we have reviews more frequently due to the economic and social climate. Social change has not been as rapid as we initially thought"

Mr Schreck said that as part of the review programme the company had looked at the possibility of taking on a partner in South Africa

He refused to confirm that the motor giant was about to quit South Africa

A GM spokesman in Port Elizabeth declined to comment last night

"We may have something to say tonight or tomorrow"

Mr Smith, a leading defender of continued American business presence in South Africa, told the trade paper in an interview that the company was "struggling desperately" with the issue of what to do

GM, the world's largest corporation, which several months ago announced it would stop selling vehicles to the Pretoria government's military and police, had seen its South African vehicle sales drop with the nation's weak economy

"Every day we have to re-appraise what we're doing, how much help we are and what our prospects are," Mr Smith said

● Meanwhile, a major General Motors distributer last night denied reports that the car manufacturer was considering pulling out of South Africa

The head of Williams Hunt, Mr Brian Joffe, which sells 25 per cent of all GM vehicles in South Africa, said the company had assured him it was not leaving the country

"We are confident GM is not pulling out," he said

"In terms of existing arrangements and agreements, General Motors are obliged to continue the supply of motor vehicles to our company Williams Hunt for a further five years

"The managing director of General Motors South Africa, Mr Bob White, informed me today that he intended to continue to comply with this arrangement"

(192) 16/10/86 Eve Post

Car price hike is tied to survival

JOHANNESBURG — A leading vehicle manufacturer yesterday said the motor industry was not combating decreasing demand by increasing prices, but trying to ensure the survival of the industry.

Mr Bert Wessels, vice-chairman of the manufacturing company, was reacting to statements by the director of the Consumer Council, Mr Jan Cronje, that car price increases were "excessive" and could lead to a further slump in the industry

"We are not combating decreasing demand by increasing prices," Mr Wessels countered

"We are trying to ensure the survival of the motor industry in this country.

Referring to Mr Cronje's comment that vehicle price increases were "not in accordance with economic principles", Mr Wessels said it was apparent that the consumer council was not *au fait* with the financial situation of SA's various motor manufacturers

Mr Cronje was commenting on media reports that manufacturers planned to increase prices

"Many seem to lose sight of the fact that manufacturers pay for imported components in Japanese yen or German marks," Mr Wessels said

"If the rand strengthens against the US dollar it does not follow that the cost of our imports proportionately reduces, as the cross-rate to the yen and mark is the determining factor"

More than half the increased costs of imported vehicle components which had occurred since Janury 1, 1984, due to the weak rand had been absorbed by the company.

His company had succeeded to a large degree in controlling costs by increasing productivity, rationalising model ranges and improving operating efficiences

Mr Wessels said "We have negotiated price reductions both overseas and with local suppliers and both areas have made sacrifices in order to keep prices down"

Mr Cronje suggested in his statement that rationalisation and a decrease in the number of models made in SA would lower costs and force prices down to a more "realistic" level

Said Mr Wessels "A lot of rationalisation has already taken place within the motor industry in South Africa

"A number of manufacturers have already pulled out of the country, merged, or reduced their model ranges, but in a declining market there are no marked benefits" — Sapa

Miners strike looms as wage talks fail

16/10/86 Eve Post

JOHANNESBURG — Mediation today failed to resolve the wage dispute between the National Union of Mineworkers and the Chamber of Mines, bringing the possibility of a strike on 47 gold and coal mines a step nearer.

Mr Johann Liebenberg, the Chamber of Mines industrial relations adviser, today confirmed that mediation had failed.

Earlier, first attempts at mediation resulted in the narrowing of the gap between the parties.

Last week the Chamber increased its offer by 1%, bringing the range of proposed wage increases to between 19% and 23%

The NUM's last known demand was for a 26% across-the-board increase

Two other issues remained in dispute, namely that June 16 be a paid company holiday and better injury benefits

● The NUM today demanded the closure of Number Two shaft at the Kinross mine, where two underground fires yesterday forced the evacuation of 2 000 miners

A 15th level fire last month killed 177 men

A senior mineworker who helped fight both fires said a disaster was averted because the fire and smoke were noticed by morning shift workers reporting for duty

"As we came into the 15th level to start work we noticed something burning, and then saw the fire.

"Many workers ran back to the lift, fearing a recurrence of last month's accident The night-shift workers who were due to stop work n the morning were busy at their work stations and were not aware of what was happening," said the miner.

"Another senior worker and I quickly fetched fire extinguishers and put our the fire.

"By that time there was smoke all over the place," the miner said

After the first fire, he said, most morning shift workers rfused to go underground Some did however, report for duty

Describing accidents such as yesterday's as "an atrocity being perpetrated against the workers", NUM general secretary Mr Cyril Ramaphosa said "We call on Gencor to close the Number Two shaft until the enquiry into last month's disaster is concluded and its results are known

"Our members have lost confidence in the way management in particular, are dealing with the observation of safety measures on mines," he said in again calling for a judicial inquiry — Sapa

Little

New

Cape Times 16/10/86 (192)

Car manufacturers 'courting disaster'

JOHANNESBURG — Motor manufacturers are courting disaster if they contemplate any further price increases this year, says Consumer Council director Jan Cronje

Another increase could and should lead to yet another slump in the industry, he said

Commenting on media reports that some motor manufacturers were planning increasing their prices for the fourth and fifth time this year, Cronje said this was at variance with economic principles

Rationalization and a drastic decrease in the number of models could probably lower unit costs while prices would be forced to a more realistic level "The council has evidence indicating that one of the existing manufacturers is capable of producing, on one production line, the sum total of cars produced in the country Just think how this could cause unit costs to decrease," he said

Cape Times 16/10/86 (192)

SA scorns GM 'pullout'

JOHANNESBURG — SA's R3 billion automobile industry could easily survive a pullout by General Motors and the move would encourage other manufacturers to stay, auto industry analysts here said

They also expressed scepticism that a withdrawal decision was imminent, citing similar recurrent comments and rumours about the company's intentions over the past 15 years

GM chairman Roger Smith told the trade paper Automotive News in Detroit that the company was reconsidering its position because of SA's weakened economy and lack of progress in ending apartheid

"This is not the first indication about GM's plans, we hear them every month and I don't think it will happen," said one Johannesburg analyst

A major distributor here said the company assured him it was not leaving the country. "We are confident GM is not pulling out," said Brian Joffee, head of Williams Hunt which sells 25 percent of all GM vehicles in SA

GM, here since 1926, controls eight to nine percent of the car market

"A pullout would be disastrous for the E Cape, whose fortunes are highly dependent on GM, but one could surmise it would improve demand for those remaining behind," said Nico Vermeulen of the National Association of Motor Manufacturers of SA

French manufacturers Renault, Peugeot and Citroen, and Italy's Alfa Romeo all left last year

The six other car manufacturers operating in SA are the US's Ford, West Germany's Volkswagen, Mercedes-Benz, and BMW, and Toyota and Nissan from Japan

"If anything, GM's leaving would encourage them to stay," said Tony Twine of the Johannesburg-based Econometrix, a marketing and research firm "Other manufacturers will be eager to grab the GM share"

The SA market is just beginning to recover from one of the most severe slumps ever But sales still are expected to stay relatively low, due mainly to sharply higher retail prices that have averaged 30 percent in the last 18 months — Sapa-Reuter

GM sets cat among pigeons

16/10/86 BUSDAY (192)

MICK COLLINS

THE motor industry in Port Elizabeth was still in disarray yesterday as it awaited word on General Motors' (GM) future in SA.

New rumours that GM may abandon its SA operation have rekindled doubts concerning the future of the city as an industrial centre.

Contacted in Detroit last night, GM spokesman George Schreck said he was aware of remarks made by GM chairman Roger Smith to Automotive News.

He said: "We are familiar with the Smith interview. He did indicate that we are regularly assessing operations in SA.

"As you are aware, we have frequent reviews of our operations worldwide. In the case of SA, we have reviews more frequently due to the economic and social climate. Social change has not been as rapid as we initially thought."

Schreck said as part of the review programme, the company had looked at the possibility of taking on a partner in SA but nothing concrete had been decided.

He refused to confirm the motor giant was about to quit SA.

A GM spokesman in PE declined to comment last night, saying his principals still had to hear from the US

He said "We may have something to say tonight or tomorrow."

GM's main local dealer Williams Hunt has taken a strong stand on the issue, and has placed a full page advertisement in today's *Business Day*

Chairman Brian Joffe said a pull-out would be contrary to an existing arrangement his company had with GM SA

He said "They are obliged to continue with the supply of motor vehicles to our company for a further five years

"MD of GM SA Bob White informed me that he intends to comply with this arrangement"

The ad states that as an expression of confidence, Williams Hunt will buy back any new Opel or Isuzu vehicle sold after October 16

The offer applies to vehicles "pur-

● To Page 2

GM has set cat among pigeons

16/10/86 BUSDAY (192)

● From Page 1

chased from ourselves at our selling price before GST, less the normal depreciation and calculated in accordance with the SA Income Tax Act"

It states: "You may be aware that GM has just invested R30m in the development of a new model, the Opel Monza, which is to be launched in two weeks

"Does it make sense that the world's biggest motor manufacturer would quit on the eve of a launch?"

Industry analysts say the motor industry could easily survive a GM pull-out which, in any case, would encourage other manufacturers to stay.

They expressed scepticism that a withdrawal was imminent, citing similar recurrent comments over the past 15 years.

National Association of Motor Manufacturers (Naamsa) director Nico Vermeulen said: "It would be disastrous for the eastern Cape, but one could surmise it would improve demand for those remaining behind"

John Farquharson, the financial director of a large GM dealership in Durban, said the reports were ambiguous and second-hand

Farquharson said GM's top management in Port Elizabeth told him there was no intention of the company withdrawing from the country

He said "I'm not worried We have heard these stories before and the opposition grabs them to try to turn them to their advantage."

The closure of GM's huge PE plant could have crippling longterm effects on the area's black unemployment, which has reached 55% of the total workforce

GM employs a total of 3 000, and about a third of the region's 7 500 hourly automobile workers. These jobs would be lost, and industry executives reckon between two and three jobs in component manufacture and retail sectors depend on each GM job

Midlands Chamber of Industries executive director Brian Matthew said "If GM closed down, it would be another big blow"

Toyota says car industry in SA fighting for survival

192

Toyota SA's vice-chairman Mr Bert Wessels has defended the motor industry's recent price increases. 17/10/85 STAR

Reacting to statements by Consumer Council director Mr Jan Cronje that car price increases were excessive and could lead to a further slump in the industry, Mr Wessels said: "We are not combating decreasing demand by increasing prices, we are trying to ensure the survival of the motor industry in this country."

Mr Cronje claimed vehicle price increases did not agree with economic principles. Mr Wessels said the Consumer Council was not *au fait* with motor manufacturers' financial situations.

Mr Wessels said his company had absorbed more than half the increased costs of imported components caused by the weak rand.

"On January 1 1984 the rand was worth 187 yen. Today it is 68 yen. This phenomenal drop has meant that the cost of imported content — half the value of a car — has trebled," he said.

The price of a Japanese-sourced car in South Africa should have risen by 150 percent, even ignoring the local inflation rate of about 40 percent. The real price increase was just over 90 percent, Mr Wessels said.

Mr Cronje had criticised the motor industry for flooding the small local market with 215 models but Mr Wessels said his company had constantly tried to contain costs and inhibit price increases and had succeeded to a large degree by increasing productivity and rationalising model ranges.

FIN MAIL 17/10/86 (192)

acquisition marks a turnaround for the trust which has been generally low-rated by the market.

The deal will give Vetrust an 11% net yield since all operating costs will be for the tenant's account

The delay in investing the proceeds of the rights issue, says Brits, was due to the dearth of good stock in the market. And what there is has been the subject of fierce institutional competition.

Vetrust has studied a number of buildings on offer, but the Hillsam property was the first to find favour

Part of the attraction is the good location on the Smal Street mall which is being extensively redeveloped

Brits points out that three buildings have been sold which don't fit in with the "new look" of the trust.

Vetrust's performance is recent times has been less than exciting Its latest interim dividend shows a substantial drop on the same period last year. With other trusts, it has seen income dip in a softening money market, but Vetrust was hit especially hard because of the high percentage of funds it has had tied up on interest.

Vacancies, which Brits says are now running at 7%, have also contributed to the decline. But the current upgrading programme, Brits says confidently, will improve returns significantly. ■

PENSION FUNDS

Randburg revs up

Motor Industry Fund Administrators (MIFA), which acts on behalf of the Motor Industry Pension Fund (MIPF), Auto Workers Pension Fund and Motor Industry Staff Association Pension Fund, has bought three office blocks in Randburg for R14,5m Seller was developer Toich Bros

The latest acquisitions bring the funds' investments in the property sector to well over R80m at book value — and probably worth more than twice that at market prices

The three buildings, all situated in Ferndale, Randburg, are

☐ Kent Park — with 4 100 m² rentable area bought for R4,5m Average rentals are R12/m² net (excluding operating costs) which give the owner, the Auto Workers Pension Fund, an effective 11% yield The building is fully occupied by one tenant,

☐ Oak Park — with 5 300 m² rentable area and 114 parking bays. Rentals range between R8,50/m² and R10/m² net, which suggests plenty of upside potential for the MIPF which purchased the building for R6m

The effective yield on the building, which has a 5% vacancy factor, is 11%; and

☐ Palm Grove — with 3 600 m² rentable area and purchased on a 50/50 basis by the Auto Workers and Motor Industry Staff Association pension funds

The buildings, says MIFA property manager Jan Nagel, have "good, solid" tenants with most leases renewable in three to five years Annual rental escalations are 9%-10%

Nagel does not see the vacancies as a major problem Part of the deal requires Toich to guarantee the pension funds against vacancies in the case of Oak Park and Palm Grove At Kent Park, Toich has taken a headlease.

Nagel says the fact that none of the funds had any property exposure in the area was one of the reasons for choosing Randburg. ■

BUILDING SOCIETIES

Developing skills

On the face of it, development companies owned by building societies which go public have potential as major profit centres No longer are they fettered by artificial restraints on their development capital, previously set somewhat arbitrarily by the Registrar in terms of the old Building Society Act

Now, if they like, they can channel all their reserves and issued share capital into property developments

But, if building societies are serious about turning their development companies to their advantage, they are going to have to sharpen up a little Margins in the housing market are too thin for any serious miscalculation and competition is getting tougher all the time

Moreover, they will now have shareholders looking over their shoulders If they don't perform they can reasonably expect to be told to get out and leave property development to those who can profit from it

Building societies' track records as developers are not particularly exciting Annual reports for 1986 are peppered with admissions that their development companies hadn't performed as well as they should Though none disclose individual profit contributions, it is widely held that many lost money or, at best, passed their dividend

As most developers will testify, 1986 was not a particularly good year to be building Essentially, building societies erred in putting services into the ground and carrying on with their building programmes — ahead of actually concluding sales.

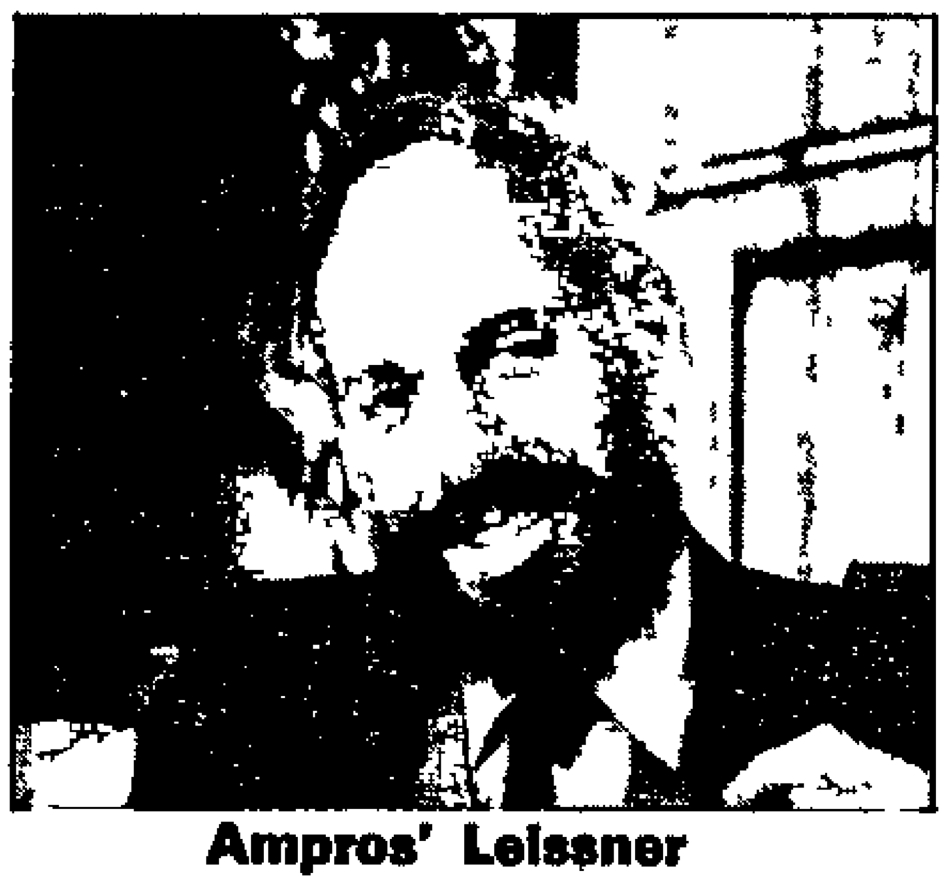
This is where Evan Vertue, MD of NBS Developments, reckons they made their major mistake

"Building societies," he says, "are geared more to speculative developments than the plot-and-plan approach of individual building companies "

He says it is imperative development companies change their thinking and correlate the physical provision of housing more closely with real demand "The days of speculative building, particularly in the white mar-

FM INVESTMENT CONFERENCE

With shares and gilts, property is traditionally one of the major investment avenues in the free world. In SA, for example, the institutions, on average, have 20% or more of assets invested in real estate



Ampros' Leissner

As head of Anglo American Property Services (Ampros), Gerald Leissner plays a leading role in the management of about R1,2 billion of assets spread through the listed Amaprop (about R500m), a substantial portion of the Southern Life property portfolio (500m-R600m) and certain pension fund holdings in the Anglo group (about R200m).

A CA, he joined what later emerged as Ampros in 1964 as accountant with the old Schlesinger Organisation's property management company, Townsview Estates. He became company secretary in 1968 and GM of the management company in 1975

After the merger of Schlesinger's Sorec and Amaprop in the mid-Seventies, Leissner was appointed deputy-MD in 1976 and became MD two years later

During this period he played a leading part in the restructuring of a sizeable portion of the South African real estate market First came the separation of Sorec from African Eagle Life, then the takeover of Sorec by Amaprop and finally the financial restructuring of Amaprop which helped make it a blue chip

Leissner's view on property prospects next year should be followed with keen interest by anyone interested in the subject. But time is now running short and those still wishing to attend are advised to act immediately to secure a seat The conference will be held at the Carlton Hotel, Johannesburg, on November 13 and 14 Price is R550 per delegate, reducing to R500 for each additional delegate from the same company.

The book contact: Yvonne Courtney, Financial Mail Promotions Department, PO Box 9959, Johannesburg, 2000. The telephone number is 710-2480

17/10/86 (192) BUS DAY

Car industry angered by 'excessive' costs claim

MICK COLLINS

THE motor industry last night reacted strongly to the statement of Consumer Council director Jan Cronje that car price increases were "excessive" and should lead to a further slump in the industry.

Spokesmen said they had absorbed more than half the increases in imported vehicle component costs since January 1984.

They said on January 1, 1984, the rand was worth 187 yen. Today it is 68 yen. This drop has meant that the cost of imported content — which represents half the value of a car — has trebled

This in turn means that the price of a Japanese-sourced car on the SA market should have gone up by 150% in the same period — ignoring a further compounded local inflation rate of around 40%. The actual price increase was just over 90%

A Corolla 1600 GL now selling for R17 825 should cost R22 900, excluding inflation, said Toyota SA vice-chairman Bert Wessels

Wessels said his company had constantly striven to contain its costs and inhibit price increases and had largely succeeded by increasing productivity; rationalising model ranges and improving operating efficiences.

"We have negotiated price reductions both overseas and locally and both areas have made considerable sacrifices to keep prices down"

Referring to Cronje's comment that vehicle price increases were "not in accordance with economic principles", Wessels said it was apparent that the Consumer Council was not au fait with the financial situation of motor manufacturers

"We are not combating decreasing demand by increasing prices," he said. "We are trying to ensure the survival of the motor industry in this country

"Many seem to lose sight of the fact that manufacturers pay for imported components in Japanese yen or Deutschemarks. If the rand strengthens against the US dollar, it does not follow that the cost of our imports proportionately reduces, as the cross-rate to the yen and mark is the determining factor."

Car-makers begin last rites for silent GM

Business Day Reporter

OFFICIALS of General Motors in Port Elizabeth remained silent yesterday on possible moves to quit SA

In the absence of any official statement, speculation was rife in motor manufacturing circles that "there is no smoke without fire".

The general consensus was that any moves now by local GM management to seek alternatives — such as a buy-out or a partnership — have been left too late.

One source said "By their silence they are damaging their own market An emphatic statement from PE refuting the *Automotive News* allegations would have done a lot to restore confidence"

Business Day was unable to obtain comment from the motor giant's public relations department, but a secretary said she didn't think any statement would be made

The industry was abuzz on what is to happen to the company's forthcoming launch of its Opel Monza. About R30m has been spent on tooling up for the model.

Analysts said it looked as if the company would take the loss.

"What's R30m on the huge losses already incurred?"

The motor manufacturer's ailing local operation has seen its market slowly whittled away with yearly units sold dropping from 44 000 in 1984 to a forecast 27 000 units for the current year

GM chairman in Detroit Roger Smith said the company was reassessing its SA operations because of the political situation and the poor economic climate

Commenting on Smith's statement, National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen said "One can but surmise that it will improve demand for those (manufacturers) remaining behind"

Other sources shared this viewpoint, with one commenting. "It won't be nice for the people in Port Elizabeth, but what we are seeing is a natural attrition of a market place that is overcrowded"

BMW insists: No tie-up with GM

SOWK 18/10/86

192

BMW South Africa has strongly refuted rumours linking it with troubled car manufacturers General Motors.

"BMW South Africa is not involved in negotiations with any other car manufacturer and has no intention of merging with, or taking over, another car plant or franchise," it said yesterday.

"We specialise in the top segment of the market, and that is where we intend to stay," said a BMW spokesman. "We're not interested in getting involved in areas where we don't have expertise."

This week General Motors chief executive in the US, Mr Roger Smith, said it was reassessing its involvement in South Africa.

This led to speculation of a possible tie-up between BMW's and GM's South African operations. Talks are known to have taken place at the end of last year about possible collaboration.

A major GM dealer chain has published advertisements saying GM is contractually obliged to supply it with motor vehicles for five years.

Another group of dealers was reportedly dissuaded from taking out similar ads when GM said on Thursday it would issue a statement within 24 hours.

No such statement has been forthcoming, though managing director Mr Bob White has told staff: "This company will be here next week, next month, and next year."

Africa dream becomes nightmare

192

Only fittest will survive car wars

CAPE TIMES 18/10/86

From LOUIS BECKERLING

PORT ELIZABETH — The SA motor industry is locked in a profit-sapping "survival of the fittest" war — and whereas the war is a long way from over, figures show that Port Elizabeth-based GM is certainly losing the sales battle.

A manufacturing industry which has invested some R4 000m in the dream of supplying a burgeoning African market, both domestically and in sub-Saharan Africa, is a dream that for the seven car manufacturers remaining in SA — Renault and Alfa Romeo were recent casualties — has turned into a nightmare

For a variety of political and economic reasons that African market — one of the very few growth markets left in the world — continues to elude the pack and the waiting game has become a costly one, hence GM's chairman Roger Smith's remark this week in the United States that the company was "struggling desperately".

Stark reality

The capital investments made in pursuit of the elusive African market enable the industry to produce at full capacity on a one-shift basis, a total of some 740 000 units (cars, trucks, and pick-ups)

The stark reality is that in the recession, and with African markets largely denied South African producers, for the first nine months of this year sales totalled only 200 425 Annualized at 267 233, this means the market is little more than a third of productive capacity on a one-shift basis

GM's share of that market has shown the following pattern over the past nine years (based on car sales figures in January of each year):

Year	%
1978	7,05
1979	9,90
1980	6,00
1981	12,13
1982	7,97
1983	8,20
1984	8,71
1985	7,53
1986	5,72

The broad generalization that can be drawn from these figures is that during the market growth phase in the first half of the period, GM managed to show an erratic increased trend, but from 8,71% in 1984, to 5,72% in January of this year

GM's fortunes in the commercial market have not been much better, in spite of a clear switch of emphasis in 1984 towards this segment of the market, as the following market share figures show.

Year	%
1978	7,00
1979	14,48
1980	14,20
1981	14,62
1982	12,60
1983	12,34
1984	16,94
1985	15,26
1986	8,71

A recent study by GM management showed that over the period October 1983 September 1985 exchange rate movements against the rand had a devastating effect on total costs to the industry of producing motor vehicles

Imports from Japan were estimated to account for 20,5% of unit costs, and a 128,7% depreciation in the rand's value against the yen over this period added 26,4% to costs

German imports accounted for 15,5% of costs, and a 117,5% increase in the value of the mark against the rand added 18,2% to costs

Inflation

Smaller inputs from the United States, Australia, the United Kingdom and France were affected by similarly large swings in exchange values, but added fractionaly to costs (a total of 1,9%)

Added to domestic price inflation over the period of 28%, which pushed up unit costs by 10,5%, and other incidental cost increases, the effect on total costs over this period of exchange rate swings and inflation was to raise industry operating costs at plant level by 68%

An analysis of the industry showed, said the company study, that whereas in 1981 a 13,4% portion of annual car price increases were attributable to the exchange rate depreciations, by 1985 this accounted for 28,5% of price increases passed on to consumers

Over the period 1981 to 1985, car prices were raised substantially 21,9% in 1981 compared with the previous year, 19,5% in 1982, 15,5% in 1983, 24% in 1984 and around 30% in 1985 since the severe contraction of sales in the market-place, the company has seen its share drastically reduced,

Stronger

GM going, going . . .

(192)

SUN TIMES 19/10/86

'Individuals' in car-giant buyout

GENERAL Motors is pulling out of South Africa, but its cars and full sales and service facilities will continue to be represented.

Falling sales, the lack of progress in the political-reform policy and mounting pressure from anti-apartheid groups in America has finally become too much.

Well-placed sources close to the company said that GM, with a turnover last year of R521-million, will be "bought by individuals" — but not another motor company.

The deal will mean that GM and its products will remain, but under another guise.

It is understood that local contracts with dealers were reconfirmed by the company on Friday

The final decision to withdraw came late on Friday and obviously took local managing director Bob White by surprise

Pledge

A "We are committed" advertising campaign initiated by Williams Hunt, the largest GM dealer, on TV and in the Press, was partly paid for by GM South African

The Williams Hunt advertisements pledged to buy back any GM product bought after October 16

The launch of the new Monza — a Kadett with a boot — will go ahead as planned on November 16 Tooling-up for this car cost R30-million.

Speculation mounted this week after comments by US general manager Roger Smith that poor economic

By Don Robertson

conditions in SA and the even more important absence of a political solution could force GM out of South Africa

But it is generally accepted in the motor industry that GM made the decision to withdraw from the market some time ago and has been pondering the best way of doing this

GM has seen its share of the passenger-car market decline quite significantly this year In the first nine months sales totalled 10 507 for a 7,9% share compared with 13 731 in the same period last year for 9,1% of the market

It lost a bigger slice of the light-commercial-vehicle market, retaining only 11,2% with 6 627 sales in the first nine months of this year compared with 15% last year on sales of 9 536

Sales in the medium and heavy truck sector have declined similarly.

Like the rest of the industry, losses have been mounting

GM has insisted for a number of years that it was seeking a South African partner which would be prepared to invest in the company

Last year discussions with BMW SA aimed at establishing a joint assembly line failed BMW denied on Friday that it was involved in any association with GM

About-face

Mr Smith has continually embarrassed General Motors South African with his attacks on the slow pace of reform

However, his suggestion now that because of economic and political problems in South Africa GM might be forced to withdraw from the market seems to be a complete about-face

He has been quoted on many occasions as saying that, once apartheid has been abolished, SA will need a strong economy and for this reason US companies operating in the country should remain

But GM's decision could put pressure on other motor multinationals — particularly Ford

Since the merger of Mazda, Mitsubishi producer Amcar and Ford, the American giant effectively has a minority, financial share in what is an Anglo American company and as such is not technically involved in the market.

It is expected, however, that GM's decision will be noted by Ford

But industry sources believe that Ford, subscribers to the Sullivan Code, will be able to withstand suggestions that it follows the GM escape

GM's withdrawal will be in name only and will not mean any loss of jobs in the troubled Port Elizabeth area.

General Motors' future is key to the fate of a whole region

Pullout could spell disaster for E Cape

20/10/86 STAR 192

By Chris Moerdyk

Port Elizabeth, once the "Detroit of South Africa", is again holding its breath — this time about fears of a pull-out by motor-industry patriarch General Motors (GM)

For some time now GM South Africa (GMSA) has been looking for a local partner to give it access to the local capital market and to ensure continuation should its American parent decide to give up on its 60-year-old South African offspring.

So far it hasn't managed to find anyone willing to sink millions of rands into the risky business of building motor vehicles.

The effect of abandoning this roughly half a billion rand investment would be nothing short of catastrophic for the already struggling Eastern Cape

Mr Brian Matthew, executive director of the Midland Chamber of Industries, is quite emphatic about the consequences of a GM pull-out. It would simply mean disaster, he says

"Even though GM and Volkswagen are the only two motor manufacturers left down here, the motor vehicle industry, with all its ancilliary suppliers, is still driving the economy.

"At the moment black unemployment is over 50 percent and I don't know how much more we can absorb," he said

"We have certainly had our share of violence here and to be realistic, there is no doubt that this has been caused by economic factors In the days when car sales were booming, people down here saw their future getting brighter — then suddenly they were dumped."

The disappearance of GM from the scene will also have far-reaching social ramifications The company has been one of the front-runners in applying the Sullivan Code and was a founder member of the recently-formed US Corporate Council on South Africa which is directed toward the abolition of apartheid

GM has an equal-opportunity, equal-facility programme that really works and it is involved in graduate in-training programmes, the Adopt-a-school project and pays for books and school fees for children of black employees In 1973 the company made a loan to the Port Elizabeth City Council of $500 000 for the construction of homes in the coloured residential area

In the industry itself, GMSA has been described as the "weakling" with declining sales and a market share of about seven percent The point is, however, that this weakling has managed to make it through the bad times when others have withdrawn.

Only three years ago 11 of the original 20 car manufacturers present in the early 1970s still remained. Now there are seven and GM is one of them

This seems to suggest that the company has staying power and with the imminent launch of a new model, the Monza, it should be able to weather the current storm on purely economic grounds

Although Port Elizabeth would bear the brunt of a GMSA shutdown a ripple effect would be felt throughout South Africa. The company has a 200-strong dealer network and the shock to these would be considerable

First-hand knowledge

In the past few days GM's largest dealer has advertised on television and in newspapers, refuting rumours of a pull-out, claiming GM is contracted to supply vehicles for another five years and offering to buy back GM cars should the company withdraw

Those in the motor trade with first-hand knowledge of the way motor giants think, say current rumours amount to nothing but sensationalism When GM chairman Roger Smith said in Detroit a few days ago that his company was "reassessing" its future in South Africa, this apparently did not mean a pull-out was on the cards, but was simply ongoing company policy

However, there is more to what Mr Smith is saying than simple routine reassessment He has long been in the forefront of championing the fight against disinvesment He has made sure his company has done everything possible to promote change He has bowed to pressure and seen GMSA having to stop selling vehicles to the SAP and SADF, which must have taken a sizeable chunk out of the company's turnover

But what he hasn't seen is any significant political change

In the 1986 General Motors Public Interest Report published in the US earlier this year, he claimed that not being able to supply the SAP and SADF was increasing pressure on an already-struggling South African subsidiary.

"Any further deterioration from currently depressed sales levels may make it impossible for GM to continue its operations in South Africa "

In any language, that is plain talking, and of course, the man-in-the-street doesn't understand the meaning of reassessments He tends to smell smoke, imagine fire and buy elsewhere.

'At a loss'

The motor industry and GM itself have shown frustration and even anger at reports of a possible GM withdrawal They suggest "sensation-seeking" by the media

In May this year GMSA managing director Bob White said he was at a "loss as to what he could say or do to convince the Press and the public that GM intends to remain in South Africa."

Perhaps he should tactfully suggest that his chairman in Detroit stops making what have become fairly routine statements about being "discouraged" at the South African political and economic situation and saying quite openly that if things get worse for GMSA it simply won't continue

More than 3 500 employees would join the unemployed in Port Elizabeth

The dealer network would be rocked quite considerably although this blow would be cushioned by the fact that someone would still have to provide maintenance and services for the many thousands of GM products on the road.

SMK 21/10/86 192

'Others will follow motor giant's move'

By Alan Dunn, The Star Bureau

WASHINGTON — The withdrawal of General Motors (GM) from South Africa by the end of the year, the biggest divestment blow so far, will trigger an exodus by US businesses, American financial analysts believe

They said the announcement in Detroit yesterday would touch off departures by those corporations which had been wanting to sell up for some time because of the ongoing political and economic turbulence

"We expect the General Motors announcement will turn the trickle of companies leaving South Africa into a flood,' said the Rev Timothy Smith, executive director of the Interfaith Centre on Corporate Responsibility

The centre, a movement of America s National Council of Churches, was one of many anti-apartheid organisation which hailed the GM withdrawal "We in the churches, who have been working on GM for 15 years, are today commending them for their leadership and expecting other companies will follow," said Mr Smith

He and several other business analysts said the psychological impact of GM s exit would be profound on other US firms there, and would pressure them into acting

'I think many US business leaders will be listening very carefully to what he (Mr Roger Smith, GM's chief executive officer) says," Mr Smith added "As you know, most US companies have a contingency plan for leaving South Africa and I think a number of them are going to activate it

"It will be one of those catalysts that pushes companies," he said

The GM chief said in his announcement there were several factors to the decision GM had been losing money for "several years" and could not see a turnaround in the near future, it was "disappointed" in the pace of change in ending apartheid, and it was a decision taken generally on economic, social and political grounds

Corporate analysts said yesterday disinvestment campaigns in the US were also a factor which would not have been mentioned by GM

"I expect this will encourage some other companies to follow suit," said one expert on disinvestment, "especially those in the same position — under intense harassment at home and abroad and not making any money to boot

"That is a hard combination of things to stand up against for very long Typically your American chief executive officer does not like to have problems linger And this situation has all the earmarks of a festering crisis for American industry "

GM headquarters was vague yesterday on details of the withdrawal, apart from disclosing an intent to be out of South Africa by the end of the year It is understood much of the fine print still has to be worked out

Unlike Coca-Cola, which announced its withdrawal for political reasons recently, GM will apparently not be carefully designing its exit to advantage black investors wishing to buy into the new locally-owned operation

General Motors said its sale after 60 years in South Africa would take place, regardless of race, to those who could make the best contribution to the new organisation in South Africa

'Step backward' — Jesse

The Star Bureau

WASHINGTON — A General Motors pull-out which favoured white businessmen would be a "step backward", a spokesman for the American civil rights leader, the Rev Jesse Jackson, has said

Mr Jackson has been a disinvestment advocate, but his reaction yesterday to the General Motors withdrawal announcement was similar to that of anti-divestment circles in the US

They have warned that divestment and sanctions will hurt those they are attempting to help in South Africa

GM chief to work for apartheid's end

The Star Bureau

WASHINGTON — The Chief Executive Officer of General Motors, Mr Roger Smith, still believes he can be a force for positive change in South Africa

A corporation spokesman said yesterday Mr Smith intended retaining his co-chairmanship of the US Corporate Council on South Africa, an influential group of more than 100 US business chiefs with operations in the country

The spokesman was reacting to Mr Smith's announcement that GM was quitting South Africa

Mr Smith was, a year ago, one of the founders of the council, whose members believed they could and should work for an end to apartheid through their presence in South Africa

PEACEFUL CHANGE

"We would hope to be able to continue to make a contribution to peaceful change through the US Corporate Council," said a GM spokesman, Mr George Schreck "Roger Smith will still be co-chairman "

General Motors became the sixth American business this year to announce its intention of leaving South Africa, the Investor Research Responsibility Centre said yesterday

General Motors was the second-biggest American employer in South Africa with 3 056 employees Mobil, with 3 182, was the largest

According to usually reliable centre statistics, 22 American businesses had left South Africa so far this year Thirty-nine left last year, and seven in 1984 Those left in the country totalled 244

Warning over GM 'snowball effect'

21/10/86 STAR 192

The decision of General Motors to pull out of South Africa may have a snowball effect, the official Opposition warned today.

Mr Harry Schwarz, PFP finance spokesman, said today he was unhappy that GM had decided to quit South Africa because this was likely to influence and put pressure on other large foreign companies to sell their investments.

He added that it was obvious GM made its decision because of pressure in America and because South African motor industry profits had been hard to come by.

GM last night ended months of speculation by announcing it was selling its South African subsidiary to the company's local management.

However, managing director Mr Bob White said GM's Opel, Isuzu and Suzuki models would still be produced here and the US conglomerate would retain an option to buy the company back

The General Motors' name will be dropped

The move was speeded up by the Senate sanctions vote, prohibiting new investment in South Africa

However, GM is to settle the local operation's outstanding debts before the new operation starts That means the US parent may have to bring over close to R100 million

Mr White indicated the new owners were getting the company for next to nothing, with no money changing hands straight away

Payments will be made out of future profits, which Mr White does not expect before 1988.

● See Page 16.

BUSDAY 22/10/86 (192)

COMPANIES

Midas touch ups earnings by 53%

LIZ ROUSE

MIDAS, the vehicle parts franchiser-distributor, has declared a higher-than-forecast 4,5c maiden interim dividend on a 53% leap in earnings.

MD Georg von Loeper expects this growth rate to be maintained in the second half of the year. The first-half performance puts the group well on the track to better last year's results and the forecast given in the prospectus

Turnover in the six months to August rose by 44,4% to just over R22m (R15,2m) and attributable profits increased by 53% to R1,26m (R825 000), equal to earnings of 13,7c a share (9c a share)

The interim dividend compares with a 2c interim paid last year and the 4c maiden forecast in the prospectus A total dividend of at least 10,5c can be expected for the year to next February

At the current share price of 385c, the shares sell on a prospective PE ratio of 12,6 and yield of 2,7% This is a relatively modest rating for a company growing at more than 50% a year with a strong balance sheet — the ratio of total borrowings to shareholders' funds at the end of August was only 6%, excluding cash holdings of R3,1m

Midas' compound growth rate has been 32% over the past five years Bottom-line growth has been maintained despite a high rate of physical expansion

The expansion programme has been accelerated because of increasing demand. Plans were to have 80 Midas franchises by next February, but the group already has 82, compared with 53 last February

The target has been lifted from 116 by February 1988 to about 150. The first fully-independent black franchise store will be established in Kwa-Thema near Springs.

Other sectors of the group are also performing strongly The Fascit franchise of fitment centres has increased the number of outlets from 14 in February to 27 and the target is to increase this chain to about 45 in two years

Midas shares have drawn institutional investors and their holdings have increased to about 40% of the company

Evening Post

CITY LATE Port Elizabeth, Wednesday, October 22, 1986 Price 36c plus 4c tax

GM takes on 200 workers

Eve Post 22/10/86

(142) (183)

Soaking up the warm early summer sun is attractive LIZ HOPPE, 25, who adds a touch of glamour to the beach landscape. A beautician, Liz knows the value of a healthy tan, but is careful not to overdo it.

By KIN BENTLEY

GENERAL MOTORS has taken on 200 men to help build the new Monza, which goes on sale in a month's time.

This was confirmed in Port Elizabeth today by Mr Hal Carpenter, marketing director of GM South African

These are among the first jobs created in the motor industry in the last 18 months

The men are all engaged in a production capacity

People within the motor industry believe that once Detroit relinquishes control, the new management will be free to tender for Government contracts — abandoned by GM some time ago under anti-apartheid pressure in the States

With this, and the dispersement of any sales resistance incurred by American sanctions, the new management team no doubt is hoping for a steady growth in production next year

Mr Carpenter said the launch of the Monza would mean that GM would be competing in a substantial part of the vehicle market from which it had previously been excluded

He said light cars constituted 62% of the total market Of this, 25% were booted light cars like the four-doored Monza He believed the vehicle was ideally suited to the economic climate, with many people attracted to smaller cars

The Monza production line has been fully on stream for two weeks

The company public relations manager, Mr Mike Killeen, said the duration of the 200 men's employment would depend on demand for the new car

He said the company last recruited for the launch of the Kadett T car about two years ago and retrenchments since then had reduced the workforce to about 3 000

The official launch of the Monza to dealers, fleets and the media will take place from November 4 in Johannesburg, Durban, PE and Cape Town

He said the public launch would be November 23, when the vehicle would be on sale from dealers' showrooms

● Mr Carpenter confirmed that Mr Bob White, the managing director of GM, had a lengthy question-and-answer session with the top three layers of management yesterday concerning the takeover of the company by local executives from January 1

He also met union officials, Mr Carpenter said

Watsons plead not guilty to all charges

Court Reporter

THE three Watson brothers, who are charged with arson, fraud and attempted murder, entered a plea of not guilty to all the charges and elected not to make any statements or answer questions when they appeared in the Port Elizabeth Magistrate's Court today

Before Mr M T Morgenthal were Mr Valence Michael Watson, 34, Mr Ronald James Watson, 35 and Mr Daniel John (Cheeky) Watson, 32

Their appearance today brought together members of two rival groups, the Kwazakele Rugby Union (Kwaru) and the Zwide Rugby Union, which broke away from Kwaru after complaints about maladministration

Members of the Watsons' families and businessmen of all population groups were also present at the hearing, which lasted exactly 15 minutes

The atmosphere was relaxed as the three brothers hugged and kissed their wives and relatives They also exchanged greetings with members of the public

A video crew from the SA Police was also in attendance in the court room They left only seconds before the magistrate entered

The case was postponed to December 1

Cape Times, Thursday, October 23 1986

62/92

GM dealers have hope for a SA-run company

By ANDREW DONALDSON

SOUTH AFRICA had mixed reaction to the sudden escalation of American disinvestment with business experts saying the actions initially appeared more symbolic than meaningful, Reuter reports.

Honeywell Inc, a major United States computer company, and the Warner Communications group yesterday announced their withdrawal following earlier moves by IBM and General Motors to pull out

Honeywell, unlike IBM and GM, has a small presence in South Africa and is believed to be leaving mainly for economic reasons.

The General Motors pull-out has filled existing GM dealers with optimism and a renewed hope that the future South African-run company could now be "run in a manner suited to South African markets"

The pull-out would have no effect on the man in the street, city dealers told the Cape Times this week.

"The entire GM range would continue to be marketed in this country," said one dealer "Only this time, we'd be able to run the company more flexibly and in a manner suited to South African markets Business practices (between SA and the US) differ considerably," he said

Announcing the pull-out, outgoing GM (SA) managing director Mr Bob White said the US corporation would be selling its subsidiary here to local executives of the company. The new owners would be announced on November 4 together with a new vehicle range.

Meanwhile, Mr White replied to speculation that the new SA-owned company could now sell vehicles to the SADF and other government agencies

This was not possible "for a while" as all of GM's existing ranges and those that would be sold in the future — even the Japanese Isuzu vehicles — had US "technological" components that were affected by the Congress ban on the sale of US equipment to government agencies, Mr White told the Cape Times

Dealers have expressed the hope that the business and commercial reputation of the new owners would restore public confidence in the company.

□ Major American computer companies in South Africa have no immediate plans to follow IBM, spokesmen for the companies told our Durban correspondent

A Burroughs spokesman said: "We are a very profitable and valuable subsidiary and there are no plans to enter into a management buy-out."

Sperry Computers Systems marketing director Mr Neil Harding said his company had "no plans to follow IBM". Sperry and Burroughs recently merged.

Hewlett-Packard managing director Mr Marius Furst said the company would continue to do business in South Africa and try to implement peaceful change.

"We are a profitable company and intend to maintain that trend"

Control Data managing director Mr Dennis Mahoney said that since 1977, when the matter first became an issue, the company had consistently stated that it would continue its operations in the country as long as it was legally and economically viable for it to do so.

23/10/86 (192)

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Motor company hires 200 workers

Dispatch Correspondent

PORT ELIZABETH — General Motors has engaged 200 additional workers — reversing an 18-month trend of retrenchments in the motor industry

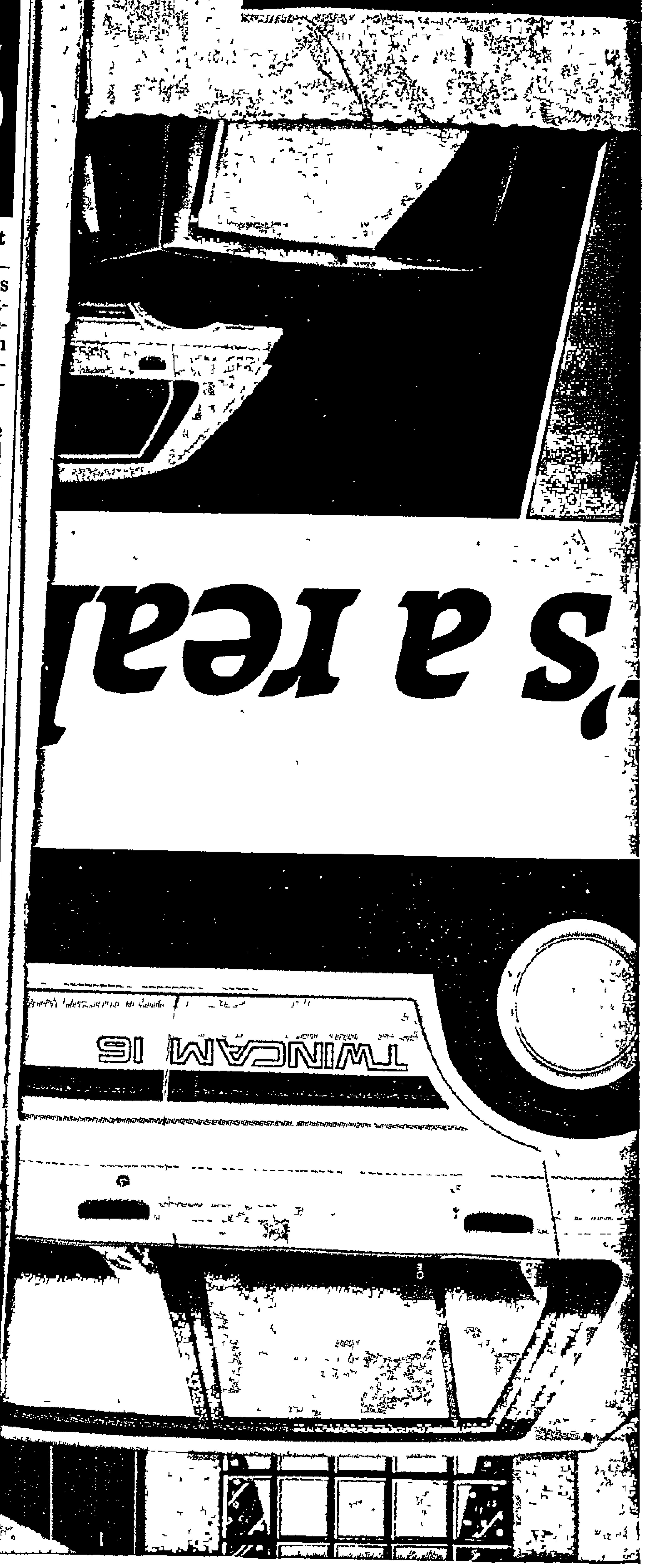
The new employees are all engaged in boosted production, associated with the launch of the Monza next month

And further buoyant news in the wake of the announcement that GM is to sell its operation to a consortium of its South African executives, is the prospect that new management would be free to tender for government contracts

A spokesman at GM's Port Elizabeth plant pointed out yesterday that under pressure from an anti-apartheid lobby in the United States, the company had been obliged to forego tendering on government business Once Detroit relinquishes control it is anticipated the new management will be free to tender for these lucrative contracts

The GM director of marketing, Mr Hal Carpenter, said the launch of the Monza would mean that GM would be competing in a substantial part of the vehicle market from which it had previously been excluded

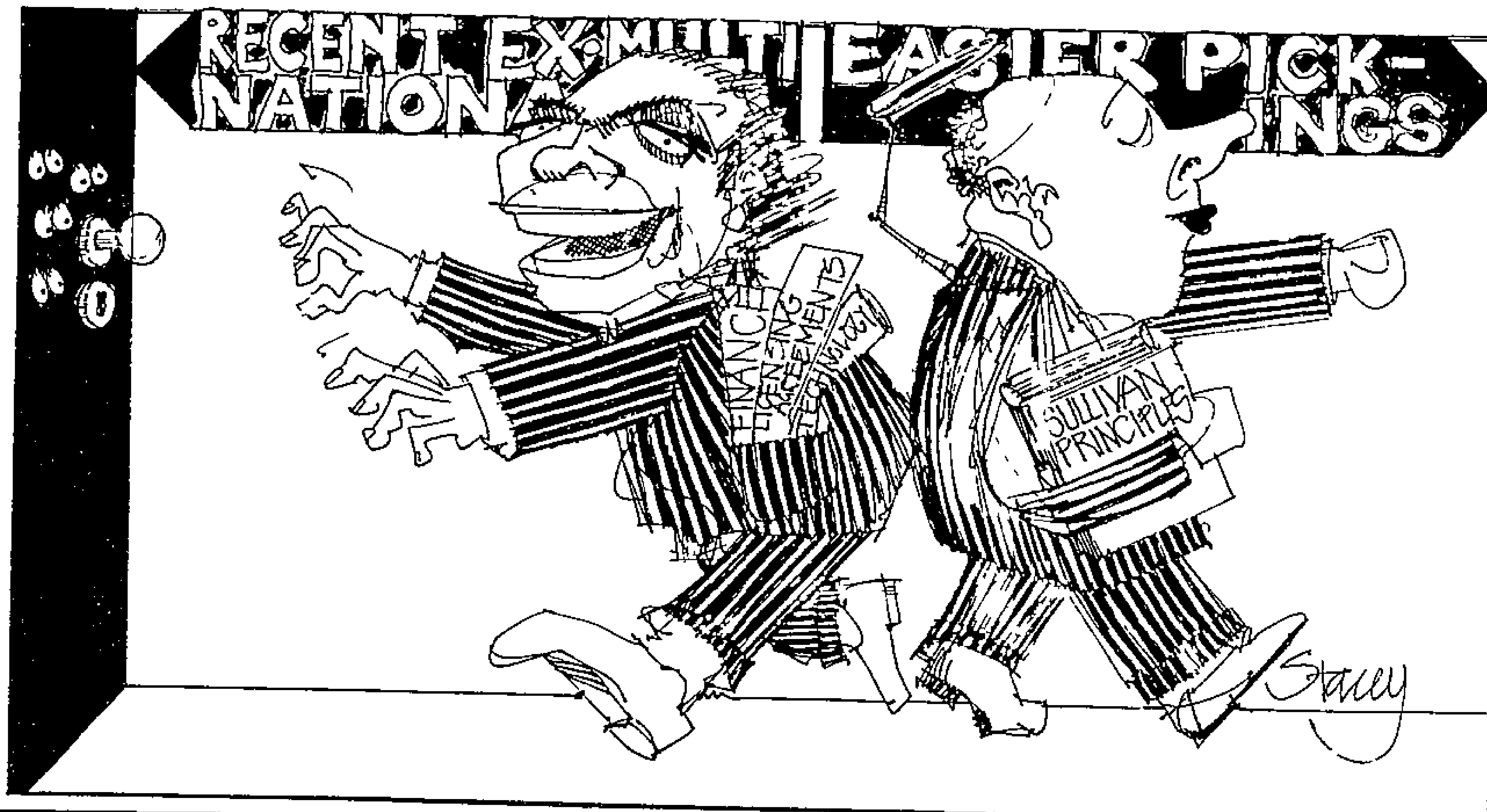
He said light cars constituted 62 per cent of the total market Of this, 25 per cent were booted light cars like the Monza He believed the vehicle suited the economic climate, with many people attracted to smaller cars



THE ECONOMY

The more they depart, the more they remain

The more the American companies disinvest, the more they stay behind. DUNCAN INNES reports on how IBM's withdrawal has in fact strengthened its base here — and given the company the freedom to side-step the Sullivan Code and supply equipment to the government



ONE, two, three, four — like skittles they are starting to fall Coke, General Electric, General Motors, IBM, Honeywell, Warners And the question on so many lips how many more?

The answer is probably quite a few

But why is this? Why the sudden exodus, especially of American companies?

Is it because foreign multinationals have suddenly developed social consciences? Or is it because the anti-apartheid movement, particularly in the United States, has become so strong that these giant multinationals quake in terror before it?

There may well be some truth in both of these arguments, but the issue goes considerably deeper A look at some of the arrangements made in the General Motors and IBM "withdrawals" is revealing

The US-based General Motors Corporation is to sell its South African subsidiary to the executives of the local company — but General Motors products (Opel, Isuzu and Suzuki) will still be produced here General Motors is "pulling out" of South Africa — but General Motors components and kits will still be supplied to the local company

IBM is to sell its South African operation to a new company formed (so says the full-page IBM ad) "for the benefit of the employees of IBM South Africa" — but a full range of IBM products and services will continue to be available in South Africa IBM is

General Moto...

was to be toughened brought a storm of protest from American companies operating in South Africa

By selling off their local subsidiaries in South Africa, these companies are no longer bound by the Sullivan Code

The same applies to US legislation regarding sales to South African government agencies Sell off the local subsidiary and it is then free to supply the government, police and military

For a company like General Motors which produces trucks and for IBM producing computer equipment, this could mean access to a major new market

For the South African government, the police and military it could mean access to sophisticated American equipment and products, since these will still be supplied by the US parent companies

IBM's Clarke has said the company

the profits from the supply of technologies, spare parts, etc

It is noteworthy that IBM recently sold off its subsidiaries in India, Nigeria and Zimbabwe, but retains access to these markets on an agency basis

This tendency on the part of multinationals — to cut back on ownership and concentrate on supplying technologies to Third World countries — is not new It is a strategy they have evolved over the past few decades to help them cope with tricky issues like nationalisation of their Third World interests

Since the West is way ahead of the Third World in terms of the development of new technologies, the Third World company either pays the asking price or risks losing its competitive position on the market This is the situation South Africa will increasingly find itself in as these sell-offs gather pace.

the local business sector

And the South African government, which has long encouraged South African companies to take a greater share in overseas concerns, can now look forward to gaining legal access to American products and equipment

It is thus hard to see how a change in the form of American companies' involvement in South Africa, which assures those companies of continued profitable access to our markets, which boosts the local white business establishment and which gives the South African government access to products and equipment—it was previously denied, can possibly be construed as an unambiguous victory for anti-apartheid forces

The economic damage it does impose, such as a loss of capital, is not at this stage a serious problem Because of the political and economic crisis, our own home-based multinationals and financial institutions are sitting with massive financial resources just dying to find opportunities for investment

Were the anti-apartheid lobby overseas to carry their campaign further and demand that these foreign companies stop supplying us with technology, products and equipment, that could pose a serious threat to our economy Cut off from these supplies we would inevitably become less competitive and our future would be bleak indeed

But as it stands at present, no serious damage is being done

...s or the use of its trademarks. For a company which hasn't made a profit since 1981, this is an undisguised blessing

"pulling out" of South Africa — but, says the ad, "all our customers will continue to get the service excellence which is associated only with IBM products"

Did somebody say these companies were pulling out of South Africa? How can they possibly be pulling out — and yet still provide a full range of products and services?

Jack Clarke, MD of IBM (SA) put the issue in perspective "In effect, what we have is a change of ownership" Exactly

These companies are not withdrawing from South Africa They are simply changing the form of their involvement in this country

The same is true of the giant Warner Communications Group and of Coca Cola, which are selling off their South African interests — but continuing to supply the South African market with records and Coke

If the issue were solely that these companies were finding apartheid morally repugnant, surely it would not be enough to withdraw their investments? Surely they would want to withdraw their products as well?

And if the issue were solely one of anti-apartheid pressure, then surely it would force a total withdrawal?

But if these are not the full reasons for this latest shift in these companies' involvement in South Africa, what else could there be?

The reason is not exactly the same for each company, but there seem to be certain common factors.

For one thing, American companies have been operating under restrictions in South Africa for some time now The Sullivan Code of Conduct and US legislation' prohibiting the sale of products made by US companies to South African government, police and military agencies are the most important of these The recent announcement that the Sullivan Code ... programmes here, last year worth about R37,5-million

But John Akers, chairman of IBM in America, hinted that IBM were selling off their local subsidiary now "before our freedom of action is further limited", suggesting that new US restrictions were on their way

Even if it is true that American companies are changing the form of their involvement in South Africa partly to avoid growing restrictions on their South African activities as well as to gain access to new markets, what does this mean in terms of their profits?

Obviously, access to government and military markets could prove extremely lucrative for these companies

But these markets apart, the supply of technologies and components is a profitable business General Motors will receive a licence fee for the use of its trademarks by the South African company It will also be paid for the sale of designs, components and assembly kits to the local company

IBM, too, will receive financial compensation for granting the exclusive IBM franchise to the local company It will also be rewarded financially for granting a three-year renewable contract for IBM products and services and a five-year renewable contract for spares and services to the local company. Furthermore, royalties will no doubt be paid to IBM for the supply of new IBM technology

For a company like General Motors, which hasn't made a profit in South Africa since 1981, this is an undisguised blessing. The prospects for the recession-hit South African motor industry are, to put it mildly, not positive.

Under these circumstances, it makes a good deal of sense for General Motors in the US to sell off unprofitable ventures like its South African subsidiary In this way, it rids itself of having to pay costly overheads, wages, running costs and a wide range of additional expenditures. Instead, it concentrates on raking in ... multinationals are changing the form of their involvement in South Africa is not the only issue at stake The other — and, arguably, the more important — issue is what effect this change will

For the South African government, withdrawal can actually allow access to sophisticated American computer equipment, previously barred by US leglislation

have on the South African economy and government Will it increase pressure on the white business establishment and the government?

The argument most of the media have focused on is the fact that the change involves a withdrawal of foreign capital from South Africa This is undoubtedly a loss, and the government must feel uneasy about this aspect of the situation But how serious is this loss?

In the first place, with gold seemingly set on a new bull run, the loss of foreign investment is not a major problem at the moment (especially as there is virtually no new investment anyway because of the political crisis and the recession)

If gold holds its recent $75 increase (from $350 to $425) for a year — and there is every likelihood that it will do at least that — then South Africa will have earned an extra $1,5-billion, which should more than compensate for the capital repayments on the sale of American companies. This is especially true as the American companies are having to pay money into South Africa prior to the transfer of ownership and as repayments will be staggered over a number of years Of course, having to repay this money is not desirable, but we can cope.

Secondly, the American companies are being sold to local white businessmen with, in most cases, financial support from local companies. Such a move, especially if, as is rumoured, the sales are at bargain basement prices and if it opens up access to profitable government markets, must strengthen

GM profit down 192

DETROIT — General Motors (GM), America's largest company, said yesterday its basic car operations lost $338,5m in the third quarter because it spent heavily on cut-rate loans to buyers designed to boost sales.

The company said profits for the period were also hurt by heavy spending on capital projects.

GM car sales fell 15% worldwide, although total revenue was up slightly. Last year, in this traditionally slow period for the car industry, GM's operating loss was only $20,9m.

"Although the cost of the marketing incentives adversely affected third-quarter results, the programme has provided an excellent basis for the launch of our 1987 models," said company chairman Roger Smith.

GM had a net profit of $263,7m when special tax credits and record profits of the financing unit and other subsidiaries were added.

The net profit was down 49% from last year's %516,5m.

The big operating loss was expected, and GM shares reacted little, rising $0,75 to $68,25 on the New York Stock Exchange.

The lower operating results contrast with the announcement earlier this week of record profits by GM Acceptance Corporation, the firm's financing subsidiary.

It reported third-quarter profits of $313,7m — a 17,8% increase over last year's $266,2m — and said this was because it had financed the purchase of more than a million cars.

The higher earnings by the financing subsidiary are reflected in the net income of the parent company.

At the same time as the chairman's report was released, it was reported that GM said it planned to close several US assembly and metal fabricating facilities by the end of next year after an extensive review of costs.

The company did not identify the factories to be closed, but GM president F James McDonald said earlier this week that an announcement about the closing of some assembly plants could be expected to be made within the next two months.

In a statement attached to its third-quarter earnings release, GM said: "In the coming weeks, employees at the affected operations in the US will be notified ...

"We will then be in a position to provide additional details on planned changes in our domestic production capacity."

GM also cited previously announced plans to restructure its Australian subsidiary and to sell its South African operations as part of "planned improvements that will serve GM well in both the near-term and the long run". — Reuter.

sunrise finance

Truck market still in low gear

192

Mr Ken Parr

By Stan Kennedy

The truck market is probably the most badly affected sector of the entire South African economy, says Mr Ken Parr, Leyland SA's marketing director

"I cannot think of any other sector — even the car market decline is modest by comparison," he says

In the first eight months of this year, the total market for trucks of 7,5 tons to 33 tons was 4 563 units compared with 6 960 in the same period last year, a decline of 34,4 percent

Five years ago, the market took 27 000 units With an estimate for the full year of just under 7 000 units, sales will plummet 75 percent

"It's a disastrous situation and one in which it is difficult to measure performance in a fast-declining market or to decide how well one is holding on," Mr Parr says

"It is not the most comfortable market to be in at this time It is also too fragile for any company to make claims about staying"

In such a volatile situation, he didn't think it right for any company to make bold statements

It was like whistling in the dark, and once one committed oneself to making brash announcements, there was always the likelihood of having to eat one's words — "very much like General Motors, who have consistently said they were staying"

Mr Parr joined Leyland in 1969 after a spell with Ford of Dagenham and as general manager and managing director of a Ford dealer group in England

Not richer

He came to South Africa in 1972 as retail operations manager (cars), and in 1978 he was appointed marketing manager, trucks, and a director in 1984

He says that since the liberalisation of gold trading in the early 1970s, when gold reached as high as $800 an ounce, people have been living in cloud-cuckoo-land

"With thoughts of being rich, they went out and bought things they didn't need — bigger houses, bigger cars, swimming pools and jacuzzis

"But gold did not bring them any more money, they only thought they were richer Now the truth is coming home to them"

Because of the economic situation, many operators are not ultilising their fleets to their full capacity, and Mr Parr estimates that about 25 percent of trucks are on blocks or are not being used

In other instances, they are not being used efficiently At supermarkets, there are often queues of trucks waiting to offload their goods It is not uncommon for a R150 000 truck to offload a consignment of carrots worth only R1 000 after waiting, perhaps, up to four hours.

But, generally, he says, companies are making themselves more efficient, and this could be a major reason for lower truck sales

There are two sectors of the industry — retail and government sales The retail sector, which is generally regarded as the measure of how good one's product is, is down 30,1 percent in the first eight months of this year The government sector, where sales are determined by price, is down 50,3 percent

Despite these depressing features, Leyland increased its market penetration from eight percent to nine percent — a 12 percent improvement In fact, it is one of the few companies improving its market penetration.

General Motors is not one of them Its units sold to government dropped from 422 in the first eight months of 1985 to 184 in the same period this year

In mitigation, however, the total government market has dropped 50 percent — from 1 873 to 931 in the periods January to August

"As long as there is a market to be exploited, we will be there," says Mr Parr.

"Just the same, no company is going to stay for ever and commit itself to a market that is patently losing money

Compensation

"We are a small company, and can contain our costs better than most If things come right, South Africa could become a veritable powerhouse of industry and commerce This is the way we are trying to view things"

He says there is an assumption that truck manufacturers also produce cars Hence the reason for some people thinking that Leyland has pulled out of the country

The car side of its business folded up late in 1984, but not for any political reasons There was some compensation in discontinuing the production of the Rover and Mini as it enabled the company to channel the resources into the heavy truck sector

Its after-market sales of parts, repairs and service are an important aspect of the company's business and represents 37,3 percent of total turnover Vehicle sales are 46 percent and used vehicles and bodies 16 percent

Its 6 000 buses operating on southern African roads and nearly 30 000 trucks and tractors are an enormous base for its spare parts division It holds more than 50 000 different items — from washers to complete cabs — at its 6 000 sq m central warehouse at Elandsfontein Among them are components for Leyland trucks that are 30 years old

Trucks, with a 50 percent local content, are manufactured at the Cape and sold directly by the company through its branches at Johannesburg, Mobeni, Welkom, Cape Town, Nelspruit, Ermelo, East London and Windhoek

Blacks hit GM for not talking first

STAR 25/10/86

192

By Sheryl Raine and Mike Siluma

Black employees of General Motors SA have slammed the multinational company for failing to consult them about plans to withraw from South Africa

"The National Automobile and Allied Workers Union (Naawu) said yesterday that a meeting of 2 000 GM employees in Port Elizabeth this week criticised GM management for not consulting workers about p'ans to sell out and demanded an expensive severance deal.

Naawu's regional secretary, Mr Les Kettledas, accused the company of unilateral management and of making Press statements about its withdrawal before informing employees

"They can make all the statements in the world that there will be job security, but what happens when the new guys come in and start talking restructuring or retrenchment? What control will GM have then?" asked Mr Kettledas

PAYMENT

Naawu members at GM sent a list of demands to the company yesterday, asking it

- To make a separation payment to all workers "as they would now all cease to be employed by the company"
- To refund all company and worker contributions paid into benefit funds to the members of those funds
- To clarify the appointment of the new directors of the company and indicate how workers would be involved in these appointments

The Saturday Star contacted GM in Port Elizabeth A spokesman, Mr Mike Killeen, was said to be in a meeting and did not return our call Two other spokesmen were also not available until Monday

- The National Union of Mineworkers (NUM) will only formally inform the Chamber of Mines at the weekend whether union members have accepted the Chamber's revised wage offer

A NUM spokesman, Mr Marcel Golding, said late yesterday the union was still awaiting feedback from members

GM to carry on making locomotives

26/10/86 SUNTIMES?

By Don Robertson

THE sale of General Motors' South African to a SA executives will not effect its huge locomotive business with the South Aftican Transport Services.

A spokesman for Sats said "The issue surrounding GM will have no effect on the supply of locomotives for the foreseeable future"

GMSA has sold 679 ultra-expensive diesel-electric locomotives to Sats Of these 584 were built at GMSA's Aloes plant near Port Elizabeth

GMSA has a contract for the supply of 45 Class E11 locomotives for the Richards Bay coal line. Twenty-five have still to be taken into service But Sats says this does not mean they have not been built, but perhaps have not been commissioned

The SA Government has given its blessing to the sale of GMSA to SA businessmen

It is believed that the matter was discussed at a Cabinet meeting on Wednesday and Minister of Manpower Pietie du Plessis commented on the resilience of the businessmen involved and wished them success

Details of the deal are expected to be announced within 10 days Negotiations between GM in Detriot and the new owners continue. The formal documents are being studied by lawyers

General Motors America said several factors lay behind the decison to withdraw

They included the difficult SA business climate, disapointment in the pace of political change and the fact that the SA operation had been losing money for many years

The proposed sale is designed to place the operation in a position which will make it more competitive

It has been suggested that GM America will inject about R100-million into GMSA to liquidate its debts

Managing director Bob White said this week that the buyers would "get the best balance sheet in 15 years"

GMSA's assets are about R400-million The sale will be based on net assets less the amount owed

The deal is being put together by a "few friendly financiers" and no merchant bank is involved

Favourable

Preliminary reports from a project team set up to establish SA reaction has been favourable

Dealers have offered their support and a full-page advertisement has been placed in today's Sunday Times congratulating "our South African entrepreneurs for their foresight and faith in the SA motoring industry" It is signed on behalf of 200 dealers

Fleet owners have also indicated that they will continue to support the company, provided they are assured of service and back-up The launch of the Kadett with a boot — the Monza — will go ahead on November 4.

The project team has also established that GMSA staff favour an SA-owned company GMSA employs 3 000 people

Last year the company imported about R200-million in components It last made a profit in 1981

Mr White says. "The company has been on the defensive for the last few years. We are thrilled to have a bunch of guys dedicated to the industry ready to buy the company"

27/10/86 BUSDAY

GM rejects union call

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Own Correspondent

GM has dismissed a union demand that workers be given "separation payments" because they were no longer employed by the company.

A GM spokesman said yesterday it appeared the National Automobile and Allied Workers' Union (Naawu) was demanding "some form of conscience money from GM for withdrawing from SA".

Naawu regional secretary Les Kettledas said implications of GM's withdrawal were considered by union members at a meeting on October 23.

The meeting, attended by about 2 000 workers, had criticised GM management for allegedly not consulting Naawu about plans to withdraw and sell the company.

GM has said the company is doing everything possible in forming the new company to preserve jobs and ensure continuity of employment.

More car makers to put prices up soon

STAR 28/10/84

Most car makers are now falling into line with the round of car prices initiated by Toyota at the beginning of the month.

Mazda passenger car prices will go up on November 1, by around six percent on the 323 range and by as much as 20 percent on some models in the just-revised 626 line-up.

On the same day Ford's Laser and Meteor light cars will go up by around six percent and Mercedes-Benz W124 and Honda Ballade models will rise by seven and 5,5 percent respectively.

General Motors prices are up as of yesterday, while VW says it plans to move next week.

LATEST ROUND OF RISES

The latest round of rises has been rather less orderly than is usually the case. Toyota moved first on its Cressida and commercial vehicle ranges, followed quickly by Nissan with an across-the-board increase which it says will be the last this year.

Later in the month Ford lifted its prices on Sierra mid-size sedans and on commercial vehicles, as did Mazda and Mitsubishi on commercials.

Toyota's Corolla small cars went up on October 21, and were followed yesterday by an all-model increase for General Motors.

3 000 GM employees go on strike

Bus Day 30/10/86

ALAN FINE

THE saga of the General Motors (GM) withdrawal from SA and its sale to as yet unnamed local interests took an unexpected twist yesterday when 3 000 workers downed tools in support of various demands related to the pull-out.

The strike followed the rejection by management of proposals submitted by the National Automobile and Allied Workers' Union (Naawu) on Friday

The proposals included one month's severance pay per year worked, the repayment of employer and company contributions to the group life and pension funds, and the appointment by the union of two representatives to the board of directors of the new company

GM met Naawu and the Motor Assembly and Components Workers' Union of SA (Macwusa) late yesterday afternoon.

Naawu said workers were concerned at the lack of information regarding the pending sale

GM industrial relations manager Robert McIlwaine replied yesterday that, following the initial withdrawal announcement and with delicate negotiations in progress, union shop stewards were given as much information as the management group

Workers had been assured there would be no change in their conditions of employment and that the new management would honour all obligations, including contracts with trade unions

Therefore, said McIlwaine, there was no question of any severance arrangements

● GM was yesterday granted a court order calling on its striking employees to show cause why their strike should not be declared unlawful

DBGI keeps on in top gear

359 (c) BusDay 1992

IN spite of the economic slump, Benoni-based David Brown Gear Industries' (DBGI) main gear-cutting machines are being kept fully manned seven days a week, three shifts a day, to handle work in progress

MD David Coope says "We are engaged in a contract that will stretch out over the next five or six years to produce 150 ring gears of 7,3m diameter for mining and power generation plant

"Our shops have to be fully manned because there has to be continuity of operation. Once you begin finish-cutting or grinding a gear, it has to be completed in one operation"

DBGI says it has some of the most sophisticated gear-manufacturing plants in SA and is able to cut the largest-sized gear wheels in the world.

About 95% of all its gear products have a 100% local content. In heavy gear manufacture, the company enjoys an 80% share of the local market, while in the medium and smaller sectors its share is 35% and growing The annual worth of today's depressed SA gear market is about R60m.

DBGI was badly affected in 1984 by the clamps imposed on the local economy, as well as on industrial and mining expansion plans, a situation aggravated by the deteriorating value of the rand.

"These circumstances and foreign exchange problems brought about financial difficulties for DBGI, which persisted into 1985," Coope says

Coope has served as MD since 1975. Under him, virtually every first line gear cutting machine in the Benoni factory has been replaced with the latest high-technology plant — a capital investment over the years of more than R55m at today's replacement cost

In 1984-5, Coope was seconded to David Brown headquarters in Huddersfield, England, for an 18-month spell where he was involved in a reorganisation and rationalisation programme which restored the parent company to profitability. On his return in the middle of 1985 he set about re-shaping the local company

"Considering the country's problems, the fact that we are working to a five-year plan does signal confidence It is based on quite conservative levels of activity with little expectation of great volume increases and looks to the continuing needs of the mining, power generation and industrial sectors

"With the extra manufacturing capacity we have available, we will benefit from any increased demand for locally manufactured products or a general upturn in the economy, simply by expanding our factory workforce."

In the next five years, DBGI plans to concentrate on high technology gear manufacture and to exploit the potential of super-sized gears in overseas markets as much as possible .

DBGI's big 14m MAAG gear-cutting machine is able to handle the largest gear wheels in the world and the company has received inquiries from several large mining and industrial centres abroad. Depending on the value of the rand, these inquiries may be turned to good account.

"It is because we have invested very heavily in the latest high technology gear-cutting machines that we are able to produce the quality and accuracy of gearing required by, among others, SA's large and diverse mining industry, for power generation, and for its big sugar mills where on-going reliability over many years of use is required, and where there is an original design input."

This technology has thrust the local company right into the world gear-cutting forefront

GM strikers put brake on Monza production line

30/10/86 (280) (192) (150)

By Sheryl Raine SMK

Hundreds of striking General Motors workers slept in the factories in Port Elizabeth last night and failed to report for the morning production shift today, according to union and company spokesmen.

The strike by as many as 2 500 workers centres on GM SA's decision to withdraw from the country and sell out to local buyers.

Late yesterday the company obtained a Supreme Court order demanding the National Automobile and Allied Workers Union (Naawu), the Motor Assemblers and Component Workers Union (Macwusa) and individual employees on strike, show cause by 9.30 am on Monday why the strike should not be declared illegal and workers dismissed

The union is considering its legal options and plans to meet workers at the strike-hit plants to discuss the situation today, said union spokesman Mr Les Kettledas. (62)

Yesterday white assembly line workers also refused to work, according to Naawu Mr Kettledas said about 2 000 black workers slept in the factories last night but the company put the figure at about 800.

At 7 am today workers gathered at the factory but the morning shift failed to begin, the company and union confirmed

Production has ground to a halt on GM's new Monza car assembly line. The car is due to be launched next month

Mr Kettledas said workers were demanding a full separation pay deal, refunds from benefit funds and the right to choose two directors on the board of the new company.

Naawu members have condemned the "arrogance displayed by GM in its withdrawal from SA and the sale of assets to local interests." They have attacked the company for not telling workers of developments.

Argus 30/10/80

NATIONAL/INTERNATIONAL

GM workers defiant — strike to continue

From KEN VERNON
The Argus Bureau

PORT ELIZABETH. — Striking General Motors workers were adamant today that the work stoppage would continue until demands were met — in spite of a court order against them.

They continue to occupy the company's premises

Late yesterday in the Port Elizabeth Supreme Court, Mr Justice Jennett granted General Motors an order calling on striking workers to show cause why their strike should not be declared illegal

Unions

The respondents are the National Automobile and Allied Workers' Union (Naawu), the Motor Assemblers and Component Workers' Union of South Africa (Macwusa) and various others — all employees of General Motors

The return date is Monday at 9 30am, when the respondents will have to show why the strike should not be declared illegal, thus entitling General Motors to dismiss striking workers

This morning workers moved freely in and out of the plant and stood in groups discussing the situation.

They said that up to 2 000 workers stayed in the plant for various periods last night

Canteen

General Motors spokesmen dispute this figure and say a maximum of 500 stayed behind after closing yesterday

A shop steward said no animosity between the strikers and non-striking workers or management had surfaced "so far"

He said the company canteen stayed open last night and supplied coffee to the strikers

He and other workers were adamant that the strike would continue until their demands were met

"We are worried about the future," a worker said

"General Motors have been losing money for five years and we fear that after the new South African management takes over they might say they still can't make a profit and close the plant

"Then we might lose all the benefits we have worked for over the years

"I have been here for 15 years That means a lot of money is due to me and I have to make sure it's safe," he said

"Weapon"

All workers interviewed said they saw the imminent launch of the new Monza range as one of their strongest weapons and discounted suggestions that the strike might lead to the South African takeover deal falling through

A spokesman for General Motors, Mr Mike Killeen, said the South African executives who would take over the company were due to be introduced to the country at a Press conference in Johannesburg on Monday

Cape Times

October 30 1986

Workers demand say in new GM

PORT ELIZABETH — Three thousand workers, demanding a say in the General Motors handover, downed tools yesterday, bringing production at the Kempston Road and Aloes plants to a stop.

The company is taking legal advice on applying for a court interdict to declare the strike illegal.

The National Automobile and Allied Workers' Union has made various demands and said its men stopped work to force the company to the negotiating table

Mr Bob White, the company's managing director, said he was not going to be blackmailed and would not negotiate with the union until the men had either resumed work or left the premises "I would have thought that the principal concern of the union and the employees would be that they would like to continue to have jobs in Port Elizabeth," he said

A NAAWU official confirmed that one of the union's demands was that two of the seats on the new board of directors should be taken by employees in the new company This demand arose because workers were being "left in the dark" about their future, he said — Sapa

Black and white down tools together

30/10/86

WEEKLY MAIL REPORTER

IN a rare show of worker unity across racial lines, 3 000 black and white workers at Port Elizabeth's General Motors (GM) plant downed tools on Wednesday to protest management's handling of GM's withdrawal from South Africa.

Management claimed the whites had only stopped work because they could not carry on alone. However, union officials said the whites had supported the demands of the striking black workers as both felt insecure about their future in the new company.

"They're all inside, black and white, and they're not coming out," a striking worker told the Weekly Mail.

According to the National Automobile and Allied Workers' Union (Naawu), 2 000 workers refused to leave the plant's premises on Wednesday night and slept in canteens and locker rooms. Management said only 500 workers had remained in the factory.

GM was granted an urgent court order on Wednesday, calling on its striking employees to show cause by Monday why the strike should not be declared unlawful.

At the heart of the dispute lies worker dissatisfaction with the manner in which GM is selling its South African company to as yet unnamed local buyers.

The workers downed tools after receiving a written refusal from management to meet Naawu's proposals that two union representatives be appointed to the board of the new company, that workers receive one month's severance pay for each year employed by the company and that employer and company contributions to the life and pension funds be repaid.

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GM strike goes on and so do talks

Bus Day 31/10/86

ALAN FINE, Sapa and Own Correspondent

THE strike by most of the workforce at General Motors in Port Elizabeth in support of demands connected with the company's withdrawal from SA continued yesterday.

And, for the second successive day, company and union representatives spent several hours in discussions, while hundreds of workers prepared to spend the night at the plant.

According to GM industrial relations manager Robert McIlwaine, the National Automobile and Allied Workers' Union (Naawu) has "somewhat modified" its original demands.

"There were, for instance, some variations that came up with regard to severance pay, and what was now required was only certain guarantees.

"With regard to the repayment of benefit contributions, it appeared that this would apply only to pension fund contributions," he said.

Management, he added, had responded to these proposals and Naawu had undertaken to convey its response to members.

Naawu had earlier demanded one month's severance pay for each year employed, repayment of employee and company contributions to the pension and group life funds, and two representatives on the board of the company that is to take over GM's interests.

GM has been granted a rule nisi against Naawu and other respondents, who have to show cause by 9.30am on Monday, November 3, why it should not be declared that they were instigating, inciting or conducting an unlawful strike

Bid to end GM strike

By Sheryl Raine

Talks between General Motors and union officials representing 2 000 striking workers are scheduled to continue today in an effort to end the three-day-old strike over job security

Mr Les Kettledas, regional secretary of the National Automobile and Allied Workers' Union (Naawu), said today workers were still on strike and occupying two Port Elizabeth plants.

Yesterday's talks ended without agreement over Naawu demands that when the multinational withdraws from South Africa and sells out to local buyers, it should grant

- Severance pay of one month's salary for each year of completed service
- Repayment of worker and company contributions to benefit funds
- The union the right to appoint two directors to the board of the new company to represent worker interests

STAR 31/10/86

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Building Industry Training Scheme set forth in clause 4 of the Scheme in terms of the Manpower Training Act, 1981, published under Government Notice R 1886 of 31 August 1984, the collection of contributions in accordance with the procedure stated hereunder

(2) Every employer shall pay to the Secretary of the Council the amount which he is required to contribute to the Training Fund in terms of clause 7 (3) of the said Government Notice

(3) The amounts paid by employers in terms of subclause (2) less a collection fee of 2½ per cent, shall be paid by the Council from time to time to the Training Fund "

PART II

SPECIAL PROVISIONS APPLICABLE TO THE TIMBER TRADE IN THE BUILDING INDUSTRY

1. SCOPE OF APPLICATION

(1) The terms of Part II of this Agreement shall be observed in the Timber Trade of the Building Industry—

(a) by all employers and employees who are members of the employers' organisations and the trade unions, respectively,

(b) in the Magisterial Districts of Alexandria, Bathurst, Beaufort West, Calitzdorp, George, Humansdorp, Joubertina, Ladismith, Knysna, Mossel Bay, Oudtshoorn, Port Elizabeth (excluding that portion which, prior to the publication of Government Notice R. 1974 of 26 September 1980, fell within the Magisterial District of Hankey), Riversdale, Uitenhage, Uniondale and in that portion of the Magisterial District of Hankey which, prior to 1 November 1963, fell within the Magisterial District of Port Elizabeth

2. CLAUSE 2.—SPECIAL PROVISIONS

Substitute the following for clause 2.

"2. SPECIAL PROVISIONS

The provisions contained in clauses 2 (2), 13 (as amended by clause 9 of the Re-enacting Agreement and clause 7 of Government Notice R 557 of 27 March 1986 and clause 4 hereunder) to 15 (1) inclusive of Part II of the Former Agreement shall apply to employers and employees.".

3. CLAUSE 3.—GENERAL PROVISIONS

Substitute the following for clause 3:

"3. GENERAL PROVISIONS

The provisions contained in clauses 1 (2), 2 (1), 3 (as amended by clause 4 of the Re-enacting Agreement), 4 (as amended by clause 5 of the Re-enacting Agreement, clause 4 of Government Notice R 1973 of 6 September 1985 and clause 4 of Government Notice R 557 of 27 March 1986), 5, 6 (as amended by clause 6 of the Re-enacting Agreement), 7 (as amended by clause 7 of the Re-enacting Agreement, clause 5 of Government Notice R 1973 of 6 September 1985 and clause 5 of Government Notice R 557 of 27 March 1986), 8, 9, 10 (as amended by clause 8 of the Re-enacting Agreement and clause 6 of Government Notice R 1973 of 6 September 1985), 11, 12 and 15 (2) to 18 of Part II of the Former Agreement shall apply to employers and employees "

4. CLAUSE 13 OF PART II OF THE FORMER AGREEMENT.—EMPLOYERS' ORGANISATION LEVY

In subclause (1), substitute the figure "27c" for the figure "18c"

Signed at Port Elizabeth, on behalf of the parties, this 30th day of May 1986

E. A. CILLIERS,
Chairman of the Council.

J. P. ERASMUS,
Vice-Chairman of the Council.

V. H. LE ROUX,
General Secretary of the Council.

No. R. 2266 192 **31 October 1986**

LABOUR RELATIONS ACT, 1956

INDUSTRIAL COUNCIL FOR THE MOTOR TRANSPORT UNDERTAKING (GOODS).—AMENDMENT OF AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending

Opleidingskema vir die Bounywerheid uiteengesit in klousule 4 van die Skema kragtens die Wet op Mannekragopleiding, 1981, gepubliseer by Goewermentskennisgewing R 1886 van 31 Augustus 1984, die invordering van bydraes ooreenkomstig die prosedure hieronder uiteengesit

(2) Elke werkgewer moet die bedrag wat hy ingevolge klousule 7 (3) van genoemde Goewermentskennisgewing tot die Opleidingsfonds moet bydra, aan die Sekretaris van die Raad betaal

(3) Die bedrae wat ingevolge subklousule (2) deur werkgewers betaal word, min invorderingskoste van 2½ persent, moet deur die Raad van tyd tot tyd aan die Opleidingsfonds betaal word "

DEEL II

SPESIALE BEPALINGS WAT OP DIE HOUTNYWERHEID IN DIE BOUNYWERHEID VAN TOEPASSING IS

1. TOEPASSINGSBESTEK

(1) Deel II van hierdie Ooreenkoms moet in die Houtnywerheid van die Bounywerheid nagekom word—

(a) deur alle werkgewers en werknemers wat lede is van onderskeidelik die werkgewersorganisasies en die vakverenigings;

(b) in die landdrosdistrikte Alexandria, Bathurst, Beaufort-Wes, Calitzdorp, George, Humansdorp, Joubertina, Ladismith, Knysna, Mosselbaai, Oudtshoorn, Port Elizabeth (uitgesonderd daardie gedeelte wat voor die publikasie van Goewermentskennisgewing R. 1974 van 26 September 1980 binne die landdrosdistrik Hankey geval het), Riversdal, Uitenhage, Uniondale en in daardie gedeelte van die landdrosdistrik Hankey wat voor 1 November 1963 binne die landdrosdistrik Port Elizabeth geval het

2. KLOUSULE 2.—SPESIALE BEPALINGS

Vervang klousule 2 deur die volgende

"2. SPESIALE BEPALINGS

Klousules 2 (2), 13 (soos gewysig by klousule 9 van die herbekragtigingsooreenkoms en klousule 7 van Goewermentskennisgewing R 557 van 27 Maart 1986 en klousule 4 hieronder) tot en met 15 (1) van Deel II van die vorige Ooreenkoms is van toepassing op werkgewers en werknemers ".

3. KLOUSULE 3.—ALGEMENE BEPALINGS

Vervang klousule 3 deur die volgende

"3. ALGEMENE BEPALINGS

Klousules 1 (2), 2 (1), 3 (soos gewysig by klousule 4 van die Herbekragtigingsooreenkoms), 4 (soos gewysig by klousule 5 van die Herbekragtigingsooreenkoms, klousule 4 van Goewermentskennisgewing R 1973 van 6 September 1985 en klousule 4 van Goewermentskennisgewing R 557 van 27 Maart 1986), 5, 6 (soos gewysig by klousule 6 van die Herbekragtigingsooreenkoms), 7 (soos gewysig by klousule 7 van die Herbekragtigingsooreenkoms, klousule 5 van Goewermentskennisgewing R. 1973 van 6 September 1985 en klousule 5 van Goewermentskennisgewing R 557 van 27 Maart 1986), 8, 9, 10 (soos gewysig by klousule 8 van die Herbekragtigingsooreenkoms en klousule 6 van Goewermentskennisgewing R 1973 van 6 September 1985), 11, 12 en 15 (2) tot en met 18 van Deel II van die Vorige Ooreenkoms is van toepassing op werkgewers en werknemers.".

4. KLOUSULE 13 VAN DEEL II VAN DIE VORIGE OOREENKOMS.—HEFFING VIR WERKGEWERSORGANISASIE

In subklousule (1), vervang die syfer "18c" deur die syfer "27c".

Namens die partye op hede die 30ste dag van Mei 1986 te Port Elizabeth onderteken

E. A. CILLIERS,
Voorsitter van die Raad.

J. P. ERASMUS,
Ondervoorsitter van die Raad

V. H. LE ROUX,
Hoofsekretaris van die Raad

No. R. 2266 **31 Oktober 1986**

WET OP ARBEIDSVERHOUDINGE, 1956

NYWERHEIDSRAAD VIR DIE MOTORVERVOERONDERNEMING (GOEDERE)—WYSIGING VAN OOREENKOMS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat

Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 December 1986, upon the employers' organisation and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisation or unions; and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clauses 1 (1) (a) and 3 shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 December 1986, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement.

P. T. C. DU PLESSIS,
Minister of Manpower.

SCHEDULE

INDUSTRIAL COUNCIL FOR THE MOTOR TRANSPORT UNDERTAKING (GOODS)

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Motor Transport Owners' Association of South Africa

(hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the

Motor Transport Workers' Union (South Africa)

the

South African Transport Workers' Union

and the

Transport Workers' Union of South Africa

(hereinafter referred to as the "employees" or the "trade unions"), of the other part,

being the parties to the Industrial Council for the Motor Transport Undertaking (Goods),

to amend the Agreement published under Government Notice R 2253 of 14 October 1983, as amended by Government Notices R 1131 of 8 June 1984 and R 2789 of 20 December 1985

1. SCOPE OF APPLICATION

(1) The terms of this Agreement shall be observed in the Motor Transport Undertaking (Goods)—

(a) by all employers who are members of the employers' organisation and by all employees who are members of the trade unions, who are engaged or employed therein, respectively,

(b) in the Magisterial Districts of Alberton, Benoni, Boksburg, Brakpan [excluding those portions of the Magisterial Districts of Boksburg and Brakpan which, prior to the publication of Government Notice 1779 of 6 November 1964, fell within the Magisterial District of Heidelberg, and excluding those portions of the Magisterial District of Brakpan which, prior to 1 April 1966 and 1 July 1972 (Government Notices 498 and 871 of 1 April 1966 and 26 May 1972, respectively), fell within the Magisterial District of Nigel], Delmas, Germiston, Johannesburg, Kempton Park [excluding those portions which, prior to 29 March 1956 and 1 November 1970 (Government Notices 556 and 1618 of 29 March 1956 and 2 October 1970, respectively), fell within the Magisterial District of Pretoria], Krugersdorp [including those portions of the Magisterial Districts of Koster and Brits which, prior to 26 July 1963 and 1 June 1972, respectively (Government Notices 1105 of 26 July 1963 and 872 of 26 May 1972), fell within the Magisterial District of Krugersdorp], Oberholzer (excluding that portion of the Magisterial District of Oberholzer which, prior to the publication of Government Notice 1745 of 1 September 1978, fell within the Magisterial

in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Desember 1986 eindig, bindend is vir die werkgewersorganisasie en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of verenigings is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousules 1 (1) (a) en 3 met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Desember 1986 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer.

P. T. C. DU PLESSIS,
Minister van Mannekrag.

BYLAE

NYWERHEIDSRAAD VIR DIE MOTORVERVOERONDERNEMING (GOEDERE)

OOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Motor Transport Owners' Association of South Africa

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

Motor Transport Workers' Union (South Africa)

die

South African Transport Worker's Union

en die

Transport Workers' Union of South Africa

(hierna die "werknemers" of die "vakverenigings" genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Motorvervoeronderneming (Goedere),

om die Ooreenkoms gepubliseer by Goewermentskennisgewing R. 2253 van 14 Oktober 1983, soos gewysig by Goewermentskennisgewings R 1131 van 8 Junie 1984 en R 2789 van 20 Desember 1985, te wysig

1. TOEPASSINGSBESTEK

(1) Hierdie Ooreenkoms moet in die Motorvervoeronderneming (Goedere) nagekom word—

(a) deur alle werkgewers wat lede van die werkgewersorganisasie is en deur alle werknemers wat lede van die vakverenigings is, wat onderskeidelik by bogenoemde Onderneming betrokke of daarin werksaam is,

(b) in die landdrosdistrikte Alberton, Benoni, Boksburg, Brakpan [uitgesonderd daardie gedeeltes van die landdrosdistrikte Boksburg en Brakpan wat voor die publikasie van Goewermentskennisgewing 1779 van 6 November 1964 binne die landdrosdistrik Heidelberg verval het, en uitgesonderd daardie gedeeltes van die landdrosdistrik Brakpan wat voor 1 April 1966 en 1 Julie 1972 (Goewermentskennisgewings 498 en 871 van onderskeidelik 1 April 1966 en 26 Mei 1972) binne die landdrosdistrik Nigel geval het], Delmas, Germiston, Johannesburg, Kempton Park [uitgesonderd daardie gedeeltes wat voor 29 Maart 1956 en 1 November 1970 (Goewermentskennisgewings 556 en 1618 van onderskeidelik 29 Maart 1956 en 2 Oktober 1970) binne die landdrosdistrik Pretoria geval het], Krugersdorp [met inbegrip van daardie gedeeltes van die landdrosdistrikte Koster en Brits wat voor onderskeidelik 26 Julie 1963 en 1 Junie 1972 (Goewermentskennisgewings 1105 van 26 Julie 1963 en 872 van 26 Mei 1972) binne die landdrosdistrik Krugersdorp geval het], Oberholzer (uitgesonderd daardie gedeelte van die landdrosdistrik Oberholzer wat voor die publikasie van Goewermentskennisgewing 1745 van 1 September 1978 binne die landdrosdistrik Potchefstroom geval het), Randburg (uitgesonderd

District of Potchefstroom), Randburg (excluding that portion which, prior to the publication of Government Notice 2152 of 22 November 1974, fell within the Magisterial District of Pretoria), Randfontein (including that portion of the Magisterial District of Koster which, prior to the publication of Government Notice 1105 of 26 July 1963, fell within the Magisterial District of Randfontein, but excluding the farms Moadowns 1, Holfontein 17, Leeuwpan 18, Ireton 19, Pahtiki 20, Bospan 21 and Rietfontein 48), Roodepoort, Springs, Vanderbijlpark, Vereeniging and Westonaria

(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall only apply to employees for whom minimum wages are prescribed in this Agreement and to employers of such employees

(3) Notwithstanding the provions of subclause (1), the provisions of this Agreement shall not apply to—

(a) an owner who drives his own vehicle and the employees employed in connection with such a vehicle, and

(b) an employer who operates one truck with one driver and the employees employed by such an employer

2. CLAUSE 15.—SICK FUND

(1) Substitute the following for subclauses (2) and (3)

"(2) (a) *Sick leave payments* —The Council shall, subject to the provisos contained herein and the provisions of subclause (3), pay out of the Sick Fund to a driver, security officer, Grade A, or general worker who is absent from work through illness or accident not due to his own misconduct or neglect an amount equal to the monthly sick leave contributions specified in subclause (1) (a) for an employee of his class for every working day of his absence on sick leave Provided that—

(i) the Council holds money for the credit of such employee;

(ii) he produces a medical certificate or any other suitable medical evidence in respect of his absence from work through illness and produces satisfactory evidence of identification,

(iii) no employee shall qualify for sick pay during his first month of employment in the Undertaking with the same employer, and thereafter only to the extent of one month's sick leave contributions for every completed 21 shifts of employment in the Undertaking,

(iv) no payment shall be made for the absence of less than eight hours' working time on any one working day,

(v) payment for absence owing to injury compensable under the Workmen's Compensation Act shall be limited to the rates specified in subclause (1) (a), less any amount payable to the injured employee under the Workmen's Compensation Act for loss of wages

(b) *Sick leave bonus payment* —Subject to the provisions of subclause (3), a driver, security officer, Grade A, and general worker shall for every completed 252-shift cycle of service in the Undertaking be entitled to a sick leave bonus consisting of the sick leave contribution remitted for him in terms of subclause (1) (a) for the 252-shift period, less any sick pay actually paid to him during such 252-shift cycle of service in the Undertaking The first sick leave bonus shall accrue 252 shifts or 52 weeks (whichever is the sooner) after completion of the first cycle of 252 shifts Each successive bonus shall accrue in a like manner 252 shifts or 52 weeks (whichever is the sooner) after completion of every cycle of 252 shifts or 52 weeks' service "

(2) Insert the following new subclause (3)

"(3) The Council shall, subject to the provisos contained herein, pay monthly, by not later than the seventh day of the succeeding month, to a registered insurance company nominated by an employee's trade union an amount of R2,00 in respect of every employee who has completed a shift cycle of 21 shifts during the month preceding the past month and who is a member of one of the following trade unions Motor Transport Workers' Union (South Africa), South African Transport Workers' Union, Transport Workers' Union of South Africa and who has had the Sick Fund contribution, prescribed in terms of subclause (1) (a), remitted for his credit to this Council by his employer for the premium due by the employee in respect of the trade union's Death and Burial Insurance Scheme

Provided that—

(i) if called upon by the Secretary of the Council, the trade union shall furnish proof of current membership for any employee who it is claimed is a trade union member, and

(ii) the employer's relevant monthly contribution cheque has been honoured by his bankers "

3. CLAUSE 19.—TRADE UNION AND EMPLOYERS' ORGANISATION SUBSCRIPTIONS

Substitute the following for subclause (1) (b)

"(1) (b) The weekly subscriptions to be deducted from the wage of every employee who is a member of a trade union which is a party to the Agreement are

	R
(i) In the case of an employee who is a member of the **Motor Transport Workers' Union (South Africa)**	2,00

daardie gedeelte wat voor die publikasie van Goewermentskennisgewing 2152 van 22 November 1974 binne die landdrosdistrik Pretoria geval het), Randfontein (met inbegrip van daardie gedeelte van die landdrosdistrik Koster wat voor die publikasie van Goewermentskennisgewing 1105 van 26 Julie 1963 binne die landdrosdistrik Randfontein geval het maar uitgesonderd die plase Moadowns 1, Holfontein 17, Leeuwpan 18, Ireton 19, Pahtiki 20, Bospan 21 en Rietfontein 48), Roodepoort, Springs, Vanderbijlpark, Vereeniging en Westonaria

(2) Ondanks subklousule (1) is hierdie Ooreenkoms slegs van toepassing op werknemers vir wie minimum lone in hierdie Ooreenkoms voorgeskryf word en op die werkgewers van sodanige werknemers

(3) Ondanks subklousule (1) is hierdie Ooreenkoms nie van toepassing nie op—

(a) 'n eienaar wat sy eie voertuig dryf en die werknemers wat in verband met die gebruik van sodanige voertuig in diens is, en

(b) 'n werkgewer met een vragmotor en een drywer en die werknemers van sodanige werkgewer

2. KLOUSULE 15.—SIEKTEFONDS

(1) Vervang subklousules (2) en (3) deur die volgende·

"(2) (a) *Siekteverlofbetalings* —Behoudens die voorbehoudsbepalings hierin vervat en die bepalings van subklousule (3) moet die Raad aan 'n drywer, 'n veiligheidsbeampte graad A of 'n algemene werker wat van die werk afwesig is weens siekte of 'n ongeluk wat nie aan sy eie wangedrag of nalatigheid te wyte is nie, ten opsigte van elke werkdag waarop hy met siekteverlof afwesig is 'n bedrag uit die Siektefonds betaal wat gelyk is aan die maandelikse siekteverlofbydraes wat in subklousule (1) (a) vir 'n werknemer van sy klas gespesifiseer word met dien verstande dat—

(i) die Raad geld in die kredit van sodanige werknemer het;

(ii) die werknemer 'n doktersertifikaat of ander geskikte mediese bewys ten opsigte van sy afwesigheid van werk weens siekte, asook 'n bevredigende bewys van sy identiteit, voorlê;

(iii) geen werknemer gedurende sy eerste maand diens in die Onderneming by dieselfde werkgewer vir siektesoldy mag kwalifiseer nie, en daarna slegs ten bedrae van een maand se siekteverlofbydraes vir elke voltooide 21 skofte diens in die Onderneming;

(iv) geen betaling vir afwesigheid van minder as agt uur werktyd op 'n bepaalde werkdag gedoen moet word nie;

(v) betaling vir afwesigheid te wyte aan 'n besering waarvoor vergoeding ingevolge die Ongevallewet betaalbaar is, beperk moet word tot die skale wat in subklousule (1) (a) vasgestel is, min alle bedrae wat ingevolge die Ongevallewet vir verlies aan lone aan die beseerde werknemer betaalbaar is

(b) *Siekteverlofbonusbetalings* —Behoudens subklousule (3) is 'n drywer, veiligheidsbeampte graad A en 'n algemene werker vir elke voltooide dienssiklus van 252 skofte in die Onderneming geregtig op 'n siekteverlofbonus wat bestaan uit die siekteverlofbydraes wat ingevolge subklousule (1) (a) vir die tydperk van 252 skofte vir hom ingestuur is, min alle siektebetalings wat gedurende dié dienssiklus van 252 skofte in die Onderneming werklik aan hom uitbetaal is Die eerste siekteverlofbonus moet 252 skofte of 52 weke beloop (naamlik die korste tydperk) na voltooiing van die eerste siklus van 252 skofte Elke daaropvolgende bonus moet op soortgelyke wyse 252 skofte of 52 weke beloop (naamlik die kortste tydperk) ná voltooiing van elke siklus van 252 skofte of 52 weke diens "

(2) Voeg die volgende nuwe subklousule (3) in.

"(3) Die Raad moet behoudens die voorbehoudsbepalings hierin vervat maandeliks, voor of op die sewende dag van die daaropvolgende maand aan 'n geregistreerde assuransiemaatskappy deur die werknemer se vakvereniging aangewys 'n bedrag van R2,00 betaal ten opsigte van elke werknemer wat 'n skofsiklus van 21 skofte voltooi het gedurende die maand wat die vorige maand voorafgaan en wat lid is van een van die volgende vakverenigings Motor Transport Workers' Union (South Africa) South African Transport Workers' Union Transport Workers' Union of South Africa en wie se siektefondsbydrae soos in subklousule (1) (a) voorgeskryf, deur sy werkgewer vir sy kredit aan die Raad gestuur is vir die premie verskuldig deur die werknemer t o v die vakvereniging sterfte- en begrafnisassuransie skema

Met dien verstande dat—

(i) die vakvereniging op aanvraag van die Sekretaris van die Raad die nodige bewyse moet voorlê van huidige lidmaatskap van 'n werknemer wat daarop aanspraak maak dat hy lid van die vakvereniging is, en

(ii) die werkgewer se tjek t o.v. maandelikse bydraes deur sy bankiers gehonoreer is "

3. KLOUSULE 19.—LEDEGELD VAN VAKVERENIGINGS EN WERKGEWERSORGANISASIE

Vervang subklousule (1) (b) deur die volgende·

"(1) (b) Die weeklikse ledegeld wat afgetrek moet word van die loon van elke werknemer wat lid is van 'n vakvereniging wat 'n party by die Ooreenkoms is, is

	R
(i) In die geval van 'n werknemer wat lid is van die **Motor Transport Workers' Union (South Africa)**	2,00

	R
(ii) In the case of an employee who is a member of the **South African Transport Workers' Union**	1,00
(iii) In the case of an employee who is a member of the **Transport Workers' Union of South Africa**............	1,00"

Signed at Johannesburg for and on behalf of the parties to the Council this 17th day of June 1986.

G. F. VAN NIEKERK,
Chairman

S. TSHABALALA,
Vice-Chairman.

E. NEL,
Secretary.

	R
(ii) In die geval van 'n werknemer wat lid is van die **South African Transport Workers' Union**	1,00
(iii) In die geval van 'n werknemer wat lid is van die **Transport Workers' Union of South Africa**	1,00 "

Geteken te Johannesburg vir en namens die partye by die Raad op hede die 17de dag van Junie 1986

G. F. VAN NIEKERK,
Voorsitter

S. TSHABALALA,
Ondervoorsitter

E. NEL,
Sekretaris.

No. R. 2267 31 October 1986

BASIC CONDITIONS OF EMPLOYMENT ACT, 1983

CONTINUOUS WORKING

I, Joël Daniël Fourie, Chief Director· Labour Relations, duly authorised thereto by the Minister of Manpower, hereby in terms of section 33 (1) of the Basic Conditions of Employment Act, 1983, declare the manufacture of particleboard from raw wood, as carried out by Interboard SA (Pty) Limited at Wadeville, to be an activity with respect to which work may be performed continuously in three shifts per 24 hours, seven days a week: Provided that the conditions of employment, as published under Government Notice R. 2167 of 28 September 1984, or any Government Notice published in substitution thereof, be adhered to.

J. D. FOURIE,
Chief Director: Labour Relations.

No. R. 2267 31 Oktober 1986

WET OP BASIESE DIENSVOORWAARDES, 1983

AANEENLOPENDE WERK

Ek, Joël Daniël Fourie, Hoofdirekteur: Arbeidsverhoudinge, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verklaar hierby kragtens artikel 33 (1) van die Wet op Basiese Diensvoorwaardes, 1983, dat die vervaardiging van spaanderbord uit onverwerkte hout, soos uitgevoer deur Interboard SA (Pty) Limited te Wadeville, 'n bedrywigheid is met betrekking waartoe daar aaneenlopend in drie skofte per 24 uur, sewe dae per week, gewerk kan word: Met dien verstande dat die diensvoorwaardes, soos gepubliseer by Goewermentskennisgewing R 2167 van 28 September 1984, of enige Goewermentskennisgewing gepubliseer ter vervanging daarvan, nagekom word.

J. D. FOURIE,
Hoofdirekteur: Arbeidsverhoudinge.

No. R. 2286 31 October 1986

LABOUR RELATIONS ACT, 1956

BUILDING AND MONUMENTAL MASONRY INDUSTRIES (TRANSVAAL).—AMENDMENT OF MAIN AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the first Monday after the date of publication of this notice and for the period ending 30 April 1987, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions; and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clauses 1 (1) (a), 2 and 3 (4) shall be binding, with effect from the first Monday after the date of publication of this notice and for the period ending 30 April 1987, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement.

P. T. C. DU PLESSIS,
Minister of Manpower.

No. R. 2286 31 Oktober 1986

WET OP ARBEIDSVERHOUDINGE, 1956

BOU- EN MONUMENTKLIPMESSELNYWERHEID (TRANSVAAL).—WYSIGING VAN HOOFOOREENKOMS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die eerste Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1987 eindig, bindend is vir die werkgewersorganisasies en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousules 1 (1) (a), (2) en 3 (4), met ingang van die eerste Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1987 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer

P. T C DU PLESSIS,
Minister van Mannekrag.

up of Sasol's Joe Stegmann (chairman), De Beers Julian Ogilvie Thompson, the IDC's Marius De Waal, Barlow Rand's Warren Clewlow, Sanlam's Fred du Plessis, the Development Bank's Simon Brand and Reserve Bank Governor Gerhard de Kock


Relly


Adcock


Waddell


Motsuenyane


Tucker


King


Ball


Bloom

Except for Ogilvie Thompson, they will be among those who chair the working groups that will convene after the presidential address. Other chairmen are Altech's Bill Venter, SA Breweries' Meyer Kahn, Gold Fields' Robin Plumbridge and Escom's John Maree. Cabinet members will rotate among the groups but the president will not participate.

There is a great fear in business circles that the outcome will be the eclipse of monetarism and the ushering-in of grand co-operation between government and business — a corporate state — in which direct controls and growing protection for key industries will play an important part Coercion will eventually take the place of market allocation of resources.

Or the outcome could be paradoxical, with government conceding micro deregulation to encourage small business, while simultaneously agreeing to more macro regulation to entrench an explicit partnership with established large business groupings.

This approach is based on the erroneous view among some politicians and businessmen that rapid economic growth in Japan was the result of considerable protection of its industries and the succour given by the Ministry of International Trade and Industry (MITI), especially so far as technology transfer was concerned. The new long-range plan could, we fear, envisage the CSIR in a similar light.

There is no doubt that the Japanese situation is a complex one. Those who choose to present it as an example of laissez faire have as difficult a time as those who claim its growth was all protectionism and central management. But there is sufficient evidence to suggest that the Japanese economic resurgence was not so much a triumph of central management over the marketplace as of entrepreneurship (such as Honda's) over the large corporations fostered by MITI

After the war, Japan administered large doses of supply-side economics lower taxes, inducements to savings and encouragement of industrial investment over housing It became more advantageous for the Japanese to own their own businesses than their own homes That is what sparked the country's remarkable growth

The important point that the Japanese have illustrated is that creative business instincts do not come out of large institutions The assumption that they do is something against which we have to be on constant guard here For a grand strategy envisaging more controls and protection will foster concentration of ownership and erode competition.

But there will be other unfortunate consequences.

☐ The trade unions and anti-apartheid groups abroad will be convinced of a conspiracy between government and business The latter will be pressed to foster social change far beyond its ability to do so And if business is forced as a result of that perception into affirmative action, the economy will become less efficient and still more jobs will be lost;

☐ The radical black — and erroneous — view that capitalism supports apartheid will appear to have been proven This will persuade blacks increasingly to seek collectivist expression to their political frustrations

☐ A siege economy will be increasingly cut off from hi-tech and will slide into Third World decay as its ability to compete in First World markets diminishes, and

☐ The role of government will expand in the economy, with the public service swelling and economic growth faltering, which will encourage the imposition of even more authoritarian social policies

In almost every socialist country in the world, a grand strategy has been devised and attempts made to implement it with increasing coercion In none has there been economic growth anywhere near that of the Western democracies with their greater emphasis on free enterprise, reducing government, and open economies

For once, business has the upper hand Government needs it to make the grand plan work Business must demonstrate both to its customers abroad and to its black workers at home that it has the stomach to wield the influence it claims to have and to a degree does have

Hands-off policy

The businessmen among those in Pretoria next Friday must withhold all co-operation unless government is prepared to agree within a specified time to repeal the Group Areas and Land Acts, resolve the citizenship issue, halt all forced removals, lower taxes, reform regional government structures on a wider franchise and reduce its own role in the economy

In short, if P W Botha wants to tango, he must cough up or push off Nothing could be worse for business now than being seen to be playing footsy with the perfidious performers in Pretoria ■

☐ See *Business*

US SANCTIONS

Call off the dogs

192

FIN MAIL 31/10/86

It suits many US companies to divest from SA — not all for political reasons. Many links could be cut.

When the two biggest non-oil companies in the world book one-way tickets out of SA within days of each other, you must know the country is in some kind of trouble

But how much trouble? After all, General Motors (GM) products will continue to be offered on showroom floors — the launch of the new Opel Monza is only days away — and IBM computers will be competing as strongly as ever for local customers

It is thus not surprising that public reaction to the latest, and most spectacular, disinvestment moves has been subliminal indifference

Indeed, in GM's case the popular view persists that it may have been better for the company to quit entirely in view of the over-traded state of the vehicle market

There's perverse merit in the argument Truth is, SA can exist quite happily without GM motor cars To a less extent it can also get along without direct access to IBM computers But it can't get along without the rest of the world

In the case of both GM and IBM (and

many others), local and not foreign interests will henceforth be calling the shots (see *World*) In terms of the GM deal, local interests will buy the operation and GM money will come in to pay debts and strengthen the South African balance sheet Conversely, IBM will hand over a going and profitable concern "for the benefit of employees" in the hope that the new South African company will generate a sufficient level of profitability to pay for it — sometime

GM and IBM, of course, are merely the latest to join a growing list of US corporations which have found it expedient to cut and run This year alone 30 US concerns have severed connections one way or another with their South African subsidiaries Question marks hang over many others, like Honeywell, Kodak and Xerox, and scores more have already gone Indeed, with the pace of divestment hotting up, betting men are giving even money that no major US corporation will be directly invested in SA a year from now

The flaccid South African economy and anti-apartheid pressures back home are commonly cited as the main reasons for the latest round of withdrawals Also, not to put too cynical a face on it, it is true to say that most divestors so far have failed to make the grade in SA over the past few years And those still in profit are not too charmed with the returns they are getting through the depressed rand

But a study of the US Congress's Comprehensive Anti-Apartheid Act of 1986, the legislation which President Ronald Reagan failed to override, shows clearly why so many US companies have been faced with Hobson's choice

The Act, to be sure, is a meandering and woolly document which confirms what most critics were saying in the first place — US legislators are light years away from a proper understanding of the South African question

SA itself must shoulder some of the blame for that, but it is small compensation for American corporations which now face swingeing controls if they choose to remain

They will be required, for example, to "take the necessary steps" to implement a statutory code of conduct if they have 25 employees or more This is old hat, of course, because most US companies have long since learnt to live by employment codes of one kind or another

But under the new legislation they could be required to register on a presidential list and face being cut off from government export aid to any country if they are found to be implementing the code less than enthusiastically

The seven-point charter is hardly onerous

☐ Desegregating the races in each employment facility,
☐ Providing equal employment opportunity for all employees without regard to race or ethnic origin,
☐ Assuring that the pay system is applied to all employees without regard to race or ethnic origin,
☐ Establishing a minimum wage and salary structure based on the appropriate local minimum economic level,
☐ Increasing by appropriate means the number of persons in managerial, supervisory, administrative, clerical and technical jobs who are disadvantaged by the apartheid system, for the purpose of significantly increasing their representations in such jobs,
☐ Taking reasonable steps to improve the quality of employees' lives outside the work environment with respect to housing, transportation, schooling, recreation and health, and
☐ Implementing fair labour practices (including trade union recognition)

Trouble is that scores of US companies know only too well that such codes are applied subjectively The keepers of the Sullivan principles, for example, have had to delay the announcement of their latest "findings" because scores of US companies have appealed They complain that they have done everything required of them — and more — but have nevertheless been dropped in the rankings and lost benefits

With registers, codes of conduct, threats of export aid withdrawal, and so on, things are clearly being made tough for US companies in SA

But the irony of it is that, at face value at least, Congress would like them to stay The anti-apartheid Act says so in almost as many words "The Congress hereby applauds the commitment of nationals of the US adhering to the Code of Conduct to assure that South African blacks and other non-whites are given assistance in gaining their rightful place in the South African economy" (Section 203 (b) (1))

Nice thought, but the GMs, IBMs and Coca Colas have given their answer Rather divest and keep contact through supply agreements than run the gauntlet of subjective judgments and punitive government retaliation

Which is not to say that the employment and social codes will not continue to be applied In most cases, the companies coming under South African control have announced that they will continue to implement them anyway

As Frank Lubke of the American Chamber of Commerce in SA (Amcham) puts it "Amcham has always taken the approach that the best interests of everyone would be served by remaining here"

The Rev Leon Sullivan, who was "on his way to Texas" when the *FM* tried to contact him in Philadelphia on Friday and "on his way to Iowa" on Monday, appears to be ambivalent over the continued US business presence in SA

"From our discussions with him," says Lubke, "we get the distinct impression that he does not think that pulling American corporations out of the country will serve a useful purpose But he is also on record as saying that if apartheid is not dismantled by May next year he is going to withdraw from the programme which bears his name And we know that apartheid will not be dismantled by May next year"

Sullivan signatories spokesman Roly Clark is equally in the dark over the future of the programme

He feels a "nucleus" of the companies will remain but whether or not Sullivan drops it in May, "the work generated by these guys should continue"

So much for the current state of disinvestment play What business is now keen to know is what it will take for the US Congress to call off the dogs

The anti-apartheid Act talks about releasing Nelson Mandela, Govan Mbeki, Walter Sisulu and other political prisoners, of repealing the State of Emergency, of the right of all races to form political parties, of negotiations, ending military activity in other countries, and setting a timetable for eliminating apartheid

It also binds over the African National Congress (ANC) and Pan-Africanist Congress (PAC) to suspend violence, commit themselves to a "free and democratic SA," to talk to the South African government and re-examine their ties with the Communist Party

Future US attitudes towards SA, says the Act, will depend not only on government's reforms but also on the progress made by the ANC and other organisations in meeting these goals

Does it mean that no further action will be taken against SA unless the ANC renounces violence and takes up the offer for talks? It seems that it will all depend on how President Reagan reports on apartheid's progress next year

Meanwhile, US companies still in SA, as equity holders or suppliers, can expect little respite from the mindless pressures which continue to build up against them And the fact that southern Africa, and blacks in particular, will suffer most is no less true for having been said so many times before

The South African government has options — like releasing Mandela — but clearly no real progress will be made until it establishes at least points of convergance with the ANC

And if the ANC is interested in the peaceful solution which the US Congress is seeking, it has the means within its hands It must forswear violence and join other interested parties at the negotiating table It's the only way to break the impasse ■

Financial problems 'caused by apartheid' tipped scales for GM

W/E ARGUS 1/11/86 192

By NEIL LURSSEN
Weekend Argus Foreign Service

WASHINGTON — General Motors tried hard to stay in South Africa but financial troubles, largely caused by apartheid, made it impossible, says the chairman, Mr Roger B Smith

Writing in the New York Times, Mr Smith has explained at length why the giant corporation chose to quit

He said the country seemed unable to generate the momentum needed to produce the progress the times needed Without this progress there was little opportunity for American businesses to help solve South Africa's political problems

"In withdrawing our assets, we intend to do all we can to provide for our 3 000 GM South African employees — more than 60 percent of whom are non-whites — and their 15 000 dependants

"We don't want them to suffer by our actions We care a great deal about our employees"

GM's basic problem — one that all corporations had to pay attention to — was the fact that its SA operations had been losing money for several years

"Clearly a major portion of our financial troubles was generated by the very existence of apartheid And South Africa's failure to move away from apartheid at a rapid enough pace allowed the disruptive forces that come wth racial separation to grow

"These problems were further complicated by the actions of government at all levels in the United States to restrict American businesses operating in South Africa

"The convergence of all these things made our presence in South Africa no longer tenable"

Of all the world's troubled places, South Africa was probably the saddest because of missed opportunities

The main missed opportunity was that of bringing all of the country's people into the economic and political mainstream of one of the richest and most promising countries on the continent

Tide turned

GM would have liked to stay in South Africa but earlier this year the tide of political and economic events turned

Until then American businessmen were hopeful they could convince the SA Government that a new initiative should be launched to eliminate apartheid

It soon became clear that too little was happening too late Since the SA economy was so closely tied to political developments, chances of a near-term improvment in the deeply depressed economy seemed equally dim

"At that point, we had little choice but to leave," Mr Smith said

South Africa was a rich country with potential wealth for all its people to share

"What it needs most of all is extensive investment to create jobs for its rapidly growing population

"And the sooner its government opens the country to all its people, the sooner world business will be willing to invest there again I personally look forward to the day when General Motors will be one of those investors"

● On the day that Mr Smith's article appeared in the New York Times, GM headquarters in Detroit announced a sharp cutback in its announced plans for employment and production at a new plant in Tennessee to produce Saturn cars

The original plan was to employ 6 000 workers and produce 500 000 cars The new plans envisage 3 000 workers and 200 000 cars

re

W/E NEWS 1/11/86 (192) (4002) (180) (182)

Monday deadline for GM strike talks

Weekend Argus Bureau

PORT ELIZABETH — Striking workers and General Motors management meet this weekend for intensive talks before a Monday morning court deadline

If the two sides do not reach agreement over the weekend, the trade unions involved will have to appear in court on Monday morning to show cause why the strike should not be declared illegal

Both sides said that if the dispute was not resolved in this round of talks, they would have to defend positions in court allowing the strike to drag on

Late yesterday afternoon, GM management and officials of the two trade unions involved in the dispute, the National Automobile and Allied Workers Union (Naawu) and the Motor Assembly and Component Workers Union of South Africa (Macwusa), were closeted in talks and could not be reached for comment

Monday is also the day scheduled for the dealers' launch of GM's new Monza and GM will use the occasion to also announce the South African executives taking over the company when the US parent company pulls out next year

Production of the new Monza has been halted by the strike

The workers are on strike over disputes about severance pay and pension fund contributions in the light of the takeover of GM by a wholly South African company

By Don Robertson

Motor-makers busier as prices increase

ACTIVITY is picking up in the motor industry, but the rising cost of SA and imported components continues to exert pressure on prices.

Higher prices will be the single deterrent to the vehicle market's return to more acceptable levels.

The National Association of Automobile Manufacturers (Naamsa) shows that capacity use in the car sector rose to 68,5% in the three months to September compared with 56,6% in the quarter to June.

Increased use was noted in other sectors, light commercials (LCV) rising to 64,0% from 60,5%, and medium commercials from 47,7% to 60,0%.

However, buses and heavy trucks continued to reflect sluggishness in public and private investment and capacity use fell for the third quarter in a row — to 48,2% from 50,6%.

Capacity use for the industry as a whole rose to 60,17% from 53,85%.

Spiral

Sales improved in the September quarter — cars up 8% on the previous three months, LCVs up 15,2%, and mediums up 9,4%. Heavies fell by 0,9%.

In spite of the increased tempo, 1 398 jobs were lost.

Naamsa believes that the decline in sales of cars and LCVs has bottomed out. Car sales topped 15 000 for the fourth consecutive month in September, and LCVs recorded their highest sales of the year in the quarter.

But the price spiral continued on the component side. Prices of imported components rose by between 3,74% and 6,5%. SA component suppliers were hit by strikes and rose in price by 3,97% to 5,3%. SA-made components with a high imported content rose by more.

Imported raw materials again increased in price, but the rand's firmness towards the end of the quarter should provide benefits in the last quarter of 1986 and in the first three months of next year.

Fleet buying, about 70% of total sales, is expected to pick up as a result of the more favourable fringe benefits tax. Naamsa forecasts car sales for the year of 178 285 and 188 142 for 1987.

LCV sales are forecast at 76 755 and 78 915 for 1987, mediums at 4 545 and 4 985 and heavies at 6 600 and 7 250.

GM strike may affect new car

SUNTIMES

By JEREMY McCABE

PORT ELIZABETH'S euphoria at not being totally abandoned by divesting motor giant General Motors has been soured by what some term "ill-timed" strike action involving thousands of GM workers.

The sudden strike at GM's two Port Elizabeth plants has threatened the successful launch of the embattled firm's long-awaited new Opel Monza model later this month, although management spokesmen have played down the effect the strike will have on the launch programme — set to start on Tuesday

Power play

Sources within the company claim that the GM management has been incensed by the "bad timing" of the stoppage.

"We are trying to get the company back on its feet and are preparing to launch a new model, and then this happens," one highly-placed GM official said

And, in theory, more than 2 000 workers face the prospect of dismissal next week if a settlement is not reached before Monday

Labour relations "experts" consider a mass firing of workers highly unlikely, and referred to the threat as a "power play"

A Port Elizabeth judge granted GM a court order on Wednesday calling on striking employees to show cause why their strike should not be declared illegal.

Urgent plea to help car industry

Dispatch Correspondent

JOHANNESBURG — A strong appeal will be made to the government not to delay new stimulatory measures to help the motor industry

This was said by the executive director of the Motor Industries Federation (MIF), Mr Jannie van Huysteen

Mr Van Huysteen was announcing the programme for the annual conference of the MIF and the South African Motor Industry Employers' Association, which is to be held here this week

He said ways and means will have to be found to put more money into the pocket of the consumer to enable him to buy

"In addition we have an inflation rate of nearly 20 per cent further aggravating the position

"Solutions will have to be found for these problems before the industry can recover"

The fact that real salaries and wages have not risen over the past three years to the same extent as car prices has left the average South African simply without the necessary disposable income to buy a new car

He said despite the local content programme for motor cars and light commercial vehicles, about 50 per cent of the rand value of these vehicles is still being imported from countries of origin

"The depreciation of the rand against the yen and German mark — most South African vehicles are now of Japanese and German origin — has led to very sharp price increases in the past three years in spite of rationalisation in the industry"

He said in January 1984 the rand was worth 180 yen Now it is worth the equivalent of only 60 yen

A similar situation applies in the case of the German mark

Details of GM's future today?

CMC-TMP 3/11/86

192

PORT ELIZABETH — Details of the future shape of General Motors in South Africa are expected to be disclosed today in what one motor manufacturer described as "one of the industry's best-kept secrets this year"

But today is also the deadline for striking workers to return to work or show cause why the strike is not illegal In terms of a court order they can be dismissed if they do not meet these requirements

Executives of the new local management team, believed to be headed by GM's director of technical operations, Mr Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licensing agreement.

Optimism in the new operation is expected to be heavily promoted in the run-up to Wednesday's Monza car launch, the success of which is seen as critical to the company's future

However, the success of the launch has been clouded by the strike by about 2 400 workers, which has stopped production of the Monza at the Kempston Road plant since Wednesday Sapa

White believes GM will survive

3/11/86

BUS DAY

HAMISH McINDOE

DETAILS of the future shape of General Motors in SA are expected to be disclosed today in what one motor manufacturer describes as "one of the industry's best-kept secrets this year".

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Optimism in the new operation is expected to be punted heavily in the run-up to Wednesday's Monza car launch.

GM announced its withdrawal on October 20.

While some industry quarters rate GM's survival chances as low, MD Bob White has made clear the company is close, before interest payments, to breaking even and is expected to post its strongest bottom line in 15 years.

But Nissan, for one, sees GM progressively running down its activities over the next few years because of the high cost of retooling for new models

● See Page 3

GM slammed over no talks

3/1/87 BUS DAY

Profits, and not workers, should suffer — unions

THREE major motor industry unions said yesterday workers' job tenure should not suffer when multinationals withdrew from SA, but rather the companies' profits should "bear the brunt of the results of apartheid"

In a joint statement, the National Automobile and Allied Workers Union (Naawu), Metal and Allied Workers Union (Mawu) and Motor Industry Combined Workers Union (Micwu) said they condemned General Motors' (GM) "high-handed decision" in refusing to negotiate with GM workers about their future

GM had drawn profits for 60 years from SA and now wanted to pull out with no cost to itself, making no provision for the future of workers The statement said the pull-out was only of benefit to management

The unions said "Workers are no longer prepared to be the victims of unilateral decisions taken over their heads by capitalists"

Pressure for sanctions and disinvestment was a result of apartheid. Jobs and the safety of workers should not suffer.

Naawu, Mawu and Micwu demanded that all multinational companies in which the union had organised workers should, when pulling out and selling to SA businesses:

- Give timeous notice to the unions and workers,
- Provide full details of their plans;
- Provide adequate information to allow workers and their organisations to make a decision on their futures, and
- Negotiate the terms of the withdrawal with the following minimum conditions

The departing companies must guarantee.

- No retrenchment or redundancies would follow from the withdrawal or sale,
- Minimum severance pay of one month's pay per year of service;
- No benefits would be prejudiced by the withdrawal or sale,
- The full earnings of workers for a period of 12 months from the date of notification of withdrawal or sale; and
- The new management recognised and agreed to negotiate with the representative unions on any issues affecting workers, including issues arising from the withdrawal or sale. — Sapa

Union official reinstated

CML Times 3/11/86

Staff Reporter

A SENIOR shop steward of the National Automobile and Allied Workers' Union (Naawu) at Goodyear's Uitenhage tyre factory has been reinstated after an eight-month dispute with management.

Naawu regional secretary Mr Les Kettledas yesterday said Mr Koos Goliath refused to accept his dismissal.

Naawu supported his demand for reinstatement on full pay but no agreement could be reached with the company.

An arbitrator decided Mr Goliath should be reinstated with retrospective effect from February 20 and returns to work today, he said.

Unions: firms must pay for disinvestment

3/1/86 192

PORT ELIZABETH. — Three major motor industry unions said yesterday workers' job tenure should not suffer when multinationals withdrew from South Africa but that the companies' profits should "bear the brunt of the results of apartheid".

The National Automobile and Allied Workers Union (Naawu), the Metal and Allied Workers Union (Mawu) and the Motor Industry Combined Workers Union (Micwu) said in a joint statement they condemned General Motors' "high-handed decision" to refuse to negotiate with workers about their future.

GM had drawn profits from South Africa for 60 years and now wanted to pull out with no cost to itself and without making provision for the future of its workers, the statement said.

"Workers are no longer prepared to be the victims of unilateral decisions taken over their heads by capitalists."

The pressure for sanctions and disinvestment was a result of apartheid. Jobs and the safety of workers should not suffer, the statement said.

Naawu, Mawu and Micwu demanded that all multinational companies where they had organised workers and that sold to South African businesses on pulling out should:

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ARGUS 3/11/86 (192)

GM: We will fire workers who strike

The Argus Bureau

PORT ELIZABETH — General Motors said today it would begin firing workers who persisted in striking, an action unions said would dramatically escalate the dispute.

GM's labour relations manager, Mr Rob McIlwaine, confirmed today workers found not to have a valid reason for not working and persisting with the strike would be dismissed on the spot

Mr Freddie Sauls, general secretary of the National Automobile and Allied Workers' Union (Naawu), said "If GM persist in taking this hardline attitude instead of seriously negotiating our differences, we will have no option but to seek community backing for our stand."

Postponed

He said that as from today workers would resume their sit-in occupation of the General Motors plant

Today both General Motors and union representatives were in the Port Elizabeth Supreme Court to hear the court decide on a rule nisi provisionally granted to GM declaring the four-day strike to be illegal

However, when General Motors learnt that Naawu and other respondents intended to fight the case, they approached Naawu and agreed to postpone the case until November 11

"It makes no difference to us when the case is heard," said Mr Sauls, "the real fight is in the plant, not in the courts"

"Necessary"

Approached in court after the postponement was agreed to, Mr McIlwaine, confirmed that as from today GM would begin to individually quiz each worker on his role in the strike

"If, in any individual case, the worker is found not to have any valid reason for not working, and persists in striking illegally, he will be fired on the spot"

Mr McIlwaine said he agreed this was a "hardline" position to take, but said it was necessary "for the future of the motor industry in the Eastern Cape"

Earlier, Mr Sauls conceded that in terms of industrial law the GM strike was illegal

"If GM was going to fire workers it could have done so on Wednesday, today's court case was nothing but a publicity stunt"

He said GM workers were "confused and worried" about their future.

"First GM said they would stay, then they said they would leave Workers are worried about their hard-earned benefits and pensions"

Bob Price back to join new GM

192

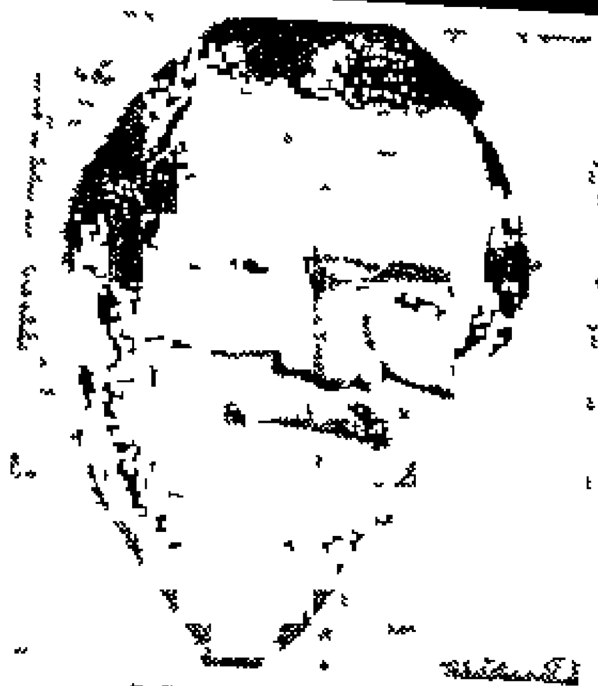
Eve Post 3/11/86

Post Reporter

A FORMER managing director of General Motors South African, Mr Bob Price, has arrived in South Africa to join the new company that will be formed to take over the GM operations in Port Elizabeth.


BOB PRICE


KEITH BUTLER-WHEELHOUSE


ANDRE VAN ROOYEN


GEORGE STEGMANN

This will be announced in Johannesburg at a Press conference today, according to a reliable source.

Mr Price was MD from 1971 to 1974.

The names of three other executives will also be announced.

They are Mr Keith Butler-Wheelhouse, Mr George Stegmann and Mr Andre van Rooyen.

Contrary to expectations, further details of the handover of the company by the GM Corporation to a group of individuals will not be made known tonight, as several aspects have still to be finalised.

It will be announced, however, that Mr Price will head the "negotiating team" of four that will tackle the first phase — to set up the new company.

As the new GMSA operation will be a wholly-owned South African company, Mr Price has severed his ties with the GM Corporation, where his latest posting was president of the Motor Trading Corporation.

Speculation is that as head of the negotiating team he will become executive chairman of the new company, though it was stressed by our source that no decision had been taken.

Once the company has been formed and titles are given to the four to be named today, the team will be expanded into a larger group.

The Evening Post's source said that, while it had been hoped to announce full details today, negotiations had not proceeded far enough. It was pointed out that, at a Press conference two weeks ago, the managing director, Mr Bob White, had said he would release this information by the end of November.

January 1, 1987, is still the target date for the new company to begin operations.

● When he left South Africa in 1974, Mr Price became managing director of Vauxhall Motors, GM's manufacturing subsidiary in Britain

Subsequent appointments were director of international social action, executive director for African operations, and his position with the Motor Trading Corporation.

Before coming to South Africa in 1971, Mr Price held several executive positions in South America and Europe.

He has, for a long time, had the reputation for being GM's top "company doctor" because of his successes in troubled divisions of the corporation.

Mr Butler-Wheelhouse, a former Ford executive, is currently GM's director of technical operations, Mr Stegmann is industrial relations director and Mr Van Rooyen is strategic planning manager.

Three current directors will all return to the United States once the handover has been completed They are Mr White, Mr David Sneezby (financial director) and the marketing director, Mr Hal Carpenter, who retires at the end of the year.

INSIDE

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Princess speaks out
— Page 3

Motor industry plans 'strong appeal' to Govt

3/11/86 NM (192)

JOHANNESBURG—A 'very strong appeal' will be made to Government not to delay new stimulatory measures to help the economy and particularly the motor industry

This was made clear at the weeekend by the executive director of the Motor Industries Federation (MIF), Mr Jannie van Huysteen

Mr Van Huysteen was announcing the programme for the annual conference of the MIF and the S A Motor Industry Employers' Association, which will be held here beginning this week

He said that in spite of the local content programme for cars and light commercial vehicles, some 50% of the rand value of these vehicles is still being imported.

'The depreciation of the rand against the yen and German mark — most South African vehicles are of Japanese and German origin — has led to very sharp price increases in the past three years in spite of rationalisation in the industry'

He illustrated his point with the fact that in January 1984 the rand was worth 180 yen Now it is worth only 60 yen,

A similar situation applies in the case of the German mark

The fact that real salaries and wages have not risen over the past three years to the same extent as car prices has left the average South African without the necessary disposable income to buy a new car

Mr Van Huysteen said ways and means will have to be found to put more money into the pocket of the consumer to enable him to buy

'In addition, we have an inflation rate of nearly 20% further aggravating the position Solutions will have to be found for these problems before the industry can recover,' Mr Van Huysteen said — (Sapa)

GM strikers' jobs could be on line today

By Sheryl Raine

More than 2 400 workers at General Motors in Port Elizabeth were still on strike this morning but could lose their jobs today if unions representing them lose a Supreme Court case against the company

National Automobile and Allied Workers' Union and GM spokesmen confirmed that the strike, which began on Wednesday and stopped production of the new Monza, was continuing

Mr Les Kettledas, regional secretary of Naawu, said workers would decide whether or not to go back to work after the outcome of a Supreme Court action this morning The court last week ordered strikers back to work by 7 15 am today or show cause by 9 30 am why the strike should not be declared illegal and the workers liable to be fired

The strike, over GM's decision to sell to local buyers, has resulted in union demands for full severance pay, repayment of workers' and company contributions to benefit funds and the right to appoint two directors to the new company board

Mr Bob McIlwaine, GM's industrial relations manager, would not say whether GM intended to fire the strikers but said "A company does not go for a court order if it is not serious."

GUIDE TO WITHDRAWAL

Three unions have issued a guide for multinationals intending to withdraw from the country The Metal and Allied Workers' Union, Naawu and the Motor Industry Combined Workers' Union want all multinationals to give timeous notice and provide full details to unions and workers to enable them to decide on their future

Withdrawal terms should guarantee

- No retrenchment or redundancies
- Minimum severance pay of one month for every year of service
- No prejudice of benefits
- Payment of full earnings for a year from the date of notification of withdrawal or sale
- The new management recognise and agree to negotiate with unions on any issues affecting workers, including issues arising from the withdrawal or sale

Mr Jack Harned of GM's international public relations department in Detroit has refused to answer questions from The Star on the strike and job security. All questions would be dealt with in South Africa, he said, but added only concern for employees had kept the company in South Africa for so long

Details of GM's future in South Africa are expected to be disclosed at a Press conference in Johannesburg today Executives of the new local management team, believed to be headed by GM's director of technical operations Mr Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licence agreement

GM suspends strike ultimatum

Cape Times 4/11/86

Own Correspondent

PORT ELIZABETH — Management at General Motors yesterday gave striking workers until noon to return to work or face dismissal — but later suspended this ultimatum after an indication that workers proposed returning to work today

The ultimatum to more than 2 000 workers followed a Supreme Court hearing during which the majority union at GM, the National Automobile and Allied Workers' Union (Naawu), conceded that the strike was illegal and that the company was entitled to fire striking workers without further notice

The court hearing came as the "wildcat" strike entered its fourth day yesterday, but following an agreement between the parties to postpone a final order on the strike, GM's labour relations manager, Mr Bob McIlwaine, said no "precipitative" action would be taken until this morning when the workers' response would be reviewed

Naawu claimed that a single production worker at GM's Aloes plant was dismissed yesterday for refusing to work.

The regional secretary of Naawu, Mr Les Kettledas, said last night that it was up to workers to decide whether to respond to GM's ultimatum and call off the strike

There was no question of workers being intimidated to continue the action and an unspecified number of workers had been given "gate passes" by the company to enable them to start work today, he said

Mr Kettledas said workers were willing to call off the strike if GM responded positively to their demands, which still stood However, it was difficult to see how negotiations could be resumed while GM adopted a hardline stance

The situation would be aggravated if GM resorted to firing workers instead of negotiating

Mr McIlwaine said all workers who failed to heed the warning to return to work risked being fired Although a mass dismissal was not "on the cards", GM would have no option if workers continued striking en masse

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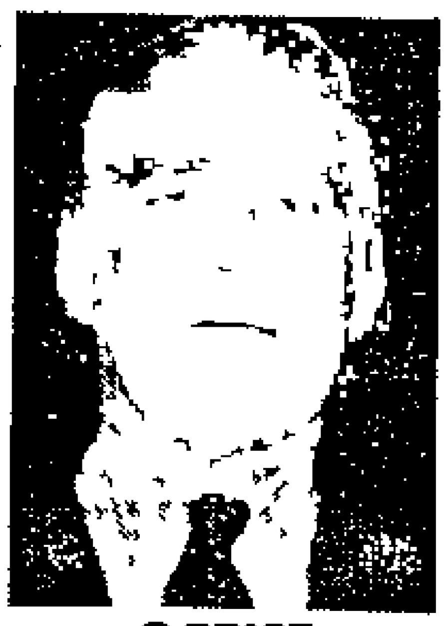
Former GM MD will head team

4/11/86 BUSDAY 192

DAVID FURLONGER
Industrial Editor

GENERAL Motors has named a former MD of its SA operation to head the local management buy-out team that will acquire GM's interests here.



● PRICE

Bob Price, 60, MD from 1971 to 1973 and until his present job a vice-president of GM Overseas Corporation, will take charge of the new company once negotiations are complete

However, GM officials are still refusing to say how the sale will be financed. Price says most of the funding is in place and the remainder will be complete by the end of the year. He says some of the financing is being done internally and some externally.

Industry sources believe much of the money is being put up by GM in the US, and that the new company will repay the loan out of profits.

While declining to give details of the deal, Keith Butler-Wheelhouse, a member of the local management team negotiating for the company, insisted last night· "We are going to have to pay for the company I can assure you, it's a full management buy-out"

GM has already said it would pay off all its SA debts, rumoured to be more than R200m.

Bob White, who will remain as MD until the buy-out is complete, said the company had assets of R440m in SA He said that since the debt moratorium, GM was no longer bound by rules insisting that no more than 50% of the value of those assets be held in debt.

Officials said the company would also no longer be bound by US rules forbidding vehicle sales to the SA military and police The new company, which has yet to be named, will be able to get round the regulation by sourcing parts from Opel, Isuzu and Suzuki factories in West Germany and Japan.

Butler-Wheelhouse said. "We don't intend to preclude ourselves from selling to the military and police"

Price said the new company would be operational by January 1. He said: "I don't see any problems There are technical agreements but we don't see any obstacles that are insurmountable."

While confirming the existence of a buy-back option in the sale, Price denied

● To Page 2

Former GM MD to head team

4/11/86 BUSDAY 192

● From Page 1

his role was that of a caretaker MD imposed by GM. However, he admitted his presence would lead to doubts over whether it was a genuine local buy-out.

He said he had returned to SA at his own request. In doing so, he had "permanently severed all links with GM after 36 years with the corporation

"I couldn't ignore the challenge this presented I've watched the fortunes of the company ebb and flow over the years and have always taken a keen interest".

Although he had been aware of management buy-out talks since their early stages, it was only recently that he decided to return to SA

Price said "I've been privy to these talks all along but not as an active participant. It was a completely personal decision on my part."

□ Workers at GM yesterday resolved to continue their strike after the National Automobile and Allied Workers' Union's (Naawu) general secretary conceded in the Port Elizabeth Supreme Court the action was unlawful

ARGUS 4/11/86

GM workers clash

The Argus Correspondent

JOHANNESBURG. — The strike at the General Motors plants in Port Elizabeth took a new turn today when striking workers, who did not sleep on the premises last night, were held under cold showers by colleagues, a GM spokesman said.

GM remained strikebound today as over 2 500 black workers continued to defy ultimatums to return to work, said GM's industrial relations manager, Mr Rob McIlwaine.

Neither the National Automobile and Allied Workers Union (Naawu) nor GM's new management — which takes over the US multinational on January 1 — could be contacted for comment.

Mr McIlwaine said the company was evaluating its option to dismiss workers on an illegal strike.

"We could have dismissed strikers from 7.15am yesterday in terms of a Supreme Court order, but did not want to do anything precipitate to the detriment of the company or employees," he said.

"We asked workers to return by 12.15pm yesterday, but they did not. Last night a number of employees slept in the factories.

"Regrettably, this morning when most workers got to the plant, a number of them, including a few foremen, were grabbed and thrown under cold showers for not having slept on the premises.

"Indications at this stage are that workers are not going back to work," he said.

● American heads SA staff's GM takeover, Page 5.

STAR 4/11/86

BCCSD49 192

Strikers thrown in shower, says GM

By Sheryl Raine

The strike at General Motors plants in Port Elizabeth turned nasty this morning when striking workers who did not sleep on the premises last night were thrown into cold showers by more committed colleagues, a GM spokesman said

GM remained strikebound early today as more than 2 500 black workers continued to defy company ultimatums to return to work, said GM's industrial relations manager Mr Rob McIlwaine

The National Automobile and Allied Workers' Union (Naawu) could not be contacted at the time of going to press for comment on the strike or GM's new management which will take over the American multinational on January 1

Mr McIlwaine said the company was evaluating the situation and its option to dismiss workers on an illegal strike

"We could have begun dismissing the strikers at 7 15 am yesterday in terms of a Supreme Court order, but did not want to do anything precipitous which would be detrimental to the company or our employees," he said

"We requested workers to return to work by 12 15 pm yesterday, but they did not Last night a number of employees slept in the factories, but the majority did not stay overnight

"Regrettably, this morning when the majority of workers arrived at the plant, a number of them, including a couple of foremen, were grabbed and thrown under cold showers for not having slept on the premises

"Indications at this stage are that workers are not going back to work and we will be evaluating the situation"

Sapa reports that Mr Fred Sauls, national secretary of Naawu, yesterday admitted that the GM strike was unlawful and that the company had the right to dismiss strikers without further notice

This was admitted by Mr Sauls, one of the respondents in an application brought before the Port Elizabeth Supreme Court last week

Mr Sauls said in terms of its constitution, Naawu was not entitled to declare a strike until and unless the provisions of the Labour Relations Act had been complied with and a ballot of members showed a majority in favour of the strike

GM called a press conference last night to reveal the "core group" of the new management buy-out team, which will be headed by Mr W Robert Price (60), an American national who formerly headed GM South African between 1971 and 1973

Other members of the new team announced last night are Mr Keith Butler-Wheelhouse, a director of the existing company, Mr George F Stegmann who is currently director of personnel and public affairs, and Mr Andre van Rooyen, presently director of strategic planning.

The conference was called on the eve of the launch of the new Monza model.

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Sit-in strikes at plants will continue, says union

GM's warning to work force

STRIKE-torn General Motors has warned it would begin firing its employees if they continue with their work stoppage.

But the National Automobile and Allied Workers Union (Naawu) indicated yesterday that union members would continue with their sit-in strike at General Motors plants

By LEN MASEKO

General Motors labour relations manager, Mr Rob McIlwaine, told a *Sowetan* correspondent yesterday that workers found not to have a valid reason for not working will be fired "on the spot"

"If GM persists in taking a hardline attitude instead of sitting around the table and seriously negotiating our differences, we will have no choice but to seek community backing for our stand," said Naawu general secretary Mr Freddie Sauls

Meanwhile the Port Elizabeth Supreme Court hearing to decide on a rule nisi provisionally granted to General Motors declaring the strike illegal, was yesterday postponed to November 11

The case was postponed after Naawu and other respondents indicated that they would fight the case Other respondents include Motor Assemblies and Components Workers Union of SA

Negotiations between these parties failed to resolve the dispute last week.

The 3 000 striking workers demand — among other things — severance pay for each year of service with the American company, which has announced its intention to pull out of South Africa and sell its assets to local interests.

Details on the future of General Motors in South Africa were expected to be released at a Press conference in Johannesburg last night in what one motor manufacturer described as "one of the industry's best-kept secrets this year."

GM executives returned from America at the weekend with details of the new licensing agreement.

9/11/86. Bus Day

(192)

Motor plea expected

MICK COLLINS

A STRONG appeal would be made to government not to delay new stimulatory measures to help the motor industry.

So said Motor Industries Federation (MIF) executive director Jannie van Huysteen at the weekend.

Van Huysteen was announcing the programme for the annual conference of the MIF and the SA Motor Industry Employers' Association, which is to be held in Johannesburg this week.

He said ways and means would have to be found to put more money into the pocket of the consumer to enable him to buy.

He added: "In addition we have an inflation rate of nearly 20%, further aggravating the position. Solutions will have to be found for these problems before the industry can recover."

The fact that real salaries and wages had not risen over the past 3 years to the same extent as car prices, had left the average South African without the necessary disposable income to buy a new car.

192 BUS DAY 4/11/86.

NEWS FOCUS

Pullouts: little praise

ALAN FINE

THE STRIKE at General Motors has highlighted to both opponents and supporters of the international sanctions campaign that the nature of the recent rash of withdrawals of US companies from SA — whereby assets and franchising rights are tranferred to local interests — is something nobody expected.

And the moves by the likes of GM, IBM and Coca-Cola have won little approval from the disinvestment lobby.

SA's two largest trade union federations, the Congress of SA Trade Unions (Cosatu) and the amalgam of the Council of Unions of SA and the Azanian Confederation of Trade Unions (Cusa/Azactu), both advocate international economic pressure against SA in one form or another.

Cusa/Azactu is on record as supporting a full programme of economic sanctions. Cosatu also supports sanctions and disinvestment, but with the rider that any multinational which pulls out should hand over its local assets "to the workers who have generated them".

Cusa/Azactu general secretary Piroshaw Camay says the US corporate moves have done nothing to hasten the end of apartheid. He says multinationals which choose to remain in SA should be taking up the cudgels against government.

But those which have announced their intention to withdraw will continue to gain from their indirect presence, while no longer having sufficient presence to oppose the system.

Cosatu policy has been criticised, even in its own terms, as an example of unrealistic and woolly thinking. A more generous interpretation sees it as a reflection of the dilemma of militant organised labour.

While it is concerned at the further collapse of the economy, it simultaneously wishes to preserve what it sees as a valuable political weapon and to remain aligned with the anti-apartheid forces advocating sanctions.

Cosatu vice-president Chris Dlamini, himself an employee of a US multinational, says his organisation has not formulated a response to this type of disinvestment. But he criticises the companies for not heeding Cosatu's approach.

Cosatu education secretary Alec Erwin argues that the withdrawals are part of a worldwide trend by multinationals towards overseas-franchising operations. In SA this trend is being expedited by the sanctions campaign, he says, and for companies producing more-sophisticated products — such as vehicles and computers — it is happening prematurely.

While these withdrawals will have little impact on the economy, they represent a political statement that apartheid is unacceptable, Erwin says. He concludes by arguing that events of the past few years have highlighted the fact that foreign investment has been "a rip-off on a large scale".

While political pressures may have accelerated the flow of funds from SA, the outflow preceded both the unrest, which began in September 1984, and the intensifying of the sanctions campaign.

Cold showers as GM strike goes on

PORT ELIZABETH — More than 20 General Motors strikers who had gone home overnight were thrown fully-clothed into cold showers yesterday by men who had slept at the plant

It is believed two of the men were foremen

This was confirmed by workers interviewed outside the plant yesterday morning

An expected return to work by employees failed to materialise yesterday as the strike entered its fifth day.

The national secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Freddie Sauls, said workers were "adamant" at a meeting he held with them yesterday that they would "not be side-tracked by any court case or the threat to fire them"

Outlining the deadlock, he said the two fundamental demands which GM had not addressed were

- That all workers be paid out one month's salary for every year they had worked for the company, and
- That the pension fund be liquidated and the monies distributed, allowing the workers to opt for a provident fund which the union advocates

Expanding on these demands, Mr Sauls said GM had committed itself to liquidating all its debts He said many workers had had lengthy service with the company during its 60 years in SA and "feel GM is in debt to them"

A further demand that workers be represented on the Board of Directors would be negotiated with the new company, he said — Sapa

5/11/86

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Deadline set for change of MIF pricing system

The Motor Industries Federation had been given until the end of next year to phase out the system of recommended prices for certain services, delegates at the MIF congress heard in Johannesburg yesterday.

Dr Dawie de Villiers, Minister of Trade and Industry, said the MIF would have to replace this system with a new one by December 31 1987.

In May this year, the Government imposed a ban on price collusion, but allowed the MIF time to phase out the system over an extended period

The recommended price system will probably be replaced by a system of recommended cost calculation.

CIRCUMSPECTION

President of the MIF Mr Alex Krohn said the federation respected the Government's commitment to a capitalistic free enterprise system.

He warned however, that legislation banning price collusion should be applied with great cirumspection in promoting small businesses in the so-called informal sector

"We could in the process also destroy many existing small businesses In the retail motor industry, 60 percent of all employers employ less than 10 employees

"In a country like South Africa, with a strong First World component and on the other hand a large Third World component, we must of necessity have some rules and regulations to develop our open economy in the best interests of all concerned," Mr Kohn said

● Increased local production in the motor industry was an investment in the country's economic future and should be encouraged, Dr Dawie de Villiers, Minister of Trade and Industry, said at the MIF congress.

Dr de Villiers said it was in the national interest to encourage the replacement of imported goods with those produced locally

"South Africa spends huge amounts annually on the import of vehicle components. By increasing local manufacture you will lessen the pressure on balance of payments and, of course, create more job opportunies," Dr de Villiers said.

Although the South African motor industry had suffered lately, there was good reason to believe the worst was over

"Positive real growth has been measured in three out of the last four consecutive calendar quarters and all leading economic indictors point towards a continued upturn."

Dr de Villiers said local manufacture had proved its worth during hard times to consumers and employees of the motor and accessories industries.

"Car prices would have more than doubled in the past 18 months had we been dependent on fully built-up imported models," he said.

He concluded by saying the motor industry had proved its inherent strength and ability to persevere under extremely adverse conditions.

GM workers ignore bosses' ultimatum

THE striking 3 000 General Motors employees yesterday defied management's ultimatum to return to work — for the second time this week.

Mr Fred Sauls, general secretary of the National Automobile and Allied Workers' Union (Naawu), told the *Sowetan* that the striking employees were resolute in their stand — to return to work only when management had acceded to their demands

By late yesterday the *Sowetan* could not establish whether the company had taken any action against the employees for defying yesterday's deadline General Motors' management was said to be in a meeting all day yesterday

Mr Sauls said General Motors' employees had resolved at two meetings to ignore management's ultimatum to return to work Workers are involved in a sit-in strike which, the unionist concedes, is illegal in terms of the Labour Relations Act

Among other things, workers demand representation in the board of the new company which will take over after the American company General Motors has pulled out of South Africa

Mr Robert Price, head of the new company, told a Press conference in Johannesburg this week that "the question of labour representation in the board has not been ruled out" The new company will be operational from January 1 next year

3/11/86

Theft incident

• More than 500 workers downed tools yesterday at South African Breweries' Wadeville plant, calling management to dismiss a supervisor alleged to have been involved in a theft incident

Workers interviewed by the *Sowetan* said the company's employment conditions provided for immediate dismissal if any employee was involved in this type of act

Management at the plant would not comment on the work stoppage.

500 strikers at GM evicted by police, SADF

Argus 6/11/86

(192)

The Argus Bureau

PORT ELIZABETH — Five hundred strikers at General Motors have been evicted with the help of police and soldiers

The general secretary of the National Automobile and Allied Workers' Union, (NAAWU), Mr Freddie Sauls, said: "We have no idea if this is a lock-out or if the workers have been fired."

Police and soldiers entered the plant through a back gate last night and surrounded the canteen where the strikers were encamped.

The workers filed out of the plant after being asked to do so by police. There were no incidents.

Today General Motors security personnel were checking workers' employee numbers as they arrived. Many were prevented from entering.

Mr Sauls said the company had broken an agreement to notify the union before any police action was taken.

Talks later today

A meeting of workers is to be held later today to discuss the latest turn in the seven-day-old dispute and, coincidentally, the Industrial Court is sitting to hear the union's grievances

In a statement on the police action General Motors referred to the 500 expelled workers as having been "earlier dismissed".

The statement said the action had become necessary after violence and intimidation by the sit-in strikers had been directed at employees wanting to work

Mr Sauls said sit-in strikers had "disciplined" some workers who had arrived at the sit-in "under the influence of liquor".

Yesterday a meeting between management and union officials ended after only 15 minutes when General Motors rejected a key union demand outright and refused to discuss others until strikers returned to work

In a statement management said its American headquarters had advised that it had no contractual agreement to pay severance money when it pulled out of South Africa later this year — and would not do so.

Back to work at GM plants

Eve Post
6/11/86
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GENERAL MOTORS' plants in Port Elizabeth will reopen tomorrow for the first time since more than 2 000 men downed tools in a wildcat strike last Wednesday.

This statement was made by a GM spokesman this afternoon. Earlier today the general secretary of the National Automobile and Allied Workers' Union, Mr Freddie Sauls, had told the Evening Post he wanted the men to return to work tomorrow.

No workers observed the 10am deadline set by GM to state whether they wanted to resume work tomorrow

But the GM spokesman said a "positive response" had been received from the union and the plants would reopen tomorrow. The company would release more details later today.

All told, it was a busy day for negotiators

Both sides sat down to state their cases at a meeting of the Automobile Industrial Council at 11am today — a meeting requested by Naawu after GM had rejected demands last Thursday

An hour earlier about 120 workers from GM's three plants assembled in Korsten to report overnight activities (when strikers occupying the plants were evicted by police and soldiers) and to await a report back from the Industrial Council meeting

The council meeting, which was closed to the Press, was still in session this afternoon If no agreement is reached, the dispute will go to arbitration or the Industrial Court What the men are seeking is severance pay when GM hands over to local management, and pensions to be deposited in a provident fund

Because union leaders were engaged in the meeting, no official response could be obtained to GM's decision to reopen the plants tomorrow

The company has now lost 168 000 production man hours, mainly on its new Monza car, launched this week and on which rides so much of GM's fortunes for the immediate future.

Strikers at the GM plants said today that "hundreds" of police and soldiers turned out to evict them last night

They went first to the main plant in Kempston Road just before 11pm and ordered the men to be out "in three minutes".

Nobody resisted or protested and the men filed out between ranks of police and soldiers Some said they did not have time to pick up all their belongings

At Aloes most of the men were asleep when the main lights were switched on and they were given three minutes to leave at about 2am

Again there was no resistance and the men filed out between ranks of police

Striking workers were locked out of the plants today

Productivity up 54%

MICK COLLINS 6/11/86

THE INTRODUCTION of a productivity-sharing improvement programme at a farm implement factory in Nigel has resulted in an increase of 54% in productivity since its inception in July. Improvements have resulted in the payment of two comparison period bonuses (over eight weeks) of 8,3% to all manufacturing staff, with a lesser percentage to the remainder. Top management do not qualify.

According to John Deere MD Bill Hubbard, the acceptance by staff has been better than expected. "In one four-week comparison period, productivity soared an incredible 90% above the historic base."

The scheme was formulated by the company's US parent and tailored to SA conditions. The implementation has been welcomed by the Amalgamated Engineering Union, the Metal and Allied Workers Union and the SA Boilermakers Society.

Productivity improvements are calculated in profit terms, and this is split between the company and the employees. Due to the current low level of productivity by world standards, this is initially split 90%-10%, but as the level improves the employee portion will increase until parity (50%-50%) is reached.

This improvement is reflected in adjustments to the base productivity level, which requires a sustained improvement of 60% over the existing base of six months. Monies generated by improvements above 50% of the base are automatically deposited in a reserve fund for later distribution to the employees. This allows performance below the base level to be offset against the reserve fund. The employee is guaranteed his basic wage as a minimum at all times.

The company is aiming to double productivity levels, but does not foresee any retrenchments as a result. "It is not our policy to retrench staff as we get there. Lower costs resulting in increased market share would absorb the increased potential from our existing labour force," Hubbard says. "It is possible that additional staff would be needed in future to meet an increasing demand for farm products."

GM strikers deciding today whether to go back

7/11/86 SOWETAN

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The 2 500-plus black workers on strike at General Motors in Port Elizabeth were deciding at a meeting today whether to return to work, a union spokesman said.

Regional secretary of the National Automobile and Allied Workers' Union (Naawu) Mr Les Kettledas said workers were angry over GM's decision to involve police and troops and evict 500 sleep-in strikers.

He added: "At today's meeting we will discuss police involvement and the supposed dismissal of the 500 workers."

GM industrial relations manager Mr Rob McIlwaine was unavailable.

Worker demands for severance pay and repayment of pension contributions have gone to arbitration

LABOUR AND DISINVESTMENT

FIN MAIL

The crunch at GM

The industrial action sparked by GM's transfer of ownership to local management may only be the start of problems associated with "disinvestment" moves by foreign companies

While black trade union groupings formally support international economic pressure against SA in the form of sanctions and disinvestment, this week's events in Port Elizabeth indicate that the issues are far from clear cut Indeed, on the available facts the action of the unions is contradictory On the one hand, GM seems to have complied with their ostensible backing of sanctions, on the other, although their jobs were never in jeopardy as a result of the transfer, they are not happy with the mechanics of the buy-out Perhaps they should have been consulted, although this is uncommon in world commercial practice, let alone SA

Between 2 000 and 3 000 GM employees downed tools after the announcement that the US company would sell its South African assets to local buyers The stoppage forced a shut-down at the Port Elizabeth plant and raised management-union tensions, which show no signs of easy resolution

Initial fears among the workforce were that retrenchments and loss of benefits may follow the ownership transfer "Tension and frustration is building up among workers resulting from the secret and mysterious dealings evident in this matter," said a statement issued by the National Automobile and Allied Workers Union (Naawu), which represents about 2 000 workers at the Port Elizabeth plant

Despite assurances from GM that no jobs would be lost or that conditions of employment would not change after the takeover, workers resolved to sit in until their demands were met These included that GM offer severance pay of one month a year worked, and that two union members be represented on the new company's board of directors GM said it would not negotiate with workers while they were on strike or occupying the premises, then brought a court interdict calling on the union to show cause, by November 3, why the strike should not be declared unlawful and the company entitled to dismiss those on strike

On Monday, Naawu filed a replying affidavit to the Supreme Court claiming it had incorrectly been cited as the respondent, as the union had not instigated or incited the strike Both parties agreed to postpone the matter to November 11, and the issue of the strike's legality or otherwise remains unresolved

In the meantime, GMSA's newly announced MD Robert Price told a press conference in Johannesburg that worker demands such as the request for representation would be "more properly placed with the new company," which has not yet been formally launched The demand for severance pay threatens to be more of a headache as it remains unclear how either the present or future GM management intends to deal with the issue

Indications are that even if the immediate issues are resolved, the new company will not be in for an easy ride One of the key directors in the GM buyout, Keith Butler-Wheelhouse, admits that the new company will not rule out vehicle sales to the South African security forces This could prove to be a thorny issue if Naawu adopts the position advanced by another Cosatu affiliate, the Metal and Allied Workers Union (Mawu), which last year demand of the Steel and Engineering Industries Federation that it cease supplies to the security forces However, the question has not yet been discussed by the union, says Naawu general secretary Freddie Sauls

As the *FM* went to press, the strike was still continuing, with no signs of early resolution "We reported the results of the Supreme Court application to our members," said Sauls, "but they said they will not be side-tracked by the court proceedings or by the hardline attitude of management We are now waiting for a reponse."

Earlier, GM's industrial relations manager Robert McIlwaine threatened the dismissal of workers persisting with the strike, although new MD Price has said no "precipitous" action will be taken

"The threat of dismissal is real," acknowledges Sauls, "but the possibility of workers escalating action is also real If it comes to that, we will seek community support so that there is no chance of scab labour. There is also the possibility of a boycott of GM products — then it will become nasty " According to Sauls, workers are sticking to their demands for severance pay, pension monies and worker representation on the new board

The new GM owners may have more on their plate than they — literally — bargained for ■

☐ See *Business*

ARGUS 7/11/86

567 strikers fired, says General Motors

(192)

Argus Bureau

PORT ELIZABETH. — General Motors management confirmed today that they had dismissed 567 striking workers who held a sit-in at the company's plant this week.

The strikers were evicted at midnight on Wednesday by police and soldiers.

General Motors said in a statement today that the workers were repeatedly warned to leave the premises or face dismissal and were finally told they were being sacked by a General Motors executive an hour before their removal

However, workers involved in the sit-in say police told them they were being fired as they left the factory

Gathered outside

The sackings were due to be discussed at a meeting of National Allied Automobile Workers' Union (Naawu) members today

Union officials were preparing for the meeting and could not be contacted for comment

Early today groups of workers again gathered outside the factory's main gate, but few entered.

Management said limited production did begin for a short time, only to stop as word of the union meeting spread

Some workers interviewed outside the plant today expressed solidarity with their sacked colleagues and said they would not return to work until they were rehired Others said they wanted return to work, but feared for their lives and property if they did

"Surely suffer"

"The strike has gone so far now that it is impossible for anyone to break rank because he will surely suffer if he does," said a worker

Meanwhile, two main points in the dispute, worker demands for severance pay and repayment of pension contributions, have been referred to arbitration after an industrial council hearing yesterday

Naawu and the Motor Assembly and Components Workers' Union of South Africa had established the terms of reference of arbitration and expected GM to respond by Monday

No date has yet been set for the arbitration hearing and no arbitrator has yet been appointed

567 are fired at GM plants

192

By KIN BENTLEY

GENERAL MOTORS today confirmed that it has sacked a total of 567 striking workers from its two Port Elizabeth plants

The men were sitting in at the plants when ordered to leave by police on Wednesday night after refusing to heed an ultimatum to quit the plant or be fired

The matter was central to a heated meeting of workers held in Schauderville today.

Called by the National Automobile and Allied Workers Union, which has been responsible for the nine-day plant shutdown, the meeting discussed the calling in of police to the shop floor on Wednesday night.

The motor giant reported that limited production resumed at 7am today after some workers reported for duty

In a statement GM said 504 employees were dismissed from the Kempston Road plant and 63 employees from Aloes

"After repeated efforts to get striking workers to leave GM's premises in PE, Mr Bob White, GM's managing director, issued an instruction that workers participating in the strike must vacate the premises by 3 45pm on Wednesday," the statement read

"At approximately 3 50pm Mr B A Oberholster, the company's plant protection manager, was directed to repeat the instruction to the employees concerned This he did by addressing them in the cafeteria where they were assembled"

Those instructions were again ignored

At approximately 10 15pm Mr Oberholster reissued the instruction and told the employees that if they continued to ignore his instructions they would be dismissed

The employees were given a further 15 minutes to enable them to comply, GM said

This they failed to do and Mr Oberholster, acting on the instructions of the managing director, notified the employees that they were dismissed

Employees at the company's Aloes complex were handled in a similar manner by the plant protection officer at Aloes and at all times on the instructions of Mr White

Line clean-up operations are under way, but some of the men indicated they wanted to attend the mass meeting of strikers in Schauderville They had been allowed to go

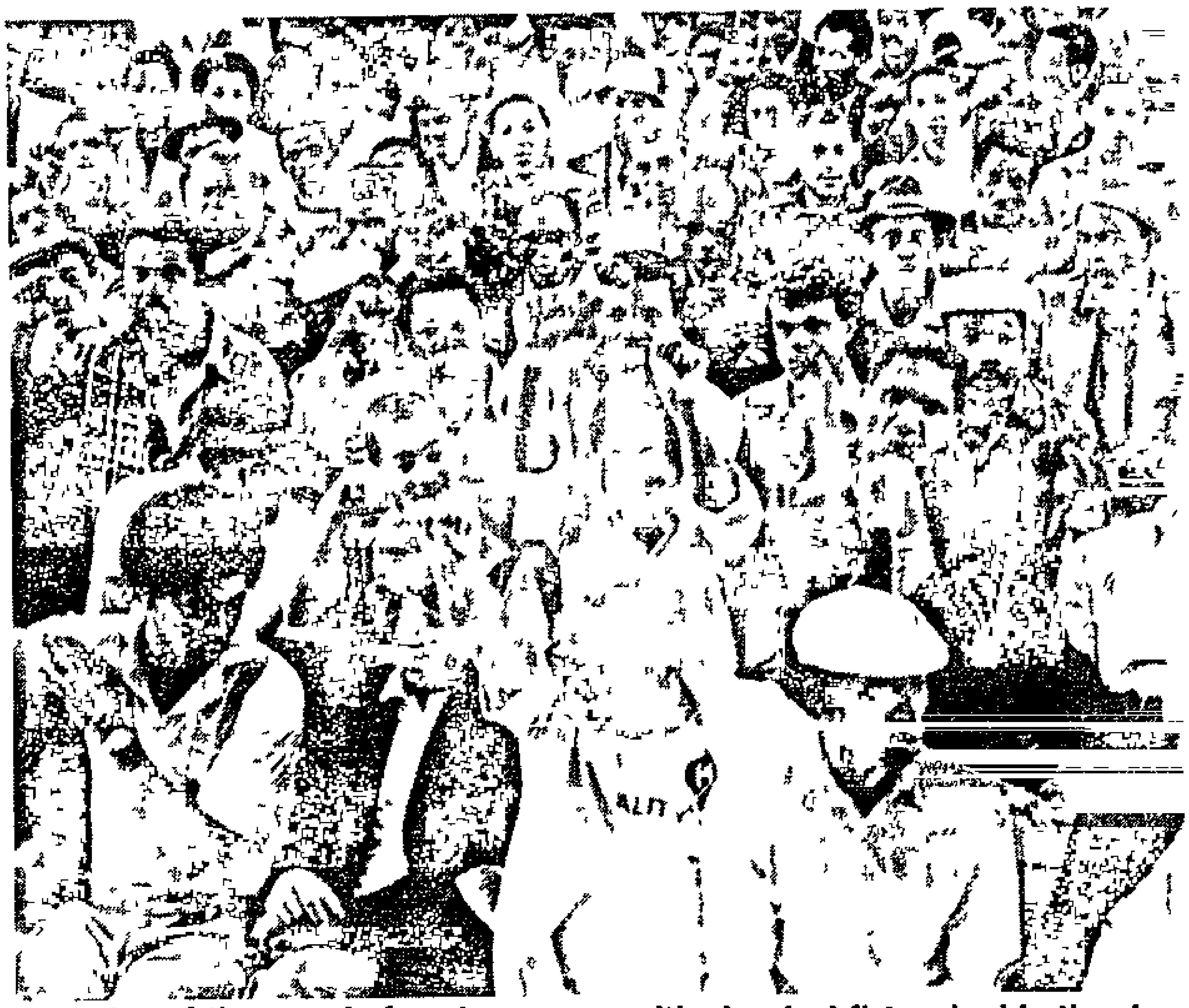
Normal production is scheduled for Monday

Mr Les Kettledas, regional secretary of the National Automobile and Allied Workers' Union, accused GM management of "misrepresenting" him by saying in a statement yesterday that workers intended to resume work as from the early shift today

"I said there was a possibility of the people returning to work"

Workers get togethe

Mr FREDDIE SAULS (bespectacled, arms folded), national secretary of the Nati... mobile and Allied Workers' Union, is lost in thought at today's meeting of Gene... strikers in Schauderville, Port Elizabeth.



A section of the crowd of workers, many with clenched fists raised in the air, meeting.

Pictures by Ja...

GM's neat exit gets messier and messier

192 W/Mail 7/1 to 13/1/8

GM had barely announced its decision to pull out of SA when it found itself tangled in a messy and embarrassing labour dispute. PHILLIP VAN NIEKERK reports

GENERAL MOTORS' dispute with the National Automobile and Allied Workers' Union (Naawu) is shaping as a major test case of the responsibilities of multinationals who disinvest from South Africa

The dispute — which on Wednesday night saw Security Forces called in by the company to evict workers occupying two plants — is making GM's exit from South Africa look increasingly messy

The slender hope that the dispute could be settled following Tuesday's talks between union officials and the company's industrial relations team was quashed after senior management apparently turned down the union's demands

Naawu is demanding that workers receive one month's separation pay for every year worked for the company, the right to decide whether or not to be paid out contributory benefits such as pensions, and representation on the board of directors

GM says it is not prepared to discuss the matter with the union until the workers are back and that it has no obligation to make separation payments as workers are not going to be retrenched

Now the union is referring the dispute to the industrial council for the motor assembly industry in the Eastern Cape whereafter — if it is not resolved — the strike will be legalised

In the meantime there is no end in sight to the strike and Naawu general secretary Fred Sauls said yesterday that if "the problem is legalised it could drag on for a long time" — even though management has signalled its intention to restart production today.

A further sign that the dispute was escalating was a statement from GM yesterday, suggesting that the workers who had been occupying the plants had been dismissed

The strike was sparked by the company's decision, after five years of losses and following the United States congress' vote for tough economic sanctions, to sell-out GM South Africa to a local management team

The union accused GM of not consulting with them on a matter affecting the job security of almost 3 000 members

From January 1 the new team — headed by an American, Bob Price — will take over General Motors' South African assets and franchising rights and could introduce major management changes

Sauls said that Price, who was managing director of GM SA in the Seventies, had a reasonable track record and that "we suspect he can't be any worse than Bob White" (the current managing director)

He added that any issue which affected their members would be up for negotiation with the new management

But the central issue — whether a multinational selling out to a local company has any responsibility to its workers when it leaves — remains, and will be hard fought

Sauls said GM had been in South Africa for 60 years and had made handsome profits for at least 50 of those years "Companies exploit the situation, but when it is no longer good for them they pull out, leaving what they've exploited behind "

The Eastern Cape News Agency reports that GM, backed by an army of riot police and SADF personnel, evicted 500 of the striking workers in a midnight operation on Wednesday night

The eviction came after an agreement between management and the unions on Monday to postpone a court hearing during which workers were to show cause why the strike should not be declared unlawful

But in a surprise move, the PE Supreme Court granted an order declaring the strike illegal late Thursday

Reporters outside the factory gates were told by union officials that management had announced that the workers were to vacate the factory at 10 30pm and that the Security Forces had been called in to enforce the court order

Five riot trucks, six police vans, ten Security Police cars, one Casspir, two SADF buffels and over a hundred men carrying sjamboks and rifles, some with dogs, surrounded the factory at 11pm Minutes later they were let into the factory by a GM security official

Above the sounds of barking dogs and shrill alarm bells, police using loudhailers ordered the workers to leave No-one but management officials and the Security Forces were allowed into the plant

At 11 55pm three workers looking tired, dejected and angry with bedding and clothing walk out the front gates They said their work cards had been taken from them "I presume I can regard myself as fired," a worker who declined to be named said

Hundreds of workers then began streaming out of the gates and crowded the streets The workers held a series of meetings in groups with their respective shop stewards and it was announced that the workers should then leave and a meeting was called for Friday morning

A shop steward said white salaried workers had been inside the plant during the eviction, armed with guns in their hands and pockets Some, he said, had their dogs with them

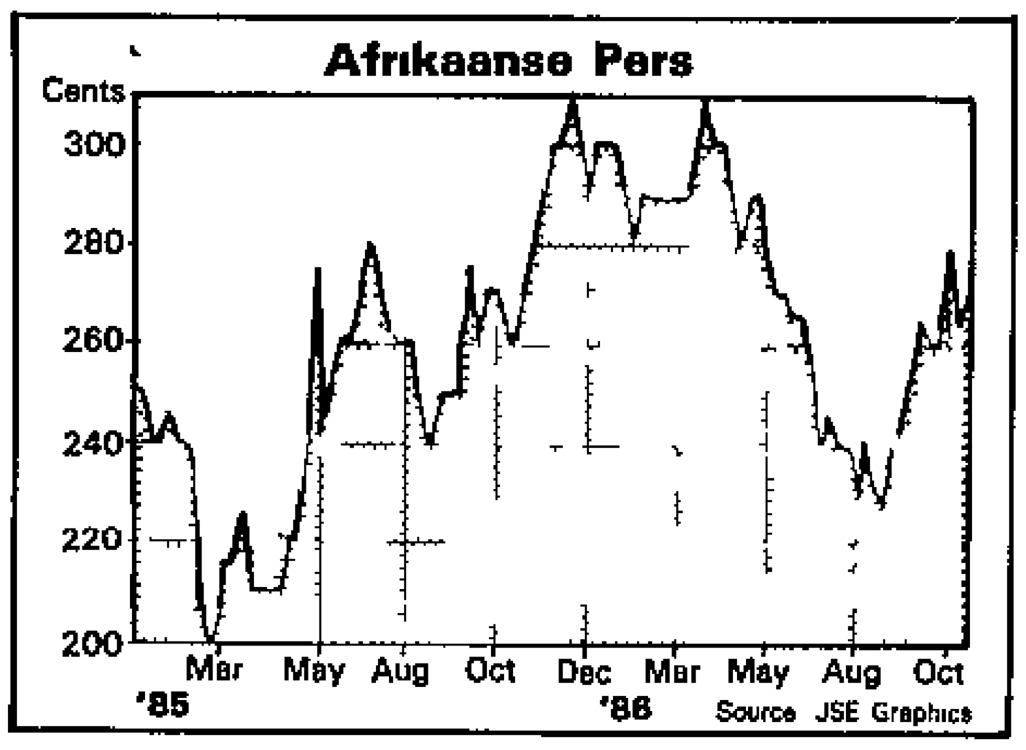
Confusion over strike at GM

CONTRADICTORY signals were being received yesterday afternoon from General Motors and the National Automobile and Allied Workers' Union (Naawu) over the future of the strike by 2 000 workers, which is now more than a week old

GM yesterday put out a terse statement announcing that Naawu regional secretary Les Kettledas had called to say workers would be returning to work this morning.

However, Naawu general secretary Fred Sauls said later "Nobody will be returning to work tomorrow."

He also said a motor industry industrial council meeting yesterday agreed that the dispute should be referred to arbitration. This "was supported by GM representatives at the meeting".



84% (51%) by the issue of 195 000 shares in exchange for the same number of Citizen ordinaries

The printing works achieved its budget At Republican, despite "adverse circumstances, enterprising action even succeeded in bringing about a dramatic improvement in results towards the end of the financial year " Book publishing interests generally did well, although the bookshops had a "trying" year

The investment in M-Net was R4m at June 30 Van Heerden says the sanctions campaign and the struggling economy may delay M-Net's progress, while its entry into the advertising market will make competition there even tougher

There is no specific forecast, though Van Heerden assures investors the group has equipped itself to a great extent to meet the challenges of changing political and economic conditions

The share has actually underperformed the industrial market this year, unlike the English-language newspaper groups Presumably doubts about management continuity and the viability of the newspaper titles persist Net worth was hit by a fall in the surplus of valuation over book value of investments, but remains more than five times the market price Investments alone are worth almost R6,50 a share M-Net's initial acceptance by both viewers and advertisers is apparently excellent, despite Van Heerden's reservations

Afrikaanse Pers may thus be intrinsically undervalued, although any rerating may require a convincing breakaway from the spotty earnings record of recent years

As for holding company **Vaderland-Beleggings,** each of its shares continues to be backed by 31% of an Afpers, equivalent to 83c At 90c, it has outperformed the operating company and looks relatively a shade on the expensive side

Michael Coulson

ICH FinMail 7/11/86 192

Motors boost

Activities: *Holding company of a group with principal activities in motor trading, property and share investments*

Control: *Issues and Investments holds 82,3% of the group*

Chairman· *P K Loveday, managing director J R R Koch*

Capital structure *1,38m ords of R1,50*

Property Fund for R10,3m and after year-end additional properties in the south of Johannesburg were sold for R6,5m

Loveday says the latter sale has virtually eliminated borrowings, which puts the group in a strong position to take advantage of opportunities which may arise in existing divisions or even in a different sphere of business He says it is possible the existing motor franchise operation will be expanded, but the group is not on an aggressive acquisition trail.

Although the group has sold a large portion of its properties, it does not intend to leave the property market The group is expanding in low-cost housing and work on its first black housing project began last month Loveday says the outlook for the motor division in the next six months is reasonably good, but he is less confident about a sustained upturn

However, it is likely the addition of a new Toyota franchise to the existing Nissan, Ford, Mercedes-Benz and Volkswagen franchises will help profits this year The slack property market will be less of a drag now that the property portfolio is slimmed down, so the group looks capable of achieving fair profit growth in the current year The share, already 850c up on its low for the year, seems to be a fair reflection of future prospects.

Kerry Clarke

NDH

Unrevealing

Activities: *Holding company with main investments in the banking sector Main operating company is National Discount House of SA*
Control. *Largest shareholders include Legal and General Volkskas (9%), Anglo American Life (11%) and Old Mutual (9%)*
Chairman: *M Macdonald, managing director G G Lund*
Capital structure· *38,1m ords of 20c each Market capitalisation R43,8m*
Share market: *Price 115c Yields 6,5% on dividend, 13,0% on earnings, PE ratio, 7,7, cover, 1,99 12-month high, 130c, low, 85c Trading volume last quarter, 1,5m shares*
Financial: *Year to September 30*

	'83	'84	'85	'86
Total Assets (Rm)	700	741	740	853
Loans at Call Rm)	n/a	707	703	811
Shareholders Funds (Rm)	16,3	16,5	18,6	25,1

Performance:

	'83	'84	'85	'86
Disclosed Income	3,0	2,1	4,2	5,6
Earnings (c)	9,1	6,2	12,6	14,9
ividends (c)	5,6	5,6	6,4	7,5

the past year, there have been large num-s of new issues which have been several es oversubscribed and immediately trad- at a substantial premium to issue price contrast, NDH was issued at 85c, did not for some hours after listing and cur-y stands at 115c Brokers consider one on for limited buying may be lack of standing of the business of a discount

Life

IGI LIFE INVESTMENT HOLDINGS LIMITED
Co Reg No 05/29841/06

DIRECTORS

IMA Lewis Chairman
L Nathan FW Hosken CJ Behrmann JH Hosken G Nestadt B Gildenhuys HR Levin

INTERIM REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 1986

The following are the unaudited results of the Company and it s subsidiary companies for the six months ended 30 September 1986 together with the comparative figures

	Six months ended 30 September 1986 R 000	Six months ended 30 September 1985 R 000	Year ended 31 March 1986 R'000
Gross premium income	14 701	10 923	23 896
Net premium income	12 376	9 722	21 339
CONSOLIDATED INCOME	1 013	643	1 299
Taxation	201	246	493
Net Income after taxation	812	397	806
Minority share of profits/(losses)	173	(18)	(238)
INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	639	415	1 044
AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE ('000)	24 931	24 931	24 931
EARNINGS PER ORDINARY SHARE (cents)	2 6	1 7	4 2
DIVIDEND PER ORDINARY SHARE (cents)	1 5	1 5	4,0
DIVIDEND COVER	1 7	1 1	1 1

DECLARATION OF DIVIDEND

Notice is hereby given that an interim dividend (number 5) of 1 5 cents pe ordinary share in respect of the financial year to 31 March 1987 has been declared This dividend will be payable on or about 22 December 1986 to those shareholders registered at the close of business on 5 December 1986

In terms of the Republic of South Africa Income Tax Act 1962 as amended non resident shareholders tax at the rate of 15% will be deducted by the Company from dividends payable to shareholders whose addresses in the share register are outside the Republic of South Africa

For the purpose of determining those members entitled to receive this dividend the transfer register and register of members will be closed from 8 to 15 December 1986 both days inclusive

BY ORDER OF THE BOARD OF DIRECTORS

IMA LEWIS Chairman
B GILDENHUYS

JH DE LA REY
Secretary

Johannesburg
5 November 1986

FINMAIL

7/11/86 192

DISINVESTMENT

Is GM really going?

Is the much-vaunted sale of General Motors' (GM) South African operation all it appears to be? The appointment of a senior Detroit executive to head the new local operation has raised speculation as to whether ties have really been severed

There is no doubt that Bob Price is eminently qualified for the job — he was MD of GMSA during its successful years between 1971-1973, and is currently vice-president of GM Overseas Corporation

But although Price claims he made a personal decision and has "permanently separated" from GM, speculation is that he will remain until the political and economic storm in SA has been ridden out, and that GM will then buy the company back in terms of the agreement

Price admits his appointment makes it difficult to convince the public that the new deal is a genuine local buy-out, and agrees he will have a problem ridding himself of the image of a Detroit nominee.

Until now management buy-outs have been associated with younger men and fresh faces, but local executives of the new company felt they needed 60-year-old Price's experience to steer the new company through difficult early days And Price apparently offered his services less than two weeks ago.

It seems at least that the company will not be swallowed by one of the local giants — outgoing MD Bob White has denied rumours of involvement by Sanlam and Rembrandt in particular, and by institutions in general

The only outside intervention could eventually come from the dealers, although Price says they have not come in "for the moment" Such a stake would act as additional security for the future of the company

Price has many problems on his hands — the company is a very different animal from the one he left in 1973 It has long been overtaken by Mercedes/Honda, Samcor, Toyota and VW, and its market share hovers around 8%

GMSA last made a profit in 1981, debts, which will now be paid off by the parent company, are estimated to be at least R200m.

How will the new man compare to pugnacious Bob White on social issues? Price tries to allay fears that the company will lose its commitment to social change "I was doing the right thing long before the Sullivan principles came on the scene"

But the long-standing ban on sales to the military and the police is likely to go, according to current director of operations Keith Butler-Wheelhouse, a key member of the new management team "As a new company we can't afford to cut ourselves off from any potential markets"

No details of financial aspects of the deal have been revealed The local team says there will be no hand-out from the US parent, but a give-away price can't be ruled out

It would be most unlikely that the face value of the assets, R440m, could be raised and GM's credibility will be seriously eroded if the company isn't off its hands by the new year

This could well turn out to be the biggest test yet of the SA-style management buy-out formula ■

FINMAIL 7/11/86

AIR LINKS

SAA gloves up

SAA has ended speculation about its intentions by announcing that it is to go to court over the summary termination of its US landing rights The message is clear the national carrier will not easily give up any of its hard-won routes

Whether SAA gets its court injunction or not, its twice-weekly direct flights to New York continue in the interim If it loses this round, it can still sue for compensation Either way it will have bought time for an orderly wind-up of its US operation

Australia's decision to observe the 12-month notice clause for ending its bilateral landing agreement strengthens the airline's case in the US, as industry sources point out

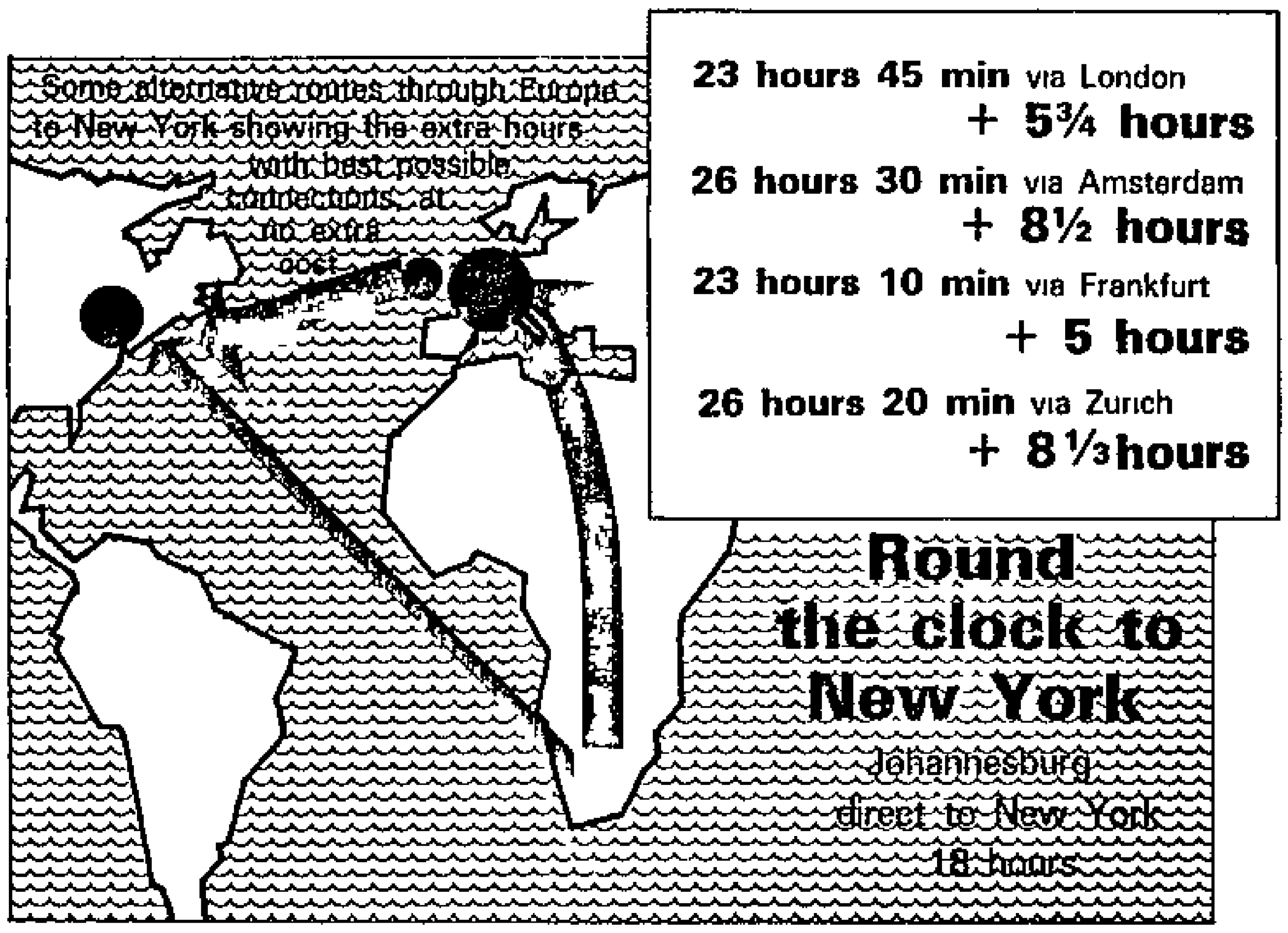
The next routes under threat appear to be links with Zimbabwe In Harare, where SAA's offices were ruined by student arsonists who struck after the death of Mozambican President Samora Machel, November 18 is suggested as the date of a formal announcement

SAA says it is not aware of anything in the wind, and officials will not comment on reports of a hush-hush visit by its executives to Harare recently However, it has cancelled all advertising in the country

Not everyone, however, believes SAA is moving wisely Criticising the time and money being wasted and the secrecy of its plans, PFP transport spokesman John Malcomess tells the *FM* that he will raise the issue in the next parliamentary session

"SAA is in a no-win position If they go for compensation, which has been estimated at R30m, they will have to prove they would have made that amount on the route I just don't believe the US service is that profitable, and I don't believe a US court would award more than a fraction of that amount All SAA can do is buy some months' extra flying time — at great cost"

The Association of South African Travel Agents (ASATA) also believes it could help with sanction-busting plans if only SAA were less secretive



Meanwhile, passengers, and especially businessmen, will welcome SAA's decision to fight to retain its US service for as long as possible

Even with the best connecting flights, alternative European routes are five to eight hours longer on average than the 18-hour direct flight The most popular links are through London, Paris, Zurich, Frankfurt and Amsterdam

Passengers do not have to pay extra for the added destination, but TFC Travel deputy chairman Robert Foggitt believes prices could be increased as early as January

The weekly service to Australia is one of SAA's most profitable routes, and the Qantas service to Harare is likely to pick up some of the traffic Other likely routes are through Hong Kong, Taipei and through Mauritius to Singapore These routes are not only long-

7/11/86 (192)

EAST LONDON 26141

GM says strike is over

PORT ELIZABETH — General Motors announced yesterday that production at its strike-bound plants would resume today, bringing to an end the seven-day wildcat strike by more than 2 000 workers.

The GM statement followed after the regional secretary of Naawu, Mr Les Kettledas, informed management of the workers' intention to resume work as from the early shift today. And in a statement issued at noon, the national secretary, Mr Freddie Sauls, was quoted as saying he wanted the strikers to return to work

However, some doubt was later raised over the back-to-work prospects, when Mr Sauls said a decision would only be taken by workers at a mass meeting to be held at 11 am in Korsten. Mr Sauls said his earlier statement was misquoted

In its announcement that the strike would end, GM said "it was pleased with the positive attitude being displayed by the majority of workers and trade unions".

Later yesterday afternoon, however, Mr Sauls said his understanding of the situation was that a final decision would only be taken after this morning's meeting, at which workers would also discuss "the attitude of GM".

DD 8/11/86 192

EL's Naawu branch backs GM strikers

Dispatch Reporter

EAST LONDON — The East London branch of the National Automobile and Allied Workers Union (Naawu) has pledged "solidarity" with its Port Elizabeth members employed by General Motors

In a statement signed by the acting branch secretary, Mr M. W Monqo, the local office of Naawu said its members were in "full support" of demands made by fellow union members employed at GM in Port Elizabeth

The demands included that GM's pension funds either be paid out to the workers or be placed into a jointly controlled provident fund, that workers receive one month's severence pay for every year of service when the company pulls out and that workers have two representatives on the board of directors of the company in future

"We pledge solidarity with all efforts and actions taken by workers at GMSA The intransigent attitude adopted by management towards these demands proves the total disregard of its employees and their families

"The action by GMSA to call the police to remove workers from the plant and also fire 500 workers involved in the sit-in is a grave miscarriage of justice," Naawu said (left); Minister of Finance Mr Barend du Plessis and Cornelis Human (right). ● Photo

GM workers to get back on the lines on Monday

SM 8/11/86

By Glenda Spiro and Janine Simon

More than 2 000 General Motors workers, including 567 who were sacked, have decided to return to work on Monday. Workers' demands for severance pay and repayment of pension contributions have gone to arbitration.

The GM action was one of five disputes this week:

● **Gencor:** About 5 500 mineworkers stopped work at Gencor's Kinross gold mine near Evander. They want a union representative (dismissed for disrupting a management-organised memorial service for the Kinross mine disaster victims) and three union leaders dismissed after underground work stoppages over bonuses two weeks ago, reinstated.

● **CNA:** About 1 000 CNA employees staged sit-in strikes and demonstrations in stores and warehouses countrywide. They want a R105-a-month increase and May 1 and June 16 as public holidays. CNA has offered R85 a month.

● **Putco:** The bus company has experienced disputes in Natal and Soweto. Services in Durban were cancelled yesterday after 200 drivers were fired for not collecting fares on October 24.

Soweto commuters have boycotted Putco since Monday over a 17,5 percent fare increase. Taxi and minibus services have been delayed at roadblocks.

● **Sappi:** About 1 600 workers went on strike at Sappi in Port Elizabeth and Springs on Sunday. Both had ended by yesterday and talks on wages and conditions will take place next week.

was aroamin'

W/b news 8/11/86

GM plant won't be open for work on Monday

182 192

PORT ELIZABETH — The management of General Motors has withdrawn the notification that the plant will be open for normal production on Monday.

The motor company said today it had not heard from the National Automobile and Allied Workers' Union concerning resolutions passed at a mass meeting yesterday

The statement from GM said the plants at both the Kempston Road and Aloes complexes would be closed for normal production on Monday

In a statement, the company said it had "taken this decision reluctantly" but under the circumstances it had no choice

Unanimous

GM said "The options for a speedy resolution to the current situation rest clearly with the union"

Strikers had voted to try to return to the main plant on Monday

Almost 1 000 workers unanimously agreed that all strikers — including the 567 already sacked by GM — would gather at the company's Kempston Road plant on Monday

They said they would enter the plant, but would not begin work until they had held a meeting on the premises.

No comment

Mr Bob McIlwaine, GM's industrial relations manager, when told of the outcome of yesterday's meeting, said he could not comment on any possible GM reaction

There were scenes of near pandemonium at a meeting of workers at the Dorothy Jansen Hall in Schauder township when they began throwing their identity cards

An elderly worker addressed the strikers about worker solidarity. Then he ripped off his identity card and hurled it to the floor. Within seconds the air was filled with hundreds of cards

GM won't open on Monday

WE Post 8/11/86

192

Weekend Post Reporter

GENERAL MOTORS will not open its plants at Kempston Road and Aloes on Monday — in order to safeguard the safety of employees who are willing to work.

This step was taken by the company after a unanimous decision by about 1 000 GM workers yesterday to return to the company's Kempston Road plant on Monday "to start where we ended off on Wednesday"

This was taken to mean a resumption of the sit-in which ended when police ordered strikers to leave

The motor giant's management today announced it had reversed the decision it took on Thursday to open the two plants for full production after a wildcat strike began on Wednesday last week

The company — in the midst of launching its new Monza car on which high hopes for the its future are based, and in the spotlight because of the buy-out by local management — said it believed the continuation of the strike was "senseless"

A management statement today said it had not received any communication from the National Automobile and Allied Workers' Union (Naawu) and its only source of information was a report in today's EP Herald

The GM decision to stay closed was made to protect employees willing to work from any acts of violence, such as had already occurred, as well as to protect its property from possible damage

The statement said

"Our only reference (to the meeting yesterday) is the article written by Kin Bentley and published in the Eastern Province Herald today

"In the context of the article the resolution passed, and the remarks attributed to Mr F Sauls — the union's national secretary — convey, if correctly reported, a message to the effect that workers from both plants will go to the Kempston Road plant on Monday at 6 45am with no badges and enter the plant, and that they would start where they ended off on Wednesday

"A number of interpretations are possible based on the limits of no direct communication from the union

"From a purely labour relations point of view, it is regrettable that the only logical interpretation we can draw from the contents of the article is that it is an indication to continue with the illegal strike

"It is regettable in the sense that the company has attempted to address all

● Turn to Page 2

GM won't open its plants on Monday

WE Post 8/11/86

192

● From Page 1

the issues giving rise to the dispute in a responsible manner, including the provision of written assurances

"Further comment in this regard is *sub judice* in that the company and the trade union have agreed to refer the issues to arbitration for resolution

"This was done after Naawu referred the dispute to the Industrial Council and the necessary resolution passed.

"Arbitration is but one of several options open to resolve disputes and by implication the parties to the dispute, acknowledged to be in deadlock, undertake to abide by any ruling that may be given

"If sound labour relations practices are observed, the issue is being addressed, but is now in the hands of others.

"It is senseless, in our opinion, to continue with the strike

'If on the other hand — and this is pure speculation on our part because we have not received any communication from the union, nor can we infer it from any reports we have read — the issue will be the dismissed workers, we have also addressed this in the absence of an approach

"Mr Bob McIlwaine (GM's industrial relations manager) is accurately reported in the same article referred to above as saying. 'If we were or are approached in this regard, we would be willing to enter into discussions on the matter

"To indicate otherwise would also be contrary to sound labour relations practice, as Naawu are fully aware

"Negotiations in good faith are willingly accepted by any company concerned with not only its wellbeing, but that of its employees as well

"Based on the interpretation we have drawn from the report in the Herald, we consider it necessary to take certain steps

"It is encumbent upon the company to protect its employees working, or willing to work, from any acts of violence, such as have already occurred, as well as to protect its property from possible damage

"We have taken this decision (not to open the plants) reluctantly, but under the circumstances we have no choice

"In our opinion the options for a speedy resolution to the current situation rest clearly with the union, if they sincerely wish to do so"

At their meeting yesterday, workers from both the Kempston Road and Aloes plants resolved to 'go to the Kempston Road plant on Monday at 6 45 with no badges and enter the plant"

Mr Sauls said they would then "start where we ended off on Wednesday"

The meeting pledged solidarity with the sit in strikers who were obliged to hand in their badges to GM security personnel as they left the Kempston Road and Aloes plants under police escort on Wednesday night.

Production at GM has ground to a virtual halt since last week

Yesterday GM management confirmed that it had sacked 567 workers who staged a six-day sit in at the company's plants until they were ordered to leave by police

● Efforts today by Weekend Post to contact union officials were unsuccessful

Strikers vote to return to GM

DD 8/11/8[illegible]

Dispatch Correspondent

PORT ELIZABETH — A mass meeting of about 1 000 General Motors workers yesterday unanimously resolved to return to the company's Kempston Road plant here early on Monday morning to "start where we ended off on Wednesday".

The decision followed confirmation by GM's management that it had sacked the 567 workers who sustained a six-day sit-in of the company's plants until removed by police on Wednesday night.

At yesterday's meeting, workers threw their identity badges onto the stage — two carrier bags were collected — pledging solidarity with the sit-in strikers who were obliged to hand in their badges to GM security personnel as they left the plants on Wednesday night.

After several hours spent discussing Wednesday's incidents, workers at the meeting in the Dorothy Jansen Hall in Schauderville adopted the resolution, which was read out by the national secretary of the National Automobile and Allied Workers' Union, Mr Freddie Sauls.

They resolved that workers from both plants "go to the Kempston Road plant on Monday at 6 45 with no badges and enter the plant". Mr Sauls said they would then "start where we ended off on Wednesday".

The vote was the culmination of a hectic week [illegible] GM's labour relations history and [illegible] with the launch of the company's new Monza car, on which its future hinges.

n/p — not provided n/a — not applicable

Toyota sights set on 30% market share

SUN TIMES 9/11/86

By Don Robertson

ALTHOUGH the motor industry awaits October sales figures with the performance of General Motors in mind, South African-owned Toyota predicts it will take a record 30% share of the market for the year.

GM's withdrawal was announced on October 20, leaving 11 selling days in that month Because of considerable confusion surrounding the pull-out, it is forecast that GM sales dived and that the launch of the Monza might be in jeodardy

The strike at the Port Elizabeth plant aggravated the position.

However, there is a belief that once the details of the management buy-out have been released, and the SA management team is in control, patriotic buying may lift sales

The SA tag has worked for Toyota, which has 29,8% share of the market for the first nine months of the year.

Although executives are reluctant to make firm forecasts for the year, they seem confident they can take 30% of the market.

Toyota won the leadership race in 1980 and has not only held on to it, but has raised its share of the market every year by heading the car and commercial-vehicle sectors

The success was spawned by the Corolla, launched in 1975, and followed by the the Cressida, which holds third position in sales this year and is top in the medium-car sector.

These two vehicles hold 26,1% of the car market this year compared with 23,9% last year

In the light-commercial vehicle (LCV) market, the one-ton Hilux range has spearheaded Toyota's 40% share of this market. The one-tonner has been a best seller for 15 years and holds 24% of the LCV market

The 2,4*l* diesel has 55,4% of the diesel market, and the Hilux 4x4 and 4x4 double cab have 43% of four-wheel-drive sales.

In medium commercials, the Dyna truck has helped Toyota to secure a 30,3% share of a market which has fallen 11% this year

In heavies, the Hino has increased its share to 16,6% — up 4,3% on last year in spite of a sharp decline in this market.

(FM) 9/11/86

GM dismisses 219 workers

BUSDAY

ALAN FINE

GENERAL Motors (GM) has dismissed 219 workers who failed to respond to a management ultimatum to return to work yesterday.

However, most of the 2 000 people who had been on strike for nearly three weeks were back on the job.

National Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettledas said yesterday the strike "had effectively been broken by the company, assisted by the SAP".

He was referring to SAP intervention on Monday, when strikers gathered at GM's gates to block the entry of newly employed workers. The 16 people arrested during the incident have been released on bail.

Kettledas expressed regret the issues which precipitated the strike — demands for severance pay and the repayment of pension fund monies — had not been resolved without State intervention

GM industrial relations manager Robert McIlwaine said the 219 dismissed workers were all employed at the Kempston Road plant.

The numbers back at work also exclude most of the 566 dismissed for refusing to vacate the plant two weeks ago McIlwaine said about 300 of them had applied for re-employment About 20 had been taken back already, while the other applications were still being processed

He said applications from the remainder of that group would still be considered and he thought most would be taken back

The only exceptions would be those

To Page 2

GM dismisses 219 workers over ultimatum

BUSDAY

From Page 1

whom GM was satisfied were involved in "acts of intimidation or violence or who associated themselves with such acts" McIlwaine declined to say how many would be affected adding "We are still assessing evidence"

The matters in dispute are still to be referred to arbitration as soon as the union and the company have agreed on the identity of an arbitrator and his terms of reference.

And yesterday, the Industrial Court handed down an interim interdict restraining Naawu from inciting GM employees to strike and trying to prevent people from applying for employment, with the company, or from remaining in the company's employment.

blast, whi

EAST LONDON 26141

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9/11/86

GM says strike is over

PORT ELIZABETH — General Motors announced yesterday that production at its strike-bound plants would resume today, bringing to an end the seven-day wildcat strike by more than 2 000 workers

The GM statement followed after the regional secretary of Naawu, Mr Les Kettledas, informed management of the workers' intention to resume work as from the early shift today And in a statement issued at noon, the national secretary, Mr Freddie Sauls, was quoted as saying he wanted the strikers to return to work

However, some doubt was later raised over the back-to-work prospects, when Mr Sauls said a decision would only be taken by workers at a mass meeting to be held at 11 am in Korsten. Mr Sauls said his earlier statement was misquoted

In its announcement that the strike would end, GM said "it was pleased with the positive attitude being displayed by the majority of workers and trade unions".

Later yesterday afternoon, however, Mr Sauls said his understanding of the situation was that a final decision would only be taken after this morning's meeting, at which workers would also discuss "the attitude of GM"

Bob Price ... all links with GM in US severed

SUNTIMES

Nuco, the new GM, lines up cash deal leading to profits

9/11/86

192

By Don Robertson

NUCO, the acronym for the General Motors SA's "new company", will break even within two years and will be marginally profitable in three years.

The turnaround in fortunes will be achieved through a deal which will ensure the new company has no debt and that additional capital will be provided to produce a new model next year and allow for a facelift of the Monza in a few years.

Bob Price, managing director of GMSA from 1971 to 1974 and who joined the new management team from America this week, tells Business Times that the deal is almost in place

A clean balance sheet will allow losses to be reduced next year, followed by a year in which they end. He expects the company to show a profit by 1989.

In projecting the recovery, Mr Price has taken cognisance of forecast motor sales for the next few years He believes GMSA needs to sell between 25 000 and 30 000 vehicles a year GMSA sold 34 388 vehicles last year

The Monza, to be launched on November 23, is expected to sell about 1 200 in the first three months and to settle at about 800 a month.

Details of the financial package are expected late in December, but Mr Price does not believe GMSA sales will be adversely affected by the delay.

The reason for the delay is the need to structure the deal in a sufficiently flexible way to allow others — possibly dealers — to be included. In addition, contracts have to be negotiated with 27 suppliers, and money for future tooling has to be secured.

"We are trying to provide finance for new models and facelifts right from the start. We are looking at the Omega now and it could be launched

☐ To Page 3 ☐ To Page 2

Nuco's future bounty

SUN TIMES 9/11/86 192

☐ From Page 1

early in 1987."

The Omega will replace the medium-range Rekord. It is also possibile that Isuzu will help with inventory finance, payment terms and tooling up. GMSA makes Isuzu light commercial vehicles.

Mr Price does not discount the possibility that Isuzu cars will be made in SA. But he says both Isuzu models are similar to the Opels.

"What we might do is play Isuzu off against Opel because there is also the possibility that GM Germany will offer similar assistance

"But we are not linking ourselves to only two sources and could look at Brazil, which also manufactures Opels. They have a policy which encourages exports ahead of home consumption."

Mr Price dispels suggestions he is merely a caretaker for GM Detroit until political problems have been resolved. Until he moved this week, he was president of Motors Trading Corporation, a GM subsidiary that engages in international trade.

"I have severed with GM because I want this job and wish to share in the benefits of a successful company."

But he does not see himself spending the rest of his working life at GMSA.

Mr Price confirms that the new board of himself, Keith Butler-Wheelhouse, George Stegmann and Andre van Rooyen will be increased to seven or nine members

●Further confirmation that politics was used as an excuse for GM's withdrawal from SA came this week when the company closed 11 plants in America employing 29 000 people. The American company posted a third-quarter loss of $350-million.

Production cut by 60 cars a day

GM strike hits Monza launch

CAR TIMES 30/11/86

Own Correspondent

PORT ELIZABETH — Sixty Monza cars a day are being lost as a result of the current strike at General Motors, and the company is now expected to suspend its present launch, according to director of technical operations Keith Butler-Wheelhouse

With production at a standstill since October 29 — and no immediate prospects of an early resumption — there are growing fears that insufficient stocks will be available to secure the best advantage from the launch

Traditionally, a launch provides maximum benefit for three months, after which sales tend to decline

The car was introduced to dealers last Monday and the public launch was set for next week.

'Unhappy with supply'

Butler-Wheelhouse said yesterday "I think what we will do is hold off the public launch until we have got the number of vehicles we want We are not going to spend a lot of money if we don't have the cars."

He declined to say what production figures GM had set to meet its needs, but said "I think it could be some time before we build up to the numbers we require

"From a distribution point of view it's going to be first come first served "

Asked what dealers could tell their customers, he said "This is one of the big problem areas — dealers can't give any indication of a supply date But we are not boxed in entirely, we still have a lot of room to manoeuvre "

Freddie Sauls, national secretary of the National Automobile and Allied Workers' Union, when asked why the men struck such a crucial time — possibly prejudicing Monza sales and some of their own jobs in the New Year — said: "That shows how critically the men viewed their situation, that they should take such a decision at such a crucial time

"We know if the Monza doesn't sell it's serious for GM, but the workers felt their situation had reached a point of crisis They saw GM pulling out and the Monza launch was coincidental. We are thinking in the long term."

Asked if he didn't think the men could be cutting their own throats, he said. "To me it's clear. I see the view of the workers that even with the launch of the Monza there is no certainty there will be no retrenchments "

On the importance of a success for GM in PE's present economic predicament, he said. "Do you think it's not important for me? I am as concerned about that as anyone else "

Sauls did indicate that if the pensions issue could be resolved, the men might agree to return to work while talks were held over severance pay

'Some basis for agreement'

"The pensions issue is easy," he said "It should be no problem at all If we could settle that one there would be some basis for agreement. The workers could see some progress being made."

Asked if they would return to work, he said· "That is a possibility It would have to be considered "

Butler-Wheelhouse said "I feel people like us — and other commercial concerns — are bearing the brunt of people trying to find ways of expressing themselves politically "

Sauls rejected this "There are sufficient avenues by which people can express their political feelings."

GM strike hits new car launch

192 DD 10/11/84

Dispatch Correspondent

PORT ELIZABETH — Sixty Monza cars a day are being lost as a result of the current strike at General Motors, and the company is now expected to suspend its present launch.

This was confirmed yesterday by the director of technical operations, Mr Keith Butler Wheelhouse

With production at a standstill since October 29 — and no immediate prospects of an early resumption — there are growing fears that insufficient stocks will not be available to secure the best advantage from the launch

Traditionally, a launch provides maximum benefit for three months after which sales tend to decline

The car was introduced to dealers last Monday and the public launch was set for next week.

Mr Butler-Wheelhouse said yesterday "I think what we will do is hold off the public launch until we have got the number of vehicles we want. We are not going to spend a lot of money if we don't have the cars

"We are unhappy with the supply position From a distribution point of view it's going to be first come first served"

Asked what dealers could tell their customers, he said "This is one of the big problem areas — dealers can't give any indication of a supply date But we are not boxed in entirely, we still have a lot of room to manoeuvre"

The national secretary of the National Automobile and Allied Workers' Union, Mr Freddie Sauls, when asked why the men struck at such a crucial time — possibly prejudicing Monza sales and some of their own jobs in the New Year — said

"That shows how critically the men viewed their situation — that they should take such a decision at such a crucial time

"We know if the Monza doesn't sell it's serious for GM, but the workers felt their situation had reached a point of crisis They saw GM pulling out, and the Monza launch was co incidental. We are thinking in the long term"

Asked if he didn t think the men could be cutting their own throats, he said "To me it's clear I see the view of the workers that even with the launch of the Monza there is no certainty there will be no retrenchments"

Mr Sauls did indicate that if the pensions issue could be resolved, the men might agree to return to work while talks were held over severance pay

Mr Butler-Wheelhouse said "I feel people like us — and other commercial concerns — are bearing the brunt of people trying to find ways of expressing themselves politically

"Because some people don t have the political rights which perhaps they should have, this is about the only way they can express their political views '

Mr Sauls rejected this "There are sufficient avenues by which people can express their political feelings" he said

The current strike looks set to continue this morning, when GM workers are expected to converge on the company's Kempston Road plant here at 6 45 — despite an announcement by GM that both its plants would be closed today

Mr Sauls said yesterday while workers were aware that the gates at the plant would probably be locked in line with the GM stand taken on Saturday "the decision of the meeting stands — the people will go back'

The South African Police duty officer for the Eastern Cape, Major Jan Dowd said yesterday police would not be at the plant 'on their own initiative' this morning, but would take steps "if called in"

The mayor of East London, Mrs Elsabé Kemp, lays a wreath at the War Memorial during yesterday's Remembrance Sunday service Report P2

Britain defies ceremony boycott

DD 10/11/84

JOHANNESBURG — Britain yesterday defied a west European boycott of ceremonies honouring South Africans killed in both World Wars

Western diplomats said the initiative for the boycott — intended as a show of condemnation of South Africa's apartheid policy —came from West Germany and divided European Community embassies in Pretoria

"Our position is that we believe it is import' ant to remember thos who died in the tv World Wars and th this should have ... to do with the politics of today," a British Embassy spokesman said

Britain, the U States and the Rep ... of China were the on foreign countries rep resented at the ... wreath laying cere ... at the Johannesburg ce notaph which was at tended by the ... President, Mr P W B ... the Ciskei and ... also laid wreaths

Some 9 000 South Afr' cans were killed World War II, most them while fighting G man forces

President Botha for France last night open a museum co memorating South Af cans killed in F ... and in particular 1 posted dead or missi during an epic ...

New GM conflict looms

BUSDAY 10/11/86

ALAN FINE

A NEW clash may be looming between General Motors management and the 2 000 striking workers today.

Workers decided at a mass meeting on Friday to return to company premises to "start where we ended off on Wednesday" — when more than 500 were evicted and subsequently dismissed.

But GM has announced that the two strike-bound plants "will be closed for normal production" today, cancelling its decision to open the plants after reading Press reports of the meeting which it interpreted to mean that the strike would continue

National Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettledas confirmed this yesterday.

Kettledas told *Business Day* resumption of production depended on management coming forward with "anything positive" regarding demands related to severance pay and pension contributions

● To Page 2

GM strike — new conflict looms

BUS DAY 10/11/86

● From Page 1

"would be willing to enter into discussions on the matter".

But Kettledas questioned the veracity of this undertaking, saying any "positive" moves by GM's industrial relations department had, throughout the strike, been undercut by the "hardline" attitudes of MD Bob White and other top management.

McIlwaine declined to comment further yesterday, and White could not be contacted

when new management takes over, and the dismissal of the 500

If, however, workers found themselves unable to gain access to company premises this would be considered by the union to be an illegal lockout, he said

The GM statement says it is "senseless" for the strike to continue, as the matter is to be referred to arbitration It is believed details about the identity of the arbitrator and his terms of reference will be addressed today. GM industrial relations manager Robert McIlwaine has also said if the company were approached on the issue of the dismissals it

BUSDAY

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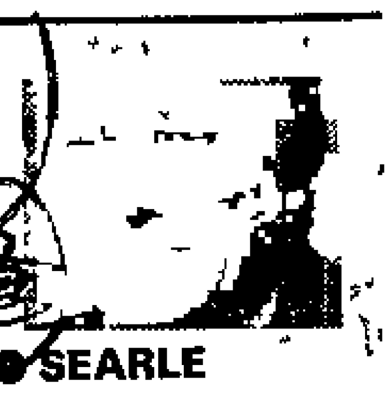
19/11/86

VW on line for 20% market share



● SEARLE

Industrial Staff

ALTHOUGH car sales are expected to remain at a low ebb for some time to come, Volkswagen SA's latest figures are encouraging, says MD Peter Searle.

In October this year, VWSA reported its highest wholesale car sales since March 1982

"Our monthly retail sales of 2 940 passenger cars for October reflect a 20% improvement over September, while light commercial vehicle sales of 715 for October were a 46% rise," says Searle.

And, based on present performance, he expects the target for a 20% share of the passenger car market for the rest of 1986 and for 1987 to be within reach.

He attributed the pickup in commercial vehicle sales to increased demand for the Microbus, adding that this growth "augured well for VW fourth quarter sales".

Volkswagen's share of the passenger car sales market has been rising. It has grown from a 10,4% in 1984 to 17,3% so far this year.

Landlock sets up marketing division

BUSDAY 19/11/86 192

NORMAN SHEPHERD

LANDLOCK has almost completed rationalising the string of automotive companies it acquired this year.

And it has formed a marketing arm called Automotive Products, says automotive division MD Keith Brighton.

The acquisitions include friction-materials manufacturer and distributor Mintex-Don, clutch and brake rebuilder and manufacturer Veltol-Parko, and clutch and brake manufacturer Girlock.

As a result of the rationalisation, the Isithebe, KwaZulu, plant will be consolidated into the Benoni plant, which will absorb about 100 of the 148 Isithebe workers.

Both the Benoni and Isithebe friction-materials plants have been running at about 50% of capacity recently.

The Benoni plant will be extended at a cost of R2m to bring in new disc-pad technology aimed at replacing imports worth about R5m a year.

In May this year, the British BBA Group acquired control of Landlock through a reverse takeover.

The takeover — involving a R1,3m cash injection and the acquisition of R5,5m of BBA's SA assets — is perceived to have placed Landlock on a firmer footing, after it had been battered by an R8m foreign exchange loss, the big losses which crane division Lasch ran up before its closure, and the accumulation of R23m in assessed tax losses.

Brighton says further acquisitions are under review.

Landlock's share price rose 20c last week to 310c.

Strikers at GM find gates closed

Hundreds of striking General Motors workers arrived at two factories in Port Elizabeth early today, but locked gates prevented them entering the plants to continue their sit-in strike, according to the company and the union

The regional secretary of the National Automobile and Allied Workers Union (Naawu), Mr Les Kettledas, said "We are still on strike and regard this as an illegal lockout"

GM's industrial relations manager, Mr Rob McIlwaine said workers had been advised there would be no production today.

As the strike by at least 2 000 employees entered its thirteenth day today, moves were afoot to get the parties to arbitration as soon as possible

The dispute, sparked by GM SA's decision to sell its operations to local buyers, centres on union demands for severance pay, pension fund payouts and a say in the board of the new company Already GM has dismissed 567 workers for refusing to leave the plants last week.

Meanwhile, the launch of GM's new Monza range is almost certain to be frozen as a result of the strike.

Production of 60 Monza cars a day is being lost as a result of the strike and the company is now expected to suspend its launch, GM's Director of Technical Operations, Mr Keith Butler-Wheelhouse said

Mary's little Lambie fails to score for three months

LONDON — John Lambie, manager of the Scottish soccer club, Hamilton Academical, has been forced into a life of celibacy since his club arrived in the Premier Division, according to a British Press report.

Confident of his team's success among the big clubs, Lambie, 45, vowed to his wife, Mary, at the start of the season that the couple would not have sex until Hamilton won their first game.

Three months and 16 games later, Hamilton are still awaiting their first victory.

On Saturday Lambie came agonisingly close to success.

At home to defending champions and standings leaders, Glasgow Celtic, Hamilton took the lead with nine minutes to go

But Celtic levelled from a penalty minutes later and, in the dying seconds, grabbed a second goal to win 2-1 — Sapa-AP

A General Motors shop steward gives an interview to foreign and local newsmen outside the Kempston Road plant today, after workers had handed in another boxful of identity badges in solidarity with the 567 who had their badges removed by GM security personnel last Wednesday

Confusion as strike goes on

Eve Post 10/11/86

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Post Reporters

THE workforce at General Motors wants to return to work, a GM spokesman said today — but this has been denied by union leaders.

Shop stewards representing striking workers had informed the management of this during discussions at the plant today, Mr George Stegmann, the company's industrial relations director, said early today.

However, Mr Les Kettledas, regional secretary of the National Automobile and Allied Workers' Union (Naawu), said at lunchtime, after a meeting with stewards who earlier met GM management, that the men never indicated they wanted to return to work.

"They were requested by management to come in as they wanted to know if the workers were going to come back to work or not.

"They said management should deal with the union."

However, Mr Stegmann stood by his earlier version on the meeting.

He said the stewards asked for the meeting and "indicated clearly they wanted to return to work. We requested a signed undertaking to that request".

He said the stewards told management they were not in a position to inform the company officially, as they had to refer the matter to the union leadership.

Mr Stegmann said that should such an undertaking come from the union, GM was prepared to enter into discussions on their return to work.

But the company was not prepared to discuss the reinstatement of the 567 sacked workers until the remaining workers had returned.

He said union demands on severance and pension pay had been referred to arbitration and the company was "willing to abide by that decision".

More than 1 000 GM workers who converged on the Kempton Road plant from 6am today, dispersed peacefully after being requested to do so by union officials at 9 45am.

The plant's gates were closed in keeping with a decision by the company over the weekend, and a small police contingent kept a low profile outside the gate.

Three shop stewards who went into the plant at 8am to meet management, were later joined inside by about 12 others.

At 9 30am the stewards came out and spoke to Mr Les Kettledas, regional secretary of Naawu.

At his request, one of the stewards, using a police loudhailer, requested the workers to disperse and return to the plant tomorrow

He said that, should the gates to the plant be locked tomorrow, the workers should meet at the Dorothy Jansen Hall in Korsten to decide what steps to take.

After they dispersed, the stewards went back into GM for further talks, after which they were scheduled to meet Naawu officials.

The strike at GM is resulting in a loss of up to 60 Monzas a day.

● No decision has been taken on the postponement of GM's national advertising and promotional campaign for the new Monza.

GMSA's director of technical services, Mr Keith Butler-Wheelhouse, said today the campaign might be postponed, because the company feared there would be insufficient stocks of the cars because of the strike.

INSIDE

Wessels will play in tour — Page 20

MM prize winners — Page 4

● TV Show — Page 12, 13
● Good Living — Page 9
● Racing — Page 18
● Sport — Page 19, 20

GM workers meet today to decide on strike

STAR 11/11/86

More than 2 000 strikers at General Motors in Port Elizabeth will meet today to decide whether or not to end their 13-day-old strike, say union leaders.

Employees from two unions involved in the strike told GM yesterday they wanted to end the work-stoppage but had to get union sanction first, a statement from the firm said

GM plants remained closed today, said Mr Rob McIlwaine, the company's industrial relations manager. "We should know the outcome of the union meeting late this afternoon. In the meantime, plans are going ahead for an arbitration hearing and we are in the process of trying to agree with the union on an arbitrator."

GM said that after a meeting with shop stewards yesterday, and the undertaking that workers would report back to their unions, Mr Les Kettledas, regional secretary of the National Automobile and Allied Workers' Union (Naawu), telephoned GM requesting an urgent meeting

A meeting was held with union officials at 2 pm yesterday and it was evident, GM said, both parties had a different understanding of the purpose of the meeting

Mr Freddie Sauls, Naawu's general secretary, said at the meeting that he had no mandate from employees on strike that it was their wish to return to work, and could consequently not give any undertakings, GM said

Vaal reporter

GM staff keep production lines going

192 Eve Post 11/11/86

Post Reporter

WOMEN and white-collar workers are manning the assembly line at General Motors, finishing jobs abandoned by the strikers.

"We will make vehicles, with or without the unions," Mr Bob White, GM's managing director, said today

"The enthusiasm and desire to get the job done is now stronger than it has been for the last six months.

"You can't imagine the enthusiasm. We have white-collar workers and women, people coming out of the service department and other departments, to get to work on the line.

"We have got people here who want to make a success out of this."

The public launch of the new Monza car, however, has been deferred — possibly until the end of January

The Dealer Council agreement on the deferment of the launch has taken pressure off production, but after hearing of today's militant strike meeting, Mr White said he had no intention of closing the plants early for Christmas

"We are planning to work until December 17 and if I have anything to do with it we will work until that date," he said.

Asked if there was any likelihood of part of the workforce being replaced by white workers, he said. "We have not looked into it yet, but it's an option.

"As far as I am concerned we are colour blind. If we have to go out and recruit we will take from where we can find"

He said "I think we have tried to be as reasonable as we can, but at some time people have to stand up and be counted. I still think the majority of our people want to work. They are allowing themselves to be intimidated by people who couldn't care less about their interests but who would rather pursue a political aim than financial security."

He said the company would decide its next move after receiving a report back on today's strike meeting.

● "Meet demands or close plant," say workers — See story, Page 2

Meet our demands or close the plant, say striking GM workers

Ev. Post 11/11/86

By KIN BENTLEY

STRIKING General Motors workers said today GM should either meet their demands or close the plant.

A meeting in Korsten was attended by about 1 000 people

The strike today entered its 10th working day.

Summing up the three-hour meeting in the Dorothy Jansen Hall, Mr Freddie Sauls, national secretary of the National Automotive and Allied Workers' Union (Naawu), said GM had two options

"It can either meet your (the workers') demands, or it can close the plant — nothing more than that"

Mr Sauls said workers stood by their demands that they be paid severance pay and refunded their pension money A third demand, that workers be represented on the new board of directors, would be "sidelined", he said

"On the issue of the 567 dismissed workers, it has been decided all will go back or no one," Mr Sauls said

Earlier, workers heard that management had indicated that some of the 567 would never be allowed to return

He said it was also suggested workers should not go to the plant every day, but "wait for the company to give a date" (for them to return)

However, he warned "The problem about not going to the plant is, if you sit at home, scabs may go to the plant"

Mr Sauls said in the next few days activists would visit GM workers in the northern areas and speak to them about "gaining support to organise so that no one from your street goes to look for work at GM"

He said he had warned GM long ago that "unless they meet the legitimate demands of the workers, workers would adopt a counter-productive strategy"

He said that if the management had any sense, they would climb down from their pedestals to listen to the legitimate demands of the people in SA

"If you believe the struggle and the demands are legitimate and justified, you have to say you will maintain a presence at GM and, irrespective of what Bob White says, force them to negotiate with you and meet your demands," he said

Earlier, Mr Les Kettledas, regional secretary of Naawu, said nothing constructive had come of a meeting with a management team yesterday.

● The issue of one shop steward who apparently told managment yesterday that workers were keen to go back also arose today It was announced that the steward would have to defend the claim before the union's executive committee and, should he fail to do so satisfactorily, he would be fired from the union

(624) (1926) (192) (183)

CAPE TIMES 11/11/86

Strikers want to end stoppage, GM told

PORT ELIZABETH. — Employees from two unions involved in a 12-day-old strike at General Motors plants in Port Elizabeth yesterday told GM management they wanted to end the stoppage but had to get union sanction first, a GM statement said.

However, a union official later said that he had no mandate from workers in this regard.

Early yesterday a joint deputation of shop stewards from the National Automobile and Allied Workers Union (Naawu) and Motor and Component Workers Union of South Africa requested a meeting with company management.

"Management complied with this request and at the meeting which followed, the shop stewards indicated that it was the wish of employees currently on strike to return to work," the GM statement said

However, they were unable to give any undertakings in this regard saying that this would have to come from their union leadership

After further discussion, and at the request of management, the shop stewards undertook to meet union leadership and to ask them to formally advise the company of their position so that discussions for a return to work could be entered into, GM said

At a later meeting, attended by GM management, officials from both unions and shop stewards, it was evident that the parties differed as to the purpose of the meeting

Mr Freddie Sauls, Naawu's general secretary, stated that he had no mandate from striking employees that it was their wish to return to work and consequently could not given any undertakings

"He further indicated that the question of a return to work would be discussed at a meeting to be held in Korsten tomorrow," yesterday's GM statement said — Sapa

11/11/96 BUSDAY 192

GM strikers locked out

GENERAL Motors employees are to meet this morning to consider what further steps to take in their two-week-old strike over demands related to the sale of the company to local interests.

When workers tried to gain access to the two affected plants in Port Elizabeth yesterday they found the gates barred, National Automobile and Allied Workers' Union regional secretary Les Kettledas said. They later returned home without incident, he said.

And, according to GM's George Stegmann, management was approached yesterday by Naawu and Motor Assembly and Components Workers' Union shop stewards, who said the men wanted to return to work Stegmann says they were asked to go back to their union leadership and have them indicate officially to management that this was what they wanted to do

But Kettledas denies that workers have expressed this wish.

Meanwhile Naawu says it is awaiting GM proposals on a nominee for an arbitrator and his terms of reference.

GM plans to replace axed men

Eve Post 12/11/86 192

...ime students at the Port Elizabeth Technical ... on show to the public daily until Saturday, ...entre will offer full-time courses in addition ...y extremely popular. Picture by Evert Smith

By KIN BENTLEY

GENERAL MOTORS intends recruiting staff tomorrow to replace the 567 men sacked last Wednesday — and will only consider rehiring fired workers if their striking colleagues return to work.

This decision was announced today — as the strike entered its 11th working day It follows a union undertaking yesterday to launch a campaign in the townships to prevent people taking the jobs of striking workers

GM today also described as "extortion" a union demand that workers be paid severance pay when GM pulls out and hands over to new management.

In an interview Mr George Stegmann, director of personnel and public affairs, said the union knew it was "unrealistic and unwarranted" for people to be paid severance pay if they weren't being retrenched

Mr Stegmann, who is to form part of the management group which is to take over GM next year, added "We are reviewing our options. We need to see the reaction to today's newspaper advertisement appeal for a return to work. Depending on the outcome we will assess our actions in order to get the resources required to continue production."

He said GM was "looking at resuming production on Monday", when workers would either return to work or the company would "look at hiring new employees

"It is our intention to start recruiting employees to replace the 567 that have been dismissed, starting tomorrow with an advertisment.

"This does not preclude the possibility of rehiring dismissed employees should there be a return to work by the others currently on strike."

He said many such employees had been "caught up in a situation not through their own desire".

Mr Bob White, managing director of GM, ques-

Turn to Page 2

Eve Post 12/11/86

GM plans to replace axed workers

● From Page 1

tioned the union argument that workers had been exploited by GM during its 60 years in SA, pointing out that 40% of GM's employees had been with the company for more than 10 years and 10% for more than 25 years.

"If they felt exploited, why did they work here for that length of time?" he asked

Mr Les Kettledas, regional secretary of the National Automobile and Allied Workers' Union, reiterated today that the only way to resolve the impasse was for the company to "meet the actual demands". A further union meeting would be held on Friday, he said

Criticising Mr Sauls's statement yesterday in which he said GM should either meet union demands or close the plant, Mr Stegmann said Mr Sauls had "finally found the courage to say publicly what he said privately two weeks ago, and that is that he would like to see GM shut down"

He said Mr Sauls's actions "pose a question as to any real concern on his part for the interests of our employees or their families

"While GM has sympathy for the political aspirations of black people, it does not believe disinvestment and closure of its PE facility will do anything more than cause additional hardship"

Mr White said an undisclosed number of striking workers returned to the GM plants today, saying they were "not prepared to be intimidated" and were prepared to "face the consequences" of their return to work

He said there was "nothing GM can do about it (intimidation) outside the workplace" He respected the courage of those "standing up to the intimidation"

Meanwhile, the Transvaal region of Naawu has issued a statement pledging its solidarity with striking workers at GM plants and threatened that "national action" by Naawu workers could follow It said Naawu had "exercised all possible attempts to have the issue resolved"

Mr ANDREAS BOSHOFF, left, and his brother, GERHARDUS, were told at the General Motors gate today that they would have to wait a week before applying for jobs at the strike-torn plant. They were photographed on Monday during the first vigil kept by wokers outside the Kempston Road plant. Both are former assembly line workers from Ford and have been unemployed since Ford left Port Elizabeth.

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 ARGUS 12/11/86

Women, white-collar staff on assembly line

Argus Bureau

PORT ELIZABETH — Women and white-collar workers are manning the assembly line at strike-bound General Motors to produce a few new Monzas

As the strike entered its 11th day today, GM general manager Mr Bob White said "We will make vehicles with or without the unions"

Today the area around the main Port Elizabeth plant was deserted in contrast with the past two days when hundreds of strikers, locked out by GM, thronged the street in front of the gates

Open letter

GM have said that production is now only scheduled to fully resume on Monday

The company has also gone on the offensive against what it terms "'misinformation" given to workers, with an advertising campaign in local papers

"An open letter" from the GM director of personnel and public affairs, Mr George Stegmann, confirms that service benefits and conditions of employment for GM employees will continue once the new South African management team takes over

Mr Stegmann said the aim of the ads was to help "bring workers to see reason" and to allay their concerns about benefits raised by the supply of misinformation

He said the company was "going to have to come up with a final position very soon We must take steps to protect the job security of employees wishing to work"

He said he had been told by such employees that they were scared to return to work because of intimidation

Meanwhile, Mr White said women and white-collar staff had shown "tremendous enthusiasm" to work on the production line

"We've got people here who want to make a success of this company"

However, in spite of the limited production of Monzas, it has been confirmed that the launch of the new vehicle will be postponed, possibly to January next year.

Yesterday foreign television crews interviewed two whites who arrived at GM's main gate looking for work

They said they had been out of a job for almost two years and had come to GM because of the strike

Asked if there was a possibility of a substantial part of the shop-floor work force eventually being white, Mr Bob White said it was an option, but said he was "colour-blind" in respect of recruitment.

"I think we have been as reasonable as we can, but at some time people have to stand up and be counted.

"I still think the majority of our people want to work, but are being intimidated by people who don't have their interests at heart and would rather pursue their own political aims"

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12/11/86

Office staff man GM assembly line

Cape Times

PORT ELIZABETH — Women and white-collar employees are working the assembly line at General Motors, finishing jobs abandoned by strikers

The public launch of the new Monza car, however, has been deferred, possibly until the end of January. Altogether 1 200 units have been lost in the two weeks since production stopped

"We will make vehicles, with or without the unions," Mr Bob White, GM's managing director, said yesterday following a militant meeting at which workers voted to continue the two week strike at two factories

"The enthusiasm and desire to get the job done is now stronger than it has been for the last six months. We have white-collar workers and women, people out of the service and other departments working on the line

"We have got people here who want to make a success out of this."

The dealer council agreement on the deferment of the launch has taken pressure off production, but Mr White said he had no intention of closing the plants early for Christmas.

"We are planning to work until December 17," he said

Asked if there was any likelihood of part of the work force being replaced by white workers, he said. "We have not looked into it yet, but it's an option. As far as I am concerned we are colour-blind."

Workers voted not to return to work until 567 colleagues sacked over the sit-in were reinstated. They also demanded return of their pension fund money and guarantees over pay, saying they distrusted the intentions of the local consortium due to take over early next year.

☐ Mr Bob Price, leader of the SA consortium, said earlier this month that the new company would not consider itself bound by the American Sullivan Code, which prescribes equality in employment, wages and benefits

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GM strikers' ultimatum

STRIKING General Motors' workers yesterday called on the company to meet their demands or close the plant.

At a meeting of about 1 000 workers held in Korsten, plans were also announced to prevent "scab" labour entering the plants to replace the strikers

The meeting was told of the creation of a system of "street committees", organised by workers, to prevent recruitment in the townships

Strikers were also told that, if no success was achieved in having their demands met, it would be "up to the workers to decide if they want to see a GM product in the townships"

The strike entered its 10th day yesterday

Summing up the three-hour meeting, Mr Freddie Sauls, national secretary of the National Automotive and Allied Workers' Union, said GM had two options to "meet your (the workers') demands, or it can lose the plant — nothing more than that"

Mr Sauls said workers stood by their demands that they be paid severance pay and refunded their pension money A third demand, that workers be represented on management, would be "sidelined", he said

"On the issue of the 567 workers, it has been decided all will go back, including the 567, or no one " Earlier, workers heard that management had indicated some of the 567 would not be allowed to return

Warned

He said it was also suggested workers should not go to the plant every day, but "wait for the company to give a date" (for them to return)

However, he warned "The problem about not going to the plant is, if you sit at home, scabs may go to the plant"

It was important, he said, to ensure "that others who plan to take your jobs should be prevented from doing so You must not think this is not a reality"

Mr Sauls said "We have started campaigning to ensure workers in the northern areas and other areas don't go and take your jobs at GM "

He said that in the next few days in the northern areas, "activists" would visit GM workers with whom they would speak about gaining their "support to organise so that no one from your street goes to look for work at GM "

Committee

"The task is that in every street we must establish a street committee, controlled by the workers, which will discuss what is the plight of the workers, including the unemployed "

"If we still don't succeed, we'll have to look at GM vehicles in our townships It is up to the workers to decide if they want to see a GM product in the townships," he said

He said long ago he warned GM "unless they meet the legitimate demands of the workers, workers would adopt a strategy counter-productive to GM productivity

"If GM management has any sense, they must climb down from their white pedestals, where they sit like (members of) the privileged white class, and listen to the legitimate demands of the people in South Africa "

He also said it was a mistake to say to GM "Fire us", because "then your demands will be thrown out of the window"

Struggle

"If you believe the struggle and the demands are legitimate and justified, you have to say you will maintain a presence at GM and irrespective of what Bob White says, force them to negotiate with you and meet your demands " — Sapa

Car launch delayed as GM strike drags on

STAR 12/11/86

By Sheryl Raine

(192)

Launch of General Motors' new Monza car range has been postponed until January because of the strike by more than 2 000 black workers at two Port Elizabeth plants, says the company

The Monza has been frozen on production lines by 14 days of strike action It had been scheduled for launch next week.

The strike over demands for severance pay and pension fund repayments continued today as a war of words raged between management and unions

At a mass meeting yesterday, about 1 000 members of the National Automobile and Allied Workers Union (Naawu) decided to continue the strike and challenged GM to meet their demands or close plants

They also demanded reinstatement of 567 strikers sacked for refusing to leave the plants last week

Striking workers have begun hinting at a boycott of GM products and Mr Freddie Sauls, national secretary of Naawu, said plans were afoot to prevent "scabs" taking GM workers' jobs

No early end is in sight and any attempt at arbitration would be complicated by the fact that the union has addressed demands to the Detroit-based General Motors Corporation and not the local company which has taken over from the multinational

GM's MD Mr Bob White yesterday vowed "We will make vehicles with or without the unions"

He said women and white-collar workers had taken to the factory floors to get production going They would not be closing early for Christmas, he added

The company has lost potential production of 60 Monza cars a day since the strike began

Although prepared to negotiate the reinstatement of dismissed workers, GM has insisted that talks await the end of the strike

Management claimed strikers were being intimidated and deliberately misinformed about policy

GM today hit back by placing explanatory advertisements in Port Elizabeth newspapers

Naawu may urge boycott of GM

13/11/92

Production lines at General Motors in Port Elizabeth remained silent today but the company is pressing ahead with plans to replace 567 strikers dismissed last week, writes Sheryl Raine.

GM has been strike-bound since October 29 and there are no indications of a break in the deadlock between the company and the National Automobile and Allied Workers Union (Naawu).

Naawu has urged the community not to take jobs with GM and there is talk of a boycott of GM products.

Argus 13/11/86

GM plant is still silent, plans to replace strikers

The Argus Correspondent

JOHANNESBURG — Production lines at General Motors in Port Elizabeth remained silent again today, but a spokesman said the company was pressing ahead with plans to replace 567 strikers fired last week.

GM has been strike-bound since October 29 and there are no indications of a break in the deadlock between the company and the National Automobile and Allied Workers' Union (Naawu)

So far, 567 of the 2 500 strikers have been dismissed for defying company requests that workers end a sit-in and vacate the premises

Job adverts

Mr Rob McIlwaine said there was no contact between GM and Naawu yesterday

He confirmed that advertisements had been placed in all Port Elizabeth papers today inviting applications for a wide variety of jobs

Asked whether he believed recession-hit whites would be applying for jobs traditionally held by blacks, he said "We will consider applications from anyone"

Meanwhile, considerable black community mobilisation is taking place in the area in support of the strikers who are demanding the company grant severance pay and pension fund payouts before finally selling out to South African buyers

Arbitration

A GM support group has been formed which includes worker, community, youth, sport, student and educational organisations Naawu has urged the community not to take jobs with GM

Although union demands for severance pay and pension fund payouts were referred to arbitration last week, the parties have still not agreed to the terms of reference Naawu has accused GM of delaying proceedings by raising unnecessary difficulties.

GM has expressed certain reservations about arbitration because the union has addressed its demands to the GM corporation in Detroit The jurisdiction of the arbitrator would be confined to South Africa.

Motor unions: talks before you go

DD 13/11/86

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Dispatch Correspondent

CAPE TOWN — Three of the motor industry's biggest trade unions have demanded that workers be consulted by any multi-national company which intends withdrawing from South Africa

The National Automobile and Allied Workers Union (Naawu), the Metal and Allied Workers' Union (Mawu) and the Motor Industry Combined Workers Union (Micwu) say negotiations should be based on the following "minimum conditions"

- No retrenchments because of the withdrawal or sale to a local company,
- Negotiation with representative unions on any issues affecting workers,
- A guarantee from the departing company of a minimum severance pay or one month's pay per year's service,
- Guarantees from the departing company that no benefits will be prejudiced by its departure, and
- Guaranteed full earnings for all workers for 12 months from the date of notification of withdrawal or sale

The three unions gave their full support to the strike at General Motors in Port Elizabeth, and condemned the company for its "high handed decision to refuse to negotiate with the GM workers on their future" after deciding to pull out of the country

MD criticises union call

PORT ELIZABETH — A call to meet workers' demands or close the General Motors plant in Port Elizabeth was criticised by GM's managing director, Mr Bob White, yesterday

The organiser of the National Automobile and Allied Workers' Union, Mr Ronnie Sauls, "has finally found the courage to state publicly what he said in private two weeks ago, that he would like to see General Motors shut down," Mr White said in a statement

Mr Sauls' comments were published in a morning newspaper.

"In whatever way he postures the union's demand for severance pay from General Motors Corporation, he knows it is an unrealistic and unwarranted demand that will not be met," Mr White said

General Motors intends recruiting staff today to replace the 567 men sacked last Wednesday — and will only consider rehiring fired workers if their striking colleagues return to work.

This comes in the wake of a union undertaking on Tuesday to launch a campaign in the townships to prevent people taking the jobs of striking GM workers

The regional secretary of the National Automobile and Allied Workers' Union, Mr Les Kettledas, reiterated yesterday that the only way to resolve the impasse was for the company to "meet the actual demands." A further union meeting would be held tomorrow, he said

Mr White said an undisclosed number of striking workers returned to the GM plants yesterday

GM advertisements-ments in the form of an open letter in local newspapers yesterday urged GMSA employees to return to work.

● The Transvaal region of the National Automobile and Allied Workers' Union issued a statement yesterday pledging its solidarity with striking workers at GM — Sapa

Professor A Thembela, vice-rector of ... still being prepared, but it will include at
the University of Zululand, will speak on ... least 59 resolutions

Business Day 13/11/86

Angola denounces talks with Unita

LISBON — Angolan President Jose Eduardo dos Santos has said that efforts by Western nations to set up peace talks between his government and Unita were "a waste of time".

Speaking at a meeting on Tuesday night to mark the 11th anniversary of independence, Santos said his government had repeatedly said it would not negotiate with Unita because Angola was "an independent state and had nothing to share". — Sapa-Reuter.

13/11/86 Business Day

GM sets sights on Africa expansion

DETROIT — General Motors (GM), which last month announced plans to withdraw from SA, is casting hopeful glances toward the rest of Africa as an area of expansion, say GM executives.

With international revenues above $100bn expected in 1986, GM has only a small presence in a few African nations, concentrated mainly on manufacturing operations in Kenya and Zaire.

William Mott, vice-president of GM Overseas and head of African operations, said several countries were under review for new investment.

A recent "field report" received in Detroit said the strengthening of the yen in world currency markets over the past year had made some Japanese vehicles less price-competitive in Africa

As a result, there was now a "stirring of interest" — in countries such as Zambia, Malawi, Ghana, Mauritius and Mauritania — in small cars such as those GM can offer.

Mott said GM's interest in the continent included mineral exports as well as vehicle sales and manufacturing.

"We've been working a lot with the governments of Zimbabwe and Mozambique."

Eve Post 13/11/86

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AN OPEN LETTER

ON 20 October, 1986, General Motors Corporation announced it was selling its financial interest in General Motors South African (Pty) Ltd to a group headed by local GMSA executives.

Since that date, GMSA management has gone to great lengths to assure dealers, suppliers, employees and the Port Elizabeth community at large, that the new owners intend operating the company as at present — manufacturing and assembling Opel and Isuzu products for distribution in South Africa.

Unfortunately, some of the GMSA workforce embarked on a strike commencing 29th October, 1986, which the National Automobile and Allied Workers Union has acknowledged is illegal.

The core management group representing the new owners, has confirmed to the present GMSA workforce that the following Conditions of Employment will remain unaltered when the ownership change occurs:

Current Rates of Pay and Overtime Rates
Current Grade Structure
Current Leave provisions
Current Gratuity
Current Service Attendance Allowances
Current Paid Public Holidays
Current Severance Pay provisions
All other current conditions of employment and benefit plan coverages not specifically mentioned above.

GMSA employees currently on strike are urged to return to work to avoid forfeiting the wage and benefit package which the company now offers, and will continue to do so under new ownership.

G.F. Stegmann

G.F. Stegmann
Director of Personnel and Public Affairs

11 November, 1986

OPEL ISUZU SUZUKI

● To PAGE 2

Crunch day for escalating GM strike

14/11/86 192 SA Weekly Mail

By PHILLIP VAN NIEKERK

TODAY is crunch day for the General Motors dispute and for Port Elizabeth

Thousands of GM workers meet today to decide whether to end their two-week strike or to continue fighting an increasingly bitter and vicious battle

If workers vote to continue to strike, the dispute is poised to galvanise the townships of Port Elizabeth, where the National Automobile and Allied Workers Union (Naawu) has already begun mobilising support.

At the same time, Naawu — the largest motor union in the country and an affiliate of the Congress of South African Trade Unions (Cosatu) — is ready to extend the dispute nationally into the rest of the industry.

Tensions in the job-starved townships are likely to be exacerbated by management's decision to go ahead with hiring replacement labour.

Following a newspaper advertisement, hundreds of prospective workers queued up outside the gates of GM yesterday and, according to reports, were being processed by the company's personnel department

The advertisement also called on striking workers to return to work and Core Management — the company which has bought out GM-SA from its American owners — said conditions of service would remain unaltered when they took over in January

GM has announced it is hiring 567 workers to replace those sacked last week after they were evicted from the company's premises by the Security Forces.

Management's hardline attitude could either have the effect of antagonising workers, thus strengthening their resolve to fight, or convincing them that it is a battle they cannot win.

Judging by the militancy of Tuesday's meeting — when workers voted to stay out — the former option

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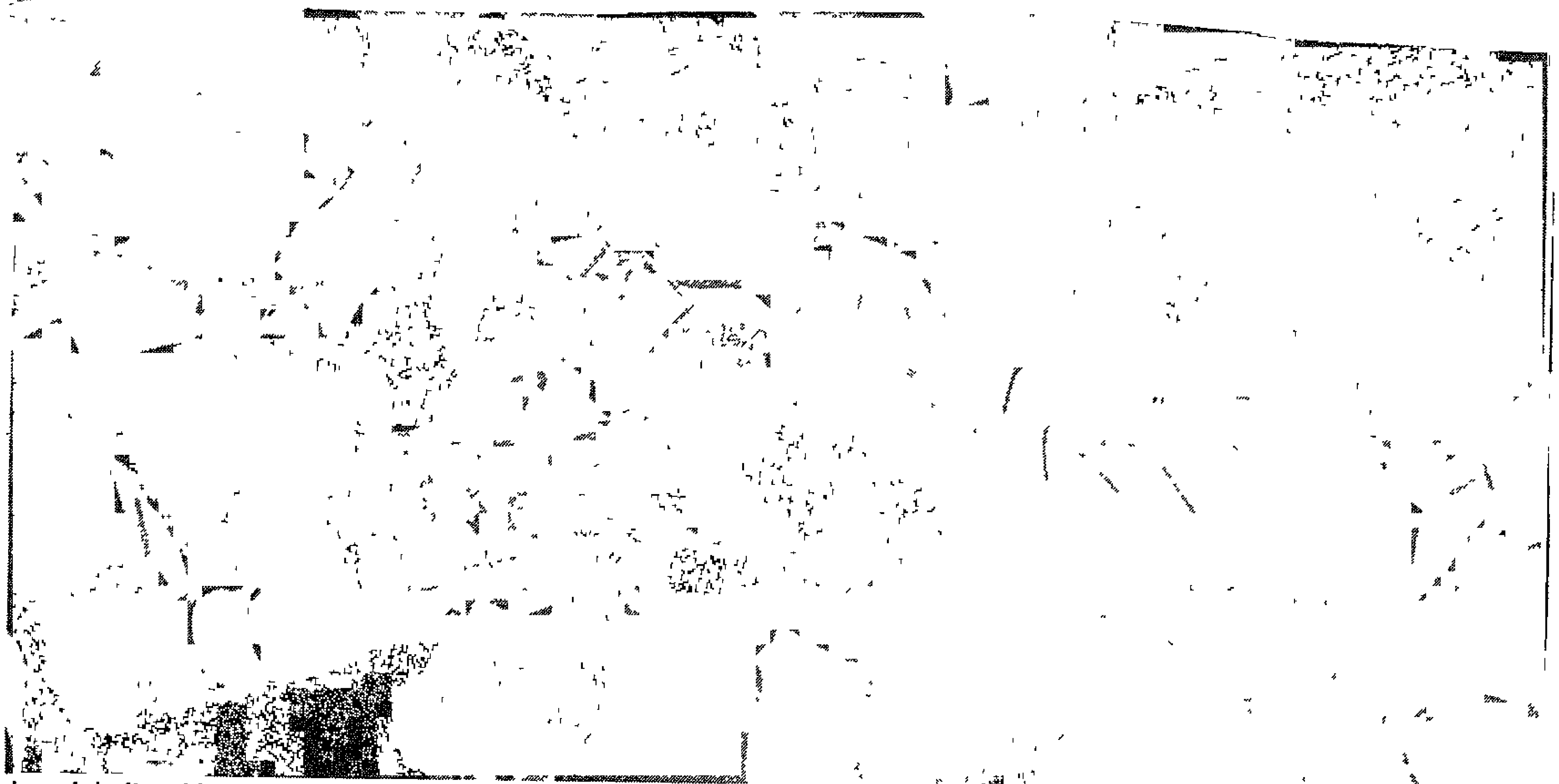
cont



In solidarity with the 567 fired GM workers, striking colleagues hand their ID cards to shop stewards Picture Chris Qwazi

is more likely at this stage

However, there are some indications that workers might decide to go back and concentrate on alternative action to win their demands

These demands — which include severance pay from General Motors, the right to withdraw money from their pension fund and the rehiring of the sacked 567 — were reiterated at Tuesday's meeting

Management has described the demands for severance pay as "extortion" and the demands for pension payouts as "unrealistic"

Crunch day for strike

14/11/86 Weekly Mail

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● From PAGE 1

However, management's attitude has, in turn, been attributed to the fact that GM is leaving South Africa and thus no longer feels itself bound by the inhibiting pressure of the disinvestment campaign at home

Les Kettledas, Naawu's regional secretary, said yesterday that over the years General Motors' workers had contributed to the development of the company and the company had made profits of which workers had not received their fair share

"The pension issue is the easiest thing to resolve Workers are not demanding one extra cent from the company," Kettledas said

"They are asking that an actuary be brought in to determine and calculate how much money each person contributing to the fund is entitled to From that information, the persons should decide whether they want cash or whether they want to transfer the money to a provident fund for their retirement and old age"

Kettledas said today's meeting would be the most important one yet in the dispute and was set to become the leading issue in the Port Elizabeth townships

"The workers' mood at Tuesday's meeting was very hardline They were in no mood to compromise"

He said a support group for GM workers had already been set up in the townships

GM workers to meet on hiring

14/11/86 · BUS DAY

ALAN FINE
and Sapa

STRIKING General Motors employees will meet today to discuss the company's recruitment of new staff to replace the 567 workers dismissed for refusing to leavethe plant last week

GM began recruiting yesterday. National Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettledas said yesterday that the recruitments would cause a hardening of attitudes among strikers.

"Management is just creating new issues around which workers can rally," he added.

There were reports yesterday of a steady stream of workers lining up outside the gates of the GM plant in response to an advertisement offering temporary and permanent positions at the factory By 10am, about 100 workers — mostly coloured — had passed through the gates A spokesman said they would fill permanent positions and would start work on Monday.

Nevertheless, said personnel director George Stegmann, "this does not preclude the possibility of re-hiring dismissed employees should there be a return to work by the other employees currently out on strike".

He said many such employees had been "caught up in a situation not through their own desire".

Kettledas said the campaign to dissuade "scab labour" from applying for jobs would continue

Rescue act by Treasury

CHRIS CAIRNCROSS

A STATE-CONTROLLED timber and sawmilling company, Tweefontein Timber Company, has struck financial problems and is to be bailed out by an injection of capital from Treasury coffers

Draft legislation on the rescue has been published in Cape Town

The troubled Sabie-based company — in which the State and the Hans Merensky Foundation are equal shareholders — is to have its share capital increased from R8,5m to R15m

This is to be split into 7,5-million (4,3-million) ordinary R1 shares taken up by the State and another 7,5-million R1 shares subscribed to by the foundation.

UIF contributions to go up

14/11/86 · BUS DAY

GERALD REILLY

CONTRIBUTIONS to the Unemployment Insurance Fund (UIF) will be increased from January to bolster it against possible increased future unemployment and demand, Manpower Minister Pietie du Plessis said yesterday.

Employer and employee contributions will be raised from 0,7% to 0,9% of workers' earnings

The earnings ceiling under which workers are eligible for benefits will also be raised from R26 000 to R30 000

Manpower Director-General Piet van der Merwe said that this, and the higher contributions, will bring in an additional R9m a month

He said the increase in UIF contributions was a modest one — a worker earning R100 a month would pay an extra 20c interim by 65% to 19c (11,5c) a share.

14/11/86 BUSDAY 172

Motor scene looks dismal

● McCARTHY

DAVID FURLONGER

TWO more major vehicle manufacturers will disappear from SA within three years, McCarthy Group MD Brian McCarthy predicted yesterday

And in a worsening picture for the motor industry, he predicted:

□ vehicle sales, after improving next year, will collapse again; and

□ manufacturers have abandoned hope that black buyers will pull them out of the mire

McCarthy told the Financial Mail Investment Conference that even with the departure of several foreign vehicle manufacturers, the market remained overcrowded.

Seven major manufacturers remain — Toyota, Samcor, Volkswagen, Mercedes-Benz, General Motors (or its new owners), Nissan and BMW.

Further reduction in numbers would be achieved either through disinvestment, closure of a local company, or merger.

"Markets being projected for the next three years are just too small for seven manufacturers to obtain even minimal returns," McCarthy said.

He predicted that new car sales, expected to total 180 000 this year, would climb to 200 000 in 1987 before falling back to 180 000 by 1989. Commercial vehicle sales would fluctuate from 90 000 to 102 000, and back to 90 000.

The short-term increase would be achieved through improved economic confidence and the minor consumer-led recovery now under way.

"Thereafter, with the rising cost of sanctions, the continuing spiral of price increases as a result of both inflation and a depreciating rand, and with the level of unemployment rising, I believe the upturn will be of short duration."

McCarthy said most manufacturers

● To Page 2

More car-makers will quit SA, warns McCarthy

STAR 14/11/86 (192)

By Michael Chester

Two more of the shrinking number of motor manufacturing companies were likely to disappear from the South African industrial scene over the next three years, with the possible loss of several thousand jobs, businessman Mr Brian McCarthy said yesterday

Mr McCarthy, chairman of a huge network of companies in the motor retail business, told an investment conference in Johannesburg that there was a strong likelihood that the number of manufacturers of passenger cars would fall from seven to five by the end of the decade

At an annual *Financial Mail* conference on investment prospects, Mr McCarthy stressed that his conjecture was based on sheer economics rather than political storms about disinvestment

Mr Brian McCarthy ... 'car-makers are losing R600 million a year.'

Mr McCarthy estimated that while car prices in the showrooms had risen by more than 600 percent since 1971 — from an average of R2 820 to R20 145 — the combined losses of the main motor assemblers had rocketed to around R600 million a year.

Mr McCarthy blamed the increase in vehicle prices over the past two years as "the number one villain in the tale of declining markets"

But he argued that rand exchange rates had much of the responsibility for a 50 percent climb in vehicle prices over the past two years as manufacturers were hit by the impact of rand depreciations of 52 percent in terms of West German D-marks and an even worse 54 percent in terms of Japanese yen — the two currencies most involved in import costs

"Serious as would be the consequences of additional unemployment resulting from the reduction in the number of manufacturers," he said, "a more viable motor manufacturing industry is essential for its long-term growth"

PRESSURES

He added "We need to be aware of the pressures building up on all foreign companies operating in South Africa

"It is more imperative than ever that multinational companies be given sufficient evidence that change towards the goal of genuine power-sharing in a multiracial society is occurring.

"Without that evidence, they have no counter argument to the vociferous demands of South Africa's critics nor to the more reasonable expectations of their own shareholders

"On the other hand, those who advocate disinvestment should reflect upon the hardship and poverty that their strategies bring in their wake."

Cape Times, Friday, November 14 1986

Massive response to GM job offers

PORT ELIZABETH. — Switchboards at General Motors were jammed yesterday and a steady stream of workers lined up outside the gates of the plant in response to the advertising of jobs at the factory.

This follows GM's announcement on Wednesday that it intended to recruit staff to replace the 567 men sacked last week.

Mr Dennis Brislin, manager of an employment agency here, said the telephone had rung non-stop from early yesterday and prospective workers had already lined up outside the gates when they were opened at 7 05am.

The advertisement yesterday stated that GM (SA) had vacancies for "persons with experience in the motor industry"

Applicants were invited to fill vacancies in the following areas Spray painting, metal finishing, gas and arc welding, spot welding, press operating, assembly operations and material handling

The advertisement also stated that the core management representing the new owners of GM (SA) confirmed that current conditions of employment offered would remain unaltered when the handover took place in January

Union spokesmen could not be contacted for comment on the recruiting drive

The strike at the plant entered its 12th working day yesterday — Sapa

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LABOUR AND DISINVESTMENT

What the GM workers want

The strike at General Motors (GM), now well into its third week, is the first major industrial dispute sparked by disinvestment It therefore highlights many of the difficulties the issue poses for the independent trade unions who have formally advocated economic sanctions

The two key unions in the dispute, the National Automobile and Allied Workers Union (Naawu) and the Motor Assembly and Components Workers Union of SA (Macwusa), are both members of the Congress of SA Trade Unions (Cosatu) Cosatu is a giant union federation which openly supports "all forms of international pressure on the South African government — including disinvestment or the threat of disinvestment "

Naawu has never been a particularly vocal supporter of sanctions, largely because multinationals such as GM, Volkswagen, and (until 1985) Ford were its best-organised factories. And as with many independent unions, sanctions have never been fully discussed at Naawu shop-floor level Further, the disarray in worker organisations caused by the State of Emergency severely restricted debate on such important issues.

But tensions in the Cosatu position are built into the resolution itself while supporting disinvestment, it also seeks to "ensure that the social wealth of SA remains the property of the people of SA for the benefit of all." Many workers interpret this as advocating greater worker control over all investment, foreign or South African

Contribution

Notwithstanding recent unprofitable years at GM, workers know they contributed to the company's successful years in SA They fear that assets they built up could be transferred out of the country overnight.

This bears on the issue of control over benefit payouts, especially to pension funds Workers do not want their hard-earned contributions to disappear, either out of the country, or into the accounts of a new local company or group of unidentified owners.

Hence the major point: demands for timely notification prior to any plans to disinvest Naawu's lawyers insist that the strike would not have happened if GM had "advised and consulted its workers" prior to announcing the withdrawal

Having lived through the crippling Ford closures of 1985, workers feared for job security despite management assurances about the future.

Port Elizabeth workers have been misled before, and the bungling and contradictory announcements prior to the GM withdrawal built little trust Workers no longer want assurances they demand some voice in momentous decisions affecting them.

In its opposition to sanctions GM has always portrayed itself as having the long-term interests of the workers at heart In the present strike it is painfully learning that workers have their own ideas about their best interests, which must be listened to.

Last week 567 workers were dismissed when they refused to vacate the two GM plants following the breakdown of negotiations GM then called the security forces to evict the workers Last Friday the remainder of union members voted to continue the strike, now demanding the reinstatement of those dismissed

On Monday the company locked the gates, and now the strike is deadlocked. Both sides have agreed to arbitration, but, as the *FM* went to press, there was no end to the strike in sight. ■

□ See *Leaders*

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FINMAIL

BOB PRICE

Is Price right?

"Everyone thinks I'm a GM plant, but I genuinely decided to come here of my own volition," says Bob Price, CE-designate of the local company that will take over when General Motors (GM) pulls out at the end of the year

Price (60), currently vice-president of GM Overseas Corporation, is very much a corporate man He was with GM for the past 35 years before resigning last week. Price's work was certainly valued by GM; it sent him to Peru, Belgium, Switzerland, the UK and Venezuela.

But it was a spell as MD of GMSA from 1971-1973 that he feels was the turning point in his career· "We were losing money when I came which I felt was bad for morale, so through innovative book-keeping we managed to register a small profit.

"We sold 51 920 vehicles in 1973 and had 15,2% of the market We were in a constant dogfight with Ford, but in three years we caught up."

Since then, GM's share of the market has dropped to 8% and 1986 sales are expected to be less than 30 000 units. GMSA last made a profit in 1981; debts which will now be paid off by the parent company are estimated to be at least R200m

In Price's time, the six-cylinder Chevrolet 3800 and 4100 range was launched, but there are currently no such large-engine cars in local GM production And Price believes there is no more than a faint possibility of American cars, which GM originally offered in SA, making a comeback in SA

"The American car is much better than it was and, while design used to be king, more emphasis has been put on fuel economy, road-holding and handling in recent years The decline of the dollar could also signal a revival. However, SA is heavily tooled-up for European and Japanese vehicles and the volume market is almost entirely in the four-cylinder range.

"While we have some good four-cylinder cars, most people associate the US with V-6 and V-8 powered cars, which have a tiny market here"

But he says the number of cars sold now is still higher than it was in the early Seventies so he remains optimistic

Unlike current MD Bob White, Price is

Raymond Preston

Price ... union demands for board representation will be considered

not a political man "It's difficult to get political in a foreign country I only hope that ministers sympathetic to business are appointed to government, because I believe it's government's job to create the economic climate in which business must operate

"I've been in many countries where government tries to control the economy," he says, "but it never seems to work"

And how does he hope to cope with an increasingly politicised labour force? It's difficult to determine the core of each problem as there is a militant element which can't always be reached with reason," he says "But I believe GM has had a long history of good labour relations here

"I think the labour force has accepted that the new company will take over where the old one left off We don't believe there's any justification for large severance pay, as we have no immediate redundancy plans"

Price says that union demands for representation on the board will be seriously looked into: "We have no objection to their input and hope to work in a spirit of co-operation"

He certainly has no intentions of curbing GM's social advancement programmes — many of which he started himself — and is determined to encourage promotion of black managers

Price believes it's regrettable that sanctions have been imposed and disinvestment is taking place Most people, he says, realise that neither strategy works "but many others are out to make a point and events have overtaken business"

He says SA may not return to an even keel until government realises the economic climate is directly related to political policy — he sees stricter measures to control public expenditure as an important first step

Price is reluctant to comment on the constitutional future of SA and his mind is entirely taken up with his new challenge· "I'm excited about the prospect of being much freer and I have enough confidence in the future to know it will be worthwhile"

Born in White Plains, New York and educated at Wesleyan University in Connecticut, he is a quietly spoken, immaculately dressed, sophisticated East Coaster. But behind his calm facade is a self-confessed workaholic. "I used to put in 16 to 18 hours a day, but I've got it down to 14 hours The trouble is I always want to do everybody else's work for them"

Price loves SA and says his family was reluctant to leave in 1973 He was also sad to leave GM "It's a great company ■

DD 15/11/86 (182) (192) (62)

Strikers vote to defy GM restart

PORT ELIZABETH — Striking workers voted yesterday to defy an attempt by General Motors to restart production at its troubled car plant here.

Over 2 000 workers have been on strike since October 29, complaining of secrecy over plans for the US company to sell its subsidiary to local management next year.

The company, striving to produce a new model to revive its fortunes after five years of losses, said it was already recruiting new workers and hoped to get the production line moving on Monday

The personnel director, Mr George Stegmann, said many striking workers had contacted the company privately to say they were willing to come back. — Sapa-RNS

Cape Times 15/11/86

Workers demand jobs

PORT ELIZABETH. — Striking General Motors workers yesterday decided to return to GM plants early on Monday and demand to be reinstated — together with 567 workers already dismissed.

If the demand was met, work could resume, speakers said, but if management failed to reinstate all the workers "the plants must close down".

At an emotion-charged meeting in Korsten, the fifth such meeting since last week, the National Automobile and Allied Workers' Union (Naawu) assured more than 1 000 strikers of support from other motor company workers. Co-workers at other plants, they were told, had decided to consider taking action in a show of solidarity with GM strikers.

It was also announced that managements at other motor companies — including Volkswagen — had been approached by Naawu shop stewards to consult with GM management in an effort to settle the dispute.

The strike entered its 15th working day yesterday in support of two major demands arising from the proposed sale by GM of its interests in SA to local management The demands are for severance pay and an optional refund of pension fund contributions. GM has dismissed as "unreasonable" the demands by Naawu.

Moscow

Workers want to meet GM's Bob White

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W/E Post

By BOB KERNOHAN
Business Editor

STRIKING General Motors workers are to demand a meeting with managing director Mr Bob White on Monday to reiterate the wide-ranging demands at the root of their 13-day strike.

The National Automobile and Allied Workers' Union (Naawu) regional secretary, Mr Les Kettledas, said today a meeting yesterday had decided that members would meet at the Kempston Road plant on Monday and demand the appointment.

Then they would reiterate their demands for:

- Severance pay when GM changes ownership.
- A payout of pensions.
- The reinstatement of 567 workers fired after a sit-in at the two PE plants.

The implication is that the strike will continue.

It is understood Mr White will be out of Port Elizabeth on Monday.

GM's personnel and public affairs director, Mr George Stegmann, said today the company had had no official contact from Naawu and, at this stage, the only information available to it came from Press reports.

As far as the company was concerned, Monday would be a normal working day.

"We will take adequate steps to ensure the safety and protection of those who wish to work."

Mr Stegmann said the 190 people recently recruited would start at work on Monday.

The intensive recruitment campaign through Press advertisements is continuing, with an advertisement for plant staff appearing in today's Weekend Post.

Another advertisement, published today in the form of an "open letter", urges strikers "to return to work to avoid forfeiting the wage and benefit package which the company now offers and will continue to do so under new ownership".

Reacting to the contents of pamphlets circulating and strongly criticising the stance of GM management, Mr Stegmann said some of the statements were "irrational and unrealistic".

The company has been accused in a pamphlet issued by "the GM Workers Support Group" of planning to take workers' money out of the country.

The unsigned pamphlet is headed "Solidarity with GM workers — their struggle is our struggle".

Referring to the strikers' demand for severance pay, it claims "For over 60 years, GM bosses have grown rich from profits made by the labour of workers. Many workers have sacrificed their whole lives making profits for the GM bosses

"Now the bosses want to take all the money the workers have made out of the country — this money must be used for the poor families of GM workers

"That is why GM workers make this demand — to help ease the poverty of our communities."

On pensions, they argue that "for many years the

● Turn to Page 2

15/11/86 W/E Post

Striking workers at GM want to put demands to White

● From Page 1

GM workers have been putting money in their pension fund There are millions of rands in this fund, but the GM bosses control this fund Now workers see the bosses are taking the wealth they have produced and leaving"

It says workers fear GM bosses will use their pension money to pay retrenched workers

Mr Stegmann said in an interview today the company stood "to be judged by our record as an enlightened and progressive employer and by our track record as a responsible corporate citizen in Port Elizabeth and in South Africa for more than 60 years"

"The pension fund is a separate legal entity registered under the Pension Fund Act

"Consequently, an employer cannot, under any circumstances, gain access to the funds in the plan for his own purposes

"Naawu is aware of the conditions covering the pension plan and it is for this reason that we have repeatedly indicated a willingness to discuss possible modifications and, as an alternative, a switch to a provident fund

"We fail to see why such discussions cannot take place under normal working conditions"

He described the union's stand as intriguing, as he believed Naawu had reached agreement in principle on establishing a provident fund as well as a pension fund after discussions with another motor company

Mr Stegmann said a provident fund paid out money in a lump sum on retirement, rather than paying out a smaller lump sum and then a regular amount as in a pension fund

Referring to severance pay, he said "We believe the demand for this from either the GM Corporation (in America) or GMSA is irrational and unrealistic

"We find it difficult to understand the demand for the pay when no job losses are involved

"The core management of the new company have given a written assurance to union representatives that if, through force of business circumstances, it became necessary to retrench employees, separation pay would be provided to employees affected by such action at the same level as provided by the company during 1985-86

These benefits provided by GM were more favourable than those negotiated and agreed to recently

● GM looks to black Africa; editorial comment — Page 16

Striking GM workers reach decision

PORT ELIZABETH — Striking General motors workers yesterday decided to return to GM plants early on Monday and demand to be reinstated — together with 567 workers already dismissed, workers said at a strike meeting yesterday

If the demand was met work could resume, speakers said, but if management failed to reinstate all the workers "the plants must close down"

At an emotion-charged meeting in Korsten, the fifth since last week, more than 1 000 strikers were assured of support from other motor company workers

Co-workers at other plants, they were told, had decided to consider taking action in a show of solidarity with GM strikers, the vice-president of the National Automobile and Allied Workers' Union (Naawu), Mr P Gomomo, told the meeting

It was also announced that managements at other motor companies had been approached by Naawu, who appealed to them to consult with GM management in an effort to settle the dispute

GM management is to be approached by management from other motor companies tomorrow, the meeting was told

The strike entered its 15th working day yesterday — Sapa

Danech as a pyramid co...

16/11/86

More work, more pay

Sun Times

(92)

By David Southey

AT least one US-owned company that is not standing still in the face of sanctions, multinational corporate withdrawals and a depressed market is farm-machinery and tractor-manufacturer John Deere.

Since the introduction of a productivity-sharing improvement programme in July this year, output has jumped an average of 54% above previous levels.

Manging director John Hubbard says "We improved productivity by 90% in one four-week spell above the historic base".

These improvements have resulted in the payment of two comparison period bonuses of 8,3% to all manufacturing staff and a smaller percentage to the remainder excluding top management.

Productivity improvements are claculated in profit terms and the money is split between the company and employees. Because of low productivity in SA by world standards, this is initially split 90% 10% in favour of the company. But as the level improves, the employee share will increase until it is 50% 50%.

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GM's wildcat strikers are ready to return to beat the 'scabs'

Desperate job seekers some of the hundreds who applied for jobs, prompting the strikers' return

Special report by JEREMY McCABE

MILITANT strike leaders at embattled General Motors could suffer a humiliating setback tomorrow if there is the expected mass return to work

Throughout the more than two weeks of a "wildcat" strike union leaders have insisted that workers would not return to work unless all their demands were met.

But now — in the face of a scramble by unemployed workers to take their vacant jobs — strikers are set to return to work provided they are all reinstated

The GM strike — it has severely hampered production of GM's new Opel Monza model — is being closely watched as a case study of union response to the first real bite of the sanctions their leaders have either openly endorsed or refused to oppose

Their crippling industrial action followed the announcement that GM would be selling its South African subsidiary to a consortium of local businessmen in response to the US-imposed ban on future investment in South Africa

Among the demands set by the National Automobile and Allied Workers' Union (Naawu) and the Motor Assembly and Component Workers' Union of SA (Macwusa) was a call for an optional refund of pension fund contributions and the granting of severance pay to workers

Uncertain

Workers complained they were uncertain about their future following GM's sudden notice of withdrawal.

But now faced with a stubborn stand by GM management who have consistently refused to accede to the strikers demands and the arrival of hundreds of desperate job-seekers at the GM plant the striking workers have decided to return to work early tomorrow

It was decided that they and 567 sacked workers would ask to be reinstated immediately and if this was done production would return to normal

If the mass reinstatement did not occur the plants must close down' they agreed

The 567 workers were fired last week when they refused to heed several management ultimatums to vacate the GM premises where they had staged a sit in for several days

Eventually they were forced to move by the police.

And at an emotional meeting the next day hundreds more workers handed in their GM identity badges in an act of solidarity with their dismissed colleagues

Militants

The meeting was characterised by high profile appearances of several United Democratic Front-affiliated organisations like the Port Elizabeth Youth Congress and the Port Elizabeth Women's Organisation During the meeting freedom songs were sung and there were cries of Viva and Amandla (power)

Militants among the strikers made repeated calls on unemployed people in the region not to apply for the jobs made vacant by the mass dismissal of the 567 workers Those who did apply would be regarded as "scabs", they said

The unionists appeals fell on deaf ears And hungry stomachs.

And GM management countered with claims that many strikers wanted to return to work but were being subjected to intimidation from the more militant factions.

The Eastern Cape has the highest level of unemployment in the country and there was no way many would allow this chance of work to pass them by — intimidation or not.

On Friday alone more than 400 desperate men created chaos when they clamoured around GM's Kempston Road plant wanting the dismissed men's jobs Scores more had flocked to the plant earlier in the week.

This followed the launching of an extensive GM campaign in local newspapers advertising the vacant jobs and giving workers the facts behind the local takeover of GM

The company confirmed yesterday they had already hired 150 workers from 700 men who applied towards the end of the week.

Costly

Another 550 applicants had been asked to return tomorrow when the company hoped to have a more accurate idea of its labour requirements.

The strike has proved very costly to GM which now faces a backlog of some 1 250 vehicles — including 700 Monzas

MD Bob White said limited production had been made possible by women employees white collar workers and those not on strike taking to the factory floor "with enthusiasm"

Intimidators stop workers entering plant

GM strikers charged by police dogs

STAR
192
17/11/86

Own Correspondent

PORT ELIZABETH — Police with dogs charged striking General Motors workers gathered in front of the factory's main gate this morning and arrested a number.

After the action, GM general manager Mr Bob White said the company would issue a statement later that any workers not reporting for work today would be considered as having dismissed themselves.

The police action followed a tension-filled morning in which picketing strikers confronted other workers trying to enter the plant.

The mixed crowd of strikers, workers and work-seekers began gathering outside the plant before 6 am

By the time of the police charge at 7 20 am, more than 500 people were strung along both sides of busy Kempston Road, mostly in front of GM's main gates

Knots of strikers grabbed anyone they thought might be a scab worker and demanded to know what they were doing in the area

Bags were searched and potential workers pushed and shoved away from the scene

More than once reporters saw confrontations between workers and strikers

In an interview an hour after the police action, Mr White said the company was "very unhappy" that more order had not been shown by those outside the plant

"It was obvious that those grouped round the main gate were intent on intimidation, and eventually we had to ask that they be removed"

Disruptions

Asked if strikers would be dismissed, Mr White then said a statement would be issued later today

"We have gone as far as we can in allowing those who want to work to come back

"We had a trickle come back on Wednesday, which increased on Thursday and Friday, and we expect a lot more today"

But he said he foresaw that "we will still have disruptions, at least till the end of the year, but only outside the plant"

Commenting on what appeared to be a total lack of communiction between the company and strikers, Mr White said it was not GM's fault

"We have never resisted talking at any time, but there is a core group within the union who wants GM closed, an element who believe in disinvestment so strongly that they just don't want the company to operate"

Police arrest 16 at GM gate

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Ev. Post 17/11/86

By DAWN BARKHUIZEN

POLICE arrested 16 people outside the gates of GM today as a third of the company's labour force, who went on strike earlier this month, returned to work.

Those arrested were part of a crowd of about 200 who had gathered at the main gates, as new employees appointed late last week to replace 567 dismissed strikers, and a large number of other employees, arrived at the plant.

Mr George Stegmann, director of personnel and public affairs at GM, said police made the arrests when warnings to disperse were ignored by the crowd.

Employees attempting to enter the plant were subject to strong intimidation, said Mr Bob White, managing director of GMSA.

According to an eyewitness, some were threatened with "necklaces" and others were told their homes would be burnt if they went to work.

Mr Stegmann said police were called to the scene by management to ensure the safety of people wishing to return to work and to protect between 170 and 180 new employees who were engaged last week.

He said that, although some members of the group which gathered at the gate were identified as General Motors employees, others were not.

More than a third of the 2 400 employees who have been on strike since October 29 were back at work today.

There was a steady trickle of workers back to the premises, but he believed the numbers would swell once the group at the gates had been removed.

Stringent precautions were being taken to protect workers on the premises.

"Obviously we don't want our employees to be subjected to pressure. They have every right to work and we are taking steps to ensure that right.

"We have approached community leaders for support, but, outside of the work situation, there is nothing we can do to protect them."

Mr Stegmann said 200 of the 567 workers dismissed last week had submitted applications for re-employment.

These were being considered.

GM management said workers who had not returned to work by 9am tomorrow would be dismissed.

Meanwhile, the Port Elizabeth Youth Congress (Peyco) has called on Mr White to stop taking on "scab" labour and to address the demands of the strikers.

It accused Mr White of becoming a hardliner and "talking just like his president, Mr Ronald Reagan".

IN terms of emergency regulations, the Evening Post is restricted in the information it may publish. All news that relates to unrest and the actions of members of the forces is supplied by the Bureau of Information, a Government department.

The effect of these restrictions is that the Evening Post and other newspapers are prevented from publishing information they believe to be in the public interest. The extent to which we may comment is also restricted in terms of the regulations.

RITA STRANGE, 18, is a South African model who enjoys hot summer days on the beach so she can get her tan in shape for her assignments.

GM strikers stream back to work before deadline

ARGUS 18/11/86

JOHANNESBURG. — Between 50 and 60 percent of General Motors' striking workers met the 9am deadline today and returned to work, according to industrial relations manager Mr Bob McIlwaine.

Mr McIlwaine had just returned from Pretoria where GM yesterday brought an urgent application before the industrial court "seeking certain relief."

He said judgment had been reserved but would be handed down as soon as the court had reached a decision

"At least 50 percent of the production workers in the vehicle assembly plant and more than 60 percent in the manufacturing plant returned to work this morning," Mr McIlwaine said

GM warned yesterday that workers who did not return by 9am today would be dismissed

The strike began on October 29 and followed the announcement that GM's United States owners were selling the company to South African interests. Police were called on twice to intervene during the strike

Mr McIlwaine said exact figures for attendance would be available later. Between 40 and 80 of the workers were new employees and 200 more were still being processed

"We have also had at least 300 applications for re-employment by those dismissed and some of them are already working," he said

Mr McIlwaine said there were no longer any strikers near the plant and that GM was "fully operational in certain areas but has not resumed production overall"

Two weeks ago 567 striking workers were dismissed when they refused to leave GM premises According to GM, between 1 300 and 1 400 workers were involved in the strike — Sapa

GM — unionists consider response

BUSDAY 18/11/86

ALAN FINE and Sapa

GENERAL Motors shop stewards and National Automobile and Allied Workers' Union (Naawu) leaders were meeting last night to consider their response to GM's ultimatum that workers not back at work by 9am today would be dismissed.

The ultimatum followed a clash early yesterday morning between strikers and the police, and a management claim that a significant proportion of the strikers had returned to work.

Police, called in by GM, arrested 16 strikers among a group of 300 who had gathered outside GM's gates to block the entry of 170 newly-hired workers. GM personnel and public affairs director George Stegman said police stepped in and made the arrests when the crowd ignored warnings to disperse.

Meanwhile, Naawu general secretary Fred Sauls has contested Stegman's claim that more than a third of the 2 400 striking workers had returned to work.

The strike, which began on October 29, is over workers' complaints that they had not been consulted about plans by GM' US parent company to hand over its SA operations to local management next year.

D-day for strike at GM car plant

OD 18/11/86 (192)

Dispatch Correspondent

PORT ELIZABETH — Today is "D-day" for hundreds of striking General Motors workers who face dismissal should they fail to return to work by a 9 am deadline.

The ultimatum was announced yesterday by GM's manager of hourly personnel, Mr Dennis Brislin, who said also that up to one third of the strikers had trickled back to work yesterday

The ultimatum and the drift back to work came during another day of drama for GM, when for the second time since the strike began on October 29, police intervened, arresting 16 workers while dispersing a crowd outside General Motor's Kempston Road plant

They are to be charged in court today

The police action came during a gathering of people outside GM's gates and allegations from management that workers wishing to return to work had been subjected to "strong intimidation".

Today is also the scheduled return date for a Port Elizabeth Supreme Court order granted to GM two weeks ago, at which the National Automobile and Allied Workers' Union (Naawu) and the Motor Assemblers and Component Workers' Union of South Africa, have to give the court reasons why the strike should not be declared illegal

Mr Brislin said yesterday the strike had involved between 1 300 and 1 400 workers — all on the production side — out of a total of 2 509 hourly-paid employees

Of these, he said, about 33 per cent — about 500 — went back to work yesterday

Two weeks ago, 567 were dismissed by GM when they failed to heed an order to leave the Kempston Road and Aloes plants and were eventually escorted off the premises by police.

Mr Brislin added that about 200 new employees had been selected over the past few days

He said the applications for re-employment of some 200 of the 567 dismissed workers were still being considered

He could not say whether striking workers, should they lose their jobs by failing to meet today's return-to-work deadline, would be allowed to apply for re-employment.

Today's ultimatum, he added, has nothing to do with the court order

According to the director of personnel and public affairs at GM, Mr George Stegmann, the police arrested the workers yesterday when warnings to disperse were ignored by a crowd of about 300 at the gate at the Kempston Road plant

The national secretary of Naawu, Mr Freddie Sauls, said yesterday he was "not prepared to speak to the local press"

Lesotho killings mystery deepens

Dispatch Correspondent

CAPE TOWN — The mystery surrounding the assassination of two former Lesotho cabinet ministers and their wives at the weekend deepened yesterday amid assurances from Lesotho's Commissioner of Police, Major-General James Dingizwayo, that "the perpetrators of this act will be brought to justice"

While the government of Major-General Justin Lekhanya hesitated to confirm the deaths of the former Foreign Minister, Mr Vincent Makhele, and his wife, Maliapeng, and the former Information and Broadcasting Minister, Mr Desmond Sixishe and his wife, Manapo, independent investigations revealed that the four are believed to have been taken to their deaths by men in mili-

Massive return of workers

Eve Post 18/11/86

(P2)

By DAWN BARKHUIZEN

PRODUCTION at General Motors got under way today with more than 85% of the total workforce in the plant. Large numbers of employees met the "back-to-work before 9am" deadline issued to strikers by management yesterday.

According to GM's director of personnel and public Affairs, Mr George Stegmann, 1 495 workers, including strikers, had clocked in by 10am today.

Taking into account the dismissal of 566 strikers last week, this represented 85% of the total GM workforce, he said.

About half the workers in the vehicle assembly plant had returned to work before 8am and 60% were back in the manufacturing plant.

Workers who had been out on strike and had now returned to work will not be penalised in any way, according to Mr Stegmann

"No action will be taken against workers who return to the company of their own volition," he said

At noon, it was estimated that about 104 employees had not been accounted for According to GM's industrial relations manager, Mr Robert McIlwaine, this figure did not include employees on sick or annual leave or on night shift

Workers trickled back to the plant throughout the morning

Mr McIlwaine said of the total GM workforce of 2 281, only 1 800 had gone on strike Of these, 566 were fired last week but 70 of these had subsequently been re-employed.

This morning, police ordered a group of about 150 job seekers to disperse from outside the main gates of the Kempston Road plant The group gathered minutes before the 9am back-to-work deadline facing strikers expired

At least 300 people turned out to apply for jobs While some entered the plant for interviews, most of the aspirant employees were told to come back on Monday

As large numbers of employees arrived at the plant, small pockets of strikers were milling around on the opposite side of the road. There was little evidence of yesterday's disturbance where 16 people were arrested

Mr McIlwaine returned from Pretoria today after GM yesterday brought an urgent application in the Industrial Court "seeking certain relief". He said judgment was reserved.

The strike began on October 29 and followed the announcement that GMSA's US parent company was selling out to South African interests

● The date for the Christmas closure of the plant, December 19, had not been altered, according to Mr Stegmann

"But considering the man hours we have lost, we may have to review our production schedule."

● See Page 3.

GM unrest orchestrated outside – White

By RALPH JARVIS
Motoring Editor

PLETTENBERG BAY — General Motors South African's managing director, Mr Bob White, said today he believed the industrial unrest at the GM in Port Elizabeth had been orchestrated from outside the company and the unions involved

He also revealed that GM filed an action before the Industrial Court in Pretoria yesterday seeking an interdict restraining the National Automobile and Alied Workers Union from interferring and intimidating those who wanted to return to work.

At the Press launch of the new Opel Monza he said the strike had been "entirely motivated by political factors, essentially external to our plant.

"I think this is the type of thing we can expect to see in this country in the near future and possibly for a longer period

"It was very clear early on that the external union leadership lost control of the situation and, in fact, are being directed by others outside even the union

"Clearly our shop stewards in the plant have proved to be very ineffective in giving any direction to the work force."

He said GM had had "countless numbers of people coming to the plant and applying for jobs

"They are prepared to stand up to whatever intimidation they receive, which is obviously significant."

Of the 576 workes dismissed about 10 days ago, 176 had applied to be rehired

It was clear that many were victims of imntimidation and if they prove that "we will rehire them and they will start work tomorrow"

GM had made it very clear to Naawu that where it could be proved that anyone had been involved in actual intimidation or mistreatment of employees while on the site those people would not be rehired

He said GM intended pursuing action to force Naawu, either by its own admission or through legal means, to admit their responsibility in the strike.

"Freddy Sauls and Les Kettledas have tried to distance themselves from any direct responsibility for what has taken place over the last three weeks

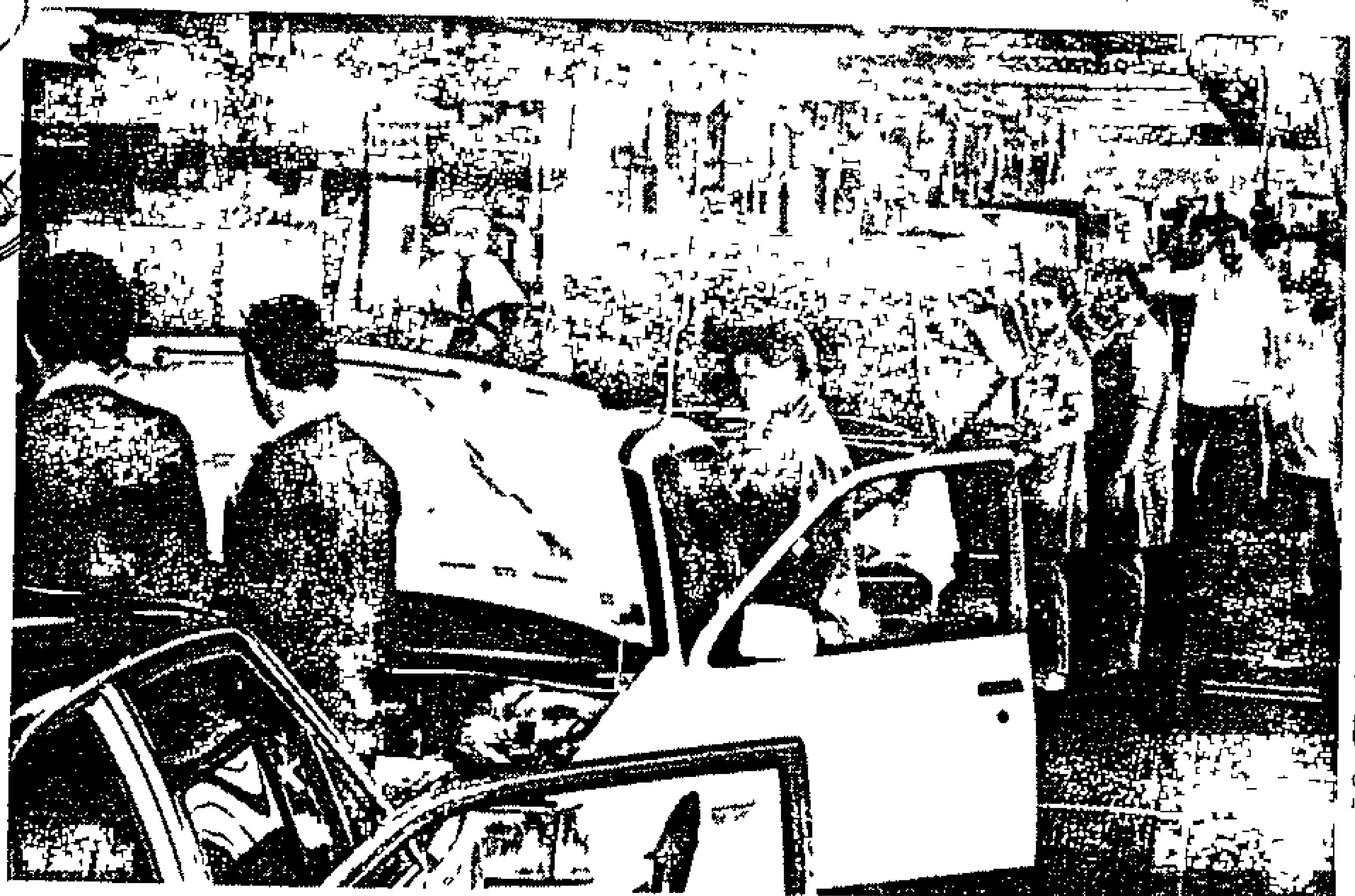
"It is obviously very hard for me as a white and an American to appreciate the pressures that so many of our employees and others are under

"I hope I will never be in similar circumstance in which when I got up in the morning I would have to be concerned about whether my house may be burned or my family maimed before I got home at night," Mr White said.

Everything possible would be done between now and the end of the year to get production back to pre-strike figures

At that stage the plant was producing about 140 units a day, of which 60 were Monzas

"We plan to increase that mix to about 50/50 between Monzas and the rest of our product lines"



The General Motors assembly on the move again today, after 85% of the workforce took up their posts, effectively ending a lengthy strike

Accused says she loved dead man 'very much'

JOHANNESBURG — A woman accused of murdering her lover told the Rand Supreme Court that she did not intend to harm him because she loved him very much

Mrs Carol Sauer 32, of Westdene, is appearing before Mr Justice Steyn and two assessors She has pleaded not guilty to murdering Mr Jeremiah Cornelius (Hymie) Ludick on March 22

Mr Ludick was shot in the head shortly after the couple left a Melville restaurant.

Mrs Sauer said she met Mr Ludick in 1978, when they worked at the same firm Four months later, their relationship became a physical one. Both were married at the time

Mr Ludick and his wife divorced in 1984 and the relationship continued with the same intensity

Mrs Sauer said her husband knew about it and accepted it although he did not condone it.

For a year before the shooting, Mrs Sauer said she had been very nervous She needed tranquilisers and psychiatric care becaused she could not cope with her double life

She was virtually at Mr Ludick's beck and call 24 hours a day, she said If he phoned or visited and she was not there he would accuse her of seeing other men

"I liked this, it showed me he loved me, but it was putting a strain on me I wanted to please him in every way so I didn't go out and was home when he phoned or came around," she said

She testified that ever since her husband had gone on an overseas trip, she had been in the habit of carrying a 9mm Star pistol when she went out at night

At about 6pm on March 22 she took a tranquiliser She went to Mr Ludick's flat at about 7pm

When she arrived at the flat she could immmediately see Mr Ludick had been drinking and was in a foul mood, she told the court.

He swore at her and asked her why she had discussed their relationship with a friend

In the flat and repeatedly at the restaurant, Mr Ludick threatened to kill "Freddie", who worked at a nearby ice cream parlour

She said Mr Ludick had been in a foul mood the whole evening

"He was more aggressive as we left the restaurant"

She said as they moved towards the cream parlour, he repeated his threat to kill "Freddie"

"At the corner he said. 'On second throughts, first I'm going to kick dents into your German husband's car'

"I assumed he was first going to kick the car, then kill Freddie

"I wasn't sober. I had had all the wine except for one glass. I pulled out the gun

"I pointed it at him I wanted to scare him

"As I pointed the gun, I felt the shot and heard it. I saw him fall, the next thing I remember is running down the road waving down cars

"I did not want to harm him, shoot or kill him I loved him very much," Mrs Sauer said

The trial continues

Workers stream into GM plant to beat deadline

18/4/86

SMR

192

Own Correspondent

PORT ELIZABETH — The 21-day-old strike at General Motors appeared to be collapsing today as strikers streamed back to work in the face of a "work or be fired" ultimatum from the company.

GM's director of personnel and public affairs, Mr George Stegmann, said that while it was not possible to give an accurate tally of the numbers of returning workers, he confirmed that "large numbers have returned and others are continuing to stream in".

He said a 9 am deadline had been set for workers wishing to return. Anyone who did not return to the plant by 9 am would be considered as dismissed

It was expected that normal production would resume some time today, he added.

After police action yesterday, when picketing strikers were dispersed by police using quirts and dogs, and 16 strikers were arrested, only a small group of strikers monitored the factory gates today

Returning workers who had previously surrendered their General Motors ID badges had their names checked by General Motors security personnel at the gates and after their badges were returned to them they were allowed to enter the plant.

There was also a growing group of more than 100 work-seekers queueing outside one of the gates

Police maintained a close watch and there were no incidents of intimidation such as occurred yesterday when workers wanting to enter the plant were manhandled and threatened.

Union sources were not available for comment this morning but it was believed they have called a meeting of strikers later this afternoon to discuss developments

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Cape Times, Tuesday, November 18 1986 3

Today last chance for GM strikers

Own Correspondent

PORT ELIZABETH — Today is "D-day" for hundreds of striking General Motors workers who face dismissal should they fail to return to work by a 9am deadline

The ultimatum was announced yesterday by GM's manager of hourly personnel, Mr Dennis Brislin, who said that up to one-third of the strikers had returned to work yesterday

The ultimatum and the drift back to work came during another day of drama for GM, when for the second time since the strike began on October 29, police intervened, arresting 16 workers while dispersing a crowd outside GM's Kempston Road plant

They are to be charged in court today One policeman was slightly injured

Intimidation

According to Mr George Stegmann, director of personnel and public affairs at GM, the police made the arrests when warnings to disperse were ignored by the crowd Management called in the police to ensure the safety of people wishing to return to work and to protect new employees

Major Eddie Everson, the South African Police liaison officer for the Eastern Cape, confirmed yesterday that the men were held in custody and would appear in court today on charges of attending an illegal gathering and of neglecting to carry out an order issued by an officer of the security forces

Yesterday Mr Bob White, managing director of GM, said employees trying to enter the plant had been subjected to "strong intimidation"

Today is also the scheduled return date for a Port Elizabeth Supreme Court order granted to GM two weeks ago, at which the National Automobile and Allied Workers' Union (Naawu) and the Motor Assemblers' and Component Workers' Union of South Africa have to give reasons why the strike should not be declared illegal

Mr Brislin said yesterday that at its height, the strike had involved only between 1 300 and 1 400 workers — all on the production side — out of a total of 2 509 hourly-paid employees at GM

Of these, he said, about 33 percent — "more or less 500" — went back to work yesterday

Two weeks ago, 567 were dismissed by GM when they failed to heed an order to leave the Kempston Road and Aloes plants and were eventually escorted off the premises by police

Mr Freddie Sauls, national secretary of Naawu, said yesterday that he was "not prepared to speak to the local press"

GM hopes for full production from tomorrow

Cape Times 19/11/86

Own Correspondent

PORT ELIZABETH — General Motors hopes to resume full production tomorrow, Mr George Stegmann, director of personnel and public affairs said yesterday

According to management, most of GM's workforce returned to work yesterday, with about 200 men being dismissed for failing to meet a 9am return-to-work deadline

However, the extent of this return was contested at a meeting of workers held in Korsten yesterday where it was claimed only 319 of a total workforce of 3 000 had resumed work.

Another development in the strike which started exactly three weeks ago was the reservation of judgment in the Port Elizabeth Supreme Court yesterday — the return date for an order granted to GM at which the workers and unions had to show reason why the strike should not be declared unlawful

Interim interdict against Naawu

And, in the Industrial Court in Pretoria, an interim interdict in the form of a *rule nisi*, was issued yesterday calling on the National Automobile and Allied Workers' Union (Naawu) to show cause on December 3 why an order should not be made final interdicting it and "its agents and servants" against inciting GM's employees or dissuading any of them "from taking part in or continuing the strike which presently exists . "

The order also interdicts Naawu from "taking any steps, or causing any steps to be taken, to prevent persons from applying for employment with the applicant or . remaining in the applicant's employment"

In an interview yesterday, Mr Stegmann said the hiring of staff was progressing at such a rate that there was a "strong possibility" there would be a full complement by tomorrow

The majority of those fired two weeks ago would "probably" be rehired About 200 workers were dismissed for failing to meet yesterday's 9am deadline to return to work or be fired

GM plans return to full output

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DD 19/11/86

Dispatch Correspondent

PORT ELIZABETH — General Motors hopes to resume full production tomorrow, the director of personnel and public affairs, Mr George Stegmann, said yesterday.

According to management, most of GM's workforce returned to work yesterday, with about 200 men being dismissed for failing to meet a 9 am return to-work deadline

However, the extent of this return was contested at a meeting of workers held in Korsten yesterday

In other incidents related to the strike which started exactly three weeks ago, judgment was reserved in the Port Elizabeth Supreme Court yesterday in the return date for an order granted GM, at which the workers and unions had to show reason why the strike should not be declared unlawful.

And, in the Industrial Court in Pretoria, an interim interdict in the form of a rule nisi, was issued yesterday calling on the National Automobile and Allied Workers' Union (Naawu) to show cause on December 3 why an order should not be made interdicting it and "its agents and servants" against inciting GM's employees or any of them from taking part in, or continuing the strike which presently exists."

The order also interdicted Naawu from "taking any steps, or causing any steps to be taken, to prevent persons from applying for employment with the applicant, or remaining in the applicant's employ."

Naawu will also have to show cause on the return date why it should not be ordered to pay the costs of the court proceedings, if unsuccessfully opposed.

In an interview yesterday, Mr Stegmann said about 1 500 (or 87 per cent) of the 1 800 production workers remaining after the firing of 567 two weeks ago, were at work yesterday. The total production workforce was about 2 300.

Of 300 new applications, he said, about 80 had already been taken on, with the rest still being processed. There was a resumption of production "in most areas" at the plant, he added.

At a mass meeting in Korsten yesterday, Miss G Barry, a Naawu organiser, told about 700 people that the union's information was that only 319 people in both plants had gone back to work, out of a total workforce of 3 000

Speakers at yesterday's meeting re-iterated their demands for the GM director, Mr Bob White, "to close the GM plants" or meet the workers' demands on severance pay and optional pension repayments

19/11/86 STAR

Two Swapo insurgents killed, says SWATF

WINDHOEK — Two Swapo insurgents were killed in a follow-up operation by security forces after a northern Namibian military base was attacked on Saturday night, a SWA Territorial Force spokesman said last night.

He was reacting to Swapo claims, reported by Angolan news agency Angop, that 18 South African soldiers were killed and several wounded in an attack on Eenhana military base.

Swapo said in a communique distributed in Luanda that its soldiers damaged the base at Eenhana and captured arms and equipment.

CASUALTIES

It gave no details of Swapo casualties It said Eenhana had been reconstructed after an attack in June.

The Territorial Force spokesman confirmed the attack on the base, but denied anyone had been killed or wounded.

"The nearest mortar bomb landed about 250 m from the base," he said, adding security forces launched a "hot pursuit" at first light on Sunday and killed two Swapo members in a skirmish. The rest fled into Angola

He said the Swapo attack began about 11.45 pm on Saturday. The base was attacked by mortars and small arms fire lasting about four minutes.

Swapo fired about six 60 mm mortar bombs and an RPG7 rocket

Last Saturday, Swapo denied South African statements that its forces clashed with South African troops in southern Angola last week The SWATF said it killed 39 Swapo insurgents in the strike. — Sapa

Workers return as union restates demands

GM 'pay battle' reaches stalemate

19/11/86 STAR 192

The battle between General Motors and workers over severance pay and pension fund payouts will continue in the Industrial Court on December 3

Meanwhile, the company says most workers have returned to work but about 200 "dismissed themselves" by failing to meet the 9 am return-to-work deadline set by the firm yesterday

The National Automobile and Allied Workers' Union (Naawu) contested this claim, saying only 319 workers of a total workforce of 3 000 had gone back to work

At a mass meeting yesterday attended by about 700 people, the union restated its demands for severance pay and optional pension fund payouts before the departure of the American multinational

Another workers' meeting will take place today to discuss an Industrial Court temporary interdict issued yesterday, which called on the union to show cause by December 3 why an order should not be made.

- Declaring that the company was under no obligation to negotiate severance pay while employees remained employed and that its failure to negotiate did not constitute an unfair labour practice
- Interdicting Naawu and its agents and servants against inciting GM's employees or any of them from taking part in or continuing the strike which presently exists
- Preventing Naawu from taking any steps, or causing any steps to be taken, to prevent persons from applying for employment with GM or remaining in the applicant's employment.

Full production

GM's director of personnel and public affairs, Mr George Stegmann, said the company hoped to resume full production tomorrow

He said about 1 500 (or 87 percent) of the 1 800 production workers who remained after the firing of 567 employees two weeks ago, were at work yesterday The total production workforce was about 2 300, he said

"Of the 567 fired workers, about 300 were present today and requested us to consider rehiring them," he said

Seventy had already been rehired

Student not refused passport, says dept

STAR 19/11/86

Pretoria Bureau

The Department of Home Affairs has denied that it has refused a passport to South African student Mr Makuntle Jacob Hlapolosa, who has won a scholarship to study at Keele University in Staffordshire, England.

A department spokesman said Mr Hlapolosa's application for a passport had been received, "but this is still being considered and no decision has been taken"

It was reported in *The Guardian* earlier this week that Mr Hlapolosa, who has been granted a scholarship to study biochemistry and chemistry, had been refused a travel document

This was in spite of the fact that the university's academic staff and the British Council had appealed on his behalf to Pretoria, the newspaper said

The deadline for admission to Keele expired on Saturday

Woman left for dead, say police

Crime Reporter

An elderly Oberholzer school secretary, Mrs Hesther Hamilton (64), was stabbed and left for dead at her home near Carletonville yesterday, police said

A spokesman said Mrs Hamilton, who was last seen leaving a Bible study class the previous night, was found covered in blood by her gardener at 7 am

She was rushed to hospital, where she was in a serious condition, he said

The school safe keys were missing from her handbag

Bus DAY 19/11/86 192

NEWS FOCUS

GM strike changes disinvestment issue

ALAN FINE

WHATEVER else may be said about the three-week-old strike at General Motors (GM), one thing is certain — the disinvestment debate will never be the same again.

Companies planning to follow the GM and IBM route will certainly have to think again, at least over how they plan to handle their withdrawal from SA, particularly if their workforce is unionised. And however carefully they orchestrate the move, they cannot expect applause for it.

The South African and foreign protagonists of disinvestment, too, will doubtless have to redefine their approach GM workers have profoundly demonstrated their concern about their future under a new management It would seem, however, they would have been even more unhappy had GM decided to close down its plants entirely

Calls for various types of sanctions are almost as old as the anti-apartheid movement itself And the threat of such sanctions over the years has brought some changes, although not fundamental ones The various codes of employment practice — warts and all — were, for example, the first response to threats of significant economic pressure.

It is clear that actual disinvestment is a two-edged sword. Nevertheless, it would be unrealistic to expect the supporters of economic pressure to completely overturn their present policy positions. There are political pressures at work, including the reluctance to jettison a weapon which obviously hurts the other side

A statement issued by the Congress of SA Trade Unions (Cosatu) on Monday — which condemned GM's "arrogant and high-handed actions" and demanded a number of safeguards for employees of companies planning to disinvest — concluded that the demands "are not a statement against disinvestment" Rather, Cosatu says, they reflect workers' concern that companies should negotiate with workers through their trade union about their future.

An article due to appear in the next edition of the *SA Labour Bulletin* takes the debate further. US academic Glen Adler argues that the union demands for assurances about GM workers' futures "move beyond" Cosatu policy on disinvestment

Says Adler· "The stress now falls not on the question of support for or opposition to foreign investment, but on a discussion of control over investment . regardless of its source"

The sanctions legislation, he argues, has offered many US companies the opportunity to cut their financial losses while appearing to take a moral (and popular) political stand They can claim to be disinvesting by arranging local buy-outs, but they will maintain a profitable arms-length presence while retaining the option of returning should conditions improve

Adler concludes "Companies like GM, which have long argued against disinvestment on the grounds that it would hurt workers, are now being put to the test to guarantee that their own withdrawal will have as few negative consequences for those workers as possible"

Lines at GM running again

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Eve Post 17/11/86

By DAWN BARKHUIZEN

PRODUCTION lines at General Motors were running smoothly today but management does not expect full production to be resumed before Monday

Mr Robert McIlwaine, GM's industrial relations manager, said the company's production target today was 50 vehicles. These would be the first units off the production lines since workers went on strike on October 29.

Mr McIlwaine said the build-up to full production would be slow but management expected to reach a normal production schedule of 130 units daily by next week

Thirteen full production days had been lost since the strike began. He could not put a cash figure on this loss of production.

He was unable to comment on measures GM might take to make up the production losses.

By today, the total work force stood at 1 810 with another 102 new employees expected to start work within the next few days

The number of strikers that had not returned to work today was 298 Of the 566 employees dismissed last week, 176 had been reappointed and were back at work

More appointments would be made to bring GM's staff complement up to the pre-strike level, he said.

The planned takeover of the company by a management group headed by former GM managing director Mr Bob Price, would go ahead as scheduled on January 1 Mr Price was in Port Elizabeth yesterday but would not assume duty until the new year, Mr McIlwaine said

● Judgment was reserved in the Port Elizabeth Supreme Court yesterday on an application to declare the strike illegal

Arguing the matter, Mr R van Rooyen, for GM, said the company had sought the order so that all the workers would be aware of the illegality of the strike. He said GMSA was not persisting in its allegations against the National Automobile and Allied Workers Union as this would involve taking the matter to trial — an expensive procedure for a matter that had now become academic.

● Mr Freddie Sauls, general secretary of Naawu, declined to speak to the Evening Post today when approached for comment on the end of the strike

Over 300 GM workers vote to continue strike

STAR 20/11/86

PORT ELIZABETH — More than 300 General Motors workers have voted at a meeting to continue striking despite the large-scale return to work by fellow workers.

"Now we will just have to sit back and see if GM can produce any cars," said Mr Freddie Sauls, general secretary of the National Automobile and Allied Workers' Union.

General Motors say they are producing cars. Industrial relations manager Mr Rob McIlwaine said the production target for today was 50 vehicles, rising to the normal 130 vehicles by next Monday.

Mr Sauls explained the implications of Tuesday's industrial court decision interdicting Naawu from inciting GM employees to take part in the strike.

He said the decision changed little as it did not interdict the Motor and Component Workers' Union of South Africa or the workers themselves from doing so. — Own Correspondent.

20/11/86.

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GM fires another 78

ALAN FINE

A FURTHER 78 General Motors employees were fired yesterday for failing to meet a management ultimatum to return to work, taking the total for the last two days to 297

The company hoped to resume full production today, director of personnel and public affairs George Stegman has said.

GM industrial relations manager Robert McIlwaine said yesterday 28 nightshift workers at the Kempston Road plant and 50 at the Aloes plant were dismissed

However, 200 of the 566 people dismissed two weeks ago for refusing to vacate company premises had now been re-employed

Applications from another 150 were still being processed GM has said that, in this group, workers who GM believed were involved in intimidation or violence would not be rehired

McIlwaine said no applicants had yet been rejected

Meanwhile, National Union of Automobile and Allied Workers' Union (Naawu) general secretary Fred Sauls said about 500 of the GM workers who were still out met yesterday and decided not to apply for re-employment, but to stand by their demands

Sauls said they felt their colleagues who had returned to work had done so due to GM's Tuesday ultimatum and the threat of police action. They resolved to campaign for support among those who had returned.

GM plan to resume full production today

GENERAL MOTORS hopes to resume full production today, a company spokesman said yesterday.

GM's personnel director Mr Stegman said most of the company's workforce returned to work yesterday, with about 200 men being dismissed for failing to meet a return-to-work deadline

National Automobile and Allied Workers Union (Naawu) general secretary Mr Freddie Sauls was not available for comment yesterday

Meanwhile the extent of the return-to-work was contested at a meeting of workers yesterday, Sapa reports

And, in the Industrial Court in Pretoria, an interim interdict was issued yesterday calling on Naawu to show cause by December 3 why an order should not be made interdicting it against inciting GM's employees or any of them "taking part in or continuing the strike which presently exists."

The order also interdicted Naawu from "taking steps, or causing any steps to be taken, to prevent persons from applying for employment with the applicant or remaining in the applicant's employment"

- The Rand Supreme Court case in which the Kagiso Town Council had been called upon to show cause why the council's striking police force should not be reinstated to the barracks, has been postponed to December 2

SOWETAN 20/11/86 192

2 062 back at GM plants

(192) 21/9/86 Eve Post

Post Reporter

A TOTAL of 2 062 hourly-paid employees were working on the General Motors production lines at its Kempston Road and Aloes plants today.

In an interview, GM industrial relations manager, Mr Robert McIlwaine, said this was still below the 2 500 people who had been employed in production at the start of the strike more than three weeks ago

The company had now frozen all new employment except for those 566 workers who were dismissed two weeks ago after failing to leave the company's premises

He said the company wanted to see how many of those employees would re-apply for their jobs before employing new staff.

Of the 566, 400 had re-applied for jobs by yesterday and others had gathered outside the plant this morning to re-apply

W/C Mail's 22/11/86

192

'Consult the workers'

LABOUR AFFAIRS

DICK USHER

NOT consulting workers on matters of importance to them can be an expensive mistake.

Production appears to be back on track at General Motors following the lengthy, bitter, costly and possibly needless strike, but it would seem that the GM executives who hustled through their particular form of disinvestment deal had not learnt one major lesson from the recent years of advancement in industrial relations — the need to consult workers on major changes in their circumstances

Numerous Industrial Court judgments have established it as necessary for companies — if they are not to be hit with an unfair labour practice action — to consult workers and their representatives on changes in their conditions of employment

But when it came to turning GM's assets over to new management it seems the company did not see consultation as necessary

Somehow, handing the company over to a group of unidentified local managers would seem to be as much a material change in employment conditions as retrenchments are.

As lawyers for the National Automobile and Allied Workers' Union (Naawu) said, the strike need not have happened if GM had "advised and consulted its workers" prior to announcing the withdrawal.

Given the contradictory statements before the withdrawal was announced and the crippling Ford closures of 1985, it is not surprising that workers in the depressed Port Elizabeth area have some suspicion about management

They are also suspicious about what might happen to employment practices when, in the words of the *Financial Mail*, the company is no longer "hamstrung by the rules of foreign employment codes"

And, having contributed to GM's profitability through the rosy years in South Africa, workers do not want to see assets they built up disappear overnight

Meanwhile, the costs of the strike are still being computed

GM had to postpone what are said to be expensively lavish plans for the launch of its new Monza, scheduled for early this month, because it would not have had enough cars to meet anticipated demand

And what effect the postponement will have on the success of the model remains to be seen.

23/11/86 SUN TIMES (192)

SLAP IN THE FACE FOR UNION MILITANTS AS DROVES OF JOBLESS SCUTTLE GM STRIKE

By JEREMY McCABE

A SOARING Eastern Cape unemployment rate played a major role in ending the three-week-long strike at General Motors' Port Elizabeth plants

And the decisive breaking of the strike this week was seen as a definite slap in the face of pro-disinvestment lobbyists and militant unionists

The strike by more than 2 000 GM workers eventually broke down dramatically because their unions' bargaining power was far more limited than they had expected — largely because of the potentially disastrous unemployment position in the struggling region

GM management remained unmoved in the face of a list of demands arising from worker dissatisfaction about the manner in which the company had gone about ridding itself of its South African subsidiary

The workers were aggrieved that they had never been consulted about GM's disinvestment move and sale of their local operation to a South African business consortium

They complained that they felt their future was uncertain in the new company

Among the demands made by the National Automobile and Allied Workers' Union (Naawu) and the Motor Assembly and Component Workers' Union of SA (Macwusa) were an optional refund of pension fund contributions and the granting of severance pay

But GM could afford to resist worker pressure even though production suffered severely — if the motor giant's striking workforce no longer wanted to work, there were plenty of desperate, unemployed people who would do anything for a job

And the unemployed arrived in their droves ignoring thinly veiled threats by striking militants that "scabs" would be dealt with.

Mr Dennis Brislin, manager of hourly personnel at GM, said his department had received more than 900 job applications since the start of the strike

Many of these were from former Ford employees (who lost their jobs when most of the Ford company's activities were curtailed in PE) and skilled motor industry labourers.

He said many unskilled workers had indicated that they would do "anything" just so long as they had work.

"The task of selecting the lucky few from the hundreds of hopefuls was not a pleasant one," Mr Brislin said

Several recounted heartrending stories about why they needed work

One woman "begged to be allowed to sweep, clean or wash floors", saying her husband had been without work for 18 months and their little children were starving.

Another application had come from an entire unemployed family of four

"Fortunately, GM was able to hire the father and one of the sons," Mr Brislin said

And yet another desperate applicant had even refused police orders to move away from the GM plant gates.

"He was so desperate that neither police orders nor fear of intimidation could move him."

In the face of this mass turnout for jobs, many striking workers suddenly realised just how precious those jobs were

But the angry unions have contested the re-employment figures provided by management

At a fiery Naawu meeting held this week, the union's national secretary, Mr Freddie Sauls, said the union believed that 800 of its members were continuing with the strike

He said during the meeting that a union delegation would meet Mr Bob White, GM's managing director, and advise him that striking workers "were not accepting their dismissal"

Several workers who had abandoned the strike action and who were present at the meeting were evicted amid shouts of "backstabbers and sellouts"

Tractor-makers fear bankruptcy

192

By Don Robertson

THE tractor and farm-implement manufacturing industry is bleeding.

Losses of the 14 tractor manufacturers have soared, employment has been slashed and the industry has asked the Government for help to stave off disaster

Manufacturers also call for rationalisation, which would be helped by the withdrawal of some foreign companies which are losing money

Losses mount

The first survey of the industry — by the commercial and marketing division of the South African Agricultural and Irrigation Machinery Manufacturers and Distributors Association (Saaimmda) — shows that losses of tractor and implement manufacturers last year rose to R42-million and are likely to be about the same in 1986

Losses were R14,5-million in 1982, R11,5-million in 1983 and R25,4-million in 1984 The industry last made a profit in 1981 — R40-million

Tractor sales this year are expected to be between 4 700 and 5 000 units It could be years before they reach 10 000 This compares with 24 862 sold in the peak year of 1981

Employment in tractor manufacturing fell from 4 073 in 1981 to 2 140 last year A small improvement in employment in the first half of this year reflects demand for spare parts

Bill Hubbard, chairman of the commercial and marketing division of SAAIMMDA, says inflation is one of the main reasons for the erosion of profits Losses have been incurred in spite of a rise in turnover to R417,4-million from R331-million in 1983

Mr Hubbard says that even if there is a good maize crop this year, sales are unlikely to improve as farmers are burdened with huge debts Doubts about what mealie farmers will be paid for their crop have also slowed sales

Prices soar

Aubrey Gouws, director of tractor operations at Ford, says he knows of two companies that are considering quitting SA

He says another factor in the decline in tractor sales has been the sharp rise in prices

In 1980, an average tractor of 55kW cost R13 200, but increased to R21 216 in 1982 after the introduction of the ADE engine Prices rose in 1985 to R36 200 and are now R46 400

Although prices have risen by 250% in the past six years, considerable discounts are being offered

Mr Gouws says "Discounts of as much as 15% to 25% are being offered in some areas and in some cases are as high as 30% "

Mr Hubbard says many companies are discounting to gain market share

"The heavy discounting makes it attractive for the purchaser to obtain a machine under present conditions However, this does not augur well for the industry and could rebound on the farmer in the long term should manufacturers go insolvent because of such poor business practices "

Manufacturers are mentioning mergers as the only solution to their problems They believe there is room for only three manufacturers

Room for three

Mr Hubbard says "The need for rationalisation is far greater in tractors and agricultural equipment than among the truck and car manufacturers "

Ford, one of the top sellers and owned largely by Anglo American, is not looking at rationalisation, but is keen to manufacture for other companies It has an agreement with Vetsak for marketing implements, enabling Ford to reduce imports

Appeals for help have been made to the Government.

Mr Gouws says "We asked for a removal of the surcharge and GST on tractors and implements But only the surcharge on tractors has been lifted "

Good reports for SAB and Edgars

STAR 25/11/86 (1.80) 192

By Sven Lünsche

If public companies are to be judged on the efficiency and the effectiveness of their financial reporting, then South African Breweries (SAB) and subsidiary Edgars come out on top.

For the fifth consecutive year SAB and Edgars were yesterday announced winners in their respective sections of the annual report award competition.

The competition, launched on an annual basis by **Rapport**, the SA Institute of Chartered Secretaries and Administrators (CIS) and the JSE, however, received only 31 entries in the three categories.

SAB was announced the winner in the section for financial companies, while Edgars was won the section for commercial and distributive companies.

Anglo Alpha was not only awarded first prize in the manufacturing companies section, but also received the **Business Times** and SA Institute of Chartered Accountants best annual report of the year award later on in the day

Both these awards are also a tribute to the overall design of the report and Graphicor was responsible for the design of both Anglo Alpha's and SAB's annual report, while credit must go to Jeremy Sampson and Associates for the Edgars report.

The judges in the CIS-JSE-**Rapport** competition noted there was a continued improvement in the overall quality of reports, due to the fact that annual reports were increasingly seen as an important public relations exercise

They stressed, however, that more prompt reporting should be applied and more attention given to the provision of detailed information which would be of value to investors.

In particular, more definite forecasts for the year ahead were needed, the judges said.

In the area of social responsibility the judges felt that in most cases not enough information was given, particularly on negotiations with trade unions.

Owners hold on to old models

Shortage of good used cars

Cape Times 25/1/86 192

By AUDREY D'ANGELO
Deputy Financial Editor

A CRITICAL shortage of good quality used cars is adding to the difficulties of hard-hit city motor dealers

Leading firms said yesterday that soaring prices of new vehicles meant fewer sales and therefore fewer trade-ins

In addition to the fact that private owners are not replacing cars still in good condition, firms which in the past would have bought new vehicles are now economizing by buying demonstration models.

Sold as 'cheapie'

The used-vehicle manager of Barons — formerly Motors WP — Bruce Condon, said "There is a terrible shortage of good used cars

"People are hanging on to their cars now instead of replacing them

"When we do get a trade-in from a private owner it is usually no longer in a condition to be sold by a franchise dealer

"Once the rust has got in, as it does here on the coast, a car can only be sold as a 'cheapie' by firms specializing in that market.

"There are still demonstration models and one-year-old company cars at about R13 000"

Blaming the soaring prices of new cars for this situation, Condon said "The cheapest VW Golf is now R13 890 and when you add hire purchase charges and GST you are talking about monthly payments almost as high as the bond payments on a house

"The weak rand is mainly to blame for this and sanctions will not help"

Schus Datsun MD Jossel Lipshitz confirmed "Good used cars have become as scarce as hen's teeth

"There are too few new cars being sold and therefore there are not enough trade-ins being generated

"New car prices have risen and they will continue to rise unless the rand strengthens meaningfully against the Japanese yen and West German DM

Demonstration models

"This has led to the situation where demand for good used cars has risen

"Firms which used regularly to buy new cars are now buying used cars

"I have just had an example of this A firm asked for demonstration Skylines, and in 18 months it will trade them in for new ones"

Lipshitz said used-car prices were already rising

The chairman of Brian Porter Holdings, Brian Porter, said "People are certainly holding on to their cars rather than replacing them — a lot of repair work is being done"

News in Brief

CN Times 26/11/86

GM 'back to normal'

PORT ELIZABETH — Production in both General Motors factories here was back to normal yesterday and 2 200 workers were on the workshop floor, a GM spokesman said, adding that "many" of the 567 workers paid off because of the strike had been taken on again

Mercedes in SA to stay, says outgoing top executive

26/11/86 DD

192

Call for government to get on with its reform policies

By ROBIN ROSS-THOMPSON
Motoring Editor

JOHANNESBURG — Mercedes-Benz is in South Africa to stay

This was reiterated by the senior member of the management board of the international Daimler-Benz organisation, Dr Gerhard Liener, and the retiring chief executive of Mercedes-Benz South Africa, Mr Jurgen Schrempp, at a farewell dinner here

Mr Schrempp is to take over Daimler-Benz's world-wide commercial vehicle marketing division in January He will be succeeded in South Africa by Mr Sepp van Hullen

"Mercedes-Benz under Jurgen Schrempp has achieved high market shares in all spheres of our activity," said Dr Liener "Can you see us leaving South Africa under these circumstances? No We see no reason to leave We have been successful so we will not give up Losers can come to their own conclusions, but ours is to stay

"However, business needs stability and predictability We urge the South African authorities to continue with their reform policies to benefit all the people of this country

"Keep trying to acquire a new political model to satisfy all ethnic groups," Dr Liener said

Mr Schrempp, who has spent 12 years in South Africa, first as manager of the technical service division of MBSA then technical management board member and finally chief executive, said he was optimistic about the future of this country "South Africa has too much going for it it is too dynamic to just disappear

"I believe it will soon take the lead in development and reach far into Africa, but this will only happen once current emotions and prejudices are overcome and all South Africans can participate in political and economic processes."

He believed in some form of united states of Southern Africa but said there was only one way to achieve this and that was through communication and dialogue.

"There are so many outstanding people here with vision and goodwill It just needs to be channelled in the right direction

"And people need a positive sign of real change My opinion is that this country is close to dialogue and a constructive move to deal with its problems But time is running out

"Equal opportunities must be accepted by all The removal of the Group Areas Act will be only a milestone on the road to a multiracial society. Disinvestment and sanctions are not the right tools — they will only bring about a hardening of attitudes

"The role of Daimler-Benz in South Africa must be a meaningful one We are here to create jobs and play our part in the upliftment of all people"

Mr Schrempp said political events had brought about challenging times "Our sales figures have dwindled to those of the early 1970s but we are here to make money and we are again trading profitably The outlook for 1987 is brighter still"

Mr Van Hullen, who becomes the new chief executive of MBSA, has been a financial management board member since April

In introducing him, a retired management board member, Mr Leo Borman of East London, described Mr Van Hüllen as a man with astute perception and considerable business acumen "He has, together with the backing and teamwork of the whole group, ensured that MBSA again closes this fiscal year in the black and not many companies can make that statement — certainly not in the automobile industry.

"Sepp van Hüllen was born and grew up in Germany where he studied law at the universities of Freiburg, Kiel and Tubingen He has had experience in smaller business concerns which has geared him with knowledge and respect for the role of good people relations.

"Industrial relations is an area of great personal importance for him and will stand him in good stead in South Africa He joined Daimler-Benz in 1981 and has held various financial and administrative positions"

G M in pact with buy-out team

JOHANNESBURG—Agreement in principle has been reached between General Motors Corporation and the local management buy-out team to take over G M South Africa effective on January 1 next year, it was announced yesterday

Final reviews with appropriate South African authorities and the formal signing of implementation documents are expected before the plant closure on December 19.

The name of the new company will be announced prior to the January start-up.

'We are delighted that this extremely complex negotiation is nearing conclusion, somewhat ahead of schedule', said Mr Bob White, G M (S A) managing director. 'It has of necessity been a long, drawn-out process with significant financial and strategic implications for all concerned '

Uncertainty

Mr White went on to say: 'We are greatly encouraged by the support of our dealers during this period of apparent uncertainty

'With the hurdle of reaching agreement behind us, the new management team can move forward quickly in putting its new marketing strategy into effect', he said. This includes the renewal of the 5-year franchise agreement with dealers 'The situation with employees has essentially been resolved. Production is almost back to normal..We appreciate the concern of our employees that their position might be affected by the withdrawal of the American company. But we have said all along that the new owners would honour all existing agreements with the unions' — (Sapa)

(192) 22/11/84

GM take-over pact ahead of time

DD 27/11/86

Dispatch Correspondent

PORT ELIZABETH — Agreement in principle has been reached ahead of schedule between General Motors Corporation and the local management buy-out team to take over GM South Africa on January 1

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According to a statement issued last night, formal signing of documents and reviews with appropriate South African authorities are expected to take place before the plant closes on December 19

The statement also included the job designations of the new GM management take-over team, under the former GMSA manager, Mr Bob Price, as chairman and chief executive officer

Two new appointments to the management team are current director of materials management for GMSA, Mr I van der Linde who will become director of materials management and parts Mr Russ Oliveto, a consultant to the company, will become director of manufacturing and assembly

The following positions were announced GM's current director of technical operations, Mr Keith Butler-Wheelhouse as managing director, GM strategic planning manager Mr Andre van Rooyen as director of product development and planning, and the current industrial relations manager, Mr George Stegman, as director of personnel and public affairs.

BUS DAY 28/11/86

(192)

New-car prices set to increase

Industrial Staff

NEW-CAR prices next year may increase by about 18%, Nissan marketing director Stephanus Loubser said yesterday.

And he predicted total industry losses this year would be about R250m — compared with estimates of between R500m and R1bn in 1985

Car prices this year have risen, on average, by more than 30%. One reason given by Loubser for next year's slowdown — and the motor industry's reduced losses — was the move to fewer derivatives of basic car models.

"I expect a continued trend over the next five years of fewer derivatives," he said

He added that Nissan was the only major manufacturer not to introduce new models to SA this year With a bigger market share, however, he said, the company "has a base to launch a new model very successfully"

Loubser announced, meanwhile, that Nissan would increase its activities in rally racing next year It will be represented in all six rally classes

SA rally champion Hannes Grobler will spearhead Nissan's team in a four-wheel-drive Skyline He will be supported by another four-wheel-drive, a specially-built Langley driven by championship runner-up Kassie Coetzee.

28/11/86 STAR (1926)

General Motors may have put $100-m into SA

General Motors Corporation is believed to have transferred as much as $100 million to its South African subsidiary just before the US ban on further investment took effect earlier this month.

Converted at the financial rand rate, this is equivalent to more than R400 million — considerably more than the amount of the debts that General Motors had undertaken to clear as part of the sell-out deal to its South African management.

The company's director of personnel and public affairs, Mr George Stegmann, declined to comment but said an announcement on the financial arrangements would be made in due course.

Outside sources close to GM South Africa (GMSA) say the sum involved is sufficient to cover the new company's investments in new models up to 1990 or even 1992.

GMSA — the name for the new company has not yet been decided — is known to be introducing a revised Isuzu bakkie range next year.

It is thought the money will also be used to fund a replacement for the large Rekord/Commodore V-car range.

One source said that the money pumped into South Africa includes a sum set aside for introduction of the new-generation Kadett/Monza J-car, due in the early 1990s.

4 MNR rebels die in attack

STAR 28/11/86

The Star's Africa News Service

MAPUTO — Four rebels were killed when they tried to attack a consumer co-operative in Matola suburb in Maputo on Wednesday, said AIM, the Mozambique news agency.

Police sources said a group of about 35 anti-government rebels entered the suburb at about 10.30 pm and tried to kidnap local people.

Mr Manuel Banda, head of the Police Rapid Intervention Unit, told AIM his men set up an ambush for the rebels and opened fire on them when they tried to attack the co-operative.

He said were some "explosives specialists" in the rebel group. Four light machine guns and two mortars were among weapons captured.

In another dispatch, AIM said rebels ambushed a lorry carrying timber in the area of Nicoadala, about 40 km north of the port of Quelimane in the northern province of Zambezia.

This is the first time this stretch of road has been attacked.

Meanwhile, the *Noticias* newspaper has indicated that a major offensive against rebel positions in Zambezia is under way.

Reported sale of plans of submarine to SA sparks W German row

STAR 28/11/86

The Star's Foreign News Service

MUNICH — A political row erupted in West Germany yesterday over the reported sale by a German shipyard of submarine blueprints to South Africa

The opposition Social Democrats in the West German Parliament charged that the deal had, at least, the passive consent and possibly the active support of the Bonn Government, and Bavarian Prime Minister Mr Franz-Josef Strauss was challenged to describe his role in the affair.

The Bonn Government made no direct statement on the matter although the chairman of the Bonn Parliament's foreign affairs committee, Mr Hans Stercken, a member of Chancellor Helmut Kohl's ruling Christian Democrats, said the shipyard, the Howaldtswerke of Kiel and Hamburg, had applied unsuccessfully for permission to sell the plans to South Africa

The application was "expressly rejected", he said. But a leading member of the Social Democratic opposition, Mr Norbert Gansel, suggested the Howaldtswerke might have been quietly led by the Bonn Cabinet to understand that it could proceed with the sale

A statement issued last night by the directors of the shipyard said the firm had had business relations with the South African Government but this relationship at no time permitted the construction of submarines and no money had been involved.

Not denied

The relationship was not of a nature requiring official approval by the Bonn Government and the relations were broken a year ago because of the deteriorating situation in South Africa

The statement did not elaborate on the relationship the firm had with the South African Government nor did it specifically deny that submarine blueprints had been sent to South Africa. It said only that reports of the submarine blueprints deal were incomplete and incorrect

Further comment on the reported deal was being withheld because of the legal inquiries now being conducted

Mr Uwe Barschel, Prime Minister of the state of Schleswig Holstein — which owns 24,9 percent of the Howaldtswerke stock — said he knew nothing about the reported sale by the shipyard of blueprints of its submarine model "209" to South Africa.

The "209" is one of the most successful of German submarines but Howaldtswerke is having difficulty selling it because of restrictions on delivering military equipment to "crisis areas" and the boycott of arms sales to South Africa.

● An Armscor spokesman said the company was aware of the report but did not comment on the purchase or sale of arms.

Reed sails on i

CAPE TOWN — Bertie Reed was trying to trim his sails after Stabilo gybed in fresh winds during the ni he neared the halfway stage to S the second leg of the BOC C round-the-world yacht race.

FINMAIL

GM STRIKE

28/11/86

Union disarray

In the face of a management ultimatum to return to work, and despite clashes between police and picketers, most workers at General Motors in Port Elizabeth returned to work last week, ending the strike that started on October 29

It was a triumph for management and vindication of the strategy it adopted to deal with the strike sparked by GM Corporation's decision to sell off its local interests to local management The strike was broken without GM conceding any of the strikers' demands

For the National Automobile and Allied Workers' Union (Naawu), the dominant union at GM, and the smaller Motor Assembly and Component Workers' Union (Macwusa), it was a humiliating experience Union leaders evidently miscalculated the degree of worker backing for the strike

The battle between GM and Naawu will now continue in other forums December 3 is the return date for an Industrial Court hearing on a temporary order GM won in the course of the strike Among other things, it interdicts Naawu against inciting GM workers to strike Naawu has to show cause why the order should not be made final

The two sides are also due to thrash out their differences before an arbitrator in terms of an agreement they reached at the Industrial Council Naawu has given notice that it intends applying to the Industrial Court for reinstatement of workers dismissed during the strike

These processes will take time Meanwhile, the issues raised by the strike continue to reverberate in industrial relations circles and beyond Both Naawu and Macwusa are affiliates of the Congress of South African Trade Unions (Cosatu) which at its launch in December last year adopted a highly controversial resolution wholeheartedly supporting disinvestment Macwusa has always been a highly politicised union, while Naawu generally preferred to concentrate on shopfloor issues There is therefore some irony in the fact that Naawu — and not some of its other Cosatu stablemates — found itself on the spot over disinvestment

A critical question about Cosatu's position is whether its disinvestment policy is merely an expression of the political will of some of its leaders, or whether union members actually endorse its stance According to Naawu PE branch secretary Gloria Barry, sanctions and disinvestment were being debated at grassroots level at the time that speculation about GM's future in SA first appeared in the press

The demands Naawu submitted to the company gave effect, she says, to the Cosatu resolution They embraced a severance payment of one month's salary for each completed year of service, pay-out of employee and company contributions to group life and pension funds, as well as returns on investment of such funds, and that two of the directors of the new company should be appointed by Naawu members

In subsequent negotiations, Naawu dropped the demands relating to the group life fund and board representation GM says it indicated all along that it was open to discussion on the pension fund demands but not on severance pay, and that it was Naawu's refusal to budge on linkage between the two which bedevilled the talks

According to Naawu, management agreed at a meeting on November 4 to refer the question of severance pay to GM in Detroit But when the answer came the next day it, too, was negative That was also the day when police were called in and 566 workers who had been sleeping in at the plant were peacefully evicted and dismissed

From then on the strike went management's way, although the company must have taken heavy losses due to the delay in the launch of its new model, the Monza When GM placed newspaper advertisements to recruit new workers, for example, the unions threatened to mobilise the community to prevent scabbing But as the overwhelming response to GM's advertisements demonstrated, the unions underestimated workers' willingness to cling to their jobs

Barry says the strike was not about workers objecting to disinvestment "Workers were not saying to GM that it should not go. they were saying that if you leave you have a debt to settle with us," she says GM director of personnel and public affairs George Stegmann disagrees "Naawu exploited the situation in which the GM Corporation withdrew from SA and used the workers as pawns in a political power play " ■

The *FM* has been edited to comply with the emergency regulations. Information may therefore be distorted, incomplete and misleading.

W E Post 29/11/86 192

GM executives had little warning

Weekend Post Reporters

TOP General Motors executives had only a couple of hours warning earlier this week that they were to lose their jobs

As scores of senior GM staff spend an uneasy weekend worrying if they will face the same fate on Monday, a former executive said today

"We were called in on Tuesday afternoon and told to leave that evening It was a shock I'm still feeling it "

He added that he had been in a similar position before, but then he had been retrenching other people "This time I was the one being fired "

The executive is one of more than 100 salaried staff — some who have more than 20 years' service with the company — who have already been retrenched or will be told on Monday that the axe is falling

Some will go on early retirement in January and February and those who are already of retirement age would leave at the end of December

GM's director of personnel and public affairs, Mr George Stegmann, said today that in the few — he knew of only two — cases where staff had been given such short notice, the decision had been taken in the "mutual interest of the individual and the company"

He added that only "a handful" of staff had been told already "The vast majority will be told on Monday

In an earlier interview Mr Stegmann said all retrenchments would be effected in December and January

They were part of a series of reductions that started last year

GEORGE STEGMANN ...GM's director of personnel and public affairs.

"We are not contemplating more beyond this point We believe we will be at the level to run the business effectively

"The new company will start with a streamlined organisation," he said

He emphasised that hourly-paid staff were not affected

"Reductions in the hourly-paid head count were done last year and this year

"They were primarily volume-related and we have got down to the strength we need to meet production requirements in the immediate future "

Weekend Post's source said that although for his part the axe had fallen after almost 20 years' service, he understood that it was most important for the new company to succeed

"As I see it from the company point of view the few of us who have already left and those who will be leaving, are of little consequence We must view this in the perspective of 2 000 jobs saved The company has the right to call the shots, and it has that prerogative without consultation I think that is what has been done to make the company viable

"It's far more important to Port Elizabeth and its citizens to have a viable company like GM in full operation than to be over-concerned about a few of us who have had to part to achieve this

"I believe those of us who have left will find suitable employment in Port Elizabeth in the near future The best of luck to the new company "

Another senior executive, who is going on pension, after more than 30 years, also said he was not bitter

"Port Elizabeth needs GM and it is vital that the company stays viable I think it has made a real commitment to remain here "

He believed that it was the company's insistence on staying in the city that had caused a possible merger with a Transvaal-based motor company to falter

"The key issue, which made the BMW deal fall through, was a proposal to move out of Port Elizabeth "

The executive said he did not know how many of his colleagues would be affected by the axings

"This would go right through the salaried staff "

Asked how he felt, he said "That's an awkward question I'm not unhappy with the deal I will get It will be a fairly good package The situation is similar in this respect to what happened with Ford — only that company is no longer here

"I can appreciate what has to be done to ensure that the new company remains productive and viable

"Knowing the motor industry, it's rough and tough "

100 GM staff to go

PORT ELIZABETH — It will be a bad weekend for General Motors salaried staff who will be told on Monday whether or not their future lies with the new Port Elizabeth-based company

More than 100 GM salaried staff, some of them with senior status and more than two decades of service with the company, are facing retrenchment, or early retirement.

In an interview, GM director of personnel and public affairs, Mr George Stegmann, said any retrenchments would be effected in December and January

"But those involved will be told beforehand We'll be advising all salaried people affected by th staff reduction on Monday Those who are already of retirement age, will leave at the end of December" — DDC

(152) DD 29/11/86

Unless demands are met. . .

GM workers will continue strike

BUSDAY

ALAN FINE and Sapa

GENERAL MOTORS workers resolved at a mass meeting yesterday not to return to work until the company comes forward to negotiate over workers' demands on severance pay and pension fund contributions. And, they added, when they do eventually return, the 567 dismissed after refusing to vacate the plant last week must be included.

In a further blow to hopes for an end to the strike, National Union of Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettledas said yesterday it seemed that a dispute would arise concerning the terms of reference of the arbitrator

Arbitration

He was referring to GM's statement that the strike was "senseless", because it had been agreed to refer the dispute to arbitration Because of the possible secondary dispute, the question had not yet arisen, he said.

According to Kettledas, the meeting also approved of a campaign by the GM support group — formed last week — to "clarify the issues in dispute to members of the community." One effect of this would be to convince job-seekers not to take strikers' jobs.

Townships

Sapa reports Naawu general-secretary Fred Sauls as saying: "If we still don't succeed, we'll have to look at GM vehicles in our townships. It is up to the workers to decide if they want to see a GM product in the townships."

Meanwhile, women and white-collar workers were operating the assembly line, finishing jobs which had been abandoned by strikers, GM managing director Bob White said yesterday.

"We will make vehicles with or without the unions. The enthusiasm and desire to get the job done is now stronger than it has been for the last six months," he said.

Hundreds apply for jobs at GM

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By BARBARA ORPEN

SWITCHBOARDS at General Motors were jammed today and a steady stream of work-seekers arrived at the plant in response to an advertisement offering positions at the factory.

This followed GM's announcement yesterday that it intended recruiting staff to replace the 567 men sacked last Wednesday

The company's manager of hourly personnel, Mr Dennis Brislin, said the telephone had rung non stop from early today and prospective workers had lined up outside the gates when they were opened at 7 05am.

By noon, about 140 workers — mostly coloured — had passed through the gates and were being processed by the personnel department

Although applicants rest had been issued with application forms and told to return to the plant tomorrow

Mr Brislin said the workers, who would be hired in permanent positions, would start work on Monday, but the extent to which production would be resumed would depend on whether the remaining workforce of about 1 800 strikers returned

The Evening Post spoke to some of the workers waiting to be admitted to the plant

Most were not willing to be interviewed or identified, but one said he was "desperate" as he had worked for only six weeks this year

The advertisement today said GMSA had vacancies for "persons with experience in the motor industry, both in vehicle assembly and manufacturing operations"

Approached for comment, Mr Les Kettledas, regional secretary of Naawu, said the union was monitoring the situation and would respond at a meeting of workers in the Dorothy Jansen Hall in Korsten at 10am tomorrow

"At the meeting we will review developments, including the placing of advertisements for work by the company"

On GM's threat that it would not consider rehiring dismissed workers involved in "intimidating or assaulting fellow workers", he said the union's position was that it did not accept the dismissals

"We will take steps to ensure the reinsatement of all dismissed workers"

Yesterday, GMSA placed advertisements in Port Elizabeth newspapers calling on striking workers to return to work

The open letter came in the wake of a union undertaking on Tuesday to launch a campaign in the townships to prevent people taking the jobs of striking GM workers

Demands for severance pay and pension payouts had been referred to arbitration at Naawu's request.

Management, however, have described the demand for severance pay as "extortion" and demands for pension payouts as "unrealistic and unwarranted"

Police, troops on standby at GM

Dispatch Correspondent

PORT ELIZABETH — Police and defence force personnel briefly massed outside the gates to the General Motors plant in Kempston Road here last night as the wildcat strike ended its sixth day inconclusively.

At about 10 pm a large contingent of SA Police and SADF personnel arrived at the plant in about 15 vehicles

Several disembarked and marched in ranks to a point outside the plant's main entrance Within minutes, however, the detachment of security forces — armed with quirts and rifles — withdrew, leaving the occupying strikers in the plant

They then regrouped some 300 metres from the main gate and by 11 15 pm they were still there

The display of force foll[illegible] a [illegible] drama marked by

● Claims by GM management of unspecified "violence and intimidation" directed by a core of sit-in strikers at employees wishing to return to work.

● The abrupt end to a noon management-union meeting at which GM responded to overnight proposals from Naawu (the National Automobile and Allied Workers' Union)

● A management ultimatum to sit-in strikers to vacate the premises by 3 45pm

● The last-minute ditching by General Motors of a second court application to seek legal sanction to evict the strikers who had ignored the ultimatum

The day began with an undisclosed number of strikers continuing to occupy both the Kempston Road and Aloes plants of General Motors, as the strike continued and workers awaited a response from management to overnight proposals made by union representatives

The responses came at the noon meeting, which lasted only 15 minutes.

According to a management statement issued later it was indicated to workers' representatiaves at the meeting that General Motors Corporation had no contractual obligation to pay one month's severance pay on its financial withdrawal — one of the key worker demands — since it had done "everything possible to preserve employment opportunities for current employees

"The assets of GMSA, which provide the basis for employment, remain intact, only the ownership is being sold"

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GM pledges to stay on the job in SA

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Dispatch Correspondent

PORT ELIZABETH — General Motors South Africa is here to stay and intends doing its job, according Mr Russell Oliveto, who has been appointed to the new management team of the corporation

The former managing director of Stateline Metal Pressings in Queenstown and a consultant to GM, Mr Oliveto's appointment as director of manufacturing and assembly was announced late last week.

Commenting on the takeover of GM by local management, Mr Oliveto, who has been associated with the motor industry since the early 70s, said he felt it was a good move for both GM and South Africa

"It will be a totally South African company, unencumbered by the restraints of the previous company and will be managed on a sound financial basis"

He said GM had a qualified group of people to run the company

Asked whether he thought the company would remain and survive in Port Elizabeth, he said "We would not be wasting our time if we thought we wouldn't survive

"The entire management team is filled with optimism about the future — in our minds, this is a long-term arrangement"

At the weekend the company splashed out on full-page newspaper advertisements headed "Introducing the new who's who of the South African Motor Industry" complete with photographs and details of its directorship

The advertisement said between them — a six-man team, comprising Mr Bob White, Mr Keith Butler-Wheelhouse, Mr Oliveto, Mr George Stegmann, Mr I D J van der Linde and Mr Andre van Rooyen — they had 147 years of service in the motor industry

Pen sketches of the men were also given

"From now on its full speed ahead!" the advertisement concluded

GM keeps the people waiting

2/12/86. Sun Times (192)

By Don Robertson

GENERAL Motors South African has failed to fulfil its intention to provide this week full details of the management buy-out, its new name and who is backing the purchase

A lapse in communictaion with the Detroit parent company, however, has prevented new chairman Bob Price from making the information available.

The appointment of two new non-executive directors, would have given the clue about who is financing the deal.

However, GM has announced two new executive directors and an acceptance by dealers to continue marketing its products

Willie van Wyk, previously a director and general manager of Ford SA, has been appointed GM sales and marketing director. Doug Walters, formerly with Malbak, has taken over as financial director

Argus 2/12/86 (192)

General Motors retrenches 100 in bid to streamline company

The Argus Correspondent

JOHANNESBURG — About 100 salaried staff at General Motors, Port Elizabeth, have been retrenched

Mr George Stegmann, director of personnel and public affairs, said staff reductions were made at all levels, from senior executives to administrative clerical staff

He said "We do not contemplate any further reductions."

The retrenchments had trimmed salaried personnel to the minimum level needed to run the business effectively There were no plans to adjust the company's complement of hourly paid staff

The latest retrenchments were necessary to enable the new company to enter 1987 with a more streamlined operation Some of the retrenchments were related to the cutting of ties with the US which, in the new year, would make certain functions unnecessary

LOST PRODUCTION

Mr Stegmann said the plant had increased its working day by an hour to catch up with production lost during the three-week strike in November Production was up to 95 units a day before working hours were extended and was now approaching the normal level of about 130 units

Mr Stegmann said GM hoped to announce the new name of the company before the Christmas shutdown on December 19

US disappointed by pullout from SA

Eve Post 2/12/86 (192)

DETROIT — General Motors and other US companies in South Africa have "done America proud" and the Ronald Reagan Administration was disappointed by their withdrawl from that country, an adviser to the US president said yesterday.

"We can appreciate the kind of pressure a number of companies are under, as well as the difficult economic situation in South Africa," said Mr Chester Crocker, Assistant Secretary of State for African Affairs

GM announced in October that it would pull out of South Africa

International Business Machines, Eastman Kodak, General Electric and several other major companies have announced similar plans

GM has 3 056 employees in South Africa

"We are disappointed to see it happen," Mr Crocker said at a news conference "Our companies have done America proud in South Africa"

Crocker said US companies had been a major force for racial justice in South Africa

"They have brought the highest standard of affirmative action and decency," he said. "They have spoken out . to the extent they are leaving, it reduces that pressure point"

The debate over economic sanctions against South Africa had hurt prospects for peaceful change by hardening the stands of the Government and the white minority there, said Mr Crocker

He said there appeared to be little chance in the near future for a peaceful transition to democracy and majority rights in South Africa because black and white leaders were engaged in testing each others' resolve.

"They're talking about reform much less than they were two years ago," Mr Crocker said

"What we have seen since the spring is a turn toward a more negative policy in a number of respects. You've had very heavy-handed police repression"

Mr Crocker said the South African Government had been preoccupied with how to cope with, or circumvent, the economic sanctions adopted by Congress over President Reagan's objections, rather than with carrying out needed changes

The sanctions "have distracted a lot of attempts for reform" and "have fostered anti-foreign attitudes" among white South Africans, he said — Sapa-AP

FIN MAIL 5/12/86 (192)

GENERAL MOTORS

Picking up speed

Against the industry trend, motor workers at General Motors' (GM) Port Elizabeth plant are piling up the overtime

It's all part of GM's efforts to reduce the damage caused by a four-week strike over the terms of the US parent's disinvestment and to prepare for the rescheduled launch of the new Monza model, probably in late January.

Barely a week after resuming full operation, production of all models was back to 120-135 units a day this week, close to the year's peak A special push is being given to Monza production, and about 90 of the cars leave the assembly line each day

GM has been helped into top gear by the fact that many of the workers hired to replace strikers are former Ford employees who lost their jobs when Ford moved in with Samcor.

Overtime was introduced this week, with workers staying on the line until 6 pm, and the production staff will be paid double-time for working through the public holiday on December 16 GM will also have a shorter Christmas shut-down than some others in the industry, closing on December 19 and opening again on January 7.

MD Keith Butler-Wheelhouse tells the *FM*. "We're really going full steam ahead We've been tremendously encouraged by the reaction in SA to the local takeover and our stand on the labour issue."

And George Stegmann, personnel and public affairs director, says reaction to the trade launch of the Monza has been positive, with inquiries coming in from dealers and fleet operators.

Although the agreement between the US parent and the local executives on the sale of the assets has been finalised, details have not yet been released. But local chairman Bob Price and Butler-Wheelhouse have been strengthened in the management department by the appointment of Stegmann and André van Rooyen as director of product development and planning ■

CONFIDENCE IN THE BOARDROOMS, COCKINESS IN THE STREETS ... THE GM STRIKE STALEMATE GOES ON

The painful reality under the bravado

If the General Motors strikers are still convinced that management has been pushed into a corner, they are mistaken. The company appears to have blithely sidestepped the union pressure. VIVIENNE WALT reports from Port Elizabeth

FIVE hundred General Motors workers packed a Port Elizabeth church hall last month and held a rousing sing-song, with vernacular lyrics about their boss "Bob White is running away," they chanted, a few of them stamping out the rhythm of the townships' war dance, the toi-toi "He is frightened of Umkhonto we Sizwe (the guerrilla army of the African National Congress) We sent him to America to get our money, and now he is running away"

Barely 800 metres away, in GM's sprawling plant, the union's bravado rang thin Despite the autoworkers' political strength in the radical townships GM has still managed to execute the perfect act of disinvestment, over the heads of their union leaders, by announcing the sale of their South African operation to its local managers

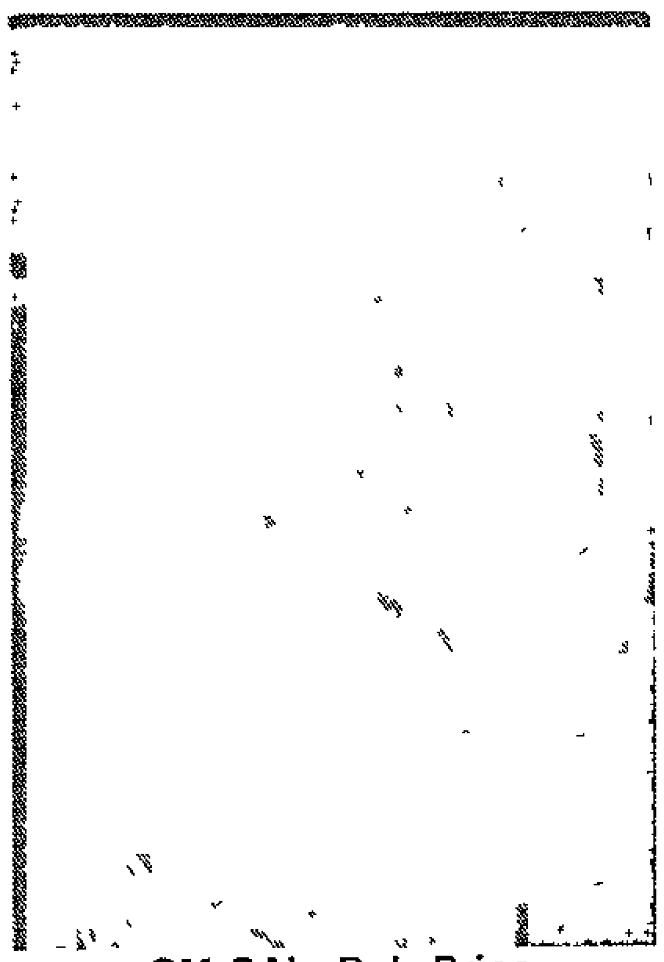
The deal virtually assures GM greater profits from South Africa, opens the possibility of new trade with the South African government and military forces, and, according to the recent issue of *Automotive News* published in Detroit, possibly earns for GM tens of millions of dollars in income tax deductions.

The only wild card is the National Automobile and Allied Workers' Union (Naawu), which called a strike of GM auto workers immediately it heard the company was withdrawing from South Africa Its leaders are furious at having been ignored by GM's negotiators

The three-week strike was a failure, with the company rejecting the union's demands for severance pay and pension refunds from the disinvestors

Of the 867 strikers fired by the company, only 338 have regained their jobs and 320 new recruits have been hired This means a reduction of 220 union jobs

"GM has cut its losses at the workers' expense," says Naawu general secretary Fred Sauls "They can only kid certain people They say they are selling out to South Africans, but these are all the same guys"



GM SA's Bob Price

The company has halved its workforce during the past five years and further retrenchments seem inevitable In that event, Sauls says, "we will fight for our jobs"

Outgoing chief executive Bob White rejects the union's demands He says that the withdrawal was a shrewd move "We can diminish the political pressure while minimising the cost of going forward"

GM's South African operation employed 3 000 people last year and sold 35 000 vehicles By the time the withdrawal was announced it was struggling to maintain its 10 percent of the market, and debts had mounted to at least R100-million

"We had no alternative," says White "We were flirting with technical bankruptcy We had all the grief of being here with none of the profits"

The new GM South Africa management is a solidly loyal, GM-trained team The new chief executive elect, Robert Price, has run GM operations for 35 years

GM South Africa's technical director, Keith Butler-Wheelhouse, is the new managing director, and strategic director André van Rooyen, as well as personnel director George Stegmann, will keep their jobs in the new team

The withdrawal deal means GM South Africa will take over GM's local manufacturing and assembly plants, and make and distribute GM vehicles under a five-year renewable franchise agreement

GM has the right to review certain South African management decisions without having a share in the company In return, GM South Africa gets a cash injection which makes it financially the cleanest motor company in the country

At the time of the withdrawal announcement GM raced through a payment of $25-million (about R63-million) to its South African creditors

The new company will be able to market its products more aggressively to the SA government without fear of transgressing the new US anti-apartheid law

Government agencies represent one of the only growth areas in a market which is already severely overtraded Although White explains that US products cannot be sold to the South African government, he says the company has been working on re-sourcing components from elsewhere

Under the new arrangement, GM can claim dividends via its non-South African subsidiaries, from its vehicle trade with the SA government At the moment the bulk of parts for GM South Africa's vehicles comes from Opel, a wholly owned GM subsidiary in Germany and Isuzu in Japan, in which GM has a 33 percent stake

Automotive News claims that GM stands to gain tens of millions of dollars in US tax deductions, by declaring its heavy losses in South Africa before the new US tax law comes into effect next month. The Internal Revenue Service would, says the journal, pay GM 46 cents for every dollar lost over the years in South Africa.

The jobless: The strikers, the scared, the sacked

The people on the streets: MBULELO LINDA talks to some of those who have lost their jobs

FOR 16 years Lucas Bere built cars on the factory floor of the General Motors plant in Port Elizabeth

In an office above the factory sat a company director who helped decide how to market those cars

Today, both are out of work

Bere is on strike, with little chance of being re-employed And the executive was among 100 salaried staff, from executive level downwards, who were retrenched on Monday

The retrenchments were part of rationalisation aimed at floating the South African-owned company

Most of the 100 axed salaried employees were employed in maintaining links with the American head office in Detroit, according to company sources. This followed GM USA's pull-out and hand-over to local managers seven weeks ago

I interviewed Bere in his Kwazakele township home He has done much of the renovating himself. the wooden ceiling, the red stoep

Above the excited squeals and shouts coming from the kitchen, where his three toddlers, aged two, four and six, were playing *undize* — hide and seek —Lucas said the family would be living on the salary of his wife, Nomzamo A nurse at Livingston hospital, she earns R600pm

He remained positive about the workers' action which had cost him his R120 weekly wage at the Kempston road plant

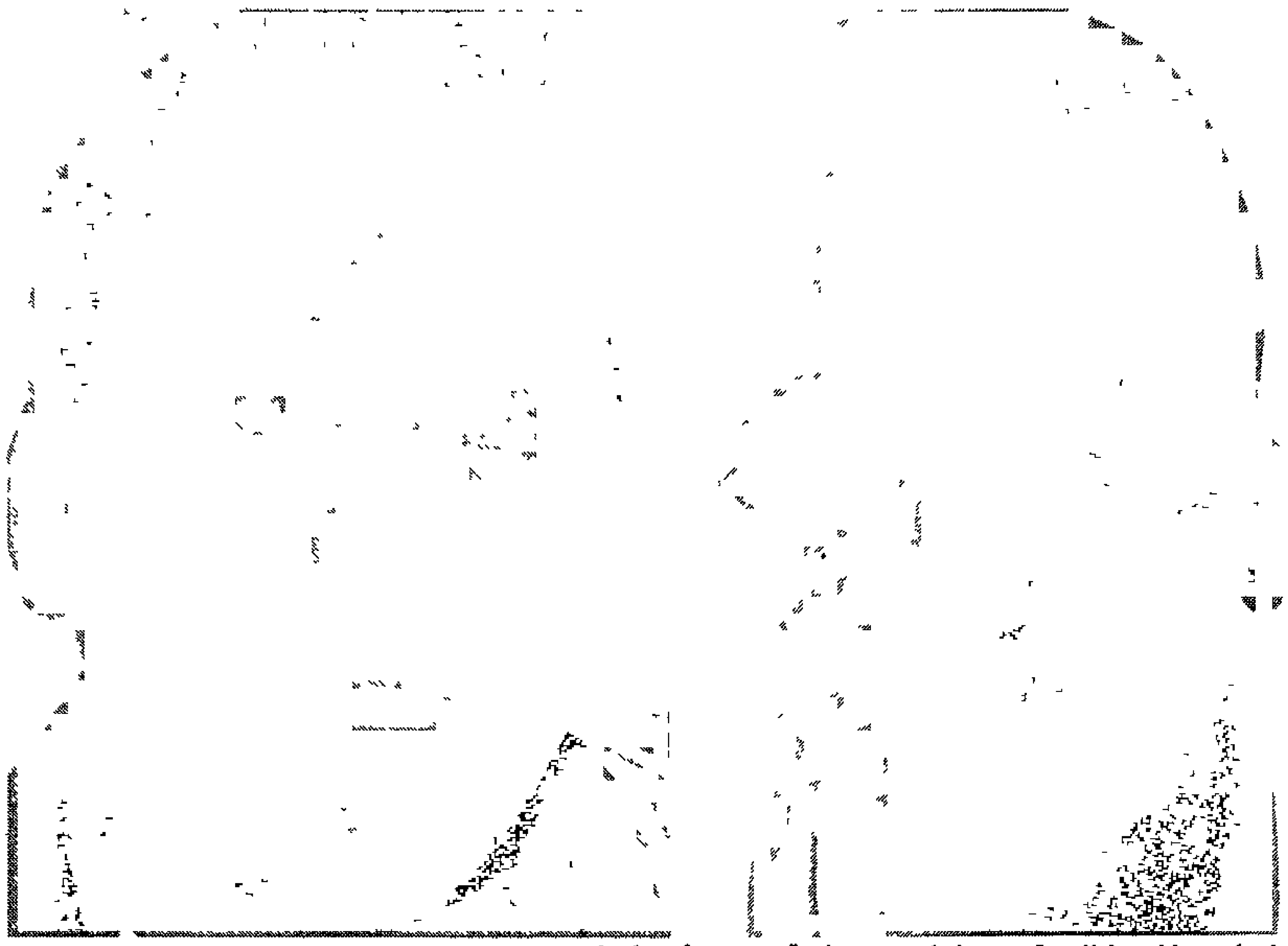
"I still believe we did the right thing to strike — especially just before the launch of the Monza," he said

He clings to the belief that he and over 400 others will get their jobs back one day, despite management statements to the contrary.

"I'm not too worried In fact I'm pretty confident I'll be back at work in two weeks," he said

A member of the detentions-hit Motor Assembly and Components Workers Union, (Macwusa) he expressed bitterness towards the leading union in the strike, the National Automobile and Allied Workers Union (Naawu) because "they admitted in court that our strike is illegal"

Bere was surprisingly conciliatory towards 228 mainly coloured workers, part of a group of 567 workers at the heart of the strike, who went back to work. (Over 100 workers joined the strike after the 567 were fired, bringing the present figure to 450)



Two of the striking GM workers — Lucas Bere (l): "We were right to strike" and Busta Mdletye. "I won't desert the strikers"
Picture Mbulelo Linda

"I feel sorry for the *inywagi* (back stabbers) because now they can be fired at any time And it is not like it used to be. All the shop stewards are out on strike.

"I have heard that workers are not allowed to stand in groups because the supervisors are constantly on the look-out for what they say are 'conspiracies'."

He was sceptical about the new workers' ability to maintain standards set by the strikers· "When GM management changed its output figures from 150 to 50 cars per day, it was proof to us that standards could not be maintained because the new workers were inexperienced."

His colleague Buster Mdletye, 28, has worked for GM for seven years and is also supporting the strike

"I've got a family of six to support," he said, "but that's not pushing me to desert the other strikers."

Mdletye's sister, who now supports the family on her wage as a domestic worker, said· "There are no good weekends for me anymore I am waiting for the better days"

Another black GM worker enjoyed "the better days" — but only briefly Returning to the factory shortly after the strike began, he has now rejoined the strikers

He had been unemployed for four years before getting a job at GM He has four children to feed, and no money to spare for the house — with peeling paint, broken furniture In the yard are two shacks built out of wooden GM car boxes

"Being unemployed is very frustrating," he said. "I am the only breadwinner I support three families my wife and two kids, my sister's two children, and my parents, who live in the Ciskei."

His sister's children came to stay after their father was retrenched when Ford closed down in Port Elizabeth last year

"There are two others I support who are unemployed. They live in those shacks behind the house."

He said he had no alternative but to go back to work When GM began to employ outsiders, he said, "I was sure we would never get our jobs back"

Now he is back on strike "because of community pressure. Some of us had our homes petrol-bombed.

"I couldn't oppose the pressure I don't want to be seen as a collaborator because I do support the strikers' demands."

Unlike Bere, he does not believe the strikers will be reinstated He has learned from a failed strike at a nearby factory, Industex, where the entire workforce was replaced after a strike

Shock and uncertainty are the major reactions of salaried staff retrenched this week

A secretary who served a departmental head said she had been told not to return the next day when she was about to leave for home "I feel what has been done has been done," she says

"GM was good to us all these years," said the wife of a retrenched executive "It doesn't help to say anything about them now"

An executive was trying to be fair. "Some aspects make me bitter, but not the company itself," he said "In three months' time I will be able to look back at it logically Phone me then"

Said another "When I pick up the phone I keep hoping it will be someone offering me a job We're all committed financially, and obviously I'm bitter about it."

But for at least one executive, retrenchment was a blessing in disguise

"It's the best thing that could have happened," he said "It pushed me into starting my own business. I'm one of the lucky ones I feel very bad for the others" — East Cape News Agency

Argus 5/11/86 (192)

GM studying new proposals

Argus Bureau

PORT ELIZABETH — New compromise proposals which emerged at talks between striking GM workers and management appear to have averted escalation of their six-day-old dispute.

GM's labour relations manager, Mr Rob McIlwaine, said the company was considering the proposals and, pending a decision, none of the threatened dismissals or a lock-out would take place

But union sources say the sit-in occupation of the GM plant by striking workers would continue until the dispute was resolved

The general secretary of the National Automobile and Allied Workers Union (Naawu), Mr Freddie Sauls, said the main proposal which could break the deadlock concerned payment of workers' pension benefits, which he called an "emotional issue"

The proposal is that the company's pension fund be submitted to actuaries to calculate the amount due to members from their own contributions, plus company contributions and any return on investments

When a figure for each worker was calculated, he or she would be told what it was and given the option of taking the money or transferring it to a provident fund to be established in consultation between GM and the unions

Severance pay

A second proposal was that the question of severance pay be referred to GM headquarters in the United States, Mr Sauls said

After the meeting he said it was important that both sides had sat down together to reach an understanding of the issues

Mr McIlwaine confirmed that the talks had been cordial and said GM would respond to the proposals as soon as possible

He said he had appealed to the unions to end the sit-in

Car firm pins hopes on new model

By HERMAN FOURIE
Motoring Editor

GENERAL MOTORS in South Africa is pinning its hopes for the future on the latest in its successful Kadett T-car series, the Opel Monza

Of all the passenger cars marketed by GM, the T-car range made up half the sales — in August 685 Kadetts were sold out of a total of 1 279, according to the latest National Association of Automobile Manufacturers of SA (Naamsa) figures

The announcement that GM was withdrawing its US interests from South Africa has not affected GMSA's planned launch of a new model to complete the T-car line-up, the Opel Monza

The Monza shares its mechanical features with the rest of the range of Opel hatchbacks, and is distinguished mainly by a new rear with a roomy boot

The Monza bears the same relationship to the T-cars as the VW Jetta does to the Golf

TWO SIZES

Initially the Monza will be available only in two engine sizes, a 1,6ℓ and a 1,8ℓ, with a fuel-injected 200km/h flagship using the same power plant as the GSi hatch

Next year, a more powerful model with a new 2ℓ engine will be available.

The launch of the Monza takes place against an increasingly gloomy prospect for the motor industry, with total cars sales this year expected to reach a 10-year low of 180 000 units

The most optimistic sales figures expected next year are 188 000, a mere 5,5 percent higher than this year.

This static volume of sales means that manufacturers can only boost sales by increasing market share

BUSDAY 23/12/86.

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Support for new GM team

SOME 198 members of the General Motors dealer council have agreed to renew their dealerships with GM following the US parent's disinvestment decision

Chairman of the council, Mike Niewoudt, says that dealers throughout the country have supported the management buy-out team

"Initially, some of us had our reservations about the new deal, but we are now solidly behind it," he says

He adds that that dealer support is also a strong vote of confidence in GM's new Monza range.

The "new" GM, for which a new name is to be found "before the new year", will officially start operations from January 1. Production will continue in Port Elizabeth and jobs have been secured, says an announcement

It continues "Performance is expected to improve because the US parent has cleared the debt desks and left an exceptionally strong balance sheet" — Sapa

GM will make tax gain from pullout

Star 27/12/86

192

DETROIT — By selling its South African subsidiary before the new American tax law takes effect, General Motors Corp will gain millions of dollars in income tax deductions, the *Automotive News* trade journal says

GM officials denied that the decision was linked to tax advantages

Tax experts at two large national accounting firms said that GM's sale of its South African subsidiary now — rather than after the tax law changes next year — meant, in effect, that the US Government would reimburse 46 cents of every dollar GM lost in South Africa over the years, the journal reported The losses were believed to be in the tens of millions.

By selling in 1986, GM could write off those accumulated losses at the 46 percent current corporate tax rate, instead of at the reduced rates dictated by the tax overhaul legislation, the story said

"Our decision to divest was not affected by a change in the tax code," a GM spokesman told *Automotive News*.

END OF APARTHEID

When GM announced on October 20 that it would withdraw from South Africa, it said its main objective was to create a financially sound organisation that would "continue to be a positive force in the ending of apartheid".

Present tax law does not allow corporations to write off losses from an overseas subsidiary in their US taxes. But corporations can accumulate those losses over the years and write them off when disposing of an overseas subsidiary.

And the tax benefit from that deduction under 1986 US tax laws was worth more because the corporate tax rate was currently higher than it would be after January 1 1987 when the corporate rate dropped from 46 percent to 40 percent, *Automotive News* said. The rate will fall to 34 percent on July 1 next year.

In announcing the decision to disinvest, GM acknowledged that its losses and the poor economic conditions in the country were factors in its decision. — Sapa-Associated Press.

New GM owners will honour deals

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STAR 27/11/86

By Sheryl Raine

Agreement has been reached between the General Motors Corporation and a local management team to take over GM South Africa on January 1, the company said yesterday.

The signing of implementation documents is expected before the plant closes on December 19.

"We are delighted this complex negotiation is nearing conclusion," said Mr Bob White, GMSA managing director.

"Now the new management can move forward quickly with its new marketing strategy."

This includes renewal of the five-year franchise agreement with dealers.

Mr White said the worker situation had been resolved after GM was hit by a three-week strike by employees demanding severance pay, pension fund payouts and a voice on the board of the new company.

Although most strikers are back at work, the battle with the National Automobile and Allied Workers Union resumes in the Industrial Court in Pretoria on Wednesday.

"Production is almost back to normal and we are beginning to make up the Monza backlog," said Mr White.

"We appreciate employees' concern that their position might be affected by the withdrawal of the American company. But we have said all along the new owners will honour agreements with the unions."

Dealers slash car prices to catch custom

SUNTIMES

28/12/86 192

DEALERS are slashing prices to bring new cars back in reach of buyers' pockets.

By Don Robertson

General Motors and Toyota dealers are offering discounts ranging from R2 300 on a small car to R4 000 on a diesel bakkie. Other dealers are expected to follow.

Bob Thomas, past chairman of the National Automobile Dealers Association (Nada), says dealers are making good profits and can afford price cuts to boost volumes.

Although most car-makers are suffering large losses because of depressed sales, dealers are doing well on prices that have rocketed by 65% in the past two years. Dealers' margins are unchanged at 17% to 18%.

This means they are receiving up to 65% more a car than two years ago, even though sales this year are expected to reach only 175 000 compared with the record 301 500 in 1981.

Price war

Fearing a price war, Mr Thomas warns against discounting. He says: "The Maintenance and Promotion of Competition Act imposes constraints on dealers getting together to agree on pricing, but it would be a sad day if this were taken to be a signal to throw sensible trading practices out of the window.

"Nada has a responsibility to warn members at every opportunity of the hazards of undisciplined trading."

Mr Thomas says that in spite of the poor market, dealer fortunes have improved and trading conditions are better than they were in 1985.

The reason is that regular increases in new-vehicle prices have meant dealer profits a unit sold have increased. The sale of old stock has also improved margins, and inflation has had its effect on parts' prices and margins.

He says that manufacturers appear to have planned for the downturn better than in the past and stock pressures have not been a negative factor. In many cases, product has been in short supply.

Shortage

Another factor, he says is the shortage of used cars which has had the effect of pushing up prices. In addition, staff turnover, a hidden but high cost item, has been low because of poor economic conditions.

These factors are likely to continue for most of 1987, "so the environment in which we find ourselves must be considered normal and our industry should continue to present us with opportunities to make money".

Under these conditions, dealers are able to offer price cuts or buy back cars at original retail price.

Itz Arenstein, managing director of Arenstein's Motors, offers the 1,3*l* LS Opel Kadett at R12 799 compared with the list price of R15 185. He sells Isuzu one-ton diesels at a discount of R4 025.

Mr Arenstein says he is able to offer these deals because he is selling stock bought before the latest price increase. He is not receiving any assistance from General Motors.

Pretoria Toyota will buy any Toyota product from 1979 at the original price.

Sales manager Lambert van Sittert says the price of a Toyota SR5 in 1979 was R5 885, and the trade-in price is now R3 020. By offering a discount on a new Sprinter 1,6*l* of R1 946 and adding R500, he is able to almost match the original price of the SR5.

By doing this, he is giving away almost the entire 17,25% he would normally make on the Sprinter which has a list price of R19 465. Although this is hardly the way to great profits, Mr van Sittert says he would probably make about R1 000 on the resale of the SR5.

Curries Motors is selling the 1,3*l* Kadett at R12 995, slightly higher than Arenstein's price.

Sales manager Lucky Gertenbach says the price of used cars has rocketed, adding to dealers' profits.

In the past month the trade-in price of a 1985 Opel 3*l* Commodore has risen from R18 000 to R20 000, according to the dealers' bible, the Auto Dealers Digest. A 1985 Sierra XR6 has risen from R16 800 to R18 200. This has meant that trade-in prices have risen by about R1 500.

A review of the classified advertisements shows a similar situation. For instance, a 1984 Toyota Corrola 1,3*l* is selling for R8 550 compared with the original cost of R6 500.

New-car sales for 1986 are expected to be the lowest for some years at 175 000, says Dudley Saville, chief operations officer of the largest motor dealer, McCarthy Group. December sales are expected at about 13 000, marginally lower than the 13 109 in November.

Fiscal drag

The rise in prices has been the most significant factor in the market, he says.

"We are faced with an unaffordability problem and fiscal drag which is reducing consumer spending. As a result, car sales next year are unlikely to top 180 000."

A saving grace has been interest rates, which have fallen by about 50% from the peak of 25% in 1985.

"One shudders to think what the market would be like if interest rates were higher," he says.

Price increases next year should be about 17% to 18%.

28/12/86 (192)

ADE stepping up local content

SUPPLIES

By Don Robertson

ATLANTIS Diesel Engines will increase local content of its motors by 21% to about 81% by the middle of 1988

The programme will add 275 components next year to the 1 300 items produced in SA and another 700 will go into production in the first six months of 1988

Piet Greyling, general manager, supply, says "We will commit to local (component) manufacture as much in the next 18 months as we did in the previous four years"

Mr Greyling says in ADE News that becuase of the decline of the rand and dollar against the mark, many components sourced from Germany can now be made profitably in SA

In addition, component manufacturers need more business

"Dwindling volumes have made it difficult for component suppliers to maintain quality standards and remain viable By increasing the number of components manufactured by each supplier, volumes can again be built up and jobs retained that have otherwise become threatened"

However, ADE must be satisfied that the technology is available and that local manufacture makes economic sense

"We can obtain, for instance, the technology to produce fuel pumps, but due to the relatively small volumes required for domestic consumption, we could never justify the investment needed to do so," says Mr Greyling

ADE has a responsibility to help its suppliers to remain in business

"We cannot allow the investment to go to waste, especially at a time when the country needs all the skills it can muster in its fight for economic survival"

The project now under way is in line with the original aims of ADE's local-content programme as agreed with its foreign partners

The 275 new components will add about 10% to the 60% local content of the in-line engines which make up about 80% of ADE production The 700 units in 1988 will add 10%

ADE has become more selective in what it wants and is playing a more dynamic role in identifying production opportunities and the companies that can best produce them

Mr Greyling says that if ADE cannot find a manufacturer equipped to produce crucial components to its standards, it will make them "That, however, will be the exception We have no intention of competing with the component manufacturing industry We would much rather expand our partnership arrangement with suppliers"