SUGAR

1974 - 1976

SOUTH AFRICAN SUGAR ASSOCIATION

Agri – Sugar

Report of The Small Cane Growers' Financial Aid Fund (1974/75) –
a new approach to development

FOREWORD

The South African Sugar Association has accepted for some time that it has a special responsibility to its developing members. These are almost all Zulu, Indian and Mangete growers. After thought and discussion, the Association established a Trust Fund of R5 million to assist these farmers and this is named The Small Cane Growers' Financial Aid Fund.

The Fund's development programme was planned in consultation with the Government of KwaZulu and the Natal Indian and the Mangete Cane Growers' Associations. Its emphasis is on education supplemented by the provision of low-interest credit. It is in harmony with the developing farmers' needs and expectations.

As this programme is a new approach to development in Southern Africa, the Small Cane Growers' Financial Aid Fund Committee agreed to publish the Fund's first annual report, for restricted circulation, in the belief that it would be of interest to students and institutions who are especially concerned with the development of rural communities. The report defines the Fund's philosophy and its objectives and these will no doubt also be of interest to other development agencies.

A.A. LLOYD
Chairman

THE SMALL CANE GROWERS' FINANCIAL AID FUND COMMITTEE

EX OFFICIO
Chairman, S.A. Sugar Association — A.A. Lloyd (Chairman)
Vice-Chairman, S.A. Sugar Association — W.D. Simpson

GROWERS	MILLERS
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W.H.L. Chance	D. Pole
A.J. Wadlington	R.D. Ridgway
R.S. Morris	R.A. van Breda
J.B. Dudson	J.P. Milner
Alternate: R.S. Cairns	Alternate: G.M. Shuker

S.A. SUGAR ASSOCIATION
R. Sale

FINANCIAL AID FUND
A.F. Schaffer — Manager
R.E. Bates — Secretary

PART ONE

ESTABLISHMENT OF THE FUND

This is the first annual report of The Small Cane Growers' Financial Aid Fund and it is consequently necessary to record briefly why and how the Fund was established and what it has achieved during the past year.

For some time the South African Sugar Association has recognised that it has a special obligation to its developing members and in 1972, on the recommendation of its Planning and Development Committee, the Association resolved to create a trust fund of R5 million to assist small cane growers to develop their efficiency and productivity.

The Fund was established on 30 April, 1973, in terms of Clause 72 (2) of the Sugar Industry Agreement, 1943 (as amended) which reads:

"72(2)(a) There shall be established a fund of five million rand (R5 000 000) to be deducted from the proceeds of the 1972/73 crop and to be known as 'The Small Cane Growers' Financial Aid Fund' for the purpose of assisting those growers who may be eligible as determined by the Sugar Association from time to time in consultation with the Minister.

(b) The Fund shall be administered by the Sugar Association in accordance with rules approved by the Minister."

The Minister of Economic Affairs approved of the administrative rules on 27 September, 1974. These rules prescribe, inter alia, that the operation of the Fund shall be vested in the Council of the South African Sugar Association and that its administration shall be controlled by a standing committee appointed by the Council.

The Fund is administered by The Small Cane Growers' Affairs Department of the Sugar Association. The Manager and the Secretary were appointed on the 1 January, 1974, and 1 March, 1974, respectively.

Paragraph 5 of the preamble to the administrative rules reads:

"It is envisaged that ultimately the Fund will ensure maximum benefit for the developing sections of the Sugar Industry and the creation of improved living standards, opportunities for training, and the assumption of full responsibility for the management of their own affairs at the earliest opportunity."

The Fund is thus not simply a provider of monetary aid: it is essentially a development agency. Development is concerned with people — with improving the quality of life — and the Fund's primary aims are to raise the productivity of small cane growers and to promote their economic advancement so that as self-reliant members of the community they may lead richer and more satisfying lives.

The terms "developing sections" and "small cane grower" are inexact expressions and it was necessary for the Association to state in precise terms whom the fund would assist. It decided that the money should be used to benefit small cane growers and it defined a small cane grower as one whose average deliveries to a mill over the previous two seasons have not exceeded 1 000 metric tons of cane and who has no access to credit facilities offered through commercial banks or other sources.

The Association also resolved that the Fund should be operated as a revolving credit. It consequently has an obligation to recover loans granted to growers. In other words, although the Fund is a non-profit organisation, financial assistance to individuals is made available on a loan basis only and interest and redemption will be utilised to provide further assistance. This is especially necessary because of the high potential for new development, particularly in KwaZulu. Interest on loans is at the rate of 3% per annum for the first four years and at the rate of 5% per annum for the following six years. All loans must be redeemed within ten years.

It was apparent from the outset that a rigid, centralised administration from the Association's office in Durban was neither practical nor desirable. Mill group local committees, comprising both grower and miller members, were therefore formed to administer the Fund in mill areas. The members of these committees have voluntarily given of their time, their knowledge and their energy to promote the objectives of the Fund. Mill group local committees have the benefit of the advice of committees nominated by the KwaZulu Government, the Natal Indian Cane Growers' Association and the Mangete Cane Growers' Association. The members of these committees are prominent persons in their own communities and they, too, serve without remuneration.

It was always intended that the main beneficiaries of assistance provided by the Fund would be African, Indian and Mangete growers and, before the Fund was formally established, the concept was discussed in detail with and received the approval of the KwaZulu Government, the Natal Indian Cane Growers' Association and the Mangete Cane Growers' Association. The Association has, in fact, received encouragement from the Executive Council of the KwaZulu Government and active co-operation and assistance from the KwaZulu Department of Agriculture and Forestry. It has also received the fullest support at all times from the Indian and the Mangete Cane Growers' Associations.

The Hon. Chief O.S. Sibiya, Executive Councillor for Agriculture and Forestry in the KwaZulu Government

The Chairman, Mr Anton Lloyd, discussing the establishment of the Fund with Mr E.D. Ewer, Chairman of the Mangete Cane Growers' Association (left) and Mr C.S. Chinsamy, President of the Natal Indian Cane Growers' Association.

EDUCATION AND EXTENSION SERVICES

On the 25 March, 1974, a meeting was held with the Executive Councillor for Agriculture and Forestry of the KwaZulu Government, with officials of his Department and with the members of the KwaZulu Committees. At this meeting the Chairman of the Standing Committee explained the objects of the Fund and the manner in which it would be administered. On the following day a similar meeting was held with the President and the Secretary of the Natal Indian Cane Growers' Association, with the President and the Secretary of the Mangete Cane Growers' Association and with the members of the Indian and the Mangete committees. The Chairman's statements were also publicised as news items over the radio and in the press. These meetings launched the Fund and it was from this time that it became actively operational.

In the past small growers had experienced difficulty in obtaining assistance. The establishment of the Fund now gave them access to low interest credit. An important consequence of these meetings and of the publicity accorded the Fund was the increased interest of the small growers and their increased expectations. Between the 1 May, 1974, and the 30 April, 1975, three hundred and seventy-three applications for financial assistance were approved by mill group local committees on behalf of the Fund. A statement which reflects the loans granted by the Fund in the area of each mill group local committee is shown in table "1".

Development is, of course, much more than the process of providing monetary aid. Financial assistance is of short-term value, whereas knowledge and skills are of permanent benefit. If small growers are to respond to the new opportunities, they require a higher level of training and agricultural knowledge. The Association recognised from the outset that extension services are an essential complement to financial assistance and in consultation with the KwaZulu Government it resolved to construct three farmers' centres in KwaZulu where farmers' days, seminars, courses and refresher-courses in sugarcane husbandry and agriculture, bookkeeping and the economics of agriculture, instruction in the servicing and maintenance of tractors and farm equipment, and so on, will be held. The KwaZulu Government has appointed fifty Zulu extension officers to the KwaZulu cane belt and it is intended that they will accompany their cane farmers to the centres and that they will thereafter carry out the "follow-up" work which is so important.

Educational programmes should be for the whole family. It would be wrong to neglect the farmers' wives and, whenever possible, appropriate courses will be offered to them: one thinks immediately of home economics, child care, music, arts and crafts, and family relations.

The construction of the three farmers' centres commenced during the year at an estimated cost of R600 000. They will be donated by the Association to the Government of KwaZulu which will staff, administer and maintain them. It is not improbable that the centres will even provide a suitable venue for conferences of non-agricultural organisations and for meetings with officials, and that they will become community centres in addition to their primary function as the centres of gravity of the agricultural sector.

On 1 September, 1974, the Fund appointed Mr K. Govindasamy, an Agricultural Assistant in the Agronomy Department of the Experiment Station, as its first Indian Extension Officer to work amongst the Indian sugarcane growers.

For the Indian and the Mangete small cane growers, the Fund has also introduced a mobile extension service which will visit each community in its own area.

The Mangete cane growers resolved to build a community centre in their own area and have offered to make this available for farmers' days, seminars and courses in sugarcane husbandry. This was a factor which the Association took into consideration when it made a cash donation to assist the Mangete people in defraying the cost of the centre.

Provision was made in the Fund's estimates of expenditure for the year for study/travel grants to a Zulu leader and KwaZulu civil servants with leadership potential to visit an African state and/or an overseas country to study what is being done elsewhere for the development of rural communities. Chief S.O. Sithole, Executive Councillor for Agriculture and Forestry in the KwaZulu Government, has accepted the Fund's offer of a grant for himself and selected civil servants from his Department with gratitude. However, due to the Executive Councillor's official commitments, the study tour has been postponed to the next financial year. It is, of course, intended to make similar study grants available to potential leaders from the Indian and from the Mangete small growers.

TABLE 1

Schedule to Show Distribution of Aid Available From and Granted by each Mill Group Local Committee

MILL GROUP LOCAL COMMITTEE	SUGAR CANE DEVELOPMENT					INDIAN AND [illegible] CANE DEVELOPMENT					Total Loans Granted	Grand Total R
	Fund Allocation to M.G.L.C.	Loans Granted			Funds Available for Loans	Fund Allocation to M.G.L.C.	Loans Granted			Funds Available for Loans		
		No. of Loans	No. of Hectares	Rand			No. of Loans	No. of Hectares	Rand			
[illegible] Felixton	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]	
Amatikulu	[illegible]	[illegible]*	[illegible]	[illegible]	[illegible]	—	—	—	—	—	[illegible]	
Darnall	[illegible]	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Doornkop	[illegible]	8	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]	[illegible]
Entumeni	[illegible]	[illegible]*	[illegible]	[illegible]	[illegible]	—	—	—	—	—	[illegible]	[illegible]
Glendale	[illegible]	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gledhow	[illegible]	1*	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]*	1	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	—	—	—	[illegible]	[illegible]	—	—	—	[illegible]	—	[illegible]
Tongaat	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]	[illegible]
Natal Estates	[illegible]	—	—		[illegible]	[illegible]	—	—	—	[illegible]	—	[illegible]
Noodsberg	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]	[illegible]
Union Co-operative	—	—	—	—	—	—	—	—	—	—	—	—
Illovo	[illegible]	—	—	—	[illegible]	[illegible]	—	—	—	[illegible]	—	[illegible]
Renishaw	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]	[illegible]
Umzimkulu	[illegible]	—	—	—	[illegible]	[illegible]	—	—	—	[illegible]	—	158 518
Umfolozi	—	—	—	—	—	—	—	—	—	—	—	—
Pongola	—	—	—	—	—	—	—	—	—	—	—	—
Malelane	—	—	—	—	—	—	—	—	—	—	—	—
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Certain loans are for agricultural machinery

Farmers' Centres, Mobile unit and Travel grants [illegible]

GRAND TOTAL [illegible]

OBSTACLES TO DEVELOPMENT

Table "2" reflects the productivity of Zulu, Indian and Mangete growers for the year ended 30 April, 1975.

TABLE 2

	No. of registered growers.	Extent of their farm lands in hectares.	Tons cane delivered. 1974/75 season.	Average yield per hectare in tons.	Percentage of growers who delivered cane to mills.
Zulu	4 741	17 048	418 784	24,6	74%
*Indian	1 841	26 028,5	913 600	35,1	84,7%
Mangete	57	1 355	29 968	22,1	77%

* (N.B. Some of the Indian farmers are not "small cane growers" as defined in the rules.)

The industrial average yield per hectare for the same period was almost twice that of the Zulu farmers and more than twice that of the Mangete growers. It is apparent, therefore, that the Zulu, the Mangete and — to a lesser extent — the Indian small growers have problems and that these are probably more complex than a lack of motivation and education and the absence of low interest credit.

Inflation has been a severe burden. In common with other sectors, the Fund and small growers have suffered from spiralling costs. When the Fund was established financial aid to individuals was limited to loans of three hundred rand per hectare for new development and to one hundred and six rand per hectare in the case of existing canelands. These amounts were based upon 1972/73 costs and upon the estimated extent of land to be developed and to be re-established. It was not long before the 1972/73 figures became unrealistic and the standing committee permitted an increase of ten per cent on the prescribed amounts.

In November, 1974, the Committee was again obliged to review the position and it then gave the following directive:—

"(a) The distinction between 're-establishment costs' and 'costs of new development' as a basis for the provision of different rates of monetary aid, is withdrawn;

(b) mill group local committees are authorised to grant loans to applicants who qualify therefor up to a *maximum* of R440 per hectare for the purpose of new sugarcane development or for the purpose of re-establishing canelands;

(c) in respect of sugarcane lands on which there are standing crops, a loan which may be referred to as a 'ratoon management loan' and which may not exceed R150 per hectare, may be granted in the discretion of mill group local committees to qualified applicants but subject to the conditions that (i) no such loan may be approved unless and until any previous fertiliser or herbicide loan (including a fertiliser or herbicide loan granted by a mill) has been repaid in full, and (ii) such loan shall be repaid in full from the proceeds of the following crop;

(d) an applicant who receives a loan under paragraph (b) shall not qualify for a loan under paragraph (c) and vice versa in respect of the same land; and

(e) the total allocations to mill group local committees may not be exceeded. In other words, the principle of 'first come, first served' shall be adopted and when the authorised allocation to a mill group local committee is expended, no further loans may be authorised by it without the Committee's approval."

The Standing Committee was, of course, influenced by the fact that a higher cane price would off-set the burden of the increased repayments.

On 15 April, 1975, the Committee again reviewed the situation because of the exceptionally high increases in the prices of fertilisers and herbicides. It then authorised a further increase in loans up to a maximum of R550 per hectare for new development or for the purpose of re-establishing canelands, but made this authority conditional upon a proportionate increase in the price paid for cane delivered to a mill.

In KwaZulu the Fund only operates with the knowledge and approval of the KwaZulu Department of Agriculture and Forestry. This Department prescribes which areas of the Homeland are to be used for new sugarcane development and it has agreed to construct and to bear the costs of necessary soil conservation works, contour banks and access roads. During this year the KwaZulu Department of Agriculture and Forestry has built 374,76 kilometres of contour banks and 135,22 kilometres of access and crest roads in new cane-growing areas.

Apart from high development costs, the absence of low-interest credit and the low level of applied technology, the Zulu small grower had to contend with an inadequate infrastructure. In such circumstances a solution may well lie in a form of co-operative action. The KwaZulu Department of Agriculture, with the promise of support from the Fund, has encouraged groups of farmers and farmers' associations and cooperatives to pool their resources to provide essential services for their members. The Zamani Cane Growers' Association at Umfolozi recently purchased its own crane and now operates its own loading zone.

A new loading zone is being established at Obanjeni to serve new development in Reserve 9. The Nkwali Farmers' Association at Mhongolwane, to whom the Fund granted a loan to purchase implements and fuel, is undertaking land preparation for its members. Where a properly constituted farmers' association or co-operative has resolved to provide necessary agricultural services for its members, but is unable to do so due to lack of funds, the Standing Committee has ruled that the Fund will be prepared to consider the provision of the financial assistance necessary.

Where co-operative action has not been possible, the Fund has asked the Bantu Investment Corporation to finance Zulu contractors to enable them to acquire the implements and machinery necessary to provide essential contractual services. In the area of the Amatikulu Combined Mill Group Local Committee, the Corporation has agreed to finance nine Zulu contractors who are expected to commence operating in May, 1979. To encourage Zulu contractors, the Standing Committee has given a directive that where a Zulu contractor is available and is capable of providing an efficient and economic service, preference should be given to him for the performance of contractual services in the KwaZulu Homeland.

In KwaZulu, settlement in defined areas and the rapid increase in population coupled with the traditional right of a married man to an arable holding for each of his houses, has overburdened the land and agricultural allotments have become uneconomic in size and their yields inadequate. Fragmentation of the land is, of course, not confined to KwaZulu and has caused problems throughout Africa. Nevertheless, such a system is basically unsound and militates against the development of full-time, bona-fide farmers and should not be entrenched. (Incidentally, the reference to traditional land tenure should not be interpreted as criticism of tradition itself. Tradition is not necessarily a barrier to development — it is an element that contributes to a sense of security and to emotional stability.) When the Fund was established 82.6% of Zulu growers occupied canelands which did not exceed 1.5 hectares in extent; 15.3% had lands which varied in extent from 1.6 hectares to 3.9 hectares; the lands of 11.8% of the growers were between 3.1 hectares and 4 hectares in size and only 2.3% of the growers occupied lands larger than 4 hectares. As the Fund's policy is to assist in the establishment of full time farmers on viable land units, it issued a directive that where an applicant for financial assistance has a small allotment and uses it merely to augment his income from his profession, occupation or employment, his application should not (in the absence of exceptional circumstances) be granted. The KwaZulu Department of Agriculture and Forestry supports this policy and is itself endeavouring gradually to establish larger land units by augmenting the existing allotments of good farmers and, in the case of new development, by allotting larger lands. One of the prerequisites for the establishment of full-time farmers is that the disparity between the income of the farmer and the earnings of the worker in commerce and industry must be eliminated, and this can only be achieved if the farmer has a land unit large enough to provide such an income.

A system arose in Africa in which those who occupy large parts of the land sought and obtained much of their living elsewhere. A majority of employees in commerce and industry and other urban occupations are migrant males who have rights to and retain an interest in the tribal areas. The migrant labourer cannot and, indeed, does not have to be a good farmer. The migration takes a disproportionate number of the most able-bodied men from the tribal areas. A serious handicap for the homelands is the brain drain from agriculture and the fact that very few young men enter the agricultural sector. The average age of the first two hundred and twenty-four applicants for assistance from the Fund was over fifty years. Twenty per cent of these applicants were more than sixty years old.

The Fund's main objective in KwaZulu is to assist the KwaZulu Government to establish confident, self-reliant, full-time farmers on viable land units, with security of tenure, who are able to make a good living from the land and who do not have to supplement their incomes by working in the towns and industrial areas. By good living is meant an income which will enable the farmer to maintain his family adequately, educate his children and participate with his family in those civic, cultural and recreational activities in which they are interested.

Special circumstances applied to the Mangete cane growers. The Mangete area, known as Dunn's Reserve, was a Scheduled Bantu Area and Mangete cane growers felt that their future there was insecure. The inevitable result of the atmosphere of instability was a drain of young people from the region. This situation was aggravated by an influx of squatters. However, Dunn's Reserve was excised from the Scheduled Bantu Area by Proclamation No. 118, dated 24 June, 1979, and the Government will make arrangements to value the assets of squatters who will receive compensation for their immovable improvements and who will then be resettled elsewhere. In addition, the Government will fence the boundary of the Mangete area.

The resettlement of the squatters should release land in the area for new sugar cane development. This development will, however, probably be delayed pending decisions on land claims.

PART FOUR

DEVELOPMENT POTENTIAL

In Part Three of this report some of the obstacles to the development of small growers have been described. This has been necessary so that the report may reflect the situation with accuracy. However, this is not intended to convey the impression that the Fund is despondent about the future. On the contrary, the Fund is confident that its objectives are attainable. But quick and dramatic solutions should not be expected. The development of the small farmer is a slow but progressive process.

In KwaZulu, while the Fund's assistance is important to the individual small cane grower personally, it is also significant in terms of the contribution it can make to the economic development of KwaZulu. The value of the 1972/73 KwaZulu crop of sugarcane delivered to mills was R2,4 million. The value of the 1973/74 crop delivered by Zulu growers was R2,7 million. For the 1974/75 season Zulu growers received R3,8 million. It is not difficult to estimate to what extent efficient farming methods and services would have increased these amounts. Although there are problems, there is a great potential. Table 3 is a schedule of land in KwaZulu which is highly suitable for sugarcane development. Figure "A" is a sketch map of the cane belt indicating the situation of these areas and their distance from the nearest mill.

The development programme for the R5 million Financial Aid Fund on the basis of loans to individuals (including approved farmers' associations and co-operatives) supplemented by those extension services and educational facilities authorised by the Committee, is moving in the right direction and it is important that it should not lose its impetus. This programme, which has now become known as Phase One, cannot result in instantaneous improvement in productivity: it takes time for the processes to take root and to produce results.

Phase Two has been devised to make a realistic contribution to the economic development of KwaZulu within a comparatively short time. It is a programme for the establishment of agricultural settlements of full-time cane farmers on large, sparsely populated tracts of land in KwaZulu. The Sugar Industry Development Fund will finance this programme by the provision of up to R5 million, drawn as development proceeds. Expenditure will be recouped from the proceeds of cane sales and will be refunded to the Development Fund. The proposals for Phase Two development have been discussed with the KwaZulu Government and are acceptable to that Government in principle. However, the development details and the areas to be developed may have to be varied, and by agreement, an ad hoc committee was appointed to investigate these aspects and "to report back." The ad hoc committee comprises the Assistant Director of the KwaZulu Department of Agriculture and Forestry, the Chief Professional Officer (Planning) and the Chief Professional Officer (Extension) of that Department and the Manager and the Secretary of the Small Cane Growers' Affairs Department of the South African Sugar Association.

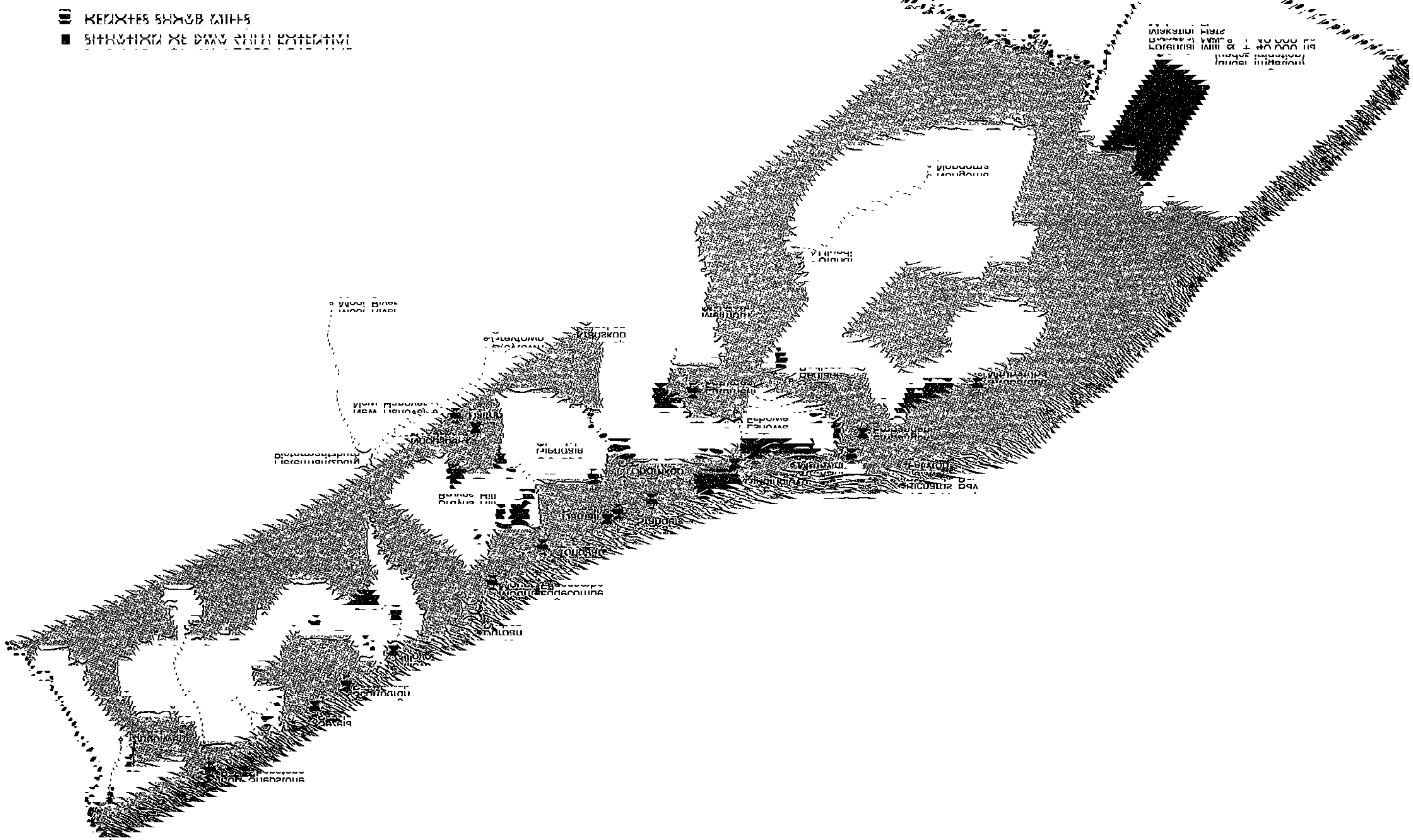


FIGURE A

TABLE 3

KWAZULU SUGAR POTENTIAL

Area	Potential Hectares	Mill	Approximate Distance to Mill in km
Reserve 5	9 000	Z.S.M. or Felixton	Rail
Melmoth Reserve 11	1 500	Amatikulu	60
Reserve 7b	1 100	Felixton	Rail
Reserve 9	7 250	Amatikulu	15
Entumeni	3 000	Entumeni	11
Inyoni	100	Amatikulu	11 - 15
Sitebe	100		
Reserve 8	5 800	Amatikulu or Darnall	11 - 15
Maqumbi	1 300	Darnall	15
Mapumulo	750	Darnall	22
Ozwatini	500	Tongaat	32
Icibini	1 400	Union	37

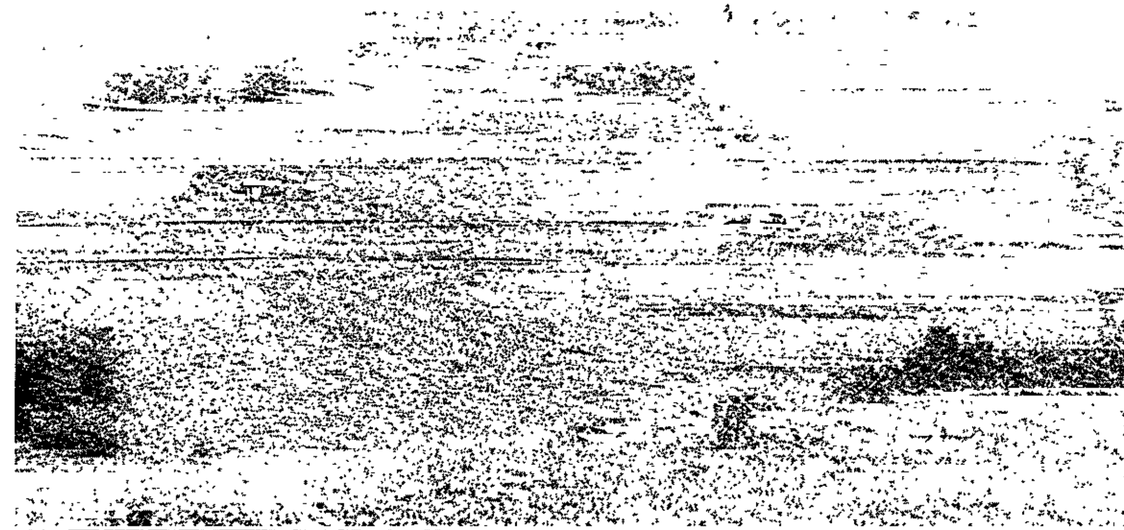
Area	Potential Hectares	Mill	Approximate Distance to Mill in km
Ndwedwe	5 800	Tongaat	22 - 30
Ogunjini	300	Natal Estates	21
Tutuga	3 000	Jaagbaan	21
Inanda Plateau	750	Natal Estates	34
Umbum-bulu	3 500	Illovo	24
Imfume	820	Illovo	13 - 16
Indududu	800	Sezela	24 to Renishaw
Umtwa-lumi	1 000	Sezela	19
Isipofu	2 200	Sezela	19
Otterburn	150	Umzimkulu	32
Xolo Area	800	Umzimkulu	43
Maringa Flats	700	Umzimkulu	48
TOTAL:	51 620		

PART FIVE

CO-OPERATION BETWEEN A GOVERNMENT AND THE PRIVATE SECTOR

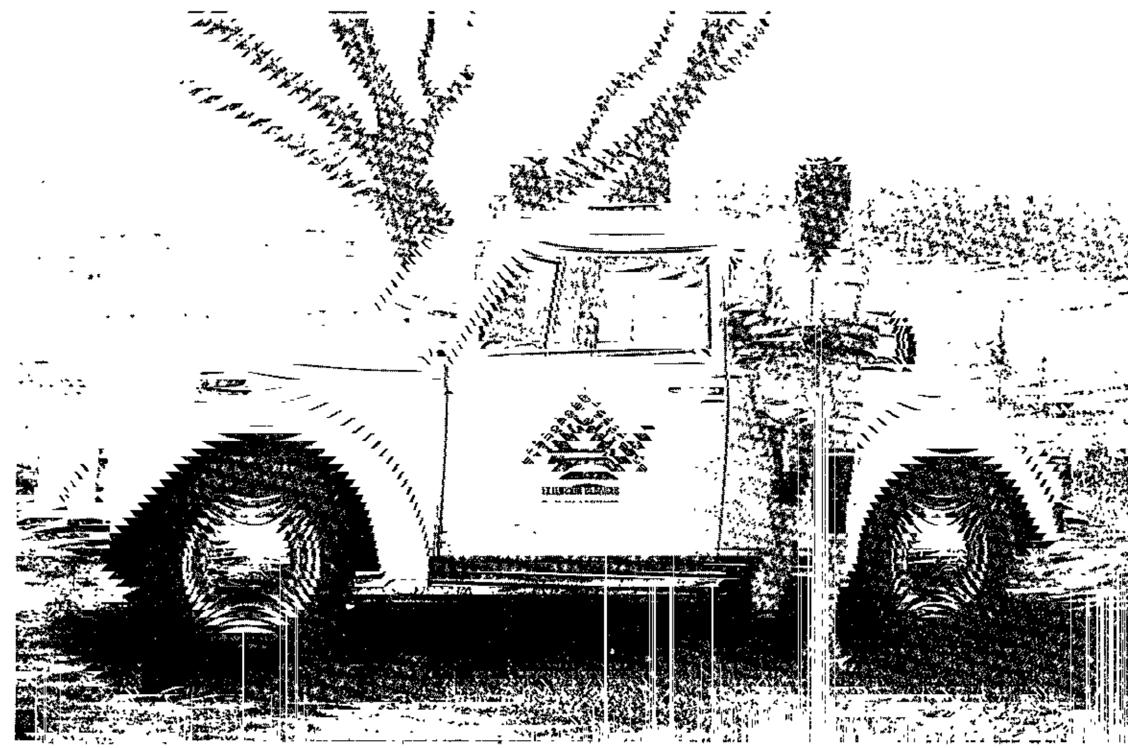
The Fund now has form and an administrative basis. From its inception to the present time, it has been a model of harmonious co-operation between a government and the private sector — it does not interfere in the administration or in the affairs of the recipients of aid. Its sole aim is to encourage development.

The Fund accepts that, unless small cane growers themselves desire and voluntarily participate in development, it cannot fulfil its purpose. The growers whom it is designed to assist must be shown what they can do to meet their problems and what benefits they will derive as a result. People cannot raise themselves solely by their bootstraps; when they require assistance, they should be encouraged to seek it, and they should receive the help they need. If they are allowed to play an active and intelligent part in their own advancement they will then absorb change to the extent to which they participate in it. In the last analysis the small cane growers must improve their lives by their own ability and energy, and the South African Sugar Association's assistance should take the form of friendly and unobtrusive support.



Cane farms in the Ndwedwe district of KwaZulu.

Mr D. Govindasamy, the Fund's Extension Officer for Indian Growers.



PAST PERFORMANCE OF CANE GROWERS

ZULU

Number of Growers who delivered and tonnage of cane

Crop Year	Number of Growers	Tonnage	Average per grower
1970/71	3 374	275 479	82
1971/72	3 377	418 593	124
1972/73	3 455	407 055	118
1973/74	3 328	367 047	110
1974/75	3 561	418 784	118
5 year average			110

Total quota growers as at 1 May, 1975 — 4 741

INDIAN

Number of Growers who delivered and tonnage of cane

Crop Year	Number of Growers	Tonnage	Average per grower
1970/71	1 621	619 654	382
1971/72	1 638	1 050 798	642
1972/73	1 581	902 688	571
1973/74	1 540	838 100	544
1974/75	1 560	913 600	586
5 year average			545

Total quota growers as at 1 May, 1975 — 1 844

BALANCE SHEET

as at 30 April, 1975

		R			R
CREDITORS		78 488	FIXED ASSETS		
ACCUMULATED FUNDS			At cost, less depreciation:		
Grant by S.A.S.A. 1973/74	5 000 000		Motor car and sundry equipment		1 389
Interest to 30 April, 1974	349 883		LOANS		
	5 349 883		Loans to small cane growers		[illegible]
Add: Excess of Revenue over Expenditure during the year	285 113	5 634 996	CURRENT ASSETS		
			S.A.S.A. — Industrial Account	5 5[illegible]	
			Accrued interest on loans	1 [illegible]	
			Bank balance and cash	[illegible]	5 538 [illegible]
		R5 713 484			R5 713 484

INCOME STATEMENT

for the year ended 30 April, 1975

OPERATING EXPENSES			INCOME		
Depreciation of motor car and sundry extension equipment	[illegible]		Interest Received		
Motor Car Expenses	[illegible]		S.A.S.A.	[illegible]	
Extension Officer's Salary	1 [illegible]		Loans to small cane growers	1 [illegible]	[illegible]
Bank Charges and Stationery	[illegible]	2 558			
DONATIONS TO FARMERS' CENTRES		137 [illegible]			
EXCESS OF REVENUE OVER EXPENDITURE TRANSFERRED TO ACCUMULATED FUNDS		285 113			
		R[illegible]			R[illegible]

ANNEX THREE

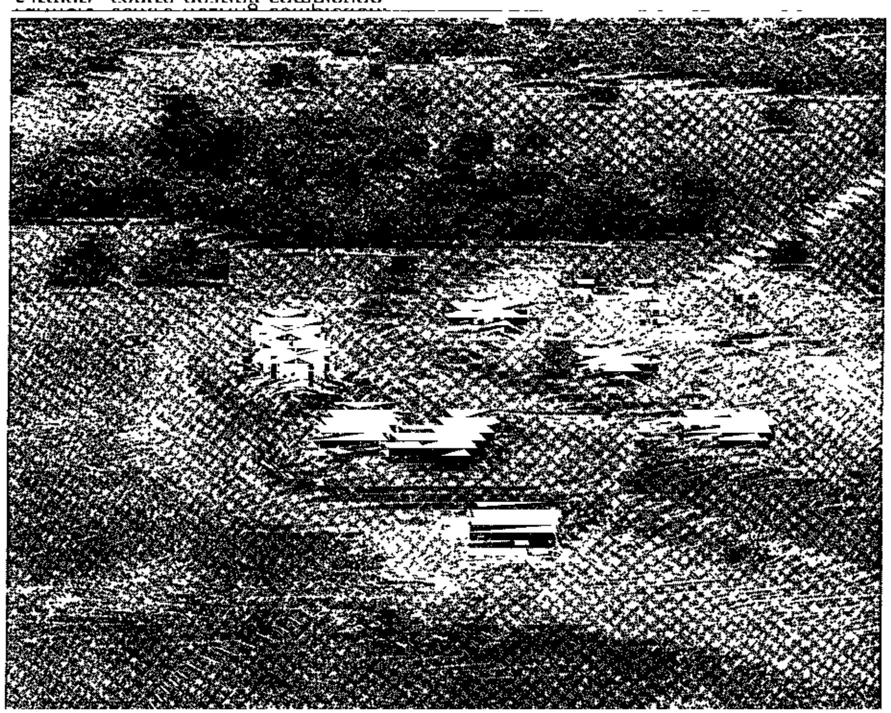
The commitments of The Small Cane Growers' Financial Aid Fund as at 30 April, 1975, were as follows:—

Loans: Zulus	387 894	
Indians	5 440	
Mangete	45 030	
		447 364
Farmers' Centres		600 000
Mobile unit (Indian extension service)		12 920
Travel grants		20 000
		1 080 284

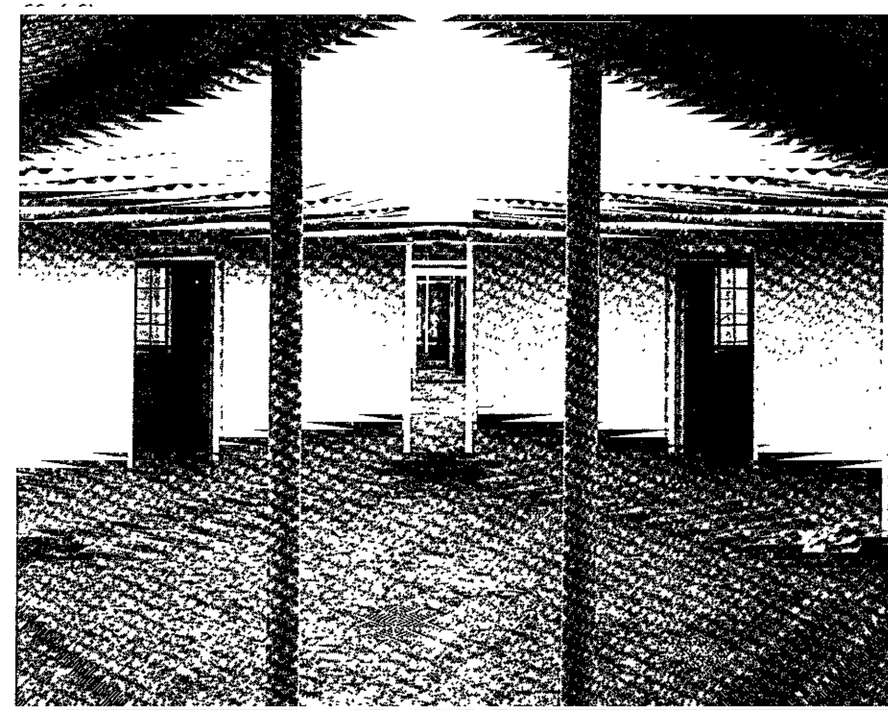
Of the commitments the following funds had been advanced by the 30 April, 1975:—

Loans: Zulus	163 191	
Indian	3 946	
Mangete	7 531	
		174 668
Farmers' Centres		137 771
Mobile unit (Indian extension service)		4 328
		316 767

An aerial view of the Umsinduze Farmers' centre nearing completion



Part of the accommodation section for visiting farmers at the Umsinduze centre



Detente, of course, has been a keystone in the Nixon foreign policy, not as an end in itself, but as a way-station on the path to the structure of peace he envisions for the latter part of this century.

Peace requires international order, the President believes, and a recognition by all nations that each has a stake in preserving it. The President has worked for years to bring this vision to fruition.

Mr. Nixon's Mideast journey will take him to Egypt, Syria, Israel and Jordan. The first aim is to revive U.S. relations with the Arab nations of the area so as to place the United States in a position to play a role in assisting in the search for, first disengagement, then, hopefully, permanent peace.

In the last seven months significant steps have been taken which have improved the climate of trust in U.S. reliability among nations of the area. Washington and Cairo, for example, have resumed diplomatic relations, and Syria and the United States have agreed to seek rapid improvement in their relations.

Mr. Nixon's trip will be an effort to solidify the gains already made and to discuss methods of assuring the most effective use of the momentum toward peace thus generated. He wants to confirm personally his dedication to carrying forward the positive trend of U.S. relations with all Mideast nations.

Mr. Nixon brought to his Presidency a well-ordered grasp of world realities, much of it drawn from his extensive study and travels as Vice President and private citizen. To meet and establish friendships with leaders and potential leaders of other lands and to promote goodwill was his principal assignment as Vice President under President Eisenhower from 1953 to 1961.

Asked in his 1968 Presidential campaign to describe his foreign policy philosophy, Mr. Nixon replied, "You might say I'm a 'whole worlder'; too many people have been 'half-worlders'. Some have been able to see the danger in Asia but not in Europe, and others have been able to see the danger in Europe but not in Asia. What we've got to see is the whole world."

His Administration has tempered American idealism with a realistic view of the change in international conditions since the end of World War Two.

"We must be idealists about the goals we seek," he has said, "but realists about the means of reaching those goals. We must be realists about what is necessary, and also about the limits of the possible -- about the extent to which our resources can be stretched, and about what our power can accomplish."

AFTER THE SUGAR SHOCK, WHAT COMES NEXT?
by John Holway

Washington, June 7 -- Americans have always had a sweet tooth. And they take their sweets seriously. The revolution of 1776 was partly a protest against the high British tariff on imported molasses.

On June 5, 1974 a coalition of consumers and food industry representatives carried out another revolution in the House of Representatives. In one surprisingly sudden stroke, they voted to wipe out the 40-year-old Sugar Act, sending shock waves around the world, where 34 nations grow sugar for the lucrative 3,000-million dollar U.S. market.

As the shock slowly wears off, though, some observers are saying the House action could be a blessing in disguise for all.

Here's why:

The law was first enacted in 1934 in the midst of a depression plus a huge oversupply that had driven farmers' prices down to a few pennies a pound. The market was divided up and quotas assigned to both domestic and foreign suppliers. The breakdown is about 50-50 today. Domestic suppliers were further paid a subsidy for agreeing to limit their production. By regulating supply, prices could be held substantially above the world level, making U.S. quotas highly prized by producers around the world.

The Act was supposed to be temporary, but it has been renewed again and again even though today demand has far outraced supply and prices have skyrocketed.

Opponents of this system objected to paying a subsidy to U.S. growers even though prices were more than 15 times those of a few years ago, and more than double the price objective laid down by the Act itself.

"A month ago I didn't think we had a prayer," said Congressman Paul Findley, one of the opposition leaders, on the eve of the floor debate. "But there is a strong mood now against legislating higher food prices."

Not only were housewives chafing at the prices. The big industrial users -- foods, candy, soft drinks -- saw their profit margins squeezed. "Our people would rather take their chances with a free market," one of them told newsmen. Increasingly also, they were turning away from sugar and toward lower priced corn as a sweetener.

The sugar program is "unwise and outdated," Mr. Findley and his colleagues charged. It "has not kept prices from running wild. On the contrary, by providing some foreign nations with privileged and arbitrary access to the U.S. market, it is responsible for the volatile world price of sugar." Meanwhile, domestic quotas "go unfilled as domestic producers turn to more profitable crops."

Unless the Senate resurrects the bill and the House reverses itself -- an unlikely combination of possibilities -- the Sugar Act will at last expire next New Year's eve. After that the huge U.S. market will be thrown open to those producers, here and abroad, who can offer the best sugar at the best price.

Some authorities say the United States will probably greatly increase its imports from abroad. Professor D. Gale Johnson of the University of Chicago says imports could leap from five million tons a year to ten million. That's more than the total exports of all 34 countries who now sell to the U.S. market.

Above all, foreign sugar refineries will benefit. Under the law, the inefficient U.S. refining industry was closely protected. Thus Brazil, which has an efficient refining system, had to cut the process short in order to sell unrefined sugar here. Now it can complete the refining process and reap additional profits. The same is true for many developing nations.

Most sugar that moves in world trade comes under one of several "special arrangements": the U.S. quota system, the Soviet-Cuba agreement, the Commonwealth agreement, and the Common Market's common agricultural policy.

The Commonwealth sugar agreement is also due to expire at the end of this year when Britain comes under the Common Market's common agricultural policy. Many European growers are eager to replace Commonwealth countries as suppliers of sugar to Britain.

It's a surprise to learn that Europe is the largest producer of sugar in the world. At the same time, says Dr. Johnson, "they are as inefficient as we are." Protection of the European sugar industry goes back to the days of Napoleon.

The United States action, Dr. Johnson believes, will encourage the developing nations to increase their pressure on the common market to take a similar step and open its doors to them. They may find an ally in this campaign in the person of the European consumer, who is just as anxious as the American housewife to hold her family budget down.

<u>BLACK BUSINESSES IN U.S. GREW VIGOROUSLY IN 1973</u>

New York, June 6 -- Despite problems that plagued the U.S. economy in 1973, including the oil crisis, soaring interest rates and wage and price controls, many

Agric

SUIKERPRYS SKIET HOOGTE IN

DIE beweging van die suikerprys op die Londense vryemark in die laaste paar maande het selfs die mees optimistiese verwagtings oortref.

Vroeër vandeesmaand is 'n vlak van £400 per ton behaal en die aanduidings is dat 'n prys van £500 per ton vroeg in 1975 binne bereik is. Die hoë pryse wat tans beding word, is te wyte aan 'n onewewig tussen wêreldvraag en aanbod.

Na raming beloop die wêreldvraag meer as 82 miljoen ton terwyl produksie van beswaarlik 80 miljoen ton verwag word. Verder is voorraadposisies uiters laag, aangesien tekorte in 'n mindere of meerdere mate reeds die afgelope vier jaar ervaar word.

Hierdie skerp opswaai in die vryemarkprys kom op 'n baie geleë tydstip vir Suid-Afrikaanse produsente. Vooruit-kontrakte vir die verkoop van 'n gedeelte van die 1974/75-produksie word nou afgesluit teen pryse wat verband hou met die vryemarkprys. Verder gaan 'n hoër produksie in fisieke terme die suikerbedryf in staat stel om die maksimum-voordeel uit die hoër pryse te put.

Rekord-oes

Woordvoerders in die suikerbedryf skat die produksie vir die huidige seisoen op 'n selfs hoër vlak as die rekordoes van 1,9 miljoen ton wat in 1972/73 behaal is. Goeie reëns in die suikerproduserende gebiede behoort die bedryf in staat te stel om 'n produksiesyfer van 2 miljoen ton te behaal.

Aangesien 'n skerp toename in die plaaslike vraag ondervind word, sal 'n aansienlike gedeelte van die produksie egter opsygesit moet word voordat uitvoerkontrakte afgesluit kan word. In die huidige tye van uiters aantreklike uitvoermarkte is die voorsiening in die plaaslike vraag teen 'n prys van R123 per ton ietwat van 'n remskoen op die winsgewendheid van die bedryf.

Voordele

In 1973/74 het die binnelandse vraag met meer as 70 000 ton (7,9 persent) toegeneem tot 980 000 ton, wat tot gevolg gehad het dat slegs 750 000 ton vir uitvoer beskikbaar was. Indien 'n soortgelyke toename in binnelandse vraag in die huidige boekjaar aanvaar word, sal sowat 1 050 000 ton plaaslik verkoop word en 950 000 ton vir uitvoer beskikbaar wees.

Hoewel 'n gedeelte hiervan seker vroeër in die jaar teen laer pryse vooruit verkoop is, is dit redelik om te aanvaar dat 'n gemiddelde prys van sowat £200 (R320) per ton beding is. Dit sal 'n uitvoerverdienste van R304 miljoen vergeleke met R105 miljoen vir 1973/74 beteken. Die direkte voordele van die aansienlike verbetering sal van wesenlike belang wees vir die land se betalingsbalans.

Suikerprodusente se winste sal egter nie 'n dienooreenkomstige styging toon nie aangesien 'n groot gedeelte van dié addisionele verdienste oorgedra sal word na die prysstabilisasiefonds.

Hierdie fonds het aan die einde van die 1973/74-boekjaar op R54 miljoen gestaan. Bydraes in die huidige boekjaar behoort hierdie bedrag op te stoot tot ongeveer R100 miljoen. Kostestygings sal verder 'n groot hap neem uit dié verwagte hoër verdienstes.

Hoe dit ook al sy, winste van suikerprodusente behoort 'n stewige styging te toon, veral aangesien hoër uitvoerverdienste 'n agterskot van ten minste 20 persent moontlik sal maak. Toenames in winste in die orde van sowat 30 persent behoort deur die gemiddelde produsent getoon te word.

Fluktuasies

Die hoë vlak van die stabilisasiefonds sal die bedryf in moeilike tye goed te pas kom. Wêreldtekorte het ontstaan as gevolg van swak oeste in Kuba en Brasilië en 'n misoes wat die Europese suikerbeetproduksie aanbetref. 'n Ommeswaai in hierdie toestand van sake sal onvermydelik die een of ander tyd in die toekoms plaasvind en wêreldsurplusse tot gevolg hê.

By die gebrek aan 'n internasionale suikerooreenkoms, soos dit tot 1973 bestaan het, kan hewige prysdalings ondervind word. Die suikerbedryf is klimaatsgebonde, wat hom onderhewig maak aan kwaai fluktuasies. 'n Stewige stabilisasiefonds sal in die toekoms groter stabiliteit in winste verseker. Uit die oogpunt van beleggers word die riskante aard van die suikerbedryf dus grootliks uit die weg geruim.

 F.M. 7/3/75 Agric - Sugar.

The sugarmen's dilemma

It will require at least R50m to produce an additional 100 000 tons f sugar. On present returns, we can't do it."

e FM recently talked to SA sugar lustry leaders Anson Lloyd, Bruce orris and John Chance, wearing their ts as chairmen of the Sugar Millers, gar Association and Cane Growers ganisations respectively.

The discussion covered the whole ectrum of the industry. Here are some inters to its long-term thinking.

1: With the high rate of world sugar nsumption, and a booming local rket, what is the industry doing to et the growth in demand?

nel: Let's say first that we tried to do y exhortation — without much cess. A couple of years ago we also l as an industry that we doubted ther we and government (because ernment is a partner with the ustry) could provide the infra- icture necessary in terms of dams, als, roads and all the other things railways and railcars needed for an ease in production.

Ve were then working on a report gesting a rise in local market require- its from 966 000 tons in 1973 to m tons in 1980. But the 1974-75 ection is already 1,08m tons, which vs how wrong the original projec- were.

ocal consumption rose very rapidly year thanks to spending power eases. Our latest calculations sug- a local market of 2m tons by 1986. nd that's only the local market. ortwise, we did a record 1,1m tons alendar) 1972. We could now easily exceed that — if we had the sugar.

So, looking ahead, we've got to try to reach an output of over 3m tons against our record 1,95m. So we've a long way to go.

To meet the full market potential?

Yes. Remember there are no longer any restrictions on what a grower can deliver in terms of cane. We've invited any new grower with mill access to bring his cane along. But that involves his transport costs and the mill's capa- city to handle the cane.

Recently we've been looking at the KwaZulu Homeland as a potential area for cane growing, and we've found that, at today's inflationary levels, costs are an astronomical R450 a hectare — without the land cost.

If you start taking in buildings, roads and other infrastructural bits the overall cost, pre-land, is going to be nearer R1 000 a hectare.

Who's going to put up the money, with fuel, fertiliser and wages also rising dramatically?

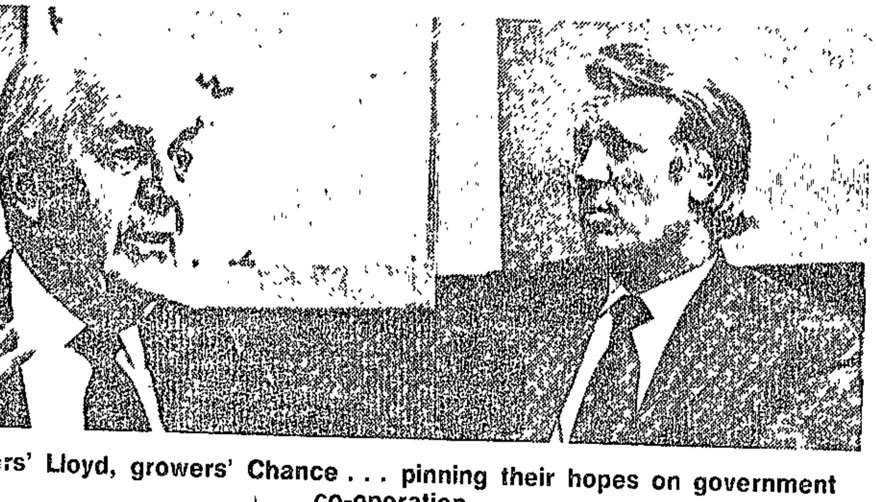
Are you saying that the extra 1m tons or so you are going to have to provide is to come from KwaZulu?

No. The maximum we think we'll get from there is 75 000 to 100 000 tons.

Leaving a shortfall of around 900 000 tons. Where is that to come from?

Kwa-Zulu's 75 000 tons is a 10-year job. You can't press a button today and get 75 000 tons tomorrow.

So where *will* the other 900 000 tons come from?



ers' Lloyd, growers' Chance . . . pinning their hopes on government co-operation

That's a question which takes a lot of answering. We've already exhausted the traditional growing areas, though via research we've been able to boost the out-turn by around an annual 1,8%. Not a lot, but well worthwhile.

However, we've been looking at areas very far north of Natal. But there, say in E- and N Transvaal, and looking at the Pongola, Big Ben, Hluhluwe and Swazi- land schemes, the answer has always been total irrigation. Move further north, and the capital costs become even more burdensome.

You need water.

Of course. Nowadays, with costs as they are, you've got to start thinking in terms of a mill drawing in 800 000 to 1,2m tons of cane. And that means a cane hinterland of around 20 000 hec- tares, which in turn involves, in cane costs alone, an investment of around R18m.

Add to that the sugar cane processing and refining plant at R250 a ton of sugar (say R25m), plus a fair bit for working capital, escalation of costs and so on, and you're getting close to R50m.

And all that's before you start thinking about irrigation?

Sure. We haven't the money to invest in dams as well as land, equipment, refining and milling machinery. So the problem goes beyond the capability of the sugar industry alone.

We've been having consultations with government and province. We tell them what the industry's capabilities are and its future production potential and it's going to be up to government to decide whether it wants more sugar grown and whether the water in any dams that are built up north will be used for other pur- poses.

To give you an example, it is propos- ing to build dams up around the Tza- neen-Letsateli-Umtata area. But we were told the water is all reserved for other crops. And the dam on the Oli- fants River is going to be for Palabora.

Those are potential sugar areas which need a lot of water for total irrigation.

So it comes down to a question of government help?

Well, not help, but government co- operation or development if it wants the country to go on exporting sugar.

SUGAR INDUSTRY F.M

Counting costs 14/3/75

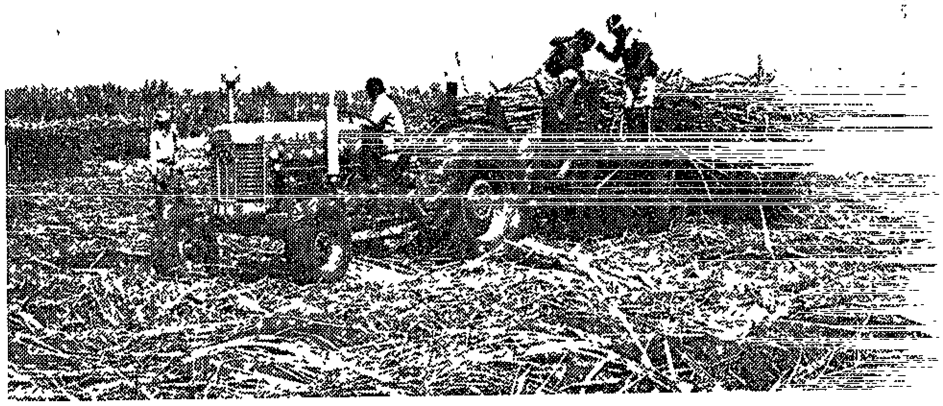
Agric - Sugar

The sugar industry and the Department of Industries are in the throes of hammering out a new recovery of costs system for the 1975/76 season starting May 1.

It will act as a stopgap until the introduction, in about August, of a completely revised division of proceeds formula, for which the industry is now preparing its case.

Under the formula as it stands, fixed and variable costs are established every five years when a new base year is set.

During the years in between, 100% of the cost price index is applied to fixed and variable costs year by year in an effort to keep pace with increasing costs. Meanwhile, capital returns (to which the CPI is not applied), fixed by the Minister of Economic Affairs, are 14% of historical book value of assets for millers and 7% on conservative replacement value for growers.



Sugar cane . . . cutting a new profits formula

One of the snags, however, has been that the industry has found the CPI to be quite out of line with its real requirements. When the formula (which flowed from Sugar Commission recommendations) was introduced in 1972, the CPI was the only known available indicator and was reckoned sufficient to measure inflation, then around 6%.

But the years since have found the industry constantly haggling with Pretoria over under-recovered costs because of mounting inflation and higher wages, which this year alone will be going up about R18m.

Now the industry is trying to settle on a more reliable combination of cost movement indicators — like those of the Department of Statistics (for f...

Sugar firms' profits rise

N. Mercury 13/5/75

Financial Editor

(3)

GLEDHOW Sugar Co. and Reynolds Bros. Ltd., two of the sugar companies in the C. G. Smith group, Durban, have released good news for their shareholders — estimated net profits and final dividend payments are up.

Gledhow's estimated net profit for the year ended March, 1975, is R3 585 284 (1974: R2 387 092). Earnings per share have risen to 71,7c from 47,7c in the previous year.

A final dividend payment of 27,5c a share has been declared which will make a total of 37,5c for the year (1974: 30c). The final will be paid to shareholders registered on May 30.

Reynolds' net profit is estimated at R5 566 349 (1974: R4 126 423). Earnings per share are 84,3c (1974: 62,5c).

Last month Reynolds' shares in issue were increased by 338 000. These new shares will qualify for the final of 35c which will be paid to shareholders registered on May 30. This makes an increased total of 45c (1974: 37,5c).

J. KEIR

RDM 13/6/75

Sugar seeks price rise

Industrial Editor

THE South African sugar industry is campaigning for a substantial price increase, saying it can no longer continue to subsidise the domestic consumer and remain viable.

The chairman of the South African Sugar Millers Association, Mr Anson Lloyd, said at the association's annual meeting in Durban yesterday the average price of all sugar sold on the domestic market in the current crop year would be about R106 a ton.

Against this the costs and returns on capital required to produce the sugar would be at least R170 a ton.

"The consumer will enjoy a subsidy this year of R72-million which must come out of the proceeds from sugar sold on the export market."

The situation could not continue, particularly because of the attendion the industry must give to its long-term development.

Mr Lloyd estimated that the sugar industry would require a capital investment of about R700-million over the next 10 to 20 years to maintain its production requirements.

Under existing conditions of inflation and the returns allowed by Government to growers and millers it would not be possible to find the capital required for expansion, let alone maintain efficiency, increase productivity or preserve its capital.

The sugar industry could not be expected to continue to perform miracles and to guarantee unlimited supplies for domestic consumption.

He complained that the sugar industry was not getting sufficient recognition as an important earner of foreign exchange. This sector earned R233-million on foreign markets in 1974, outstripping all other agricultural products in export earnings.

"It cannot continue to be the leading agricultural producer of foreign exchange and it cannot feel confident of its ability to replace its assets and to acquire new assets so long as its economy is precariously balanced on a price volume ratio for which nearly 60 per cent of output (domestic consumption) does not cover basic costs, let alone the return on capital needed for its production."

It was short-sighted for prices to be so far below the cost of production.

This would cause a heavy burden for the consumer should there be a fall in world prices.

COMMENT:

• The international sugar price has been plummeting from a record high of £650 last November to an 18-month low yesterday of £146. This slide is expected to continue in view of the record beet harvest expected in Europe, and further supplies from the Phillipines and Argentina.

While this fall continues, buyers are expected to continue holding off contract negotiations in the belief they will be able to get cheaper supplies later.

This souring of the market for sugar producers has caused a renewal of pressure for a new international sugar agreement.

1 Agri.
2 [illegible] - Sug
3 Price.

3

(3)

ARGUS 13/6/75

R700-m needed for sugar

DURBAN. — The South African sugar industry will require a capital investment of R700-million over the next 10 to 20 years, to maintain its production requirements, Mr Anson Lloyd, chairman of the South African Sugar Millers' Association, said in Durban last night.

Speaking at the annual meeting of the association, Mr Lloyd warned that even at today's costs of land preparation, crop production, plant and machinery and other costs, an investment of R350-million was needed for expansion to meet production needs.

However, at the present rate of inflation, this amount could double to face South Africa with a cost of R700-million within 20 years.

'The sugar industry is facing two major problems,' Mr Lloyd said. 'In the first place it must maintain its efficiency, increase productivity above an already high level, and preserve intact its existing capital in conditions of steep inflation.

'In the second place the industry must now give vigorous and continuous attention to its long-term development. Previous programmes for five and 10-year expansion campaigns can no longer ensure adequate supplies of sugar in the present and anticipated growth of South Africa's national development.'

1 Agri
2 Manfac

3

'We cannot perform miracles', says industry

Dearer sugar warning

C.T. 13/6/75

Cape Times Correspondent

DURBAN. — Mr Anson Lloyd, chairman of the South African Sugar Millers' Association, said yesterday that the sugar industry had done more than its fair share in the fight against inflation — the local consumer sugar price had been reduced twice since 1972 — but this situation could not continue.

If the industry was to remain a viable undertaking, the price would have to be adjusted upwards.

Addressing the association's annual meeting, Mr Lloyd said that by the end of the current milling season, on April 30, 1975, South African consumers will have benefited by about R70m.

The average price of all sugar sold on the domestic market, in the current crop year, would amount to R106 a ton. At the same time the costs and returns on a capital required to produce the sugar would be at least R170 a ton.

"It can be said that in 1975/76 the industry will sell a million tons of sugar for R108m when its cost of production will be R180m.

SUBSIDY

"Therefore, the consumer will enjoy a subsidy of R72m this year which must come out of the proceeds from sugar sold in the export market."

Mr Lloyd added that it would be in the interests tial part of this revenue was retained by the industry to finance future development.

The industry recognized the need for the Government to restrain the rise in the cost of living but it was a short-sighted policy to allow reductions which took the price so far below the cost of production.

In addition, there had been a sharp increase in the amount of sugar consumed locally which had cut the tonnage available for export.

Mr Lloyd said that the industry would require a capital investment of R700m in the next 10 to 20 years to maintain its production requirments.

Even at today's cost of land preparation, crop production and machinery, an investment of R350m was needed for expansion to meet production needs.

A survey was conducted last year which had indicated that areas in the Eastern Transvaal lowveld, on the Makatini flats and in the Pongola Mkuzi and Umfolozi regions were capable of producing about 845 000 tons of sugar a year.

But, it would be necessary for dams, canals, roads and railways to be built and the investment of a vast capital sum to produce sugar.

"It is necessary to sound a warning that the industry cannot be expected to perform miracles and guarantee unlimited supplies of sugar for domestic consumption."

3

Why sugar is depressed

C.T. 16/6/75

By PENELOPE GRACIE

LONDON. — The daily price for sugar sank to its lowest level in 18 months last week after a short-lived rally at the outset, but it became increasingly apparent that the overhang of sugar stocks in the market is a bearish reality.

The sugar price has been trapped in a down-spiral for eight months now. In January 1974 the price was £143 a long ton and it climbed to [illegible] with [illegible] soared through £300 in August. By mid-October, [illegible] and the price peaked in November at £650. Since November, however, the sugar price has slipped and now sugar is trading at around £146 — a significant fall in eight months. The bearish factors in the market include a flat consumer demand and the prospect of a large increase in world sugar production.

There are three factors which are currently depressing the sugar market.

The decision by Japanese sugar refiners and importers to delay by six months the delivery of 100 000 tons of unrefined sugar. These refiners are known to have a surfeit of sugar stocks and do not welcome further supplies at this juncture.

Second, the Egyptian purchase of 33 000 metric tons of white sugar was settled at a price of £111 a ton (well below the London daily price) and it is believed that a hoard of sellers were rushing to offload their stocks.

The third bearish feature appears in the report published by brokers, C Czarnikow Ltd. They anticipate the total quantity of sugar which Argentina is going to put on the market this year at 350 000 tons.

The belief in sugar circles is that the sugar price will only be bolstered by a sharp rise in the world-wide demand for sugar or by some catastrophe in a producer country. Until that eventuates, the sideways-downwards trend of the sugar price will continue.

, 3 Sugar.

Opportunities with sugar

Natal Mercury 17/6/75 (Zululand Show Supplement)

Financial Editor

DURING the next 10 years an area of 15 000 ha, with a potential of 75 000 tons of sugar, may be used for growing sugar cane in KwaZulu and the area could be enlarged to 30 000 ha.

This is the view of Mr. Anson Lloyd, the immediate past president of the South African Sugar Millers' Association.

Mr. Lloyd said that the sugar industry had already given active attention to the development of sugar cane farming in KwaZulu. The industry had made R10 million available to assist small growers with low interest loans.

In addition, three new, fully equipped, farmer training centres had been provided in KwaZulu at a cost of R500 000.

LAND

Plans were now being investigated, in consultation with the KwaZulu authorities, with the aim of developing blocks of land where trained Zulu cane farmers could be settled.

Also, committees had been set up at all the sugar mills to assist African and Indian cane farmers with any problems they might have.

Mr. Lloyd said that sugar was one of the few crops with which a Zulu farmer could make money but, he would have to farm at least 10ha. A smaller plot would not be viable.

COST

It cost about R550 to put one hectare under cane. If the price of machinery and other requirements were included, this figure could rise to R1 000.

"The Sugar Association has to do the hard work and financing but we do not have large capital sums to spend."

Mr. Lloyd stressed that the Sugar Association was not looking at KwaZulu from the point of view of self - interest but only as an area where expansion could take place.

At present there was no intention of building a sugar mill in KwaZulu. This highlighted the problem of getting cane to a mill. Roads had to be built and transport provided.

Also, the majority of Zulus preferred to work in the towns or factories leaving the farms to their women or children.

It would not be easy to get the Zulus to change their pattern of life.

Rumours alert police

Natal Mercury 28/6/75

Mercury Reporter

EMPANGENI — Police from five Zululand police stations stood by at the Gingindlovu police station on Thursday night, following rumours of a threatened strike by cane lorry drivers at Amatikulu sugar mill.

Certain drivers threatened to strike if their demands for higher wages were not met. They also wanted safari suits instead of overalls and shoes instead of boots.

The strike failed to materialise, and the police from the Empangeni, Eshowe, Mtunzini, Nyoni and Gingindlovu police stations left after a three-and-a-half hour vigil.

Police at first denied the incident, but Major H. C. Naude of Eshowe later confirmed that police had stood by "as a precautionary measure."

(3)

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RDM 19/7/75

ILLOVO and Noodsbergmills' sugar production will be 76 600 t and 114 600 t respectively, according to estimates.

Illovo Sugar Estates directors say in the annual report that in the 1974-75 seson these mills produced 66 066 t and 104 354 t respectively.

In the 1974-75 off-crop period an expansion programme was undertaken at the Illovo mill which delayed start-up until May 23, 1975.

Further capacity will be provided in the 1975-76 off-crop period and the Illovo mill's current season will have to be limited to a fixed period to enable additional plant to be installed before the beginning of the 1976-77 season.

This may have an effect on the final output at Illovo this season.

It is difficult to give a reliable forecast of the 1975-76 profit, say the directors.

Last year, taxed profit was R2 633 000.

Barring unforeseen circumstances and given average weather conditions, medium-range forecasts of the cane supplied to the Illovo and Noodsberg mills should result in a group sugar production of about the average output over the past three years from three milling units.

The group is developing cane in KwaZulu. Although this is a longer-term project it is expected that cane supplies from this source will not be inconsiderable.

(2)

ANSON LLOYD LAYS IT ON THE LINE: PAY MORE OR FACE STAGNATION

Sun Trib (Fin.) 27/7/75 (3)

THIS WEEK Anson Lloyd stepped into the top position in the sugar industry. He was appointed chairman of the South African Sugar Association, a position he previously held from 1969 to 1973. He is probably one of the most knowledgeable men in the industry today having been involved in sugar for almost 40 years. Certainly he is one of the more articulate sugar men around and here, in an exclusive interview with TRIBUNE FINANCE he talks about what faces the industry in the years ahead.

By Chris Morris

ONE OF the things Anson Lloyd is highly aware of is the long term future of the industry which, by all accounts, is now facing the most critical period of its 124 year history.

He made is quite clear that almost all available areas with adequate rainfall which were suitable for the growing of sugarcane were already planted or being planted and what the industry faced now was expansion into KwaZulu and other areas where irrigation costs would be astronomical.

"KwaZulu does not solve the problem for, according to calculations only 15 000 to 20 000 hectares of land there can be developed in the foreseeable future and if fully planted, would only provide around 100 000 tons of sugar a year in 10 years time — totally insufficient to keep pace with the present increase in domestic consumption."

Cane

"At present it costs around R550 a hectare just to prepare and plant land for cane growing. Add to this the cost of services and the high cost of irrigation plus new mill establishment costs and it can be seen why the investment required for this development is R700 million over the next 10 years, taking into account inflation and interest charges.

"Hopefully by 1986 we should be able to increase the area under cane from the present 322 000 hectares to 374 000 and increase the amount of sugar produced from the 1,9 million tons now to 2,5 million."

But what worries him is that at the present rate of increase of domestic consumption only 550 000 tons will be available for export — compared to the 850 000 tons now.

This leads to the immediate problem: Domestic sales actually cost the industry money — R70 million this year — as the cost of production is substantially higher than what is received.

Increase

He is opposed to this and feels the domestic price must move up.

He makes it clear the price should be increased slowly so as not to disrupt consumer buying patterns but feels it has to increase to avoid an overnight hike in the event of a world market slump.

Another issue facing the industry is the basis on which millers and growers are presently remunerated.

"Certain proposals have been submitted to the Board of Trade and we are hopeful that early next year a complete revision of the formula under which sugar revenues are distributed will be agreed upon. We are also hopeful that the increases, when agreed upon, will be made retrospective to the beginning of this season.

"But it is imperative that the industry is paid more so that investment returns are made more attractive. Without this incentive the sugar industry is doomed to stagnate."

Operation Lone Wolf

Sun. Trib (Fin) 27/7/75 (3)

Sugar boom also meant cash headache

By Vic Hanna

AS the price of sugar roared ahead on the London market towards the end of last year, each upward movement brought further headaches to Peter Sale, general manager of the Sugar Association.

For as the price climbed — reaching £650 a ton in November — he was deeply involved in top-level negotiations with the inner sanctum of London bankers. The sums being discussed, it was learned this week, ran to hundreds of millions of rands.

This was happening while the rest of South Africa was rubbing its hands in glee at the prospect of an export windfall from the sale of sugar.

What had happened was that Peter Sale was desperately covering forward sales of sugar to secure the price of the association's export dealing.

Traditionally the association sells up to 50 percent of its export sugar on the London terminal market. This market is really the futures market and allows for the buying and selling of sugar of up to 18 months ahead.

In the past this has been a simple operation, with the association buying back sugar paper just before delivery of consignments to traditional consumer countries — Britain, Canada and Japan.

This seemingly complicated forward-dealing operation is done to establish contract prices, which in most cases are determined by consumer nations just before consignment delivery.

In terms of terminal market regulations £15 a ton of sugar sold forward has to be lodged — in cash. And, should the market move up, sellers and buyers have to lodge further cash or guarantees.

Protection

As the market took off last year sugar that South Africa had sold forward had to be protected. And so the massive financing operation came into effect.

Peter Sale, accustomed to the red tape and committee method of decision-taking by the association, insisted on autonomy for his negotiations. He realised that the speed with which he had to move would be hampered by continual reference back to the association. So he requested, and received, the go-ahead for a "lone wolf" operation.

He and the association secretary, Peter Nourse, flew to London to join David Hardy, deputy London representative. There they had to literally bang on bank doors looking for vast slabs of bridging finance.

The three were breaking new ground. For one thing, the South African Sugar Association was, at that stage, a newcomer to the international banking scene. And, secondly, they were embarking on a financing operation that must be unique in banking history. For they had no collateral to offer in return for the millions that they were seeking.

The association does not own the sugar crop — it belongs to the millers and growers — nor could it use the millions in the Price Stabilisation Fund for the same reason.

Secure

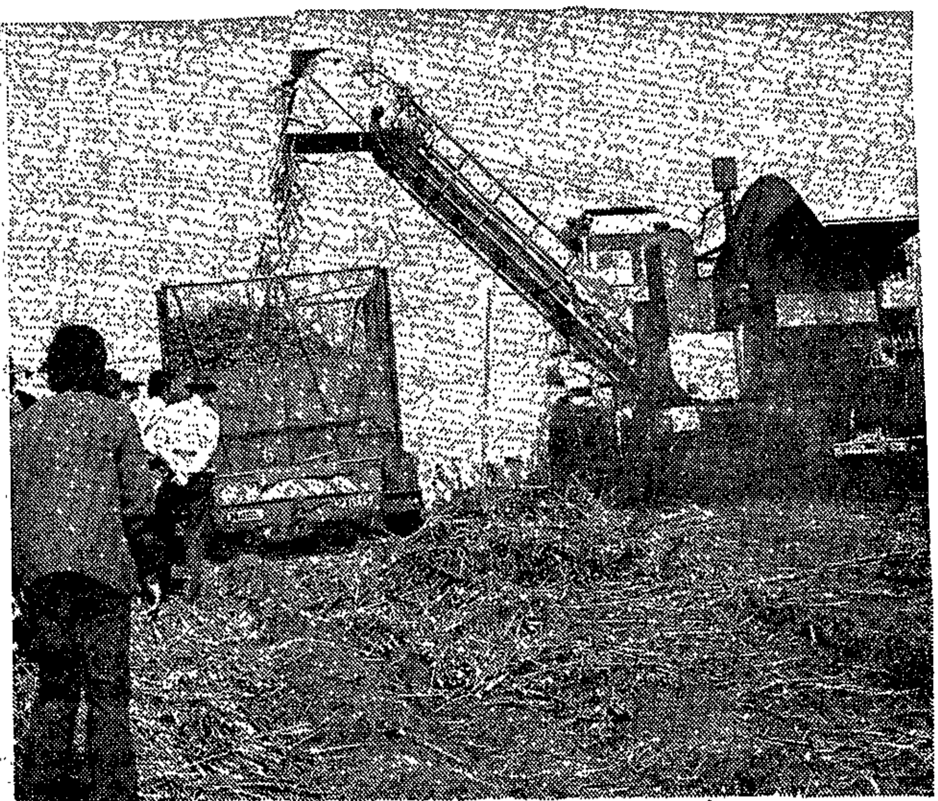
They had to explain in minute detail to the London bankers just how the sugar industry operated in South Africa and to convince the generally hard-headed and unsympathetic bankers that the loans were secure.

Their negotiating ability paid off. In total R230 million was raised at rates that would make some of the more experienced overseas borrowers blush.

The degree to which these activities involved the association led outgoing chairman Bruce Morris to comment this week that there were times during his period of office when he wondered whether he was a sugar man or the chairman of an international banking operation.

But the experience was a success. All the money that was necessary was raised — in fact sufficient was negotiated to cover a price of more than £800 a ton should have reached that level — and the association has now become an integral part of the London banking scene.

3 Sugar.



IS THIS the solution to the labour crisis? A huge chopper-harvester for sugarcane, worth R77 000, is put through its paces at the annual Sugarmech field day at Tongaat.

Sugarmen look at mechanisation

MERCURY 8/8/75 **Agricultural Correspondent**

SUGARCANE farmers turned out in their hundreds yesterday to watch mechanical cane harvesters put through their paces at the annual Sugarmech agricultural machinery demonstration at Tongaat.

Farmers who last year merely looked with mild interest, are now very seriously considering buying these aids to cane harvesting. Rising wage costs and growing shortages of labour, are in many cases making their purchase essential.

The main attraction at yesterday's annual Sugarmech demonstration, was without doubt this equipment.

CUTTING COSTS

Although most other farming operations in the sugar industry are either fully or partly mechanised, in South Africa, mechanical harvesting of cane has not been practised due to relatively cheap supply of labour.

But these days are now gone and farmers are taking the new machines very seriously in an effort to cut costs and get their crops harvested.

Machines on show ranged from a huge Class chopper - harvester costing R77 000 — the machine is manufactured in Brazil — to locally designed and manufactured harvesters which cost about R14 000. Some of the harvesters are capable of cutting either burnt or green cane at the rate of 80 tonnes an hour. Machines similar to this are already operating on the bigger estates.

THE FACTORS

The decision to use a mechanical harvester is based on several considerations: changes have to be made to field lay-out and row spacing; then some farms are too steep for the conventional harvester; account has to be taken of the kind of in-field transport in use and whether or not the cane can be burnt.

On some farms yields would drop, if the trash was not returned to the land.

Workers leave for stricken Transkei

Own Correspondent

DURBAN — Hundreds of Pondo sugar workers in Natal today began their homeward journey to the fire-ravaged Transkei knowing many among them would find homes destroyed and close relatives dead or injured.

Many of the 40 000 Transkei men working in the Natal sugar industry come from the devastated Flagstaff tribal reserve area and sugar companies today held roll calls to see who wanted leave to return home.

Scanty communications have left many of the men without news from their families and, fearing the worst, hundreds are expected to leave immediately on transport provided by their employers.

Thousands of rands worth of desperately needed food and clothing supplies have poured into the stricken area where an estimated 3 000 people — most of them women and children — are homeless.

Today hundreds of destitute villagers, many still suffering from severe burns, converged on the relief depot set up at the Full Gospel Church at Natashetsha.

Trucks and aircraft brought in loads of supplies yesterday and a Defence Force helicopter has dropped 50 tents for the homeless.

Natal Red Cross workers have been working all weekend packing and sending about five tons of supplies.

One official told haw a four-year-old girl arrived at the receiving centre with a handful of 1c and 2c pieces she had collected from her firends.

At the other end of the scale with the R20 000 donation from the South African Sugar Association.

At a Durban restaurant R80 with donated within minutes of an appeal being made on Saturday night and R250 was added to the Lions Club relief fund after the balance was made up by the restaurant owner.

Late yesterday a Dakota aircraft landed at Kokstad with 1 000 blankets which were sent out immediately for distribution to the victims.

With temperatures plummeting today, residents of the nearby town of Kokstad began their part of the mercy operation.

"All the churches have banded together and established a collection point where our congregations can leave supplies for the victims," said a Catholic priest, Father Eugene Mannion.

Trucks carrying supplies from the town were expected to arrive in the stricken area today and tomorrow.

The original grant of R1 000 from the Lions International funds has been swelled to R20 000—which is reported to be for the rebuilding of the hundreds of huts destroyed in the fire.

A Transkei official said today that official news of the disaster was not received until Saturday and everything possible was being done.

Supplies of grass and poles were being brought from outlying areas so that new huts could be built.

Agric - Sugar

Sunday Tribune 21/9/75

1) Agric-Sugar
2) 101
3) 186

R40m SUGAR PLAN FOR KWAZULU

VIC HANNA
FINANCIAL EDITOR

A VAST R40 million sugar scheme involving the establishment of a new sugar mill is being considered for KwaZulu.

An investigation into the viability of the scheme is to be conducted by an international group of consultants and, it is believed, the R40 million is to be supplied by a consortium of French banks.

It is understood negotiations have been conducted by representatives of the KwaZulu Government, currently in Europe, and the French consortium.

The scheme, should it be considered viable, would have to be submitted to the Board of Trade for its approval.

Under investigation is the establishment of an entire sugar industry complete with farming units, transportation network and a mill.

Sugarmen maintain that the minimum size for a viable mill is one that can produce around 100 000 tons of sugar so it is possible that the KwaZulu scheme will be geared around a mill of this size.

Last year the giant Lonrho group tried to get a R20 million sugar mill established at Melmoth but the plan was turned down.

The present return allowed by the sugar revenue distribution formula on milling and growing is presently under discussion. The South African Sugar Association is currently meeting with representatives of the Board of Trade in an endeavour to increase the return permitted on sugar production investment.

And it is possible that a new formula would make the establishment of the KwaZulu sugar scheme a viable proposition.

As yet the Sugar Association has not been officially approached about the new scheme and chairman Anson Lloyd said this week as he did not have any details of the scheme he could not comment.

Should the scheme get off the ground it would provide an enormous boost for the emerging homeland.

A mill producing 100 000 tons of sugar a year would crush around 900 000 tons of cane being produced from 16 000 hectares of land. And the total project could employ around 8 000 people.

At the moment the sugar industry produces sugar for around R170 a ton but this is based on plant that in some cases is very old and on already established canelands.

To bring a completely new project into operation would result in a much higher cost figure, probably in excess of R200 a ton.

SUNDAY TRIBUNE, OCTOBER 5, 1975

(1) Agri – Sugar
(2) 784

Agri – Sugar

Action to end R2m sugar drain

SHREWD DEALERS CARVE INTO OUR EXPORT MARKET

By Vic Hanna

AS MUCH as 40 000 tons of sugar have left the country over the last two years which, although being sold overseas, has cost the country well over R2 000 000 in lost export earnings.

The sugar was sold on the local market at around R120 a ton, converted to "sugar containing products" (such as jelly powders or crystals) and then exported overseas where the price went as high as R1 000 a ton in November last year.

Also sugar has been moving out of the country as "ship's stores" as international shipping lines calling at South African ports have been taking advantage of the low domestic price to stock up, not only for their own use, but possibly for their sister ships — not calling on South Africa — as well.

Over the last 21 years the average increase in domestic consumption of sugar has been 3,5 percent.

But during the 1973/74 sugar season — April to April — local consumption shot up 7,9 percent, then eased slightly to 7,4 percent in the 1974/75 season.

Sugarmen attribute this abnormal increase to increased per capita demand due to higher incomes — particularly among Africans — and the effectiveness of the sugar advertising campaigns.

Measures

But these factors would not seem to account for the very high increases over the past two years.

As soon as the Sugar Association realised what was happening it introduced measures designed to cut off the outflow of cheap sugar. And it had good reason to do so. Although sugar costs R123 a ton on the local market it actually costs more than R170 a ton to produce. Also, every ton of sugar sold locally meant a decrease in the amount of sugar which could be exported. With overseas prices substantially higher than the local price domestic sales eat into gross revenue potential of the industry.

On September 1 last year the association introuded a permit system for ship's chandlers which meant that after that date very little went out under the guise of "ship's stores".

Shrewd

But the problem was the "sugar containing products". A permit system ...

F.M. 10/10/75

SUGAR PRICES

Sweet and sour

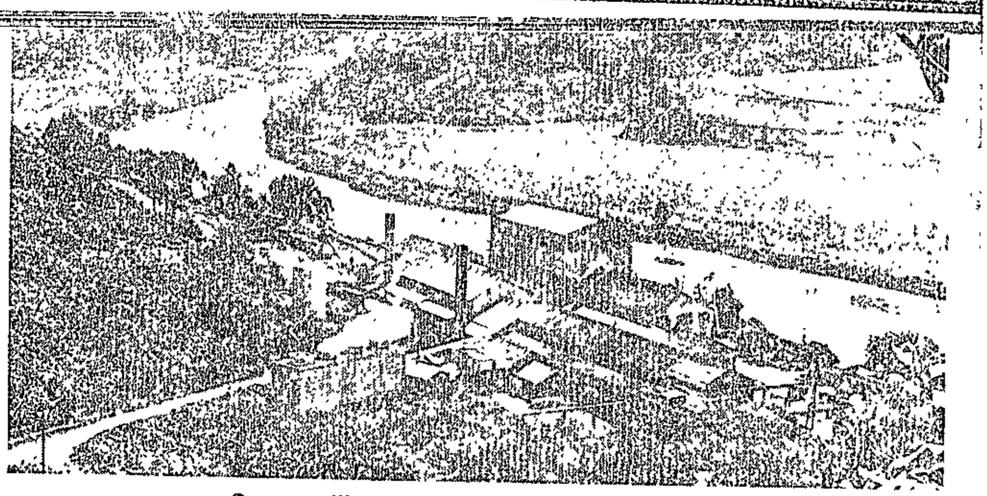
Agri-Sugar

Though devaluation will give the sugar industry an extra R20m in foreign earnings it will by no means be a complete bonanza.

Running costs will be that much higher, though doubtlessly not nearly so high as to absorb all additional rand receipts. And whatever extra earnings there are will probably go into the Price Stabilisation Fund — R94,4m at the end of last season — to help minimise, the industry argues, a badly needed local price increase.

Currently the industry's economics are being investigated by the Board of Trade. A revised costs and returns formula looks probable, replacing the existing one allowing growers a 7% return on conservative replacement values of cane farms, and millers 14% on historical value of assets.

Though the timing, in the light of Pretoria's anti-inflation call, could hardly be worse, local and export sugar prices would make it seem the industry is skating towards (if it's not already on) pretty thin ice.



Sugar mill . . . running costs will be higher

After two local price reductions by then Ministers of Economic Affairs Louwrens Muller (February 1972) and Owen Horwood (November 1974), sugar f o b Durban is R108/t for refined and R101/t for brown. But on the existing price formula the industry puts production costs at R170/t. So exports are heavily subsidising the local price.

Should the London Daily Price (LDP) drop a mere £7 below the present level of around £162/t, and continue to do so next season, the industry will move into the red. For instance, on an average sugar production of 1,8 Mt the industry (at R170/t production) needs a revenue of R306m to break even. With 1 Mt of local market sales at a weighted average of R106/t (for refined and brown) it would still mean R200m needed from exports, or about R260/t including local charges. That would mean an LDP of around £155/t (being £145 at R1,79:£1 plus, say, £10 for freight and insurance).

In a bad year, producing only 1,5 Mt, the break-even would be around £182/t, or £20 higher than the reigning LDP.

studies will take five months to complete. It will then take about 2,5 years to build the terminal. St Croix should be able to handle a total of 15 Mt of iron ore exports a year.

In his statement Minister Heunis said that "control and management after completion will rest with SA Railways and that Railways will eventually obtain the right of ownership". Railways administer the terminal after completion.

However, Railways is faced with a tough job to obtain the necessary trucks and finish necessary track improvements within the scheduled 30 months.

The significance of St Croix, according to the Italians, is that it will be SA's first harbour able to handle 250 000 t bulk carriers, thus making it competitive with any world harbour and cutting shipping costs by a third.

At least the project is finally off the ground and plans for the future development of iron ore beneficiation can proceed. Hopefully with less government bungling than initially characterised St Croix.

Sugar giant is planned

Mercury 16/10/75

1) Agric - Sugar
~~2) 186~~
Agric - Sugar

Financial Reporter

A R50m sugar giant will emerge from the proposals made yesterday to merge the sugar interests of the Smith Group. It will be second in size to Huletts on the Stock Exchange sugar list.

In a proposal put out by Standard Merchant Bank and Union Acceptances yesterday Reynolds Brothers will offer 85 shares for every 100 shares in Gledhow. At the same time, C. G. Smith and Company will pass on control of the Umzimkulu Sugar Company to Reynolds.

The group will be named C. G. Smith Sugar and will also take over the shareholding in S.A. Sugar Distributors (44,2 percent) and the two warehouses owned by the group in Durban. It will run five of the industry's 19 mills.

C. G. Smith Investments, the quoted company in the Smith Group, will have a 33,5 percent holding in the new group if shareholders accept the offer and C. G. Smith will hold 18,6 percent of the company.

Documents are being prepared. No dates for the scheme are available but the directors anticipate being able to pay a 20-cent interim dividend in January next year and 40 cents for the year ending March, 1976.

Prospects of the combined operation are considerable. The group will hold a 10 percent stake in the Stanger Pulp and Paper Mill, which is now held by Gledhow. The furfural plant, which is now under way at Sezela and operated by Reynolds, should provide profits once it is fully operational.

In addition, the group will hold shares in Crookes Brothers, which is concerned mainly with sugar farming and citrus estates.

Also, there will be the holdings in the C. G. Smith Company, which has investments in textiles through Ropes and Mattings, in Huletts through S. and T. Investments and in various other enterprises.

There do not appear to be any moves to change the existing investment pattern and the main advantage, according to the banker's statement, will be the ability to pay out a larger amount of profits in dividends.

FORECAST

The directors point out that in the current situation within the sugar industry and pending the decision by the Board of Trade on possible new sugar prices, it is not possible to forecast sugar earnings.

In the last financial year Gledhow milled 146 691 tons of sugar, Reynolds 212 479 and Umzimkulu 82 000 tons of sugar. A total of 441 170 out of the industry total of 1,8m tons.

Reynolds holds 14 percent of the Crookes equity and 24 percent of C. G. Smith as well as 20 percent of Smithchem (the furfural plant operator). Gledhow holds 22 percent of C. G. Smith and 20 percent of C. G. Smith Paper Holdings (the holding company for Stanger Paper and Pulp.)

SEZELA

Reynolds is planning to spend R3,5m to expand its mill at Sezela to a capacity of 340 tons of cane an hour. It also holds the share capital of the Pongola Sugar Milling Company in the Eastern Transvaal and property at Sezela through Umtwalumi Valley Estates.

The merger plans come at a time when the sugar industry is unsure of the future — the domestic sugar price may be raised. Certainly, domestic consumption is rising rapidly, but export earnings may not be as good as last year's as world sugar production appears to be heading for a surplus.

Jon Beverley

Agri-Sugar

Sugar pact is worth R300m to Republic

Natal Mercury 21/10/75

Industrial Reporter

JAPANESE sugar importers have revealed a three-year sugar pact with South Africa which at today's prices is worth at least R100m a year to this country.

1 Agri - Sugar

The agreement provides for the sale of 350 000 tons of raw sugar from next year — the importers may take more than this and there is an annual extension of the agreement.

Sales to Japan have been buoyant with sales in excess of 500 000 tons in recent years. Since exports started in 1962 — and by the end of this year — the Natal sugar fields will have sent 4,69 million tons.

Confirming the agreement yesterday the S.A. Sugar Association said that the Japanese importers considered that the time was opportune to arrange long term agreements with their traditional suppliers of sugar, which include South Africa, Australia, Thailand and Brazil.

The price to be paid will be negotiated annually and will be related to world export prices as determined on the London sugar exchange. Yesterday the daily price was just above £[illegible]50 (R[illegible]) a ton.

At current prices the agreement is worth at least R100m each year, and if Japan takes as much as it has in previous years a large slice of South Africa's sugar export earnings will be assured until 1979.

It is not clear why the Japanese importers have announced the agreement now. It was signed about a year ago after members from the consortium known as Group of Japanese Importers and Refiners visited South Africa.

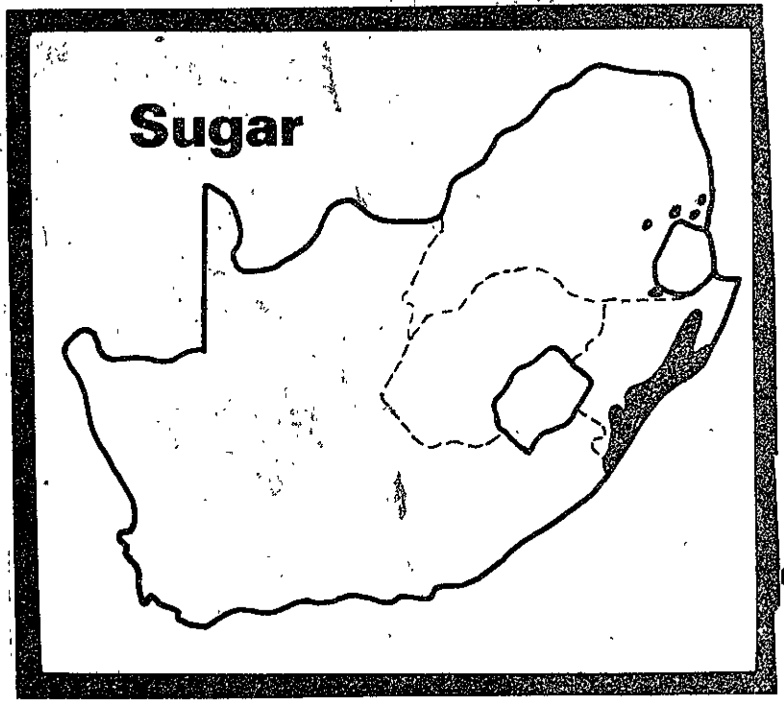
It is significant in that a long term agreement has been reached with obvious advantages for producers and consumers; also that the deal was done as the London daily sugar price started to skyrocket and there was talk of sugar reaching £1 000 (R1 750) a ton this year.

According to a Sapa-Reuter report, Japan has signed long-term agreements with Australia, Thailand and Brazil this year and trade sources indicated that Cuba was proposing a five-year arrangement for sugar sales to Japan.

S.A. Financial GAZETTE 24/10/75

ABLK - Sugar

Sugar market has been kind to SA



ays and

THE world sugar market has been exceptionally kind to South Africa during the past two years, but there is no certainty that this situation will last.

Last year, the world price soared from some £160 a ton in January to an unprecedented £650 in November. It then declined to £128 in June this year, and now stands at £168.

The average price of £337 a ton during the past season compares with £137 in 1973-74 and £77 in 1972-73.

The industry earned R239-million in foreign exchange in 1974, which compared with R107-million in 1973 and R27-million in 1966.

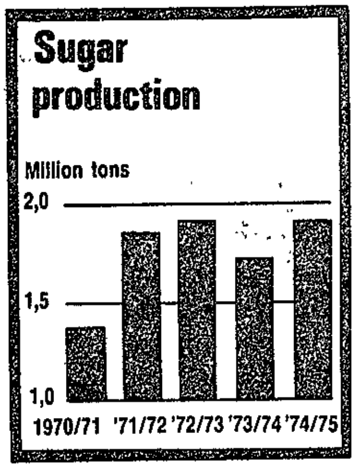
Sugar constituted 7 per cent of the total value of merchandise exports, excluding gold. It was the third most important foreign exchange earner, after gold and diamonds, and the top agricultural foreign exchange earner.

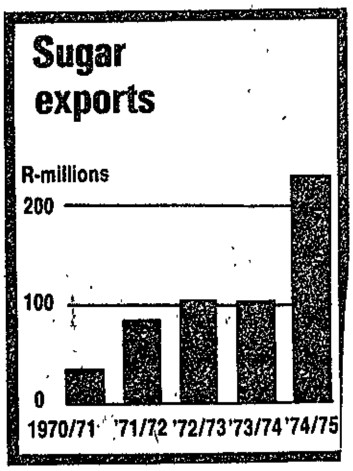
Comparative earnings of other agricultural exports are: maize, R204-million; wool, R118-million; wood pulp R52-million; and deciduous fruit, R43-million.

What were the reasons for the sharp rise in prices? These factors have been suggested:

- Production shortages, the origin of which can be traced back a decade. In 1963 vast sums of money were invested in new production, only to have the price plummet to £12 a ton in 1967. Naturally, large numbers of growers switched to more lucrative lines of agriculture.
- The 1968 International Sugar Agreement, which killed the incentive for exporters to expand production. Members, of which South Africa was one, were limited to fixed export quotas. This agreement expired just over a year ago.
- And poor European beet crops during 1973 and 1974. These normally constitute a third of the world's annual sugar harvest.

The subsequent fall in price can be attributed to the following reasons: the EEC countries cut their demand substantially; the US refineries bought less; speculators withdrew from the market; and there was a





sharp rise in consumer re sistance.

The industry has generall welcomed this fall to "reason able levels", mainly becaus of the fear of substitution. A breakdown of the cost of su gar per kg overseas shows U.S., R1; Canada, 84c Japan, 73c and the U.K. 54c. The comparative Durban price is 14c.

(Turn to page 10)

23.9.1975

Consumption s

From page 9

The Past Chairman of the Sugar Association, Mr Bruce Morris, says: "It is estimated that about 500 000 tons of sugar have been replaced by corn sweeteners in the US market alone during the past year, and this figure could rise to 1-million tons in the coming year, and as high as 3-million tons in the future, if prices are competitive."

There has also been a sharp drop in consumption in the underdeveloped countries, which could not afford the foreign exchange to buy sugar at astronomical prices.

[redacted]

[redacted]

It is not yet clear what the world market price trend will be during the next six months to a year. Again, much will depend on the outcome of the European beet crop. However, indications are that all is not going well.

The UK beet crop is suffering from drought.

The Belgian Sugar Beet Institute reports that the first tests of the Belgian harvest are the worst in 10 years. Average root weights this year are 40 per cent down on the average over the past five years.

Outside Europe, The Philippine authorities expect their sugar production this year to drop by 100 000 tons to 2,6-million. The main reasons are typhoons and drought.

There are also reports of extensive frost damage to the large Brazilian crop.

However, there are some equally significant bearish factors:

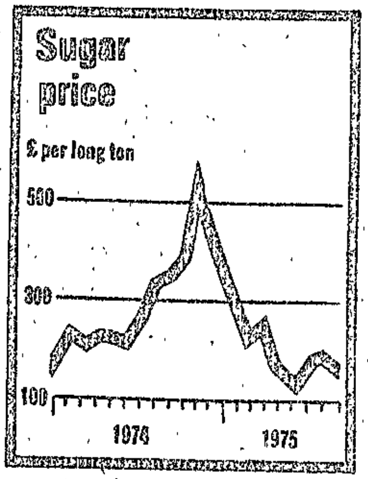
The US Agriculture Department forecasts that the 1975-76 world sugar crop will be 4- to 6-million tons above the 87,5-million (raw value) tons produced last season. The high prices have led to a considerable spate of new production.

India, for the first time ever, has a surplus of 1-million tons. And Japan is reported to have a surplus of 600 000 tons of imported raw stocks.

Mr Morris says many sugar brokers believe that the price will recede to £100 or below. However, as this is well below production cost, it will meet with resistance from these who are in a position to withhold supplies from the market.

As it is, a significant number of producer countries and speculators are already holding back supplies until it is definitely known what the prospects of the European beet crop are.

Mr Morris says that both importers and exporters "are now turning their thoughts to concluding a new international sugar agreement".



The Secretariat of the International Sugar Organization has already drafted a scheme, known as the buffer or intervention stock scheme.

While recognizing the merits, Mr Morris raises these pertinent questions:

- Who will finance the stocks — exporters, importers, or some world agency?
- Who will be responsible for the interest on such finances?
- Who will finance the storage facilities?
- Where will such storage facilities be located?
- Who will be responsible for controlling and verifying the stocks?
- Would the stocks be subject to quality control?
- Will the sugar stored withstand deterioration?
- And will the stocks consis of bulk raw sugar, or would bagged stocks qualify?

Turning to the local market, members of the industry are somewhat uneasy about the policies presently being pursued by the authorities. In a nutshell, it is felt that the public is being over-subsidized.

The Chairman of the Sugar Association, Mr Anson Lloyd, points out that local sugar is presently sold at R106 a ton — R64 less than the cost of production.

"This means that this year, the sugar industry will be required to sell 57,5 per cent of its total production at a price equivalent to only ... per cent of the cost of production.

"If this statement is translated into money terms," he says, "it could be said that the sugar industry will sell in the local market 1,1-million tons of sugar for R108-million, whose cost of production will be R180-million.

"The consumer will therefore enjoy a subsidy of R... million which must come out of the proceeds from sugar sold on the export market."

While recognizing the Government's need to restrain the spiral in the cost of living, the industry argues that this policy is short-sighted for three reasons:

- The consumer will be faced with an astronomical burden if world prices don't hold. Simply, there will be no source to finance for subsidization unless the State digs into its own coffers.
- It limits the amount of money for expansion of production.
- Greater provision must be made to hedge against inflation.

The second of these points is the most serious. There has been a sharp rise in domestic consumption, with a corresponding drop in the export proportion.

Until a few years ago, approximately half the total crop was regularly exported. But since 1964, local consumption has increased by 40 per cent (from 751 000 tons to 1,05-million), with the average annual hike in the past two years being 16 per cent.

The main reason for the sharp rise in domestic consumption is simply the low price, which is increasingly enabling the low income groups to step up their sugar purchases. Per capita consumption in South Africa is now 40 kg a year, which compares with 50 kg in the de...

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eloped countries, and between 10 and 25 kg in the underdeveloped countries.

The consumption of sugar n South Africa is expected to each 1,5-million tons in 1984; ınd in the year 2 000 it will xceed 2-million tons. If existing export markets are to be nore than maintained, then ocal production must rise rom 1,8-million tons this year o 3-million tons in the year 2 000.

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cises?

Disconcerting, though, is hat available evidence suggests that nearly all White-owned land within economic listance of existing mills will soon be fully under cane.

However, a survey conducted last year by the Sugar Association shows that a further 90 000 hectares (or 345 000 tons a year) could be developed in the Eastern Transvaal Lowveld, the Makatini Flats, the Pongola-Mkuze region, and the Umfolozi region. But this would require new infrastructure, such as irrigation and mills, costing about R700-million.

omment

Mr Lloyd points out that, meanwhile, attention is being given to the potential n KwaZulu. The Sugar Association has made R10-million available in loans, and has granted R500 000 for the establishment of three farm training centres. It is hoped that this will boost production by 500 000 tons over the next 12 years.

Turning to inflation, the feeling is that growers should get more than their present 14 per cent return on capital, and less revenue should be directed into the Price Stabilization Fund. This is fixed by the Minister of Economic Affairs.

An Umbumbula grower says: "The public is under the impression that because world sugar prices have been soaring, every planter is a sugar baron. Unfortunately, there is nothing further from the truth. We, the producers of this wonderful commodity, are frankly getting a raw deal."

PS 23.9.1975

Mercury 13/11/75

Three centres for Blacks

African Affairs Reporter

THE SOUTH African Sugar Association is building a training centre for African farmers on the Umsinduzi Mission Reserve, in the Ndwedwe District, at an estimated cost of R200 000.

Apart from this centre, two others will be built in other parts of KwaZulu. The three centres will be donated to the KwaZulu Government which will staff and maintain them.

Farmers' days, seminars and courses in sugar cane husbandry, agriculture and servicing and maintenance of tractors and farm equipment will be held at these centres.

Courses in home economics and cultural subjects will be given for the farmers' wives. It is expected that the construction of the three centres will cost R600 000.

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2 Agri - Sugar

3 ~~Manpower - Training~~

SUGAR BEET TRIALS IN NATAL

Agricultural Correspondent MERCURY 14/11/75

Agri - Sugar

SUGAR BEET trials — which could revolutionise the sugar industry in South Africa and bring in millions of rand in export revenue — have been officially started in Natal.

Mr. Peter Sale, general manager of the South African Sugar Association, said yesterday serious field trials on sugar beet had been started at the association's experiment station at Mount Edgecombe, near Durban.

He said that if the growing of sugar beet in Natal proved successful it would provide an alternative source for sugar and give a boost to South Africa's sugar exports. Mr. Sale said that in order for sugar to maintain its place in the economy the industry had to expand.

EXPANSION

"Our present areas for expansion are limited and our canelands are dwindling fast. Except for KwaZulu, where land is still available, there is no further room for expansion."

Mr. Sale said that the South African Sugar Association had given approval for the trials to start on the basis of a report by an overseas consultant who visited South Africa earlier this year. He said the report indicated soils in the proposed Natal growing areas were suitable in spite of some limitations.

BREAK THROUGH

Observers believe this could well provide a welcome break through for the sugar industry which is facing massive problems. The industry is calling for a higher price for domestic sugar as the industry believes the low controlled price of sugar in South Africa has stimulated local sales at the expense of sugar exports which earn the country millions in valuable foreign currency.

Agri - Sugar

S.A. on Sugar Committee

Natal Mercury 22/11/75

LONDON — South Africa has been elected back on to the executive committee of the International Sugar Organisation.

At the fifth session of the council held in London, South Africa, supported by Mauritius, Malawi and Swaziland, was once again elected to the executive.

At the last session, Mauritius withheld her support of South Africa's nomination and South Africa failed to achieve the necessary votes.

But this year, as in the past, with Mauritius' 21 votes, 6 from Swaziland and 5 from Malawi, all exporting nations, along with South Africa's 61 votes, South Africa was successful.

In the past South Africa and Mauritius have annually rotated the seat on the committee and it is expected that this policy will again be practised.

The chairman of the South African Sugar Association, Mr. Anson Lloyd, attending the meeting from South Africa said: "Throughout this whole session, there has been a desire by all to have a new sugar agreement as soon as possible. There has been a strong move to establish procedures for working towards a new agreement."

Mr. Lloyd noted the difference in approach this year on the part of both exporting and importing nations. "In the past two years there has not been the will to agree. This year there was a much greater political will to negotiate an agreement that will hold up."

SUGAR: THE AMERICAN CONNECTION

1. Capital
2. Agric - Sugar
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4. 186

By Vic Hanna

Sun. Tribune 23/11/81

THE South African Sugar Association has arranged a 25 million dollar borrowing facility with one of the largest banks in the United States.

The facility was arranged by the general manager of the association, Peter Sale.

The 25 million dollar line of credit has been made available on the basis of a year to year review. Should the facility be used the interest rate payable by the association will be linked to the current market rate at the time of taking up the loan.

Negotiations were opened with the bank some time ago and during August this year a two-man investigating team from the American bank visited South Africa to study the sugar industry.

"We are not borrowing the money at the moment," says Peter Sale, "but by establishing the facility we have cleared our credentials with the American bank."

The arrangement provides for the association to take up the loan in any currency of its choice.

Peter Sale is particularly happy with the terms of the arrangements especially as the association is not paying commitment fee for the facility.

Peter Sale ... "We've cleared our credentials"

And by establishing its credentials with one US bank means that the association now becomes a known quantity on the American money market and can deal with other institutions without lengthy familiarisation discussions.

The Sugar Association up to now has used London banking facilities to finance the dealing that it undertakes on the world sugar markets.

The degree to which it is operative on the international money scene was proved last year when loans totalling R230 million were arranged by Peter Sale.

The American connection was needed, he says, to provide flexible financing arrangements for the association.

"When one operates on the US sugar terminal market one has to put up money by way of deposits in domestic US dollars. So we had to arrange a facility of this kind."

25m dollar loan facility

By the end of this year the association will have delivered a total of 125 000 tons to the US since the termination of the Sugar Act at the beginning of this year.

In terms of that Act, South Africa's quota to the US was 55 000 tons. So the termination of the Act has led to a huge surge in sugar deliveries to the US. One of the reasons in delivering higher tonnages is to establish a past performance of delivery so that, in the event of a re-introduction of a quota system, there is the possibilty that South Africa's allocation could be higher than before.

"The American refiners have shown a distinct liking for the quality of South African sugar which, coupled with the rapidity with which we can ship from our Durban terminal, has provided us with a very good market," he says.

As yet the association has not opened an American office similar to the one in London because "we do not want to run the danger of being classified as trading in the States with consequent taxation problems."

"At the moment we prefer to deal through brokers."

With the association becoming more active on the overseas market similar tie-ups with banks in Canada, West Germany and Japan are a distinct possibility.

Agric - Sugar

ALL SET FOR NEW SUGAR AGREEMENT

By VIC HANNA
Financial Editor

Sun Tribune 30/11/75

Anson Lloyd ... "better off in the long term"

CONDITIONS for negotiating a new international sugar agreement can hardly be more appropriate than they are at present according to the chairman of the South African Sugar Association, Mr Anson Lloyd.

Recently returned from the Haymarket headquarters of the International Sugar Organisation where he attended the two week annual meeting of the council, Mr Lloyd found that both from importing and exporting nations' points of view there appeared to be sufficient common ground for the re-establishment of the currently suspended International Sugar Agreement.

Since the beginning of 1973 the ISO has had no control over international sugar trading and prices have, since the elimination of any controls, gyrated wildly from a high point of £650 (R1 000) a ton in November last year to around £150 (R240) at the moment.

"At the moment there is no threat of a huge surplus or of a shortage," he said, "which means from both an importer's and an exporter's point of view negotiating conditions are condusive to agreement."

A small group of selected individuals will now be chosen to prepare a report for the council which should be ready by April next year. Should the council find conditions still amenable to agreement a negotiating conference will be held in September or October next year which could result in the re-establishment of an International Sugar Agreement in 1977.

It is an accord that Anson Lloyd hopes will come about.

"Since the suspension of the agreement we have been through two years of convulsion, with wildly gyrating prices. But these

CLIMATE PERFECT SAYS ANSON LLOYD

have not wasted years. They have given the secretariat the opportunity to examine alternate forms of agreement and other methods of price determination.

"Taking the long term view you are far better off having an agreement. You have stability, control and order in an international sugar market."

But the problem, as far as South Africa is concerned is that any price levels agreed to have to be discounted by the amount by which the export earnings subsidise the local market. South Africa is one of the few countries where the domestic price is substantially lower than production costs. The shortfall is made up by revenues obtained on the export market which emphasises the importance of overseas trading on profits made by the local industry.

So, South Africa will seek possibly a higher floor price than other exporting countries.

This factor, probably more than anything else, must have the effect of necessitating an increase in the domestic price of sugar next year.

Cape Times 18/12/75

Tongaat group's R4m profit for half-year

Own Correspondent

DURBAN. — The Tongaat group made a profit, after tax, of R4 011 000 during the half year to September 30, 1975, compared with R3 320 000 in the same months in the previous year. Earnings per share amounted to 24,2c (19,9c).

An interim report released yesterday states that an unchanged interim dividend of 5,5c has been declared.

These results are based on the unaudited actual results of the group's non-sugar divisions plus half of the estimated results, for the whole of the current financial year, of the sugar division.

The report says that the sugar division expects that its earnings will be about the same as last season. The building materials division should increase its contribution to group profits in spite of the slackness in the building industry.

Growth in the foods and feeds division had improved after some slackness. On the other hand, the company's poultry operation was still experiencing difficult conditions due to the need to move the poultry farm to make way for La Mercy Airport.

Meanwhile, the textile division expects to make a positive contribution to group earnings this year.

The report adds that it is difficult to forecast Tongaat's final results but it has been estimated that overall earnings will be about R8 million (1975: [illegible]) representing 48c a share (1975: 39,1c a share).

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3 Agri - Sugar

SA's R603m sugar industry — one of the country's most important foreign exchange earners, expected to bring in R211m from exports this 1975-76 season — will be facing a crucial time in 1976.

From bluechip export earner to an uncertain future — all in the space of two years. What are the problems facing the sugar industry?

Sugar's sour outlook

F.M 19/12/75

In less than two years it has moved from being as near a blue-chip agricultural investment as one could possibly expect to one hedged about by uncertainties, both locally and internationally.

This remarkable change has been caused by a combination of a sharp drop in the international sugar price, two reductions in the local price, and rapidly escalating costs incurred by millers and growers.

For more years than the industry cares to remember, local production and domestic sales have been cornerstones of the industry. Indeed, the Sugar Act decrees that not a ton of sugar may be exported until local market needs have been fulfilled.

More recently, however, exports have played an increasingly vital role. More than 1Mt was exported in 1967/68 and 1972/73; and while the value of these exports can't be gauged by the London Daily Price, which reached a giddy R650/t in November last year (average local price: R107/t) they are a major factor. Sugar's economy has thus more recently relied on the development of overseas markets; three years ago exports took up 52% of total production. It was as much as 58% in 1967/68.

But metrication, two domestic price cuts totalling 20% (bringing refined sugar down from R132,78/t to R108/t and brown from R126/t to R101/t), and increased African wages, have all since contributed to a surge in local sales. They increased nearly 8% in 1973/74, 7,4% last season and this season are expected to climb another 6,7%, from 1,053 Mt to 1,124 Mt.

This has led to a spectacular turnaround in local and export sales, with the former expected to take 61% of this season's total production.

The danger of this situation is clear. The average price of local (white and brown) sugar is R106,96/t, and, with the

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industry reckoning overall sugar production costs at R182/t, it means this season exports are subsidising 61% of production by about R75/t. That's all very well so long as export prices keep up. Fortunately, even with the plunge in the LDP this year, SA's export prices will be sufficiently buoyant — through hedging and forward pricing — to earn nearly R298/t.

The crunch, of course, will come if world prices stay down. Since the foundering of the 1968 International Sugar Agreement at end-1973, export prices have been chaotic. Last year the LDP, averaging £300/t, peaked at £650/t, plunged back to £128/t in June this year, and is now running around £160/t.

Those sort of gyrations can play havoc with earnings — more particularly when coupled with a crop fall. Earlier drought, which reduced SA's estimated sugar production by 100 000 t to around 1,835 Mt, and a falling LDP has brought this season's expected proceeds down from R361m to R338m.

There have been other setbacks too. Another 50 000 t of sugar expected from further allocations of caneland (6 000-7 000 ha) has not fully materialised, while three mills (Amatikulu, Malelane, and Union Co-op) are also expected to lose nearly 100 000 t in estimated production because of technical problems.

Moreover, heavy rains during the past 2-3 months of harvesting have resulted in the worst cane-sugar ratios in 30 years. Today it is 9,23 and is expected to worsen to 9,35 (against last season's 8,97). That means a loss of 77 000 t on this season's expected 17,152 Mt of cane.

Another global problem is that during the last two years, high prices, allied to the further strain of high oil prices, have had a marked effect on world consumption. Consumer resistance and the shift by some manufacturers to glucose syrups has led to a marked drop in important markets like the US (down 14%), Canada and Japan (down 26% at one stage, and now busy trying to cancel or defer some of its big import contracts because of the continuing domestic consumption decline).

All told, the world is reckoned to have lost 5 Mt of potential sales through the initial flattening out of the normal 2,5 Mt/a consumption increase and the subsequent reversal. True, high prices have generated some expansion, but it's only been sufficient to replenish run-down stocks.

At one stage it was generally believed that Russia, because of its bad beet crop this year, would need to buy on the free market, and so lead to another LDP push. But this is no longer likely.

As a result, the LDP has been on a £148/t-£168/t plateau since end-September and the general feeling in the SA industry is that it would be unwise to expect more than an average £150 during 1976. This appears confirmed by the £166/t quoted earlier this week for May 1977 futures, the furthest forward assessment.

It's this prospect that makes the chances of negotiating a new International Sugar Agreement seem reasonable. Certainly last month's International Sugar Council meeting saw the first display since November 1973 of any political will for a new agreement.

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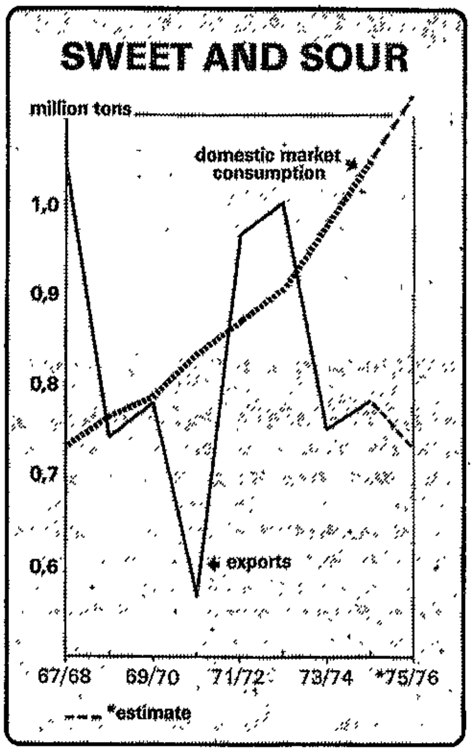
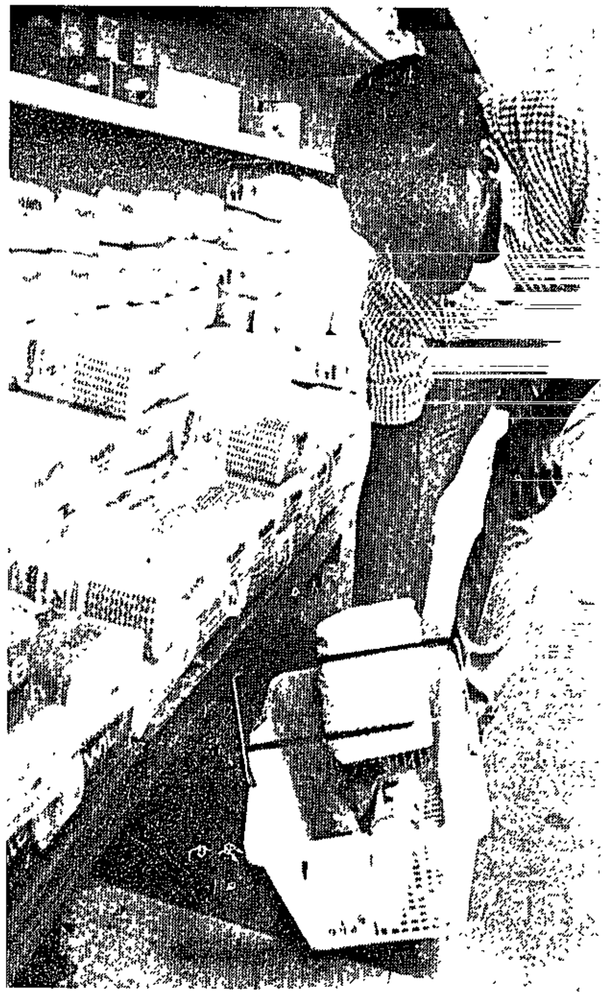


possibly lead to a Geneva conference in September-October.

If there is a meeting, circumstances will be vastly different to those ruling during the abortive 1973 negotiations. The world free market has expanded from 8 Mt to 15,2 Mt with the abandonment of the Commonwealth Sugar Agreement and the US Sugar Act; artificial sweeteners are a continuing threat; Unctad is intruding into all commodity agreements; Latin American Caribbean countries have suggested a reasonable world price would be 20-30 USc/lb compared with the 11c maximum suggested in 1973; and some groups have even investigated sugar SDRs.

Should there be a new agreement based on £150/t (in real terms about the same as the £80/t talked about in 1973) it would probably take some time for the market to stabilise sufficiently for prices to move up any appreciable extent.



It's cheap, but for how long?

On today's production a price of £150/t would mean a drop in export earnings, as there'd need to be an average LDP of £186/t to meet this year's average export price of £298/t. But assuming a crop of around 2 Mt next year and an export surplus of 850 000 t, a £150/t price would still earn R214m, or about the same as this year.

Either way, an LDP of £150/t or a new ISA based on the same price, still means the SA sugar industry is committed to gearing itself to a steadily growing local market, where every ton sold is at a production loss.

Indeed, sugarmen are adamant that there is no way of expanding the industry on today's returns of 7% on conservative replacement values for growers, and 14% on book value for millers. These returns, fixed five years ago, are reckoned to have been made completely inadequate by inflated costs, and have for the last six months been the subject of a BTI investigation.

The danger of leaving things as they are have been stressed by SA Sugar Association chairman Anson Lloyd, who has pointed out that at today's local consumption rate it would take a mere 12 years to absorb the entire existing 1972/73 production record of 1,913 Mt — implying a complete loss of the export market, and foreign earnings.

To allow returns to be more realistic, sugarmen believe there should be a gradual increase in the local price of sugar.

But the burning question is whether Minister of Economic Affairs Chris Heunis can afford to agree to a price hike in today's economic climate, more particularly in the light of his own anti-inflation push.

Some in the industry might fondly imagine that if they are able to demonstrate a clear need for a price increase, they'll get it. Pretoria, however, could well regard a price increase in so basic a commodity as politically dangerous.

Even if an eventual price increase is inevitable, it could be that next year will see Heunis continuing to allow an under-recovery of costs and using the Price Stabilisation Fund — which will reach about R110m this season — as a buffer.

He dare not, however, allow the PSF to run down too far, because if that were to coincide with a bad crop and/or a low world price it could mean wiping out the fund altogether in one season.

Heunis cannot forever ignore the need for expansion to safeguard foreign exchange earnings. However, he might choose to start phasing in increased returns only in 1976-77. For to do so any earlier, he might argue, is far too risky, economically as well as politically.

In that event 1976 will see the SA sugar industry praying harder than ever for good weather and a reasonable world price.

The top reporters

As standards continue to improve, there are big changes at the top in this year's annual *FM* accounts award. Our congratulations to PP Cement

Winning the *FM* Award for the best company report of the year has never been easy. Even before the Companies Act, 1973, came into force at the beginning of the year, a report had to be better-than-good to make the Top Twenty.

Now in the twelfth year of this Award, a report has to be excellent to make the grade, thanks to the higher disclosure levels made mandatory by the Act. We're delighted, of course, even though the new legally required minimum standards have made the job of distinguishing between the excellent that much harder.

That many companies go beyond the letter of the Act's requirements in giving shareholders information is as it should be. Yet there are a lot whose statements fall short of what we, and the University of Pretoria's Bureau of Financial Analysis, would like to see.

Tukkie's and *FM* jointly — and thoroughly arbitrarily — agree the rules, and the Bureau's computer assesses the reports. We believe, for example, that shareholders are entitled to know exactly what accounting policies have been used, and why. We think it's important that investors should know, via an analysis of shareholdings, the spread of ownership. We don't think it's enough to disclose a parent company's existence: we think shareholders are entitled to know the percentage of control held.

So, although reporting levels have improved considerably over the past decade (and they again rose appreciably last year, particularly at the top end of the spectrum) there's plenty of room yet for betterment. And, judging from the number of 'phone calls received recently about the rules governing the *FM* Award, there are more than a few companies keen to rank among the front runners.

All should keep trying; the changes we had to make to the marking rules for the 1975 competition (to allow for the higher legally required standards) produced

TOP TWENTY

Pretoria Portland Cement
Ovenstone Investments
Rennies Consolidated
*Protea Holdings
Scotts Shoe
*Massey-Ferguson
Putco
*Williams, Hunt
*SA Breweries
*Cullinan
Kohler Brothers
Edworks
CNA Investments
*SAAN
Frasers
OK Bazaars
TW Beckett
Crookes Brothers
*Stein Brothers
Man-About-Town
Below the line:
SA Druggists
Stuttaford

**In last year's Top Twenty.*

PP Cement's Luyt . . . a solid performance

OIL's Ovenstone . . . a fine catch

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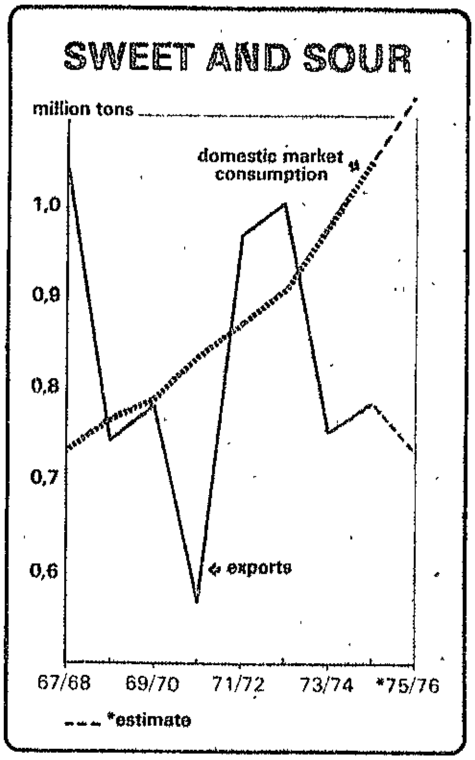

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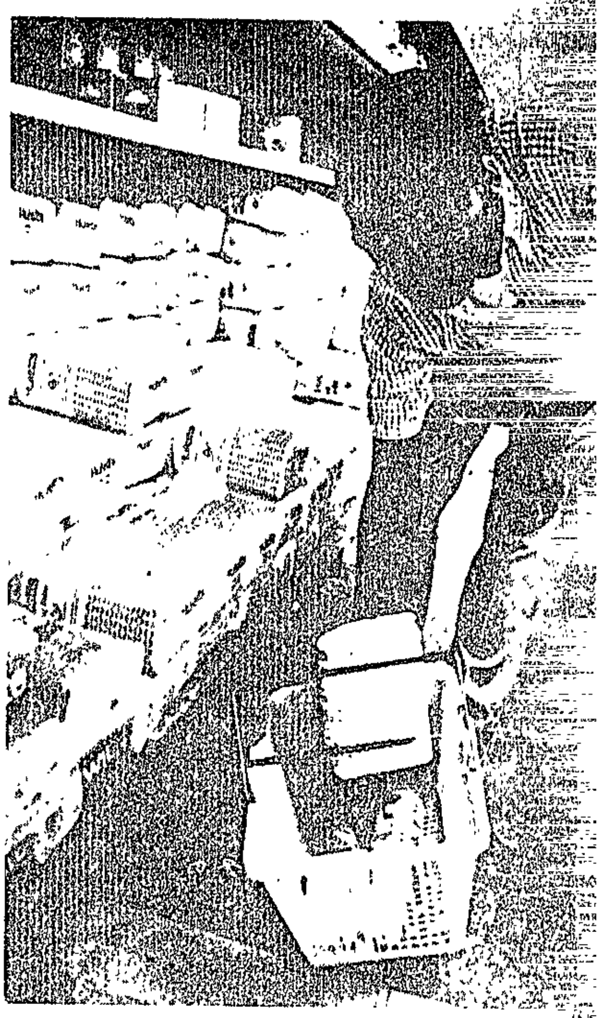

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Indeed, sugarmen are adamant that there is no way of expanding the industry on today's returns of 7% on conservative replacement values for growers, and 14% on book value for millers. These returns, fixed five years ago, are reckoned to have been made completely inadequate by inflated costs, and have for the last six months been the subject of a BTI investigation.

The danger of leaving things as they are have been stressed by SA Sugar Association chairman Anson Lloyd, who has pointed out that at today's local consumption rate it would take a mere 12 years to absorb the entire existing 1972/73 production record of 1,913 Mt — implying a complete loss of the export market, and foreign earnings.

To allow returns to be more realistic, sugarmen believe there should be a gradual increase in the local price of sugar.

But the burning question is whether Minister of Economic Affairs Chris Heunis can afford to agree to a price hike in today's economic climate, more particularly in the light of his own anti-inflation push.

Some in the industry might fondly imagine that if they are able to demonstrate a clear need for a price increase, they'll get it. Pretoria, however, could well regard a price increase in so basic a commodity as politically dangerous.

Even if an eventual price increase is inevitable, it could be that next year will see Heunis continuing to allow an under-recovery of costs and using the Price Stabilisation Fund — which will reach about R110m this season — as a buffer.

He dare not, however, allow the PSF to run down too far, because if that were to coincide with a bad crop and/or a low world price it could mean wiping out the fund altogether in one season.

Heunis cannot forever ignore the need for expansion to safeguard foreign exchange earnings. However, he might choose to start phasing in increased returns only in 1976-77. For to do so any earlier, he might argue, is far too risky, economically as well as politically.

In that event 1976 will see the SA sugar industry praying harder than ever for good weather and a reasonable world price.

The top reporters

As standards continue to improve, there are big changes at the top in this year's annual *FM* accounts award. Our congratulations to PP Cement

Winning the *FM* Award for the best company report of the year has never been easy. Even before the Companies Act, 1973, came into force at the beginning of the year, a report had to be better-than-good to make the Top Twenty.

Now in the twelfth year of this Award, a report has to be excellent to make the grade, thanks to the higher disclosure levels made mandatory by the Act. We're delighted, of course, even though the new legally required minimum standards have made the job of distinguishing between the excellent that much harder.

That many companies go beyond the letter of the Act's requirements in giving shareholders information is as it should be. Yet there are a lot whose statements fall short of what we, and the University of Pretoria's Bureau of Financial Analysis, would like to see.

Tukkie's and *FM* jointly — and thoroughly arbitrarily — agree the rules, and the Bureau's computer assesses the reports. We believe, for example, that shareholders are entitled to know exactly what accounting policies have been used, and why. We think it's important that investors should know, via an analysis of shareholdings, the spread of ownership. We don't think it's enough to disclose a parent company's existence: we think shareholders are entitled to know the percentage of control held.

So, although reporting levels have improved considerably over the past decade (and they again rose appreciably last year, particularly at the top end of the spectrum) there's plenty of room yet for betterment. And, judging from the number of 'phone calls received recently about the rules governing the *FM* Award, there are more than a few companies keen to rank among the front runners.

All should keep trying; the changes we had to make to the marking rules for the 1975 competition (to allow for the higher legally required standards) produced

TOP TWENTY

Pretoria Portland Cement
Ovenstone Investments
Rennies Consolidated
*Protea Holdings
Scotts Shoe
*Massey-Ferguson
Putco
*Williams, Hunt
*SA Breweries
*Cullinan
Kohler Brothers
Edworks
CNA Investments
*SAAN
Frasers
OK Bazaars
TW Beckett
Crookes Brothers
*Stein Brothers
Man-About Town
Below the line:
SA Druggists
Stuttaford

**In last year's Top Twenty.*

PP Cement's Luyt . . . a solid performance

OIL's Ovenstone . . . a fine catch

F.M. 19/3/76

NEW DEAL FOR CANE COUNTRY

Development aid programmes often founder on the folly of fertilising ignorance with money and hoping for the best. The Sugar Association is taking good care to avoid such mistakes in its efforts to help small growers.

Its Small Cane Growers' Financial Aid Fund made 1 200 loans, totalling R1,3m, by the end of January after 22 months of business. A slow start, but the pace is hotting up, says Fund manager Alfred Schaffer, a former Chief Bantu Affairs Commissioner for Natal. Latest venture is the donation of three farmers' centres to the KwaZulu Government and the addition of another R5m to the Fund for what it calls Phase Two development.

The R5m to start the Small Cane Growers' Financial Aid Fund came from the proceeds of the 1972/1973 sugar crop. The second R5m for Phase Two — earmarked for block development — has been made available by the Sugar Association's development section.

Although the Fund is open to all races the main beneficiaries are intended to be African, Indian and Coloured growers who lack capital and skills. Africans suffer from additional handicaps under the migrant labour system and from uneconomic agricultural units arising from every married man's traditional right to land. Their productivity is approximately half the industrial average and many Black growers fail to deliver at all in some seasons.

The farmers' centres are intended as places where Zulu farmers can go with their extension officers on short courses to acquire agricultural know-how. They will also serve as community centres for their areas at Ndwedwe and Ngoye on the north coast and Umzumbe on the south coast.

Phase Two is aimed at the development of large blocks of land which will thereafter be allotted on a viable unit basis, with many services for the settlement being undertaken co-operatively. The KwaZulu Government will select areas suitable for block development of cane and sell the idea to the people.

Contractors, inevitably White at first, will be engaged to develop the areas with the assistance of the people who will be paid at industrial rates while learning to farm their land using modern methods.

Proceeds from the first crop will go towards repaying the Fund's loan and the contractors take their cut in the form of a management fee. Thereafter it's up to the community to put their newly-acquired skills to work for their own profit.

Sugar Association chairman Anson Lloyd noted recently that it should be possible to develop 50 000 ha of cane in KwaZulu which would support a farming population of 30 000 and yield an annual revenue of at least R30m. Last season's yield from 14 000 ha was a mere R3,8m so there is plenty of scope for improvement.

One worrying aspect is the rapid rise in development costs: from R300/ha, when the Fund got going in April 1974 to about R530/ha — and costs are still rising. However, repayment of loans already granted and improved earnings from better yields will help to keep things going for a while yet.

Loans are repayable over 10 years at 3% for the first four years and 5% for the remaining six years. Never more than 25% of the proceeds from one season are demanded in repayment.

Recently a new type of loan, mainly for the benefit of small Indian growers, has been introduced. These Ratoon Management loans are granted to a maximum of R150/ha for fertiliser and weedicides for a specific crop and must be repaid in full when that crop is harvested. Making efficient farmers out of a poor peasant population is a slow business but at least a start has been made.

It will be a slow grind.

(1) ~~107~~

(2) Agric - Sugar

Agri - Sugar

Government refuses relief

Shock for sugar growers, millers

NM 23/4/76

Financial Editor

SUGAR growers and millers will be shocked to learn that they will not, for the present anyway, receive any help from the Government in fighting their losing battle with inflation.

Their request for help, by being allowed a more realistic return on their operations, has been turned down after investigations and talks lasting about a year.

The industry claims that its growers only receive a 7 percent, return on their replacement values and millers get 14 percent, on the book value of plant. Today's replacement costs of plant bear no relation to book value and prices continue to increase by the month.

The industry is able to keep its head above water because the export price, about £180 a ton, compensates for the low return received in the South African domestic market.

But, this is where the danger lies for the industry, because consumption at home is increasing, which means that more sugar has to be sold at the low price leaving less sugar for the export market and its current high prices.

Last year, South Africa produced a total of 1 883 195 metric tons of sugar. A total of 1 099 771 tons was sold at home and 783 424 tons abroad.

This was the reverse of the position in 1973, when 1 914 601 tons were produced, 1 004 601 tons exported and 910 000 tons sold in the domestic market.

The industry needs to expand to make more sugar available for buyers abroad but there [illegible] in with price trends in other sectors.

The industry has a buffer in its price stabilisation fund but two bad seasons on the run could knock the bottom out of the fund.

If export prices dropped the fund could also be in trouble.

It is as much in the Government's interests as it is for sugarmen that the industry should remain profitable and able to expand. The anti-inflation campaign is important but so are foreign exchange earnings.

Meanwhile, the Government and the sugar industry will be in accord on at least two points — that the weather should remain good for growing cane and that world prices for sugar stay at a high level.

Agri - Sugar

~~26/4/76~~

The Natal Mercury, Friday, April 23, 1976.

Increased return for sugar is rejected

23/4/76

NM

CAPE TOWN — The Government was not prepared to implement a recommendation by the Board of Trade and Industries that businessmen in the sugar industry be paid on a basis considerably more advantageous than at present, the Minister of Economic Affairs, Mr. Chris Heunis, says in a report tabled in the Assembly yesterday, Sapa reported.

The recommendation followed an investigation by the board after increased representations had been received that the basis of payment of the sugar industry had become unrealistic in view of present-day circumstances and should be revised.

"The most important recommendation in respect of sugar millers is that the present return of 14 percent on depreciated historical book values be substituted by a return of 12 percent on replacement values, which in fact means an increase of approximately six percentage points in the present rate of return.

"In respect of cane growers, the board recommends that the return and managerial remuneration be combined, and that an amount of R145 a hectare be paid in respect thereof.

"I have understanding for the arguments put forward by the board in support of its recommendations.

"It is, however, beyond doubt that the proposed increases in the remuneration of entrepreneurs in the sugar industry will cause a sudden drain of the Sugar Price Stabilisation Fund and, unles s the overseas Price Stabilisation Fund and, unless the overseas will necessitate the Government increasing the price of this essential commodity drastically.

"Mainly for this reason the Government is not prepared to implement the board's recommendations."

Our financial editor writes: The sugar industry will receive the news that Mr. Heunis has turned down the industry's plea for a new price structure with profound disappointment, according to Mr. Anson Lloyd, chairman of the South African Suger Association.

Commenting on Mr. Heunis's statement that he would reconsider the industry's proposals if the sugar export price increased for a long enough period, Mr. Lloyd said that he had just returned from London where there was no certainty that the present price of £180 a ton would remain at this level.

"Sugar is a volatile commodity and it is subject to violent fluctuations. A lot will depend on the European beet crop. If it is a large one our export price could be affected."

Agri - Sugar

Sugar industry asks for bigger share

DD 3/5/76.

DURBAN — Mr Anson Lloyd, chairman of the South African Sugar Association, said here that the cost to the sugar industry of subsidising sugar for local consumption was rapidly approaching R100-million a year

The industry was concerned, he said, over Government's decision not to implement the recommendations of the Board of Trade that the industry should receive a large share of its earnings, and it was to make representations to the Government to reconsider its decision.

The industry felt the decision discriminated against the sugar industry to a greater extent than was called for in the anti-inflation campaign.

The industry, he said, was fully conscious of the Government's determination to control inflation, and was willing to make its full contribution. The price of sugar had been reduced twice in the last few years.

Although the Government had altered the present formula in parts to give the sugar industry a slightly larger share of the revenue it had earned, the increases bore no relation to those recommended by the Board of Trade.

The Board was appointed more than a year ago by the Government to conduct an investigation into the price formula for the division of proceeds to sugar millers, refiners and growers, from the sale of sugar. — SAPA.

Sugar workers . . . dropped in the cart by you know who

COVER STORY

F.M. 14/5/76

INSIDE INDUSTRY

Sugar investment turning sour

Agri - Sugar

In spurning BoT recommendations government appears to be gambling on a healthy LDP return. It's a gamble which could well back-fire

"If you're writing about the sugar industry you could have a drawing of the goose that laid the golden egg with its head being chopped off," suggested Sugar Association chairman Anson Lloyd.

That is exactly how the South African sugar industry feels about government's refusal to implement recommendations by the Board of Trade after a year's investigation of its affairs.

Among the industry's complaints are:

- It is being obliged to absorb increased costs out of inadequate returns on capital;
- It has to subsidise local consumption heavily out of export earnings which will not necessarily remain at present levels; and
- Uncertainty over government policy towards the industry is making planning extremely difficult and inhibiting expansion to cope with anticipated demand.

There is some impressive evidence to support this charge sheet. Cost of production this season is expected to exceed R200/t but the industry receives only R106/t from local market sales estimated at 1,2 Mt. Thus local consumers are receiving a R113m subsidy from export sales.

Such heavy reliance on an unstable export market is a calculated gamble. It may come off. Anticipated earnings from exporting 852 000 t at R275/t are R235m for the 1976/77 season. But the industry remembers 1966/67, when the export price of R33/t brought in only R27m from 818 000 t exports.

"During the past three years," says the BoT report, "sugar was the second most important (after maize) agricultural product exported and accounted for an average of approximately 18% of the total value of all agricultural exports." Ironically, by keeping the local price down to a level lower than anywhere in the world, the balance available for export is curtailed at a time when export prices are high and SA is in need of foreign earnings.

The sugar industry was never particularly happy about the formula for the division of proceeds from the sale of sugar devised by the Van Biljon Commission and which came into effect in the 1972/73 season. One of its main objections was that the allowances for increased costs were linked to the consumer price index which, it felt, was not a reliable guide to the costs of a heavy agricultural industry. Nor did it consider returns of 7% on conservative replacement value for growers, and 14% on historical book values for millers, adequate.

However, it was obliged to go along with the formula, helped from time to time by *ad hoc* ministerial decisions. The industry hoped that when the formula was reviewed at the end of the 1974/75 season a more realistic basis would be achieved.

In February last year Minister of Economic Affairs Chris Heunis referred the matter to the BoT which spent a year investigating the sugar industry and reported this February. However, in April the Minister announced that government had rejected the Board's recommendations for improved returns to the industry on two main grounds. They would lead to a massive drain on the Price Stabilisation Fund (PSF) which, in turn, could lead to a sharp increase in the domestic price of sugar which did not accord with the anti-inflation campaign.

Paradoxically, government, presumably with the anti-inflation campaign conveniently forgotten for the moment, authorised price increases for maize (18%) and steel (15%).

The sugar industry was staggered. "In effect", says Lloyd, "we are now worse off than we were before because the concessions we had been allowed by various ministers were swept away — incentive retention out of export earnings is an example — and we are now obliged to absorb 20% of increased costs out of a lower return on capital." Had the BoT's recommendations been accepted, growers would have received 8,5% on R1 566/ha, whereas they are now pegged to 7% on R969/ha. The difference is estimated at R25m.

The millers, instead of being allowed 12% on replacement values, are left with the old 14% on historic book values — a difference of R12m in their estimation — and they too have to absorb 20% of increased costs.

Depending on what happens to the London Daily Price, the Sugar Association estimates that the effect of holding the line could be to bring the PSF, which peaked at R94m, down to about R30m, which would place the industry in a vulnerable position.

The PSF, originally established to cushion the industry against three consecutive bad seasons, is being run down in what is expected to be a record season. For every £10 the LDP falls the PSF loses R10m and, notes Sugar Association GM Peter Sale: "We have to take into account the depreciation of sterling. Since March, the pound has dropped in value by between 8% and 10%".

Of course, it's possible that the LDP will take off again. That is precisely the gamble government is taking. If it doesn't, it is difficult to see how a sharp increase in local market prices can be avoided. It becomes purely a matter of timing.

This is not to say that the industry, in which there is an investment of some R750m, is in dire straits. The dispute relates to R38m out of a total income of R370m.

"But," warns Lloyd, "we have to plan ahead for the next 10 years when local market consumption, we think, will rise from 1,2 Mt to 1,8 Mt and we must know what government's intentions towards the industry are. No new sugar mill has an earthly hope of becoming viable under present conditions and existing investors are simply not interested in expansion."

Technically, growers cannot switch easily from cane to other crops but there are some areas, such as the Eastern Transvaal, Pongola and the Nkwaleni Valley where other crops will grow and are being considered. More importantly, where there is a marginal choice, cane is becoming the loser.

Government's decision came as a particularly hard blow to the industry. Not only had it been hoping that an improved formula would be applied to the 1975-76 season but, also, because millers alone had invested R20m in the industry during the season as part of normal growth. Although this is not exactly money down the drain, it is now seen as a pretty poor investment.

In the past 25 years since 1950, the retail price of sugar has been increased only six times. Three of these followed disaster of one kind or another; the loss of the Commonwealth Sugar Agreement; the worst drought in 100 years in 1966, which cost the industry 400 000 t in lost production; and the collapse of the world price to £20/t in 1967. On the other hand, in 1972 and again in 1974 the local market price was reduced by a total of 18%.

By insisting that the industry continue with such a heavy under-recovery of costs for sugar sold locally, government is no doubt adopting a popular political position. But if export prices should turn down local consumers will find themselves picking up a heavy check for the ride. It will be no use blaming it on the bad barons of the sugarbelt.

Saving precious little

Next Wednesday, SA's 10 or so oil recyclers go into a huddle at the Department of Industries to consider a draft regulation on the control and disposal of used mineral oils.

Several loose ends have yet to be tied but the suggestion is, among other things, that it will become an offence to destroy, burn or dispose of mineral oil, used or virgin, and so cause any form of pollution.

It's also on the cards that wilful contamination of used mineral oil with more than 10% foreign matter will become an offence. The disposal of non-refinable residues by the recyclers is also provided for.

There's also sure to be an obligation placed on the public, with certain exceptions, to return used oils either to the original supplier or to the nearest reseller, re-refiner or distributor.

Neither can any of these potential recipients refuse to accept delivery of such used oils, it's suggested.

The proposed legislation is not before time. It was first mooted in mid-1974, probably as a reaction to the oil crisis of late 1973. However, the problem of pollution remained and this, as much as anything, has kept the ball rolling — albeit slowly.

But, pollution or not, oil recycling obviously offers substantial savings on foreign exchange.

Today, industry uses an estimated 320m litres of lubricating oil a year, of which only about 30 000 litres are being recovered. That is, recovered as opposed to being re-refined. True, much of the original virgin oil is lost — either being burnt or used in total loss systems — but conservative estimates in the market place suggest that a recovery rate of around 40% is not out of the question.

There are also losses in the recycling process — around 30% is lost in additives, sundry fuels, vapours and so on. But the fact remains that we're still only recovering 6%-7% of the original virgin product.

Questions are sure to be raised on the financing of a nationwide recovery scheme. On that score it's an open secret that a nominal amount (of, say, 1c per litre) was mooted as a levy on all lubricating oil products. The idea is that this special Levy Fund would assist local authorities in setting up collection points and the like as well as offsetting transportation costs.

There's also sure to be pressure on the

PORK EXPORTS GET CRACKLING

SA's exports of pork until two weeks ago were limited to 71 t/month. However, since supplies have increased the Meat Board has removed the quota, although it can be re-imposed.

Only three abattoirs are licensed to slaughter pork for export. These are Spekenam at Belville (part of the Vleissentraal group) which is licensed to export to the EEC, the Heidelberg municipal abattoir, and Escort in Natal which can only export to African territories and free harbours such as Rotterdam and Hong Kong.

"Main export markets," says Meat Board's deputy general manager Dr Jan Lombard, "are the Indian Ocean islands. If we have a really big surplus we sell to the UK but that only occurs once in a couple of years. This is more likely to be the sporadic and natural peak in production that we get around this time of the year."

How much is SA likely to export? There's no hard or fast figure. "It could be as low as 100t-200t/month," says an Escort spokesman.

"Export of pork is really only being allowed in order to stabilise price," says Lombard. "It's baconers (80c-85c kg) and porkers (90c-100c kg) that are mainly in surplus. If there's any suggestion that exporting would raise prices locally, we would reimpose the quota."

(1) Agri - Sugar
~~(2) 707~~

Sunday Tribune 13/6/76

HELPING THE SMALL MAN TO HELP HIMSELF

THE SMALL Growers' Financial Aid Fund of the South African Sugar Association is proving its worth in more than monetary terms, according to director Alfred Schaffer.

He said: "While the fund may appear on the surface to be a purely financial assistance we are extremely pleased that our philosophy of total support has proved true.

"We intended this fund to give not only a cash boost to growers, but also to fulfill the old Chinese proverb of 'Not giving a hungry man a fish to eat, but teaching him to fish'.

"This project is intended to improve the quality of life of the growers we help, and we seem to be progressing in that direction."

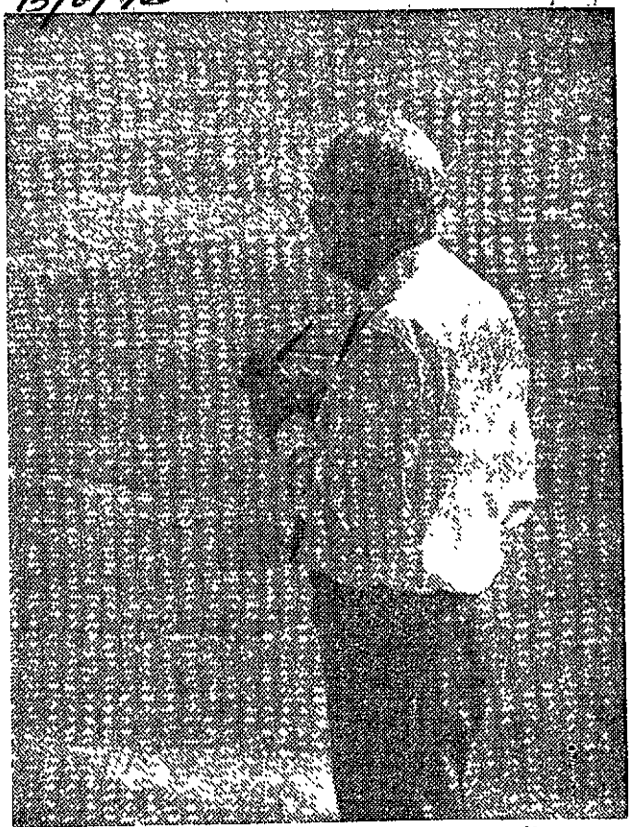
"That direction" has in real terms proved to be the opening of three farmers' centres in the KwaZulu homeland, which are providing not only a very comprehensive series of courses in agriculture and cane husbandry, but also community projects such as domestic science, child welfare and family associated topics which really act the part more of community service rather than the vested self-interest of the sugar industry.

In the Indian-owned growing areas, where land premiums have prohibited a permanent centre in the meantime, a comprehensive mobile unit is supplying the services rendered by the farmer centres.

From the purely financial viewpoint the first year of operation of the fund (1973) saw the fund with assets of R5 million, which with escalating costs may now be less than is needed to conduct the programmes and the ideals of the men chosen to carry out the objectives.

The 1974-75 year end grants totalled almost half a million rands with 37[illegible] recipients, and this year the totals have grown to almost R1,5 million and 1 37[illegible] recipients.

This bold approach in development is not only providing financial assistance of short term value, but also knowledge and skills which are of permanent benefit.



Schaffer ... "Great progress"

Agri - Sugar

SUNDAY TRIBUNE, JUNE 13, 1976

SUGAR SURVEY

WHERE ALL THAT MONEY GOES

By ERNEST MORRISON,
general manager of the South African Cane Growers' Association

THE South African sugar industry is controlled by the Sugar Act of 1936 in terms of which the Sugar Industry Agreement, the formalisation of the partnership between growers and millers is published.

Each season the South African Sugar Association estimates the size of the crop as well as the requirements of the local market. After providing for the necessary of season stocks the balance is then produced as export sugar.

Each mill is required to produce its proportionate share of local market refined and brown sugar as well as of export sugar. The proceeds of export sales are passed back to the milling companies in proportion to the tonnage of sugar sent in to the terminal by each mill.

In the local market, the role of the Sugar Association is limited to deciding the overall quantities of local market sugar which should be manufactured by each mill. The individual millers and refiners market their own brands of sugar in competition with each other.

Millers are free to arrange with refiners or with other mills, by exchange, to meet their obligations in respect of the type of sugar manufactured. In his way it is possible for sugar production to be rationalised and for some mills to concentrate entirely on producing raw sugar for refining at the control refinery at Rossburgh or for export, while other mills specialise in producing brown sugar for direct consumption or refined sugar at the refineries attached to their mills.

The entire cost of sugar transport and other industrial obligations are paid by the Sugar Association and are recovered by a levy at a rate per tonne of sugar imposed on the mills. In this way the procedure is created for each mill to receive an equal price for its sugar at the mill door. This in turn enables the mills to pay uniform cane prices throughout the country regardless of which mill a grower supplies.

Each consignment of cane entering the mills is carefully sampled and analysed by the Cane Testing Service, which is operated by a neutral party — the Sugar Industry Central Board. The cane is paid for on the basis of its sugar (sucrose) content as determined by the Cane Testing Service.

The selling price of sugar in South Africa is strictry controlled by the Minister of Economic Affairs, who, in terms of the Sugar Industry Agreement, also has power to determine the cost and return on capital requirements for each section of the industry.

The return on capital allowed to the growing section is 7 percent on R969 per hectare instead of the recommendation by the Board of Trade which was 8.5 percent on R1 566 per hectare.

The return on capital allowed to the milling and refining section is 14 percent on the depreciated historical book value of assets instead of a 12 percent return on the current replacement value of assets as recommended by the Board of Trade, which would have been equivalent to a return on historical book value of capital of around 20 percent.

By adding each section's designated total costs to its total returns on capital allowed by the Minister, the total requirements of each section of the industry are determined.

Next the Sugar Association calculates the total proceeds of all sugar and molasses sales which have accrued to the sugar milling companies during the season. Today this figure is about R400-million, of which more than R250-million comes from exports.

From this total sum, the Sugar Association levies the commission accruing to the millers' distributing agents in the local market and the total requirements of the refiners and prepackers are deducted.

The balance then represents the sum available for distribution between the milling and the growing sections of the industry and this figure is compared with the total requirements of both these sections, any surplus balance being paid in to the Price Stabilisation Fund.

Returning again to the total requirements of the growing section it appears that during the current season these will be in the vicinity of R224-million. When this is divided by the total sucrose which it is estimated will be delivered by the growing section to the mills during the current season, namely about 2,4million tonnes, it gives the current estimated price per tonne of sucrose in cane that has to be paid to the growers by the millers, namely R91,85 per tonne.

If the average sucrose content of all cane delivered to the mills turns out to be 12.83 percent then the average price of cane will be R11,78 per tonne. This is lower than the R12,32 paid during the previous season.

In addition to the price per tonne of sucrose paid by the mills, the South African sugar industry also operates the so called "Equalisation Fund". Under this system R4-million of the proceeds of the growing section is set aside and paid into the Equalisation Fund each season. Payments are made to each grower from this fund in accordance with his scale of production with the smallest growers receiving about 62c per tonne of cane and the largest growers (those producing over 13 500 tonnes of cane) about 2c per tonne.

Growers are paid monthly by their mills on a provisional basis with a final payment occurring at the end of each season.

A severe drought occurred during the 1970-71 season which marked the end of a prolonged period of financial stringency for cane growers because the drought had been preceded by a period of depressed export prices for sugar.

By 1971, however, things were looking up again in the export market and it was not long before export prices exceeded the local market price of sugar. Growers, however, were precluded from deriving any undue benefits from the excess proceeds being derived from export sales because of the Goverument's stringent attitude to the cost formula and its insistence, on all surplus proceeds being placed in the Price Stabilisation Fund instead of being distributed to the sugar industry.

The report of the Board of Trade and Industries showed during the past five years that neither millers nor growers received the rates of return on capital recommended in 1970 by the Van Biljon Commission of Inquiry into the Sugar Industry.

While last season's cane price was more satisfactory, the Government's decisions at present mean that this season's price will be lower than last season's and so will growers' profit margins.

Perhaps the most unsatisfactory aspect of the Government's decisions, is that there appears to be no long-term policy laid down. The sugar industry requires heavy capital investment and production will not be encouraged unless a satisfactory long-term price policy is clarified.

There is, of course, a vital need to encourage production because all extra production means additional exports. With the prevailing high export prices this not only provides valuable foregin exchange for the country but also generates proceeds surplus to requirements which are being used to subsidise local market sugar prices.

In fact, local market consumers are being subsidised to the extent of over R100 mollion during the current season and the price at which sugar is being sold in South Africa represents only about one half of the cost of production.

The longer an increase in the local market price is delayed the bigger it will have to be.

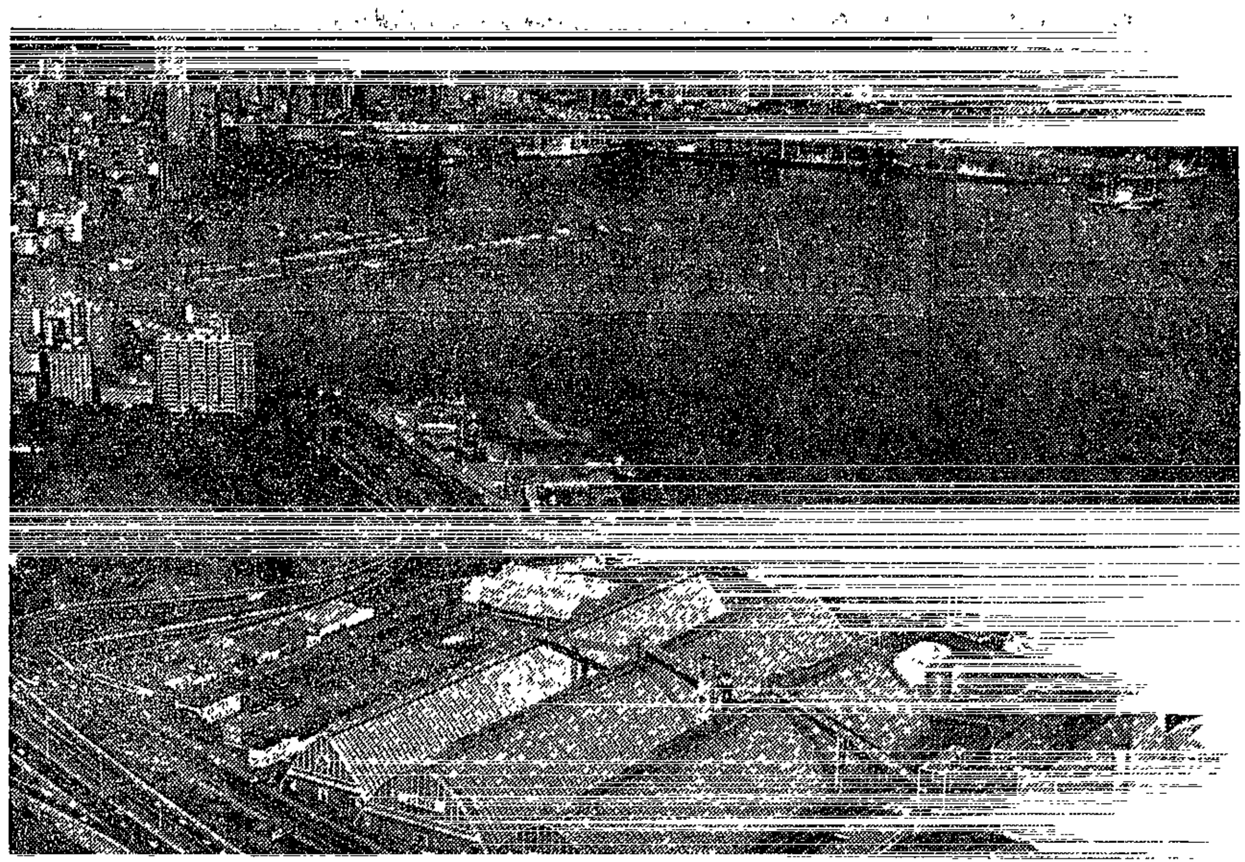
It is unfortunate that the industry was not allowed to retain some of the surplus profits earned in the export market because this might have enabled it to withstand better any future setbacks.

In recent times cane growers have had to find vast sums of money not only to replace equipment at rapidly escalating prices, but also to finance the increasing mechanisation that is occurring and also to provide vastly improved housing and other facilities for the Black labour employed in such great numbers on the sugar farms.

Agric - Sugar

SUNDAY TRIBUNE, JUNE 13, 1976

SUGAR SURVEY



The South African Sugar Association's giant Sugar Terminal at Durban's Maydon Wharf. The silos have a combined capacity of 520 000 tonnes of export sugar

Heading for the magical mark

AND LIVING WITH A PROBLEM OVER THE PRICE

DESPITE expert predictions of a best year ever for production, with the total crop likely to produce enough sugar to break the magical two million tonnes barrier, no one in the sugar industry is prepared to be overly enthusiastic about what this will mean in real terms for the industry.

The major talking point, and the factor causing the most concern to Sugar Association members, is the refusal of the Minister of Economic Affairs to sanction the Association's request for a rise in the price of domestic sugar, despite the support of the Board of Trade.

With the local return on sugar being only R160 a tonne compared to the production cost of R200, the sugar export market must produce a cash surplus sufficient to meet all costs and subsidise the local market.

This is tantamount to a third of the total production supporting the entirety, and this causes no major problem as long as the world price of sugar retains its current high of £180 per tonne for raw sugar, but should there be even a minor percentage fluctuation, the industry would be hard pressed to make any return on its production at all.

Wilderness

The Minister's intransigence is difficult to explain, despite the current drive against inflation, as the Republic's domestic sugar price is substantially lower than any other country in the world, and the retail price rise to achieve stability in the industry would be minimal.

There is substantial support for the industry's case in Parliament, but these are currently voices in the wilderness, and few expect the Minister to do an about-face on the issue in the near future.

This insistence on price maintenance has led many experts to accuse the Government of taking a short-term view of an industry which vitally needs a long-term platform on which to base its heavy capital investment programme.

This burning issue apart, there are signs in the industry that answers to other serious questions are being found.

Not the least of these questions has been that of a previously labour intensive industry at the growers' end rapidly losing its labour pool to the attractions of higher wages in the urban areas and the mining industry.

Major programmes have been designed by most of the members of the Association to speed up mechanisation of the purely functional process of harvesting, and much concentrated research work has been done on the preparation of suitable field layouts to make mechanisation feasible.

Other labour programmes are being put into operation to raise the level of Black labour from that of purely operative to more senior posts in all aspects of growing, milling and distribution.

It is hoped that this will not only give the industry a pool of skilled talent in the years to come but will also help the economies of Black rural areas and prevent the continuing drift of potential labour from these depressed areas.

A good indication of this forward looking view was contained in a speech at a convention on attitudinal change made recently by Dr C. van der Pol, group managing director of Huletts Corporation.

He said: "Effective communication is an important element in managing change.

"There is too much talking about Blacks and not enough talking to Blacks. Both Whites and Blacks have the desire to be involved in the process of change.

"The removal of racial discrimination from all conditions of employment is not an easy matter. Education and training are important for promoting change — the former to remove ignorance; the latter to enable the organisation to demonstrtte that Blacks can acquire White skills, and that White skills can be retrained."

Good news for the industry comes in the form of ever booming export markets, with Japan resuming an unchallengeable top spot with an expected off-take this year in the region of half a million tonnes of raw sugar.

Another bright spot and potential growth point is the lucrative Uniter States market, which since the quota system in that country came to an end last year, has upped its imports from South Africa from 50 000 tonnes to 150 000 tonnes a year.

Top spot

Balanced against this must be the fact that land resources for sugar cane growing are rapidly reaching saturation, and the one major un-tapped block of some 50 000 hectares in KwaZulu is hampered in its development by the high cost of preparing the land and the lack of skilled people in the area to manage and work it if developed.

Experiments have been carried out on the feasibility of using the sugar beet as a source of supply during the off-season, but results are as yet inconclusive.

For all that there are problems, however, the sugar industry is headed by men who are both skilled and determined, and the positive attitude of this consortium displays their policy of finding answers where none appear to exist.

It is still a testing time.

THE CHEAPEST IN THE WORLD

"SUGAR rockets one cent a kilogram . . . ."

That's the sort of hysteria that a sugar price rise causes in South Africa.

Buut with a Durban price of 14 cents for a kilogram pack, and inland price only marginally higher, South Africa has the lowest domestic price of sugar in the world.

In the Netherlands, for example, your pack of sugar would cost you almost 50 cents, in Britain 64 cents and in the cold depths of Norway you'd have to fork out an astronomical R1,62.

Not only do we have the lowest domestic price of sugar, but, since 1970, the price has actually fallen twice, while the rest of the world has faced ever soaring increases which would make a one-or two-cent rise here seem ridiculous.

The poor old British have seen their sweetening spoonful jump by almost 300 percent since 1970, and the even less fortunate Norwegians have been faced with increases over the same period of no less than 600 percent.

So, next time we are faced with sugar prices "rocketing", don't despair. We've a long way to go before we catch up with the rest of the world.

Agric - Sugar

Cane growers want higher price

'Critical instability' in sugar industry

NM 17/6/76.

Industrial Reporter

MR. IAN SMEATON, chairman of the South African Cane Growers' Association, described the current situation of the sugar industry as "critical economic instability" when he addressed the Association's annual meeting in Durban yesterday.

FAIRNESS QUERIED

Referring to the refusal of the Minister of Economic Affairs to implement the recommendations of the Board of Trade — that the returns on capital allowed to the sugar industry should be increased — Mr. Smeaton said he questioned the fairness of such treatment for an industry which had in no way contributed to inflation.

During the current season the sugar industry's export markets, after meeting production costs, would generate almost R1 000 000 in surplus proceeds.

"At the same time we find that we are selling sugar in the local market for about one-half of what it costs us to produce it. In this way we expect to lose in the current season, through selling sugar on the local market at existing authorised prices, more than R100 million.

"This deficit is being provided for, first of all, by transferring all our surplus proceeds from the export market to subsidising local market consumers and secondly, by transferring the balance required from our sugar industry price stabilisation fund, which was derived from the surplus proceeds we earned in the export market in the past.

CROP SETBACK

"In this way we are subsidising local market consumers to the extent of more than R100 million during the current season. What will happen when we have a setback in our crop or if export prices fall, or worse, if both happen?"

The arithmetic showed that under less favourable circumstances than at present, it could become necessary to double the local market price of sugar. The longer a price increase was delayed the more drastic it was likely to be.

Addressing himself to consumers, Mr. Smeaton said: "We have done our utmost to keep our prices down and we have succeeded in reducing our prices to you.

"However, we feel sure that you in turn will appreciate that we cannot go on doing this for ever, and it appears to us that the time has come when it would be in the consumers' interest, as well as the producer, to pay more for the sugar consumed in South Africa."

"You cannot run an industry the size of the sugar industry, which requires heavy long-term capital investment, on the basis of a series of ad hoc decisions made from time to time," he said.

What was needed was a set of standards such as those introduced with the implementation of the recommendations of the Van Biljon Commission of Inquiry.

"But these, apparently, have now been demolished with the recommendations of the Board of Trade and Industries, in one fell swoop. Can two such august bodies be so wrong that the Government must ignore their advice?"

Pointing out that sugar was one of the few commodities which had been reduced in price while most others had been going up, Mr. Smeaton said that the sugar industry had not caused or contributed to the high inflation rates experienced recently in South Africa.

Agric – Sugar

Home sale for sugar up 47pc

Financial Editor NH 24/6/76

MR. FRANK JONES, chairman of the South African Sugar Millers' Association Ltd., said yesterday that sales in the South African home market for sugar had increased by 47 percent in the last decade. This represented a total of 361 000 tons.

Mr. Jones, who was addressing the annual meeting of the Association in Durban, said that this increase was more than half of last year's total export of sugar. This underlined the necessity for further expansion of the industry.

"If the current trend of sales in the home market continues, our export potential 10 years hence will almost have fallen away unless there is a significant development of new areas to sugar production.

"The importance of sustaining our export is demonstrated by the fact that although export sales of 685 585 tons last season were the lowest for the past five years, the industry generated another record for export proceeds of R206 million."

MOLASSES

Mr. Jones pointed out that 62 percent of the last season's production of sugar was sold on the home market to yield only 35 percent of the total proceeds, while 38 percent was exported to yield 62 percent of the proceeds.

The balance was made up from the sale of molasses.

"It is an unhealthy situation when the volatile export price has to subsidise the local price to such a large extent."

In spite of the high export earnings it was necessary for the industry to make the first withdrawal from the price stabilisation fund of R28,8 million to supplement net divisible proceeds.

Referring to the establishment of new mills, Mr. Jones said that a mill with a capacity of 100 000 tons of sugar a year, would require a capital outlay of more than R30 million to build.

"There is no question of private enterprise making an investment of this order, unless it would command a satisfactory return."

Mr. Jones said he wanted to suggest that there be a new industry - to - Government initiative with the aim of preparing ground rules for the admission of further sugar milling enterprises to the industry.

"It is essential for the continued progress of the industry that it should increase its annual production and, at the same time, recognise that a new sense of urgency needs to be applied to its planning effort."

Agric - Sugar

Sugar chief attacks Government attitude

23/7/76 DD

DURBAN — The chairman of the SA Sugar Association, Mr Anson Lloyd, said here it was a matter for regret that the Government had denied the sugar industry the fair returns proposed by the Board of Trade and Industries.

Mr Lloyd, who was addressing the annual meeting of the Association, said the Government's reason — that the price stabilisation fund might be depleted — was a "shallow argument."

He said that even without any relief to the sugar industry, the stabilisation fund was rapidly depleting itself, and this in a year of record exports and high export prices.

Mr Lloyd said in the 1975-76 season 1 800 000 tons of sugar were produced, of which 1 115 000 tons, or 61,9per cent, was sold in the local market at an average price of R106 per ton, having cost more than R200 per ton to produce.

The balance of 685 000 tons, or 38,1 per cent, was sold in the export market for R300 per ton.

After bringing into account proceeds from the sale of molasses, total industrial revenue amounted to an average price of R186 per ton.

This price fell short of total costs of production by R28,8 million, which was made up by a withdrawal from the price stabilisation fund.

This withdrawal "flashed a warning signal of the very dangerous situation which lay ahead."

It was dangerous because in the present season, with a record crop and a temporary recovery in exports by almost 200 000 tons, and at a net return from exports of R278 per ton, it would be necessary for the second consecutive year to withdraw from the fund an amount which, at present, was estimated to be R17 million.

Mr Lloyd said it was noted "with grave concern" that the reserve in the fund had decreased from R94 million in 1975 to an estimated R48 million in 1977.

He said that within three years the financial requirements of the sugar industry to cover costs of production, returns on capital and industrial obligations, had increased from R125 to R202 per ton.

Referring to the Board of Trade and Industries report, Mr Lloyd said the Sugar Association was "bewildered" when the Government was not prepared to implement the Board's recommendations.

"It was even more amazed to note the ease and facility with which prices of numerous other essential food commodities, such as maize, milk, bread and meat, have been allowed to increase, while many other essential goods and services such as steel, coal, petrol, electricity, railway tariffs and fertilisers have been allowed increased prices," Mr Lloyd said. — SAPA.

~~Agric Sugar~~

3-Sugar

FOR RELEASE ON 31 AUGUST 1976 AT 21h00

PRESS RELEASE BY THE HONOURABLE J.C. HEUNIS, MINISTER OF ECONOMIC AFFAIRS

The price of sugar for the South African sugar industry is at present on average about R106 per ton. The cost of producing sugar is however nearly double this level. It has been possible to maintain such a low local price because of particularly favourable export prices. For several years the overseas prices were high to very high and South Africa was in a position to sell nearly half of its production overseas at those prices. As a matter of fact the price/cost ratio was so favourable that a substantial price stabilisation fund could be accumulated.

The present local price of sugar is below the level established in 1967 and is in fact lower than in all the main overseas countries for which particulars are available. The overseas domestic market prices vary from 16c to 93c per kg as compared with the present 14c per kg for small packs in Durban.

The free world market price of sugar has recently declined sharply. While the free market price of sugar was as high as six hundred pounds sterling (about R1100) per ton in 1974, this year the price has fluctuated between approximately one hundred and eighty and one hundred and twenty seven pounds sterling at present. There seems to be no prospect that the world market price will return to higher levels in the near future and the price stabilisation fund will shortly be exhausted.

Government has consequently decided to increase the producer price by R18 per ton from 1 September 1976. At the same time it is necessary to increase the maximum retail price by a further R7 per ton on average mainly in respect of increased railage and other transport costs.

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

31 August 1976

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~~Agric~~ - Sugar

Sunday Times OCTOBER 24, 1976.

BUSINESS TIMES

Sugar woes point to big price rise

Secret talks to save industry

By JEREMY WOODS

SECRET TALKS to rescue South Africa's sugar industry from the brink of bankruptcy took place this week between top representatives of the Government and the sugar industry that could result in the price of a kilo packet of sugar rising some 38 per cent.

The sugar industry has come to the end of the line in terms of its future financing as the industry's price stabilisation fund will show a deficit by the end of this season of some R10-million.

The industry has appealed to the Government for help. That help must come in the form of a massive Government loan, which the Government can ill afford at the moment, or there must be a price increase in the domestic price of sugar. The other unthinkable alternative is for the sugar industry, one of South Africa's largest currency earners, to flounder.

With the Government contemplating reducing its subsidies to the marginal mines, a price increase looks to be the favourite, according to sources close to the Government.

At the moment the domestic price of sugar is R125 a ton. In order for the industry to reach break even point, the price will have to be lifted to some R200 a ton

However, Chris Heunis, Economic Affairs Minister, is unlikely to allow a price hike of this size in one step. It is more likely the industry will be given an increase somewhere in the region of R50 a ton to start with, while further price increases will be introduced at a later date.

When these points were put to Mr Peter Sale, General Manager of the SA Sugar Association he replied: "I'm afraid I have no comment on the matter".

This week's talks have been kept secret as both the Government and the industry do not want a run on sugar stocks before any possible increases.

The sugar industry's sad state of affairs is the result of a multi-million rand gamble by Minister Heunis on the free market price of sugar.

Earlier this year, a Board of Trade inquiry recommended to the Minister that sugar millers and growers be allowed a higher remuneration on cost allowances and capital employed.

If the Minister had implemented these recommendations the domestic price of sugar would almost certainly have been increased. Instead, the Minister hoped the industry's exports would make sufficient profits to subsidise the local price

For a while the Minister seemed to be correct. Drought in Europe kept the free market sugar price high. When the rains came, down came the price.

Neil Behrmann writes from London:

THE PRICE of sugar crashed to new 1976 lows in London and New York this week. Sugar experts say that London prices are back to levels last seen in 1973, while New York prices around 7,05 cents a pound are back to 1972 depths.

Sugar has gone the way of all commodities with the exception of cocoa and coffee. The price soared to a peak of £205 during the summer months and at current levels of £112 is almost 50 per cent below its peak. Considering sterling's slump, the depreciation is much greater.

During the past few weeks Europe and Britain have experienced almost continuous rain. All this water certainly appears to be making up for the driest summer experienced for many a year. At the time of the drought, the sugar market was talking of shortages because of a poor beet crop.

In any case the market was going up — and vagaries of weather or not, it was good enough reason to buy. Speculators are now rueing the day they became weather forecasters.

A week ago the reputable statistician F.O. Licht estimated that world sugar output will be 87,9-million tons during the season 1976 and 1977, compared with 81,8-million tons in 1975 and 1976

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3 - sugar.

Big sugar price rise on way?

Argus: 8/11/76

The Argus Correspondent

JOHANNESBURG. — A big sugar price increase — possibly up more than 30 percent — could be the next shock in store for the consumer.

Such an increase would have extreme repercussions in the food industry with everything from jams to cool drinks rocketing in price.

At present spokesmen in the sugar trade are tight-lipped about how big the expected increase will be, although they do admit that 'a big one' is expected any time now.

The general manager of the South African Sugar Association, Mr P. Sale, said today that reports that the sugar price could increase by between R40 and R75 a ton (the present price is R126 a ton) were 'just speculation.'

However Mr Sale said the association had applied to the Minister of Economic Affairs as long as six months ago for an increase.

MORE REALISTIC

A 19 percent 'nominal adjustment' was granted to the sugar industry two months ago — bringing a 2,5 kg pack of white sugar up from 46c to 50c — but Mr Sale said another increase would be necessary to make sugar a 'more realistic price.'

He said at present the South African consumer was getting sugar heavily subsidised by the benefits of this country's sugar exports. However, now the bottom had fallen out of the sugar export market the local sugar price has some 'catching up to do.'

Supermarket chain executives today doubted that the increase would be as imminent as some believe.

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Minister may put up sugar price today

J 11/11/76

Own Correspondent

PRETORIA. — The Minister of Economic Affairs, Mr Chris Heunis, is expected to announce a rise in the price of sugar today.

He has called a press conference for early this afternoon and, according to Pretoria sources, is likely to announce an increase of at least 30 percent in the domestic price.

The Minister's office refused to comment on the purpose of the press conference.

Later today the Minister of Agriculture, Mr Hendrik Schoeman, will announce the Cabinet's decision on whether the butter and cheese prices are to be pulled back to the old levels.

Reinstated

The general expectation is that the subsidy will be raised from R7m to R12m, and that the old prices will be reinstated.

Negotiations for a higher sugar price have been in progress for several months.

The sugar industry claims that because of the steep fall in overseas prices it is no longer able to subsidize local prices, which are among the lowest in the world.

Yesterday the general manager of the Sugar Association, Mr Peter Sale, said if a price rise of 30 percent was granted it would raise the local price of sugar to an average of about 30c a kg.

Subsidized

The average price now was 21c, Mr Sale said. Till now the local price was heavily subsidized by export profits.

However, the price on overseas markets had fallen steeply in the past few months, and it was no longer possible for the industry to support the local consumer price.

The price at which the industry sold its sugar on the local market, he said, had been reduced in 1972 and again in 1974.

"The industry is selling at a lower price now than it was nine years ago."

The price to the consumer, Mr Sale said, was currently below production costs.

Official estimates were that to produce a tonne of sugar for the domestic market costs R210. The price paid to the industry locally was only R126.

Sugar will be the last of the staple foods to have its price raised.

Earlier this year the Government agreed to increases in the prices of wheat — white bread by four cents a loaf — milk, and mealie meal, and unless the Government agrees to a bigger butter subsidy, the higher prices which came into effect on November 1 will remain in force.

A sugar price rise is certain to provoke another angry reaction from housewives and consumer bodies.

CT 10/4/76

...tter down

September, when the local retail price was increased, and was now £120 (R168) and experts expected it to remain at this level for the foreseeable future.

The local price had been reduced by nearly R9 a ton in 1971 and again by R15 a ton in 1974, when world prices increased.

"These price changes clearly indicate that local market prices have to be continually adjusted vis-a-vis international market trends."

A total of R28,8 million had been withdrawn from the stabilization fund in 1975/76, leaving R65m. The deficit for

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③ Sugar
(3) Dairy
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Sugar price up, cheese and bu...

RECENT butter and cheese prices have been revoked, but from today, sugar costs an average of 34 percent more.

In Cape Town the retail price of one kilogram of sugar increased by eight cents to 28 cents, and the price of a 2,5 kg pack increased by 20c to 69c.

Before the last price increase, in September, a kilogram of sugar cost 18c.

The price rise will set off a ripple of further foodstuff price increases where sugar is a major ingredient.

Soft drinks, sweets, cakes, confectionery, biscuits, chocolates, jams, tinned fruits, ice cream, fruit juices and other products will soon rise.

The industrial sugar price is to go up by R60 a ton, or an average of 47 percent, from R126 to R186 a ton.

The retail sugar price varies according to distance from the production area.

The Minister of Economic Affairs, Mr Chris Heunis, told a press conference in Pretoria yesterday that the sugar price increase, which follows a 16,5 percent increase on September 1, was necessitated by the sharp drop in the world free market price, reports Sapa.

He emphasized, however, that South Africans would still pay less than the local production price, and that retail sugar prices in South Africa remained among the lowest in the world.

Mr Heunis said the price increase would not mean an increase in returns to the sugar industry, but would assist them to continue operating profitably when both the local and export price would have been below the production cost.

He hoped that retailers would sell old stock at the old price until these stocks had been disposed of, but said this was extremely difficult to control.

The housewife had for years bought sugar below the local production price, he said.

Retail prices were subsidized from a stabilization fund built up to R94,4 million at the end of 1974/75 when the world price rocketed to nearly £600 (about R840) a ton.

This price had dropped to £145 (R239) a ton in

CT 12/11/76

(Cont)

Sugar, butter, cheese

Continued from page 1

the 1976/77 season was estimated at R82m and, if no price increase was granted, this would result in a net deficit of R16m which would have to be found in one way or another.

"The [illegible] position of the industry [illegible] cognizance is taken of the fact that the average allowed cost of production in 1976/77 is R197 per ton (R210 for refined sugar) compared with an average local price of R118 per ton, and an export price of R204 per ton," he said.

"For 1977/78 the allowed production cost is expected to be R222 per ton, the local price R121 per ton (if no price increases were granted) and the export price R174 per ton."

Mr Heunis said sugar industry figures showed that South Africans paid among the lowest prices in the world.

Where the price for a kilogram here is now 28c on average, the comparative price is 29c in Brazil, 36c in England, 47c in the United States, 50c in France, Germany and Switzerland, 51c in Belgium, 52c in Denmark, Holland and Canada, and 75c in Japan.

Mr Heunis said no consultations had been held in advance with consumer or labour groups due to the risk of a leak which could distort the market, but that Dr Lawrence McCrystal, chairman of the Anti-Inflation Publicity Committee, had been fully informed.

Consumers were naturally sensitive about price increases, but he hoped they would understand if the position was explained rationally to them.

The sugar industry, an important producer of food and earner of foreign exchange, provided employment for 155 000 people. It had a cost structure among the lowest in the world and had already made a tangible contribution towards the fight against inflation by absorbing an appreciable proportion of annual cost increases.

Apart from the price increase in September, this was the first time the sugar price had risen since 1967. It had, in the meantime, been lowered twice as the world price rose.

The Minister of Agriculture, Mr Hendrik Schoeman, said in Pretoria last night that the decision on butter and cheese had been made possible by an interim loan of [illegible] from the Land Bank to the dairy industry.

The increases of 20c a kilogram for butter and cheese will now fall away.

The reversion to the old prices is a direct result of the widespread angry reaction to the increase which came from many sections of the community.

"This decision has been taken as an experiment on the strength of assurances given by representatives of the SA Confederation of Labour, the Trade Union Council of SA, the Co-ordinating Consumers' Council, the Women's Agricultural Union, the Housewives' League, the National Council of Women of SA and the South African Consumers' Union that they will urge their members to use considerably more butter and cheese at the old prices," said the Minister.

"In addition, chain store groups have undertaken actively to promote the sale of butter and cheese.

"The supply position will be reviewed from time to time and if a bigger demand does not materialize, an increase in the consumer prices will be unavoidable."

• World surplus of sugar till next June — page 23

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Rush to buy sugar

12 Jul 76 Star

Unprecedented buying of sugar was experienced at stores selling it at the old price today.

One supermarket manager said he'd seen similar buying only when his store offered chickens at a low price and thousands were sold daily.

"But until today I'd never seen people coming in at such a rate to buy a basic commodity," he said.

Meanwhile, sugar industry sources said today that although the price of sugar has risen by 51 percent in the past 10 weeks, the increases were justified.

On September 1 sugar rose 17 percent in what was described as a "nominal adjustment," and today the price soared 34 percent.

From today the 2,5 kg pack costs 67c. Before September it was 46c.

The general manager of the Sugar Association, Mr P Sale, said today the latest increase made South Africa's sugar price "more realistic."

"Before, the South African consumer was getting sugar at way below production cost."

Mr Sale denied broadcast reports that there was a 20-million ton sugar surplus in South Africa.

"Our total annual production is only 2-million. About 1,2-million is consumed locally and the rest exported."

A sugar industry spokesman admitted that the latest sugar price increase would be "very hard for blacks" as they bought more sugar than whites.

A black family of eight would use four 2,5 kg packs of sugar a week. The increase would add 80c to their weekly food budget.

The "big three" supermarket chains have said they would keep the old price until old stocks were exhausted.

● Sugar facts to offset bitterness — Page 17.

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Higher sugar price was a requisite for survival

24/11/76 Fin. Mail

Without a substantial increase in the local price of sugar, the South African industry would have had difficulty surviving the present period of low export prices, Mr John Willsher, managing director of Illovo Sugar Estates, said yesterday.

Increased world sugar production at a time when consumption has been slowed down by previous high prices, economic recession and the increased competition from other sweeteners has led to the present position of high world stocks and low prices.

No marked improvement in world price levels are likely before the beginning of 1978 when a new International Sugar Agreement fixing a maximum and minimum price ceiling is expected.

Mr Willsher told the Financial Mail investment conference yesterday that South Africa will then have to be prepared to negotiate an international quota under the new agreement where performance is an important factor. She may also have to win a US sugar quota if the US Sugar Act is reinstated in 1977.

As a result the local industry wil lhave to further develop high technical standards and organisation in order to keep cost competitive. This will necessitate the use of the strong and expanding base of our local market as a foundation of the industry's earnings and a realistic and adjustable local market price.

He added that unless production is increased beyond the current 2m tons a year level, the expanding local market could see no export sugar available within 15 years.

Sugar facts to offset bitterness

Pretoria Bureau

The Minister for Economic Affairs, Mr Heunis, said the public usually accepted bad news reasonably, as long as the circumstances were rationally explained.

Mr Heunis was replying to a question on whether he anticipated a bitter consumer reaction to the 34 percent rise in the price of sugar which he announced at a Press conference yesterday.

He said he made a practice of calling a Press conference to anwer questions on all aspects when he had a possibly contentious announcement to make.

The Minister said the simple fact behind the sugar price rise was that sugar's high export price which had been used to subsidise domestic prices, had collapsed in the wake of high production by the world's sugar-exporting nations.

The effect world prices had on domestic price was apparent when one considered that South Africa's sugar exports of 686 000 tons had earned R206m last year while the vastly greater local consumption of 1 115 000 tons had earned only R129m.

The high value of the smaller amount sold abroad had been offset by the bigger quantity sold locally.

High export prices also had enabled the industry to build up a fair stabilisation fund.

Mr Heunis said now that the world price had fallen, there was nothing apart from the stabilisation fund to subsidise the domestic price. As a result, local prices had to be increased until world prices rose again.

Although the effect of the stabilisation fund was less than the high export price had been, it still played a significant part in keeping down the local consumer price, which was still R14 a ton less than the cost of production.

The Minister stressed that producers were not making any more on the higher price than they were before, and were absorbing an appreciable amount of their production cost increases.

He said actual profits were 5,6 percent in the case of growers, and 12 percent in the case of millers — before tax

Asked why the world price had fallen, Mr Heunis said there was an agreement between exporting nations in 1968 whereby limits were placed on the amount of sugar to be on the world market. This had kept prices up and, in South Africa's case, enabled local prices to stay down.

However, in 1973 the world price was so high that the agreement between producing nations to withhold supplies was ignored, and in the rush to sell all possible stocks and take advantage of the boom, the agreement collapsed completely.

Now that the price situation had predictably reversed itself, the need for an agreement was most seriously felt.

South African and other government and sugar-industry officials would meet in London next week in a bid to restore the former situation. This could take place in March or April next year, if all went well.

Even with the increased price of 28c kg (slightly less for bigger packs) South African housewives were still better off than in other countries, Mr Heunis said. He quoted comparable figures for other countries: Brazil 28c; UK 36c; US 47c; France, Germany and Switzerland 50c; Belgium 51c; Denmark, Holland and Canada 52c; and Japan 75c.

Star 12/11/76

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Butter: 'buy to show fight worthwhile'

12/11/76 Star

Consumers have been asked to buy more butter and cheese to show that the fight for price reductions was "worthwhile."

The chairman of the Government's Anti-inflation campaign committee, Dr Laurence McCrystal, said it was up to the consuming public to back those who fought the issue.

The Minister of Agriculture, Mr Schoeman, announced last night that butter and cheese price increases introduced on November 1 would be dropped immediately.

He said: "This decision has been taken as an experiment on the strength of assurances given by representatives of the South African Confederation of Labour, the Trade Union Council of South Africa, the Co-Ordinating Consumers' Council, the Women's Agricultural Union, the Housewives' League, the National Council of Women of South Africa and the South African Consumers' Union that they will urge their members to use considerably more butter and cheese at the old prices.

"In addition, chain store groups have undertaken actively to promote the sale of butter and cheese."

Mr Schoeman said the price drop had been made possible by a R6-million loan from the Land Bank.

Meanwhile, another basic commodity — sugar — goes up by 34 percent today.

The Minister of Economic Affairs, Mr Heunis, told a Pretoria Press conference yesterday that the increase which followed a 16,5 percent increase in September, was necessary because of a sharp drop in the world free market price.

In the Pretoria-Witwatersrand area a 1 kg packet of sugar will rise from 21c to 28c and the 2,5 kg packet from 50c to 67c.

Mr Heunis said South Africans had bought sugar at below production cost for years through export subsidies.

No strong objections were forthcoming over the sugar price increase yesterday. It was described as being "inevitable and understandable."

The managing director of a supermarket chain, Mr Raymond Ackerman, said he was satisfied that an increase was necessary.

He said he had always been willing to fight unnecessary price increases. "But if we want a sugar industry I'm afraid we'll have to bite the bullet and accept it."

The increase will, however, have a ripple effect. All products with a sugar content, such as cooldrinks and confectionary, are almost certain to cost more soon.

● **Sugar facts to offset bitterness — Pake 17.**

3 sugar.

250

CT 12/11/76

Bitter sweet blow to consumer

SPOKESMEN for two supermarket chains, one in Cape Town and the other in Germiston, said last night that the increased sugar price would be a big blow to consumers, coming just before Christmas.

And a spokesman for housewives in Cape Town described the increase as "horrifying".

The Consumer Council said, however, the higher price was unavoidable.

The wry reaction of a major retail chain director in Cape Town to the almost simultaneous Government announcements that recent increases in the prices of butter and cheese would be revoked but the price of sugar would go up by 34 percent was: "The Lord giveth and the Lord taketh away."

Mr. R. Stern, a director of Woolworths and chairman of the economic and business affairs committee of the Cape Town Chamber of Commerce, added that the rise would be a crushing blow to consumers desperately trying to balance their Christmas budgets.

Old prices

Store heads said prices would not be raised till old stocks were exhausted.

The chairman of Pick 'n Pay, Mr Raymond Ackerman, said the rise had been expected since March and could not be compared to the butter and cheese debacle. The rise was very big, but sugar producers had been subsidizing local consumers for the past two years.

The supermarket chains would now have to direct efforts towards holding down prices of associated goods.

The chairman of the Cape Town branch of the Housewives League, Mrs Peggy Borcherdhagen, described the increase as "horrifying". There was no substitute for the poor and it was a staple of their diet.

"Virtually everything we eat will be going up and just before Christmas," she said.

(3) Sugar. 1248.

Natal Mercury 12/11/76

UP Sugar is now at 28c a kilo

TODAY'S sugar price is 28c a kilogram.

Yesterday it was 21c.

Next year it could be 31c.

That is if the Government allows the sugar industry to sell its product at break-even cost.

The 34 percent sugar price increase was announced last night by the Minister of Economic Affairs, Mr. Chris Heunis, in Pretoria.

Trouble

It will set off a wave of price rises in mineral waters, canned fruit, ice cream, sweets, cakes, biscuits and beer. More than a quarter of the 1 000 000 tons of sugar consumed in the country is used by industry.

Sugar-industry sources told me the increase was a holding operation to keep the industry out of serious trouble until the end of the season next April.

They regard the move as welcome relief, but not the final answer to the industry's problems. More increases will be necessary.

From today, industry will sell sugar in Durban at R186 a ton, up from the R125 earlier this year, but still R14 short of the R200 a ton it costs to produce.

If the Natal market price of sugar kept pace with the Consumer Price Index, the current price would have been R260 a ton, or about 42c a kilo in the shops.

"The latest increase will carry us only into next year and then we will have to have another look at the situation," one senior official said.

The industry's price stabilisation fund's large credit balance had been turned into a deficit and now the industry had to hold out until more relief comes perhaps next year.

The Minister said the main reason for the increase, the second this year, was the sharp decline in the free-world market price.

The last increase was on September 1 when it went up by R25 a ton or 2,5 cents a kilo.

The price on world markets, Mr. Heunis said, reached a peak in the 1974-75 season, but was followed by a slump.

This year world sugar production is expected to reach a record [illegible] million metric tons. But consumption is expected to be 82,5 million metric tons.

So no increase can be expected in the export price.

The current return on a ton of sugar sold abroad is £120, which, with the recent decline in sterling, is equivalent to £96 at January's values. This gives a net return in this country of about R154 a ton, well below production cost.

Firms using sugar in Durban said they would try to absorb some of the increase.

The amount of the price rise had many businessmen stunned.

"We were expecting it to be no more than 20 percent," said one.

JACK KEIR
Financial Editor

Mr. Brian Baumann, of Bakers Ltd., said with a recent steep increase in the price of fats, his company would have to review the situation carefully.

Many other businessmen said they would be reluctant to increase prices "in view of the tough economic climate."

They said they feared consumer resistance if prices went too high.

"But we will have to recover our costs of production. Any price rises will depend on the amount of sugar used, and this varies from product to product," say manufacturers.

Mrs. Hope Hughes, past president of the Housewives' League in Johannesburg, said the price on the local market has been "too low for too long."

Mrs. Hughes said she hoped manufacturers "would not climb on the band-wagon and increase prices too steeply."

Mrs. Margaret Lessing, past president of the Consumer Association, said the increase was higher than she thought it would be. "I believe it is justified, although I naturally don't like price increases."

In his statement, the Minister said sugar was one of the country's most important foreign exchange earners. In the 1975/76 season 1,8 million tons valued at R335 million was produced. Exports were valued at R206 million.

The industry employed 155 000 workers.

The industrial price would rise from today from R126 a ton to R186 a ton.

He said the sugar price was reduced in 1971/72 and again in 1974/75 because of favourable prices on world markets, and a build up in the stabilisation fund.

It was clear that local market prices had to be continually adjusted in relation to world market trends.

Serious negotiations for a renewed international sugar agreement would be started next April aimed at a more meaningful international agreement to stabilise prices at a realistic level, he said.

The industry's untenable position was clear when it was realised that allowed production costs in 1976/77 were R197 a ton, compared with an average local price of R118 a ton and an export price of R204 a ton.

The Minister said an undertaking had been given that current stocks would be sold at the old price.

In Johannesburg, a spokesman for a large sweet-manufacturing company said an increase in the price of their products would soon follow the increase in the price of sugar.

The company bought tonnes of sugar daily and the increase in the sugar price would have a marked effect on their costs.

A spokesman for OK Bazaars said they would, as from today, sell all 2,5kg packs of white sugar at cost for as long as present stocks lasted.

The offer was limited to the 2,5kg pack because this represented about 80 percent of sales.

Prices varied from area to area. In Natal it would be 35c to 39c.

A Pick 'n Pay spokesman said they would hold prices as long as their stocks lasted.

Good stock

A spokesman for Checkers said his company had a good stock cover of sugar at the old prices. They would continue selling the 2,5kg at the old price.

Mr. Sidney Thorpe, chairman of the Natal division of the Railway Artisans Staff Association, reacted angrily to the price hike.

"Natal railway artisans are absolutely indignant at the latest example of top-level bungling with this increase. And this follows right after the butter fiasco. When is the public voice going to be heard at Government level? When are these boards going to be investigated? Are they really necessary, and is the worker represented?"

248.
3-sugar.

Move to increase soft drink prices

Staff Reporter

THE South African Federation of Mineral Water Manufacturers will negotiate with the Price Controller on Wednesday to increase the prices of soft drinks.

The Federation have taken this decision because of the 34 percent increase in the price of sugar.

Mr Tom Cook, chairman of the Federation, said yesterday that the increase could not be entirely absorbed by the soft drink industry.

Because of this the Federation was preparing its case for an increase in prices to present on Wednesday.

Mr Cook said: "What will be increased and by how much has not been decided yet. It all has to be carefully worked out first."

Mr David Lewis, the financial controller of Peninsula Beverage Company, said he could not see how the middle order soft drink industry could "take" the increase without putting up its prices.

Mr Lewis said: "This is a tremendous increase. The price of sugar went up by 16 percent earlier this year and now by 34 percent.

"If the increase had been five or 10 percent, that would have been reasonable and could probably have been absorbed by the industry."

A spokesman for the Baumann's biscuit company, in Cape Town, said its prices would be going up.

"We are not sure what will go up or by how much yet. But we will obviously try to carry as much of the increase as we can.

"Everything has come at once. Fats went up too this week and then their were the rail tariff increases early this year. So undoubtedly our prices will go up, but the increases will not be great," the spokesman said.

Sugar: New prices listed

13/11/76

PRETORIA: — The new maximum selling prices of sugar are laid down in a Government Gazette published here yesterday giving details of varying prices in magisterial districts from Aberdeen to Zastron.

Prices vary according to distance from Durban, where sugar is cheapest.

The controlled maximum retail prices of sugar in Cape Town from November 12 as released by the SA Sugar Associaiton in Durban yesterday were: White sugar, 7,5c for 250 g; 14c for 500 g; 27c for 1 kg; 65c for 2,5 kg; R3,20 for 12,5 kg; R6,09 for 25 kg; brown sugar, 13,5c for 500 g; 26c for 1 kg; R3,14 for 12,5 kg; R5,89 for 25 kg.

Dismay

In Johannesburg, South Africa's new ombudsman, Mr Eugene Roelofse, yesterday expressed dismay that retailers would be permitted to sell old stocks of sugar at the new price.

In a statement Mr Roelofse said: "There must be a way to prevent retailers from making substantial extra profits every time a severe price increase hits the consumers' pocket. The Government is allowing shopkeepers to take yet another rake-off at the expense of the poor.

Call on McCrystal

"I call upon Dr Lawrence McCrystal in his capacity as director of the Rotary Manufacturers Association to state publicly how many of his members who will now apply for an increase in the price of their products now that the price of sugar has gone up, reduced their prices when some time ago the cost of sugar went down."

The Collective Action Movement against inflation yesterday said it was satisfied that the sugar price increase was justified. — Sapa

249/3 sugar.

Maximum prices for sugar

BD 18/11/81

EAST LONDON — The controlled maximum price of white sugar in East London is 27c a kg according to the new prices in the latest Government Gazette.

Brown sugar is listed as 26c a kg in the prices which came into effect yesterday after a 34 per cent hike was announced.

Prices vary according to distance from Durban, where sugar is cheapest, and according to whether it is delivered by rail or road.

A 2,5 kg mill-packed container of white or brown sugar costs 58c in Durban and a kg pack 24c. Retailer's packs there are now 23c for a kg of white sugar and 22c for brown sugar.

A 2,5 kg pack of white sugar costs 64c in East London.

The highest prices will be paid by housewives in the North West Cape. Mill-packed sugar delivered by road in the Carnarvon area will sell at 30c a kg and 74c for a 2,5 kg pack. Retailers' packs will cost 29c a kg of white sugar and 28c a kg of brown.

In Johannesburg, shoppers were waiting outside many hypermarkets and supermarkets before they opened their doors yesterday to buy up old stocks of sugar being offered at the old price.

Spokesmen for the three major food retailing chains said they would hold prices at old levels, until old stocks ran out, but they were doubtful if they would still have old stocks available after Monday or Tuesday.

A marketing official of one chain said that when existing stocks were exhausted, sugar would be sold at cost on the new price.

South Africa's new ombudsman, Mr Eugene Roelofse, expressed dismay yesterday that retailers would be permitted to sell old stocks of sugar at the new price.

He said: "It is Gilbertian if a retailer can be fined a R100 for making an extra cent on a kg of sugar one week, but is allowed and indeed encouraged to make an extra 7c the next. — DDC-DDR.

3

Farm land values take a dive

N. Mercury 13/11/76

THE PRICE of farm land in Natal has dropped by an average of 30 percent since the beginning of the year.

This was confirmed this week by Mr. Gert Veldman, property manager of the Stockowners Co-operative, the largest agents for farm land in the province.

"Farmers who are asking unrealistically high prices for their farms are just not finding buyers," he said.

"The only farms that are selling readily now are those that are put up for public auction. In the case of a deceased estate, for example, the farm will be appraised at its true market value and will be snapped up at the auction."

Mr. Veldman said land prices started to escalate in value when professional men, looking for new avenues for investment and steady capital growth, began buying up farm land a few years ago.

The unusually heavy demand for farm land pushed prices well beyond the livestock and agricultural potential of the land. As a result sellers, he said, are reluctant to accept less for their farms than their neighbours had received in the heyday.

"Some farmers don't know themselves why they are asking such high prices for their land for it is uneconomical to farm at the prices that are being asked for."

Mr. Veldman said that unless sellers were prepared to take the rap and sell at competitive prices they would not make a sale. As it was buyers were beginning to look elsewhere for investment because of the high price of farm land.

Stockowners' turnover in farm sales was roughly the same as last year but on average the price of farm land was 30 percent lower.

A spokesman for David Jones Estates at Hillcrest said they were getting good response to their "farms for sale" advertisements but negative results.

"We're doing a lot of running around for very little business," he said.

Another agent from Hillcrest Estates said she had 108 farms ranging from small holdings to large sugar estates on her books and none of them were moving.

Biggest hindrance to sales is the lack of substantial deposits by buyers and the reluctance of sellers to place more realistic values on their properties.

37 sugar

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Sugar increase: prices snowball

DD 3/11/76

CAPE TOWN — The South African Federation of Mineral Water Manufacturers will negotiate with the Price Controller on Wednesday to up the prices of softdrinks.

The federation took the decision because of the whopping 34 per cent increase in the price of sugar.

Mr T. Cook, chairman of the federation, said yesterday that the increase could not be entirely absorbed by the softdrink industry.

Mr Cook said: "What will be increased and by how much has not been decided yet. It all has to be carefully worked out."

A spokesman for Coca-Cola, said yesterday his company had only just learnt the magnitude of what the increase would be.

"We are very concerned about it. This is a massive increase," he said.

Mr D. Lewis, financial controller of a beverage company, said he could not see how the middle order softdrink industry could "take" this increase without putting up its prices.

Mr Lewis said: "This is a tremendous increase. The price of sugar went up by 16 per cent earlier this year and now by 34 per cent."

A spokesman for a biscuit company said its prices would be going up.

The spokesman said: "We are not sure what will go up or by how much yet. But we will obviously try to carry as much of the increase as we can.

"Everything has come at once. Fats went up too this week and then there was the rail tariff increase early this year. So undoubtedly our prices will go up, but the increase will not be great," he said. — DDC.

3 sugar

Sunday Trib. 14/11/…

SAVING THE SINKING SUGAR INDUSTRY

THE 34 percent increase in the domestic sugar price is "a welcome lifebelt thrown to a fast sinking industry", according to Sugar Association general manager Peter Sale.

Since the 1971/72 season the domestic price of sugar has been subsidised well below the production cost by the high export raw prices, the surplus from which was channelled into the Price Stabilisation Fund.

However, a dramatic drop in world prices, expected to last well into next season, combined with rising production costs would have seen that fund in deficit to an amount of around R16 million by April 1977.

	1971/72	72/73	73/74	74/75	75/76	76/77
Production Cost Per Tonne	R96,00	R103,00	R125,00	R149,00	R200,00	R197,00
Domestic Price Per Tonne	R128,59	R121,99	R121,93	R113,05	R106,96	R118,00
Average Export Price Per Tonne	R90,86	R106,29	R140,84	R243,22	R300,40	R210,08
Total Earnings	R204,8m	R220,1m	R228,4m	R322,6m	R334,6m	R326,0m
Total Cost	R177,2m	R196,4m	R217,1m	R282,8m	R66,0m	R408,0m
Stabilisation Fund	R19,6m	R43,3m	R54,6m	R94,4m	R363,4m	—R16,0m

1976/77 figures represent state of industry prior to price rise.

The chart shows the alarming state of affairs which would have led a once healthy stabilisation fund heavily into deficit by the end of the 1976/77 season had a domestic price increase not been granted.

The price increase will allow revenue and costs to be balanced and will still leave the fund about R20 million in the black at the end of his season.

"However," cautions Sale, "with the industry still dependent on the export earnings, and with a low world price likely to prevail, even this R20 million is too small a buffer to ensure the health of the industry through what will be a tough time during the 1977-78 season.

3 - sugar -
248.

Sweet prices up after sugar hike

CT 16/11/76

Staff Reporter

A MASSIVE rise in sweet prices is underway following last week's sugar price rise.

A spokesman for one of the largest sugar confectionery manufacturers in the country disclosed yesterday that prices would be increased immediately by about 40 percent.

Chocolate producers are also preparing large price hikes. A spokesman for Wilson-Rowntree in East London said higher cocoa bean and sugar costs had made an increase necessary.

The price of chocolate would be raised "as soon as possible". Manufacturers were unwilling to talk in percentages, but they agreed that the rise would be "large".

3 - Sugar

Rush to buy up sugar —stocks low

Star 17/1/

Shoppers have gone "hysterical" buying sugar. Stocks at the old price have almost run out at most Reef supermarkets.

The price rose 34 percent to 67c for 2,5 kg last Friday.

Since then a hypermarket at Boksburg, "must have sold about 240 tons of sugar. We usually sell about 120 tons a wek," said the manager, Mr Ig Ferreira, today. "People went hysterical."

Stocks at the old price had run out but he had introduced an interim price of 59,5c a 2,5 kg to tide over the increase and check growth prices.

CUSTOMERS RATIONED

This would probably be the price of sugar at his hypermarket for another month after which he would put it up to 62c.

The hypermarket at Germiston has sold about 145 tons of sugar in the last three days and stocks at the old price were almost depleted, said a spokesman, Mrs Hope Hughes.

Sugarless and up we go

N.M. 17/11/76

(3) sugar.
248.

Mercury Reporter

THE SOFT drinks industry may raise the price of sugar-free cold drinks if there is a general price increase in the wake of the sugar hike.

The chairman of the South African Federation of Mineral Water Manufacturers, Mr. Tom Cook, in Nigel, Transvaal, said last night that although the question of sugar-free drinks would not be included in his discussions with the Price Controller today, he expected a rise in price of other cold drinks.

Mr. Cook said that the manufacture of sugar-free drinks required special imported ingredients. It was this which would determine the price rise.

The 34 percent rise in the price of sugar meant that the soft drinks industry would not be able to absorb the increase, and the federation would present its case for a higher price to the Price Controller in Pretoria today.

Mr. Cook denied that the industry would keep sugar-free and sugared cool drinks at related prices to prevent loss of sales.

It was not a matter of sugar-free drinks becoming more competitive as a result of the increase in the sugar price.

Imports of synthetic sweeteners for sugar-free products were becoming more costly.

Mr. Cook said that the outcome of today's meeting would not be known for a week.

3-sugar
248/186

CANS TO COST MORE

18/11/76 NM

Mercury Correspondent

JOHANNESBURG — Some canned goods could cost a lot more at the beginning of next year and price increases on chocolates, condensed milk and other household products could come sooner.

The managing director of H. Jones and Co., in Paarl, Mr. S. Burger, yesterday said: "Not only has the recent increase in the price of sugar affected us, but also increases in canning, labour, railage and fuel costs.

"Consumers can expect substantial increases."

His company makes Silver Leaf, IXL and All Gold products.

A spokesman for Nestle yesterday said a price increase for condensed milk and chocolates could be expected.

246 (3) Sugar.

J 20/11/76

Soft drink prices up 2c a litre

By Tony Robinson

THE PRICE of soft drinks will go up by two cents a litre on Tuesday mainly because of the increase of sugar.

Diet soft drinks, which contain no sugar, will also cost two cents a litre more.

Mr T J Cook, president of the South African Federation of Mineral Water Manufacturers' Associations, said the increases had been authorized by the Price Controller.

He said retail prices would rise by one cent a bottle on small sizes and by two cents a bottle on 750 ml and one litre sizes.

Mr Cook said that although the increase in the price of sugar was the biggest single factor in the Price Controller's decision to allow the new prices, it was only one of 14 price increases which the industry was called on to absorb since March 31 this year.

This, he said, was why the price of the sugar-free drinks was being increased simultaneously with the sugar-containing drinks.

Non-sugar drinks comprised a very small percentage of the total production and had to carry a pro-rata share of all the other increases, Mr Cook said.

(3) - Sugar

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23 Jul 76

Increase in sugar price 'unavoidable'

THE Collective Action Movement Against Inflation has investigated the rise in the sugar price and agrees that it was unavoidable, according to a statement by the movement.

It points out that the recent fall in the export price of sugar means that exports can no longer subsidise the home market.

The terms of the anti-inflation manifesto have not been broken because the sugar industry has absorbed a proportion of its increased costs, the movement says.

(3) Sugar.
238.

13/11/76

NOW UP GO COLD DRINKS

Natal Mercury.

Mercury Correspondent

CAPE TOWN—The South African Federation of Mineral Water Manufacturers will negotiate with the Price Controller on Wednesday to increase the prices of soft drinks.

The federation has taken this decision because of the "massive" increase in the price of sugar.

Mr. Tom Cook, chairman of the Federation, said yesterday that the increase could not be entirely absorbed by the soft-drink industry.

A case for an increase in prices was being prepared and would be presented to the Price Controller on Wednesday.

"What the increase will be and how much has not been decided yet. It all has to be carefully worked out."

A spokesman for the Coca Cola Export Corporation, in Johannesburg said his company had only just learnt the magnitude of the sugar price increase.

"We are very concerned about it. This is a massive increase," he said.

Mr. David Lewis, financial controller of Peninsula Beverage Company, said: "This is a tremendous increase. The price of sugar went up by 16 percent earlier this year and now by 34 percent.

"If the increase had been 5 or 10 percent, that would have been reasonable and could probably have been absorbed by the industry."

A spokesman for the Baumann's Biscuit Company, in Cape Town, said its prices would be going up.

"We are not sure what will go up, or by how much yet. We will obvioulsy try to carry as much of the increase as we can.

"E v e r y t h i n g has come at once. Fats went up too this week," he said.

And shoppers too felt everything had come at once.

They were waiting outside many Johannesburg hypermarkets and supermarkets before they opened their doors.

Sugar crop down

11/3/76 Agricultural Correspondent NM

Agric – Sugar

THE 1975/76 sugar crop has been disappointing and this season's crop has dropped by nearly 150 000 tons.

The cause of the drop in yields was drought at the beginning of the season which was followed by heavy rains later. The cane/sugar ratio was the worst in 30 years.

However, in spite of the lower harvest, which means that there will be less sugar to export, earnings from overseas sales of about 700 000 tons are expected to bring in more than R200 million — more than last year's record crop sales of R190,6 million.

The South African Sugar Association's monthly journal says that these figures indicate how dependent the industry is on export sales.

SUGAR

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3 - Sugar

Huge flood bill feared

10/2/71

Agricultural Correspondent

CROP losses running into millions of rands are feared in Zululand as a result of this week's floods.

The manager of the Umfolosi Sugar Mill at Mtubatuba, Mr. W. G. Andrew, said yesterday it was too early to assess the full extent of the damage, "but we expect losses to be severe."

He said the 1963 flood had cost farmers R7 800 000 when the river had risen higher than the present level.

He said 150 000 tons of cane, worth R1 800 000, had been left standing in the fields as a result of the mill's pontoon bridge being washed away.

"The mill was forced to close because 75 per cent of our cane supplies used to come across this bridge."

Farmers in the Nkwalini Valley near Eshowe, where the railway bridge between Nkwalini and Empangeni has been washed away, will now be forced to transport their 1 000 000-carton citrus crop by road.

A farmer in the area said yesterday that the Railways had told him that it would take at least four months to repair the bridge.

Exports

The citrus export season starts shortly, and packing material and the export crop will have to go by road until the bridge is repaiered.

The good news comes from Northern Natal and Mkuze. A spokesman for the Natalse Landbou Ko-op in Dundee said yesterday: "Farmers are now expecting a record maize crop as a result of the rain."

A spokesman for a cotton ginnery at Mkuze described the rain as "very beneficial to farmers in the area with little damage to crops."

Army engineers may build a road bridge over the Mhlatuze River to replace the one that was washed away.

Brigadier Tiny Davies, Officer Commanding Natal Command, said that a reconnaisance team from the Army Engineering unit at Pretoria left Durban yesterday to inspect the scene.

Commandant Shylock Mulder, who is heading the team, will report back to Brigadier Davies on the feasibility of building a new bridge.

The brigadier said he did not know when the team would return to Durban.

"They have a big area to cover and will have to make a thorough survey of the situation before they submit a detailed report, which I will forward to Pretoria."

Paradoxically, the floods have left some places short of water. Supplies to Mtubatuba and the Ngwelezane African township have been cut off by flooded rivers blocking the pumping systems.

Mr. T. L. Arthur, the town manager at Mtubatuba, said yesterday that the town's pumping works at the Umfolosi River were under water, and they were using a limited water supply from a nearby borehole.

Investment	See	CAPITAL
	See also	FOREIGN FIRMS IN S.A.
Institute for Industrial Education	See	INDUSTRIAL RELATIONS - Workers' Organisations - I.I.E.
Insurance	See	FINANCE
	See also	SOCIAL SECURITY
INTER-GROUP RELATIONS		File here general material on inter-group relations and matters such as liaison committees between various racial groups.
INTERNATIONAL LABOUR ORGAN		
INTERNATIONAL MONETARY FU		
IRAN - General		
IRAN - Labour		
Iron and Steel industries		- Iron, Steel, Metallurgical
ISRAEL - General		
ISRAEL - Labour		

J:

JAPAN - General		
JAPAN - Labour		
Job Reservation		eservation of work.
Justice		- Government -
	See also	CRIME

K:

KENYA - General		
KENYA - Labour		
Kwashiorkor	See	HEALTH & DISEASE - Nutritional Diseases.
KwaZulu	See	HOMELANDS - KwaZulu
	See also	DECENTRALIZATION
		HOMELANDS - General

FIN. MAIL 18/2/77

SUGAR

Bumper crop

3-Sugar

In spite of floods in Zululand and the Eastern Transvaal, for the first time in a season the SA sugar industry has passed the magic figure of 2 Mt. By the end of January, total production was already 1 988 263 t. Had the floods not come right at the end of the season it might have been a different story.

As it is, SA Cane Growers' Association GM Ernie Morrison estimates that "the floods cost the industry about 300 000 t of cane or roughly 30 000 t of sugar. Most of this will be harvested in April and May but there could be deposits of sand in some places which would kill the cane.

"There has been a lot of damage to cane fields by way of erosion and so on. Roads and bridges will have to be built again. But on the whole, growers who haven't lost any cane will probably have a bigger crop next season."

Meanwhile, mills in the flooded area — Umfolosi, Empangeni, Felixton and possibly Malelane in the Eastern Transvaal — are likely to close early. Crops on the Natal south coast have not been affected.

14/ ....

③ sugar

Record sugar harvest

RDM 22/3/77

FOR the first time in history the South African sugar cane harvest has exceeded a record 2 000 000 tons, but in spite of this, export earnings will be down by R20 000 000.

The secretary of the South African Sugar Association, Mr Peter Nourse, said that although the season's final milling figures were not yet known, the tonnage milled had already exceeded the "magical two million ton mark".

In spite of this being a record for the sugar industry, Mr Nourse said that export earnings for the season would be only R186-million compared with last season's R206-million.

Mr Nourse said the drop in export earnings was due to the slump in the world sugar price. Sugar exports this season will, in fact, amount to more than last year — 880 000 tons compared with 685 000 tons.

Mr Nourse said the record had been achieved in spite of floods in some areas at the end of the season. He said that had the world sugar price not been so low, another record may have been achieved for export earnings.

Commencing on the likelihood of the United States cutting back on the South African sugar import quota, Mr Nourse said that in his opinion this was unlikely to happen this year.

However, Mr Nourse believes that President Carter will adopt a tougher line next year and push for a reduction in the South African sugar quota.

3- Sugar

17

New U.S. sugar quotas?

Natal Mercury 29/3/77

Mercury Correspondent

THE SOUTH African sugar industry is uncertain at this stage as to how it will be affected by a likely decision by the United States to slash its sugar imports from 7-million tons a year to 4 275 000 tons for the next five years.

The United States International Trade Commission decided on this recommendation on Monday. It still has to be ratified by President Carter who may in the end reject the proposal although this is thought unlikely.

The six-member International Trade Commission's recommendation stems from a need to protect the domestic sugar industry suffering from a sharp fall in the sugar price to under 11c a pound which is well below the cost of production.

While the ITC is unanimous in cutting imports, it is sharply divided on how deeply to cut and how the imports quotas should be handled. It is this feature which has left the South African sugar industry in the dark.

Since the end of 1974 when the old United States Sugar Act was allowed to expire no quotas applied and a generally free market for sugar has been in operation.

c) a period (1926-1945) when provincial governments and the central Department of Native Affairs provided subsidies and exercised joint control; and

d) a period (1946-1949) when subsidies were provided and joint control was exercised by provincial governments and the central Depar

SUGAR TALKS — SA TO STAY

Contrary to rumour, SA does not seem likely to be expelled from the international sugar talks currently being held in Geneva under the auspices of UNCTAD.

The SA delegation took part in the first two days, and the secretariat says it has heard nothing to indicate there will be a kick out.

In fact, it is difficult to see how SA could be ejected from the talks. Participation in conferences of this kind is open to all members of UNO, UNCTAD or similar bodies. The non participation of Taiwan is the sole result of that country's non membership of the UN.

On Tuesday, the US delegation hit the headlines with a different topic. Chief delegate Julius L Katz said categorically that his country wants an international sugar agreement as a cornerstone of its policy in this field.

The US, which has never said this so plainly, intends to "remain an integral part of the free market", said Katz, who added that he thought stock accumulation was the most effective way to bring about a strong system.

With such a substantial backer for an agreement, it hardly seems likely that interested countries would run the risk of sabotaging an effective agreement by dropping SA, an important supplier, for political reasons. Even if they could.

3 - Sugar

Financial Mail April 22 1977

The posit ... when, in t ... for contr ... in contro ... in 1958.4/

The devel ... which was ... important ... coloured/ ... following

a) an

b) a p ... 1964) when the colonial and republican governments and later the provincial administration assumed, unevenly, gradual direction of education for 'coloured' people;6/

c) a period (1964 to 1970) when the Department of Coloured Affairs (later Administration) assumed direction and control; and

d) most recently, in the 'seventies, when a devolution of administrative powers to the Coloured Persons Representative Council began.

4/ Muriel Horrell. Bantu Education to 1968. Johannesburg, S.A.I.R.R. 1968. pp. 8-13.

5/ Muriel Horrell. The Education of the Coloured Community in South Africa, 1652-1970. Johannesburg S.A.I.R.R., 1970 esp. p. 168.

6/ It is important to note that in the Cape, where the overwhelming majority of the 'coloured' people reside, the churches were still providing schooling for nearly 94% of 'coloured' pupils as late as 1938. (A. Behr and R.Macmillan. Education in South Africa. Pretoria, Van Schaik, 1966. p. 362 *et seq*.

(3) - Sugar

SUNDAY TIMES. Business Times. April 24, 1977. 5

BUSINESS TIMES reports on the international scene

US plan may force SA to cut sugar exports

By JIM SRODES

WASHINGTON. — The United States plans to unveil its first substantial proposal for an international sugar agreement since President Carter's agriculture officials began lobbying for a reduction of sugar imports into America.

This will be done during the international sugar conference in Geneva and, not surprisingly, it will rely on South Africa and other sugar exporters to cut back on their plans to sell to the US.

The essence of the Carter plan to stabilise world raw sugar prices is a system of export quotas and an internationally managed buffer stock.

US officials are optimistic that the six-week negotiations will produce a new global pact. But if international co-operation is not achieved, foreign sugar producers may look forward to unilaterally imposed import quotas.

The aim of the US proposal is to keep raw sugar prices within a range remunerative to producers and reasonable to consumers. The most often-quoted range, which Secretary of Agriculture Bob Bergland reportedly supports, is between 10 and 20 a pound.

A "central band" of between 12 and 18c would be supported by both export quotas and a buffer stock.

The export quotas presumably would be linked to recent market shares and exporting capacity.

It is common, under export quota arrangements, for allotments to be expanded as prices increase and reduced as prices fall.

The Carter proposal involves two types of sugar stocks — the internationally managed "intervention" or buffer stock, and "minimum" stocks held by each exporting country.

Sugar would be released from the buffer stock as prices rose above the "central band", and purchased when prices approached the low end of the band.

The World Bank might finance the stock, along with industrial consumer nations and the wealthier exporting countries. It is possible that the US share of the financing could equal $35 to $45-million.

If the pact is concluded, it would mark the United States's first contribution to an international buffer stock.

Sugar industry observers expect President Carter's approach to win general approval among the developing nations exporting the bulk of the world's sugar. But the European community, at the same time a large sugar consumer and exporter, is expected to propose a sugar stockpile as the basis of any price-stabilising agreement.

Sugar record didn't profit

19/9/77 mm

Agricultural Correspondent

FOR the first time in history the South African sugar harvest has exceeded 2 000 000 tons, but in spite of this export earnings will be down by R20 million.

The secretary of the South African Sugar Association, Mr. Peter Nourse, said yesterday that although the season's final milling figures were not yet known, the tonnage milled had already exceeded the "magical two - million - ton mark."

In spite of this being a record for the industry, Mr. Nourse said export earnings for the season would be only R186 million compared with last season's R206 million.

He said the drop in export earnings was due to the slump in the world sugar price. Exports this season will in fact amount to more than last year — 880 000 tons compared with 685 000 tons.

Mr. Nourse said the record had been achieved in spite of floods in some areas at the end of the season.

3 sugar

3 / Sugar

Another blow for SA's sugar industry

Sun. Times (Bus. Times) 22/5/77

THE VITAL Geneva talks between sugar importing and exporting countries are near collapse and some delegates are due to leave today.

By JEREMY WOODS

News of the near collapse was flashed to the South African Sugar Association in Durban on Friday by one of its delegates at the Geneva talks.

It comes as a body-blow to the local industry which, denied an increase in the officially controlled domestic price of sugar, was banking on higher export prices resulting from the talks to help it overcome its financial problems.

I understand from sugar industry sources that although no official announcement has been made, the Geneva talks are grinding to a halt as the majority of delegates feel there is little point in continuing discussions in view of the depths of divergence of opinion.

The South African delegation plans to return from Geneva later this week.

In essence, deadlock was reached over whether the main exporting countries should bear the brunt of the cost of stockpiling excess production, should world sugar prices slump further, or whether the underdeveloped exporting countries should also be obliged to do so.

This is embodied in two proposed support systems, which were:

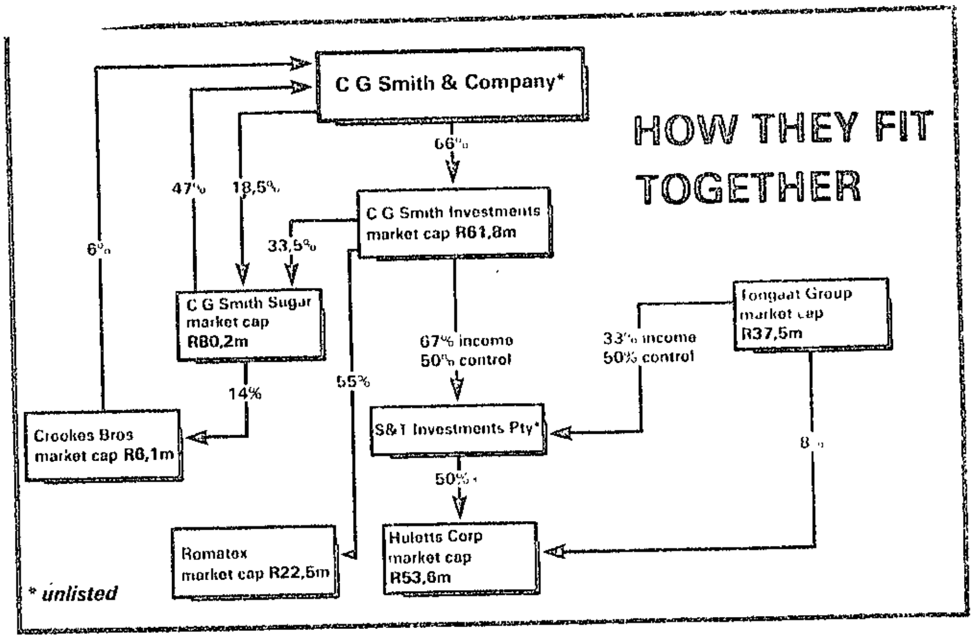
• The quota system, under which each exporting country is allotted a quota, based on historic and current production performance with a particular price range.

Should the world price continue to slide, exporters will, under this system, not only have to accept reduced pro rata quotas, but also stock pile excess production themselves (whether they be developed or underdeveloped) until a price upturn occurs.

• The stock system, under which all significant exporters are obliged to stockpile when the world sugar price falls into a certain price range but that underdeveloped exporters of a certain size to finance their stocks through a levy on developed exporters.

The current plight of the local sugar industry is illustrated by the fact that it costs R190 to produce a ton of raw export sugar which sells abroad for only R180 a ton; and that it costs R220 a ton to produce refined domestic sugar for which the maximum price is R186.

Now that these international talks have all but broken down and in view of the domestic sugar stabilisation fund being at rock bottom, either the Government will have to subsidise the local industry, or allow the domestic sugar price to rise if this country's sugar industry is to remain profitable.



FIN. MAIL 27/5/77

Jim Jones

3-Sugar

C G SMITH SUGAR

Sweet and sour

The 10c hike in C G Smith Sugar's annual dividend from 65c to 75c was better than could possibly have been hoped for and augurs well for the Huletts final, the last of the sugar companies to report. C G Sugar's strong balance sheet and the unacceptable returns available in the sugar industry have no doubt prompted the generous dividend policy.

The effect of bringing in additional capacity in 1977 and the need to absorb 20% of increased costs for the third year in succession is reflected in C G Sugar's results.

As already reported (*Fox*, May 20) sugar production increased to 522 024 t (478 594 t) though, due to Huletts' above average gain, C G Sugar's share of the total market slipped from 26,6% to 25,6%. But in the nature of things, optimum recoveries are not obtained from new plant in the first season and, with what appears to have been a difficult start-up for the new plant, recoveries were poorer in 1977, with profit from milling and cane growing dropping to R13,1m (R13,9m).

Profits from other sources (in part from increased deliveries of bagasse and steam to Stanger Pulp & Paper) improved from R3,3m to R4,4m.

Partly as a result of last year's increased dividend of 65c (1975 — 45c) the unlisted parent C G Smith & Co was able to increase its own distribution thereby helping to lift C G Sugar's own dividend income. Whether or not this presages a further increase in 1978 following this year's 10c hike will depend on how much C G Smith & Co needs to pump into its bagasse and farfural operations this year.

This year, C G Smith Investments' results (due out in a couple of weeks) are going to be helped by the increased distribution of 13c (12c) by Romatex. Despite reduced sales of carpets and automotive components, improved results from the fabrics division lifted turnover to R162m (R152m) though the old Ropes & Mattings group was only consolidated for 9 months in 1976.

At the moment it looks as if Romatex will do well to repeat last year's 13c. 1977 second half pre-tax profit was 15% down at R5,93m (R6,96m) and with almost identical tax charges in the two halves the profit attributable to ordinary shareholders in the second half ran at R3,52m (R4,58m). And the tough trading conditions of the second half are continuing into the current year.

The local sugar industry remains rudderless and completely at the whim of the Minister of Economic Affairs. Until he is prepared to put the industry back on a sound footing, which he is morally obliged to do after gambling away the carefully built up Price Stabilisation Fund, the industry will have to fend for itself. The collapse of the sugar price back to pre-Geneva levels of £126 does not provide any short-term encouragement, and despite the attractions of the 12,7% yield, prospective purchases of C G Sugar should be delayed.

Jim Jones

SUGAR LUMPS

What happens now that attempts to frame an international sugar agreement have ended fruitlessly?

"Probably a meeting of the big 10 delegations in London towards the end of J ly," says SA Sugar Association chairman Anson Lloyd. "If they make sufficient progress to make it worthwhile there may be another attempt in Geneva in September.

"At Geneva the battle really was fought between an inner club of the seven major exporting countries — Australia, Brazil, Cuba, SA, the Philippines, Dominican Republic and the Argentine — and the major importers — the US, Japan and Canada."

The key issues, Lloyd feels, are still the question of holding and financing of stocks, quotas and price range. "The importing countries remember with a shiver when the price shot up to £650/t a few years ago. They are keen on the idea of buffer stocks, but expect exporters to hold and finance them. But they seem to foreget that sugar is a perishable product and not everyone has the storage capacity we have."

SUGAR TALKS — 1

FIN MAIL 3/6/77

A bane or . . .

3-Sugar

After six weeks of ~~abortive talks~~, the Geneva Sugar Conference ended on May 27.

Conference president Ernest Jones-Parry was empowered to contact interested governments with a view to resuming talks, and a "mini-conference" on this is to be convened towards the end of July in London. For the time being, though, there is no new sugar agreement. Depending on the result of the London talks, Jones-Parry will advise Unctad secretary Gamani Corea whether or not the conference of over 70 countries should be called again towards the end of the year.

Although some optimists in Geneva take this to mean the conference has not yet failed, there seem to be almost insuperable differences of opinion between interested parties.

In Geneva there were three main suggestion topics of discussion:

- A recommendation by the majority of members of the former sugar agreement dating from 1968. It was based on the existing system and foresaw basic export quantities, price scales, export-quota adjustment measures, exporters' delivery obligations, minimum and maximum stocks and the like;
- The US, the world's biggest importer, wanted to join a new agreement incorporating stock financing and compensation procedures — with minimum and special stocks of 4 Mt — and the introduction of export quotas in the case of low price levels; and
- The EEC, absolutely opposed to export quotas as a means of stabilising the market, and wanted to see stocks of up to 4,5 Mt linked to a maximum and minimum price mechanism.

Jones-Parry presented a compromise suggestion combining elements of the two first recommendations, with a quota system linked to 2,5 Mt of stocks and a price range of US 11c-25c/lb. This failed to find the necessary support.

SUGAR TALKS — 2

. . . a blessing?

A refreshing view of sugar's future in the wake of the Geneva talks has come from Huletts group managing director, Dr C "Kees" van der Pol.

"The failure to reach an international agreement," he says, "is a pity but not a disaster — in fact it may be a blessing in disguise for SA." Although the current world price is below local production costs, the acceptable minimum prices put forward by other major producers at the conference indicates "they are suffering a great deal more than we are in continuing to supply a market which is already over-supplied.

"This will undoubtedly discourage expansion of cane production in new areas, will encourage a reduction in beet production and hopefully will delay the introduction of new factories to convert starch into high fructose corn syrups. But, unfortunately, it also means that the SA consumer can no longer be subsidised by the export market and a price increase in the local market becomes inevitable in the near future."

Other points made by Van der Pol:

- Total proceeds allowed to the industry last year were just over R380m, of which R57,7m was gross profit, and from which 20% for increased costs, interest and tax must be deducted;
- Average net export proceeds exceeded average local market proceeds by R62/t;
- Profit on this season's exports will be insufficient to balance losses on local market sales — unless of course there is a price increase;

Huletts' Van der Pol . . . looking on the bright side

- The world "free market" in sugar is less than 15 Mt pa. "An imbalance between total world supply and demand of only 1% has nearly six times the effect on the free market."
- As the fifth largest sugar exporting country, SA is extremely vulnerable to world sugar prices; and
- Total world sugar trade is worth at least R2 000m a year.

Looks like the domestic consumer should prepare for a sour future.

FIN. MAIL
10/6/77

3 Sugar

BLACK WAGES
The sugar farms

The increases in black miners' wages in the past few years have forced competitors for labour, such as the sugar industry, to follow suit. The sugar industry recruits in Pondoland in Transkei, and thus competes with the mines.

The minimum daily rate for an underground miner has risen from 72c in 1974 to 250c last year, that of a surface worker from 55c to 155c. In 1971, with a minimum for cane cutters of 80c, the sugar industry paid better than the mines. More recently, however, it has been overtaken by underground (though not surface) mine wages. Cutters now get a basic 220c a day.

Canecutters earn an average of R66/month basic pay and between R50 and R66 monthly in cutting bonuses, although exceptional cutters can earn double the average in bonuses. The present average black underground wage is R101.

A curious situation exists in the sugar industry. Private planters work four times the land area of the miller-cum-planter companies, yet they have no formal recruiting organisation. Labour is obtained on a "pitch up with friends and relations" basis. Amazingly, it seems to work. One of the main reasons is that private farmers are able to house their labour as married men whereas miller-cum-planters are classified as industry and restricted to housing a maximum of 3% of their African labour in married quarters.

Miller-cum-planter companies have thus set up the Sugar Industry Labour Organisation (SILO), which recruits between 17 000 and 20 000 migrant workers from the Transkei annually.

A grading system has been established to allow progress to higher positions, and in the compounds TV and other facilities help to consolidate sugar's position in the queue for labour when competition gets tough.

Some companies are operating training schemes, and productivity has improved from 2,3 t per man daily in 1972/73 to 3,7 t/day last season. Expressed another way, 4,6 men were required to cut 1 000 t of cane in 1972/73 but only 3,4 men are needed today.

Mercury 14-6-77

(3) Sugar

OPTIMISM BY HEUNIS ON PRICE OF SUGAR

Agricultural Correspondent

THE Minister of Economic Affairs, Mr. Chris Heunis, believes that in spite of short-term fluctuations the price of sugar will show a firm pattern on world markets in the future.

Addressing delegates at the opening of the 51st annual congress of the South African Sugar Technologists' Association being held in Durban, Mr. Heunis said that the total proceeds of the sugar industry have tended to become increasingly dependent on export earnings.

He said that in the 1967/68 season the proceeds from exports were one third of those from the South African market; in 1972/73 and 1973/74 the export proceeds were almost equal to the local sales, while in 1974/75 export sales were about 54 percent more than domestic proceeds.

Mr. Heunis said: "While the relative importance of exports may have slightly declined last year, the fact remains that the welfare and prosperity of the industry are to a substantial extent dependent upon sound exports.

"The industry is sensitive to general economic conditions overseas."

Mr. Heunis said the improved growth prospects and the continuation of inflation seem to add up to the probability of reasonably firm world sugar prices although no decisive prediction could be made.

"One worry in the picture is the possibility that if considerable inflation should continue overseas it might damage real growth because of its adverse effects on consumption and investment."

Sugar

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Mercury
14 June 7

Bigger yields are their reward

ALTHOUGH it has been operating for only three years, the Small Cane Growers' Financial Aid Fund has already lent R3 200 000 to 3 189 Zulu, Indian and Mangete farmers.

The fund was established by the South African Sugar Association in April 1974 as a non-profitmaking organisation to promote farming and assist small farmers obtain long-term credit at low rates of interest.

According to the manager of the fund, Mr. A. L. Schaffer, response from growers has surpassed all expectations. "The success of FAF should not be judged solely on the number of farmers who have applied for loans. Their improved productivity should be the measure of our success."

There can be no doubt that yields of sugar cane grown by the small farmers have considerably improved since the fund began providing credit and extension facilities.

Last year cane yields from Zulu farmers increased by 155 000 tons to 716 000 tons. Those of Indian growers improved by 200 000 tons from 999 826 tons and the 57 Mangete growers (who are the descendants of John Dunne) rose by 15 000 tons from a previous total of 43 000 tons of cane.

Mr. Schaffer believes that these increases are attributable to improved agricultural teaching methods which have come from assistance provided by the fund. For the Indian and the Mangete small farmers, the fund has established a mobile extension service which visits each community in its own area.

For Zulu farmers the fund set up three training centres which were donated to the KwaZulu Government by the South African Sugar Association. Since these centres opened in 1976, more than 4 000 people have attended courses, lectures, seminars and demonstrations.

Financial problems brought about by inflation loom for the future.

The fund is probably South Africa's largest non-profit programme of financial and technical assistance undertaken by a single private agency. But, according to Mr. Schaffer, unless additional funds are forthcoming, FAF will be unable to realise its full potential and it may become necessary to seek financial support from outside the sugar industry.

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A.W. Stadler
Department of Political Studies
University of the Witwatersrand

(3) Sugar

Mercury 14 June 1977

Dividends of cooperation

THE CO-OPERATIVE use of a chopper harvester for sugar cane is paying dividends for two Zululand sugar farmers.

Faced with rising labour costs which have gone up by an estimated 150 percent during the past six years and the many other problems associated with employing a large gang of cane cutters, two Umfolosi Flats cane growers, Mr. Paul Wattam and Mr. Lawrence Proksch, recently decided to share their cane harvesting.

With the cost of mechanical harvesters today at something like R100 000 for the bigger type of machine, it made good sense for them to decide on the co-operative use of a machine.

The two men bought an Australian Toft chopper harvester for R54 000. The same machine would today cost something like R82 000 — a price which few individual farmers can afford to pay.

Both farms were seriously flooded earlier this season when the Umfolosi River burst its banks and flooded the surrounding cane fields. Total damage to cane farmers has been assessed at R7 500 000 when much of the cane was either killed or damaged. Were it not for the mechanical harvester — which has been able to handle the mass of twisted and flattened cane with relative ease — harvesting on the two farms this season would have been a major headache.

MR. PAUL WATTAM and Mr. Lawrence Proksch examine a field of sugar cane badly damaged by the recent floods.

One of the most convincing arguments put forward in favour of buying the mechanical harvester is that even a temporary seasonal labour shortage on either farm would mean that cane valued at something like R36 000 would be left uncut at the end of the season.

The harvester being used can cut an average of 40 tons an hour and if worked at full capacity in ideal field conditions the machine can handle 400 tons a day — more than adequate to cope with any emergency and ensure that the full quota is cut.

The question everybody wants to know, however, is: Does it pay? At the moment this cannot be answered with any degree of certainty. The major factor in assessing the costs of mechanical harvesting is that of depreciation of the harvester itself.

Paul Wattam believes that the working of the harvester is in the region of six to eight seasons.

Another factor to take into consideration would be the selling price of the harvester at the time it was sold. At the moment the second hand value of the machine or its economic working life are unknown and no detailed costs are available.

One thing that is certain is that farming with a mechanical harvester is a lot more simple and both men find they have more leisure time.

3 Sugar-pineapples

IN SPITE of poor soils and a low annual rainfall, impressive yields of sugar cane and pineapples are being obtained in one of Zululand's marginal farming areas.

The Dube Ridge Ranch near Heatonville between Empangeni and Nkwalini lies in an area characterised by poor soils and because it lies in a rainfall shadow cut off from the moist sea winds, the annual rainfall is half that of either Eshowe or Empangeni.

General manager of the estate is Mr. David Legge who, over the past two years has been able through sound management to boost both sugar and pineapple yields on the estate.

The annual cutting cycle for sugar cane has been reduced from 24 months to 18 months and an average yield of 90 tons of cane per hectare is being obtained.

His secret of success has been efficient control of weeds through the exclusive use of weedkillers applied mechanically and the control of the sugar cane pest, Eldana, by adopting a policy of early cutting.

At the moment all crops are rain-grown but it is hoped that when the Goedetrouw Dam near Eshowe is completed, the Heatonville area will be scheduled for irrigation.

The estate is Zululand's biggest producer of pineapples all of which go to Empangeni for canning. The annual production of the farm is 7 000 to 8 000 tons of pineapples a year and the canning company, ZFP, who own the estate also have another pineapple farm near Hluhluwe. The planned annual production of both farms is set at 20 000 tons of pineapples a year.

Were it not for a fungus disease known as Phytophera, which rots the pineapple crown and eventually kills the plant, this crop would be a lot more profitable to grow.

Another drawback of growing pineapples in Zululand is that summer temperatures often exceed 32°C and the fruit actually begins to cook in the hot sun. In order to overcome this problem, paper caps to shade the fruit are used.

Pineapples are planted by using either crowns, suckers or specially prepared material known as multi-propagation. To obtain this planting material the plants are sprayed with a plant hormone which induces multiple heads.

Each plant bears fruit after 24 months and one ratoon crop is possible under normal conditions. This bears 18 months later.

After this the pineapples become smaller in size and have to be replanted.

Ripening of the fruit takes place throughout the year but the peak period is in summer.

Zululand pineapples are sweeter than those grown in the Eastern Province and are ideal for canning. In addition, growth in Zululand is more prolific and apart from the fungus disease, no other pests or crop diseases affect the crop.

Mercury 14 June 1974

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Tabel 2 Persentasie samestelling van die gereelde- en seisoensarbeidsmag volgens ras Natal, 1954/55 tot 1973/73

Jaar	Gereelde werknemers								
	Blankes		Kleurlinge		Asiate		Bantoes		Totaal
	Getal	[illegible]	[illegible]	%	Getal	%	Getal	%	Getal
1954/55	523	[illegible]	[illegible]	,0	-	-	161347	95,7	168539
1959/60	725	[illegible]	[illegible]	,2	6236	4,2	139794	95,1	147085
1963/64	1711	[illegible]	[illegible]	,3	6708	4,6	137954	93,9	146868
1968/69	2202	[illegible]	[illegible]	,1	4356	2,5	169912	96,2	176712
1972/73	2139	[illegible]	[illegible]	,1	3589	2,4	146271	96,1	152219

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1959/60	43	0,1	83	0,1	674	1,1	[illegible]	53568
1963/64	-	-	-	-	-	-	[illegible]	-
1968/69	62	0,1	18	0,0	1449	1,4	[illegible]	00464
1972/73	31	0,0	19	0,0	266	0,3	[illegible]	82071

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3 Sugar

Challenge on price of sugar

Mercury 16-6-77

Agricultural Correspondent

THE price of sugar will have to increase in the not too distant future if the sugar industry is to avoid financial disaster, the chairman of the South African Cane Growers' Association said in Durban yesterday.

Addressing the annual meeting of the association Mr. Ian Smeaton said the sugar industry was passing through a difficult economic period because of low export prices.

The industry has subdised the local sugar price in recent years by some R250 million.

"There is no escape left now other than for local consumers to meet production costs in full. All other avenues have been explored," he said.

Mr. Smeaton added that in spite of increases in the sugar price last year "the financial position of the industry remained unsatisfactory."

The selling price of refined sugar on the local market of R186 a ton represented about 80 percent of what it cost the industry to produce it.

"I believe that it is in the consumers interest and the interest of the country as a whole that this state of affairs should be corrected without delay," he said.

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HOME SUGAR ③ Sugar

Some sweetness

FM 23/6/78

Although the sugar industry outlook for the next two years is bad, there are patches of light grey in the gloom.

"About 27% of this season's export allocation under the ISA has been either priced or hedged forward on the futures market to average £113/t, which is somewhat better than the ruling price of £95t," Frank Jones told sugar millers in Durban on Wednesday in his annual chairman's address to the SA Sugar Millers Association.

Other points he made were:

- Domestic market sales of sugar dropped by 8,4%, with manufacturers' offtake down 12,3% and direct consumption 7,1% lower;
- About 1,4 Mt of cane will have to be left unharvested this season;
- Productivity gains are possible. Experiments at Amatikulu have shown that by cutting the time between harvesting and crushing cane by 12 hours, over a full season, another 10 000 t of sugar could be produced from the same quantity of cane;
- Cane transport cost quarrels have been settled and a new distribution scheme came into effect on May 1.

Despite these restrictions, many houses have been extended and improved. The tenants have added bedrooms, diningrooms, lounges, kitchens and bathrooms whilst in a large number of those houses without additions, electricity, ceilings, flooring and cupboards have been installed. Comfortable and attractive interiors are often found in a house which outwardly differs little from its neighbours.

Problems: Occupants wishing to improve their accommodation face great difficulties, not the least of which is the problem of getting plans drawn, submitted and approved. To avoid paying high fees, many tenants employ inexperienced draughtsmen to prepare the drawings and often find that the resultant plans do not comply with regulations. To the average Black householder, the approval process appears lengthy and complicated. The proposal must be submitted to the Township Superintendent; to the BAAB Department of Works and finally to the City Council or Divisional Council, entailing numerous inspections and considerable time.

Other problems are of a technical nature. Because of the design of the original house and the construction in terraces, additions are difficult and costly. In all but the houses at the ends of the terraces, extensions are limited, as shown on the plan, to the back or front of the building. In addition, further problems become evident when the addition of even a single simple room is considered. Firstly, the existing eaves level is so low that it is impossible to make the ceiling of the proposed new room high enough to meet existing building regulations without a fairly complex and expensive roof structure. Secondly, the new room is likely to obscure the windows

3/ Sugar

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STAR 22/6/77

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The Mana ... h of the two
alternatives

Draw up a ... nvolved in each.

What advice would you gi

(50%)

Huletts laid off 1 000 workers during the year

Own Corre... ondent

DURBAN — Huletts has cut its staff by more than 1 000 in the past year and is unlikely to increase its earnings in the current year.

The Natal-based giant's annual report shows the average number of employees was cut from 17 676 in 1975/6 to 16 600 in 1976/7, a drop of about six percent. Prior to that, the number of employees had grown steadily from 14 953 in 1972/3.

The chairman, Mr Chris Saunders, says in his review that the group's taxed income from operations within South Africa actually increased (by 12,4 percent) last year. But taxed income from foreign subsidiaries dropped heavily (by 91 percent).

Net attributable income on an historic cost basis dropped overall by 2,6 percent to R18 887 000.

Mr Saunders says he does not expect the economic climate to improve in South Africa before 1978 at the earliest, and thinks the bottom of the recession has not to be reached in some sectors.

The group's major division — sugar — is not expected to increase earnings in the coming year and it is estimated that dividends and other income received from foreign subsidiaries will continue to decline.

Unlike C G Smith Sugar, which reported a few days ago, Huletts expects the tonnage of sugar harvested will be lower than in the past year.

OTHER DIVISIONS

The directors say in their report that the aluminium division's after tax earnings should not differ significantly from the year under review.

The property division expects further losses while the paper section will find it hard to maintain earnings.

Transport hopes to improve its unsatisfactory profits position and the timber division's earnings will decline. But the engineering division's after-tax earnings should show considerable improvement.

On a historic cost basis the group is retaining 30,7 cents a share compared with 30,4 cents last year. It says that as the annual dividend has been reduced by two cents a share to 31 cents, everything possible will be done to maintain it at this level.

FIN MAIL 24/6/77 (3 - Sugar)

SUGAR

Curb on growth

There can be no significant expansion in the sugar industry until government amends the price formula to allow improved returns. So chairman Frank Jones told the SA Sugar Millers' Association agm in Durban this week. He pointed out that the industry's total milling capacity had reached 4 000 t of cane an hour enabling it to crush 21,2 Mt of cane in a 40-week season.

"The stage is rapidly approaching," he said, "when the scope for further expansion of the existing sugar producing areas will have been exhausted ... and other new areas with new mills will have to be contemplated. However there is no prospect of private enterprise venturing into any such new projects under the present price formula.

"As far as the existing mills continuing to provide increased capacity for vertical expansion, this is ceasing to be economically viable with diminishing returns setting in as a result of the widening gap between inflation and our allowed returns."

A little arithmetic shows how close the industry is to capacity. The average ratio of cane to sugar over the past 10 seasons was 9,05. On milling capacity of 21,2 Mt of cane a total output of 2,3 Mt of sugar is possible without lengthening the season. This creates various problems. Estimates for the current season at 2 165 439 t is 124 000 t above the 1976/77 season. A similar increase next season would bring the industry up to capacity. With new mills costing around R35m expansion is not to be undertaken lightly.

Jones illustrated the chaos which had taken place in local market sales because of the way price increases were handled.

12.5.3 S

A
F
G
I

12.5.4 S

13. *Degree Nomencl*

13.1 It is no ... ot have to be the s ... dents for this alr

13.2 The Facu ... degrees such as ... P), etc.

13.3 The Facu ... ge and Literatu ... ts might all awa ... d continue to awar ... Diplomas).

13.4 Conside ... ting the nature ... n addition in pare ... k), B.A. (... (Law), B.A. (... les may, where a ... itles of Schools

13.5 Regulat ... e would have to be s ... where Schools exist, ... p by each School and submitted to the Faculty for approval).

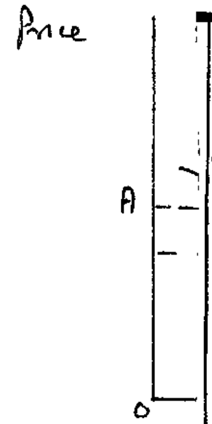
14. *Summary of Recommendations*

14.1 Ultimate Goal That it be recognised that the ultimate goal of any review of University structures should be the optimisation of conditions within the Unviersity for successful teaching and research.

14.2 Devolution That wherever appropriate, central decision making and executive action should be delegated to the Faculty level (see Section 6).

14.3 Faculties of Arts and Social Science and Music That restructuring of these Faculties into three new Faculties (Human Sciences; Language and Literature; Performing and Fine Arts) be implemented forthwith (see Section 10).

38. Consider the



DD is the de[…] good.
PQ = K is a r[…]city.

Suppose the g[…]s at a
value = K.

If in a certa[…]d weather and
output was OC[…] then, in order
to stabilise […]ent would have
to -

1. Buy up HG[…]
2. Buy up JS[…]
3. Sell GF =[…]
4. Sell JS =[…]
5. Sell BC W[…]

Business Mail

Two courses open for sugar

24/6/77
3/Sugar

DURBAN. — The sugar industry is faced with two clear-cut alternatives in its financial affairs, says Mr Frank Jones, chairman of the South African Sugar Millers' Association.

He said it could adopt a wait-and-see policy in the hope that there would be a dramatic rise in the world price; or the authorities would have to take a realistic view of the domestic price.

He told the association's annual meeting in Durban that the second course would mean an increase in the domestic price, but not necessarily a large one if prompt action were taken.

For the second year in succession the proceeds accruing to the industry from sales in the domestic and export markets were insufficient to meet its requirements. It had been necessary to draw R34 700 000 from the price stablisation fund. The balance in the fund was R30 900 000.

"The balance next year — if any — will be small. As an upturn in the world price, in the short-term, is unlikely, a further increase in the domestic price must be contemplated.

"Small and regular price increases are less disruptive to sugar-based industries and members of the public. I advocate this course and commend it to the Minister and his department.

"Every month that this decision is delayed the greater will be the impact when the price is raised."

Mr Jones said that the stage was approaching when the scope for further expansion would be exhausted.

"If the industry is to continue on a growth course, new growing areas with new mills will have to be contemplated.

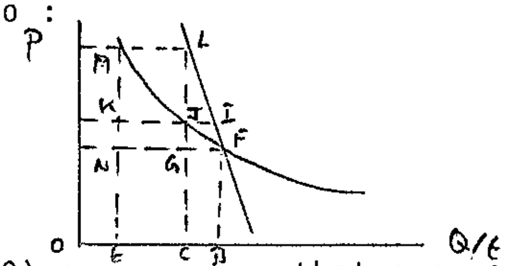
"However, there is no prospect of private enterprise venturing into any such projects under the present price formula.

"As far as existing mills are concerned, their capacity for vertical expansion is ceasing to be economically viable." — Sapa.

39. Given the dia[…] a ten year period
if it started[…]

1. The gover[…] be self financing.
2. The gover[…] be self financing depending on whether over the period crop surpluses were equal to crop shortfalls.
3. The government would inevitably accumulate vast surpluses.
4. It is theoretically impossible to stabilise incomes.
5. None of the above.

40. In the diagram below (where PQ = K is a rectangular hyperbole and DD is the demand schedule for wheat) income stabilisation in a bad year, where output was OC instead of the expected OB, would require the government to :



1. Sell JI wheat.
2. Sell LM = EC wheat.
3. Buy LM = EC wheat.
4. Buy GF = CB wheat.
5. Sell GF = CB wheat.

41. Given the diagram shown above (Q.40) one can see that over a ten year period, if it started with no stocks -

1. The government scheme would certainly not be self-financing.
2. The government would inevitably run out of wheat.
3. The government's scheme might or might not be self-financing depending on crop fluctuations during the year.
4. The scheme whilst stabilising incomes would make prices paid by consumers more unstable.
5. None of the above.

SOUTHERN AFRICA

FIN. MAIL 1/7/77 3-Sugar

inside industry

Sweet judgment

Most of the top SA Sugar Industry brass were in the Durban Supreme Court last week to hear Mr Justice Mostert throw out the case brought by Illovo Sugar Estates and Umfolosi Co-operative against the SA Sugar Millers' Association, (Sasmal) and 15 other defendants.

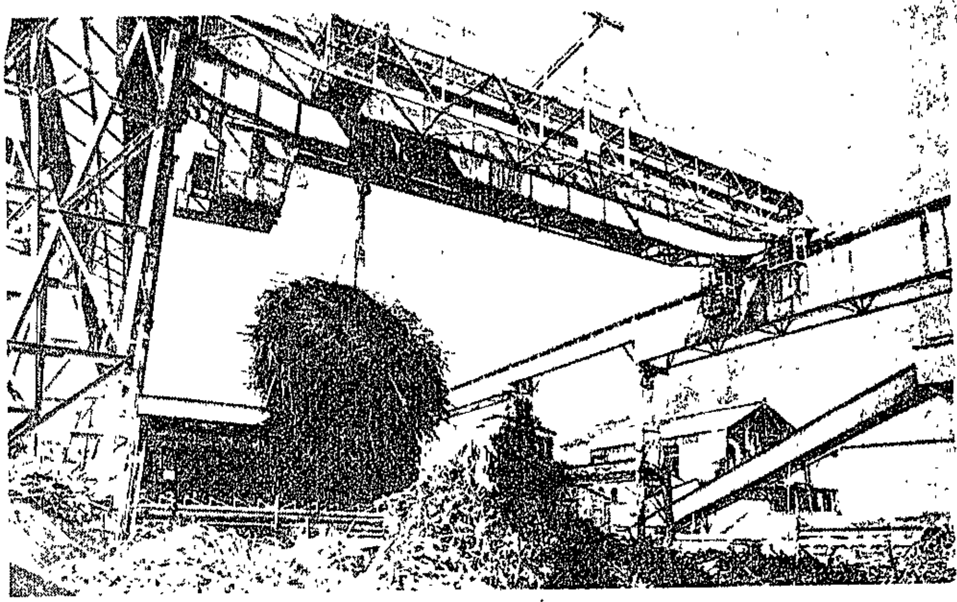
Proceedings lasted less than two minutes. The upshot put the years' long battle over the distribution of cane transport costs back to square one.

Millers subsidise growers' transport costs primarily to ensure that the mills have sufficient cane supplies. They then claim these costs as costs of production from the net divisible proceeds of the season's crop.

Under the averaging system, total costs are pooled and each miller receives average costs as part of the price he receives per ton. Therefore, those millers whose growers are comparatively close to their mills — Tongaat, Entumeni, Glendale, Union Co-op and Melville, for instance — recover more than they actually pay out. Conversely, Illovo and Umfolosi, whose costs are above average, lose out. Huletts and C G Smith sugar are in a swings-and roundabouts situation, neither gaining nor losing on balance.

N.3.

A new system of direct recovery by which each miller would recover his actual costs of cane transport subsidises was adopted by majority resolution at a meeting of SA Sugar Millers Association on April 4 1974. It operated from the 1973/74 season until part way through 1975/76 when some millers refused to continue, which meant the whole scheme broke down and it was back to averaging. The dissenting millers were those who made most out of averaging.



Cane . . . win some, lose some

Illovo and Umfolosi went to court for an order declaring the direct recovery scheme binding on all millers.

Judge Mostert said the first question to be answered was: "Are the objects of Sasmal sufficiently wide to include the power to interfere with the entitlement of members to their respective shares of divisible proceeds. I do not think so." He declared the resolution for direct recovery *ultra vires*. Judge Mostert also ruled that the plaintiffs had failed to prove "conduct of the parties amounted to a tacit contract of any sort".

Comments Chris Saunders, Chairman of Tongaat, which will be a major benefactor of the judgement: "I feel the judgement is of benefit to the whole sugar industry. We have built the industry on the principle of averaging and if anomalies occur from time to time it's up to us to get together and work out a consensus to put things right."

It will take time to work out the arithmetic of gains and losses arising from the court's decision but Saunders owns: "It's a very pleasant windfall for Tongaat".

Both Huletts and Smiths admit to providing in their accounts for payouts had judgement gone the other way.

availability of domestic and foreign interest rates and credit will influence the demands for and supplies of foreign capital.

A fur ... teris paribus,
is the gov ... over any
period of ... revenues
requires f ... via money
base creati ... decreases
in the Treasu ... e Reserve Bank
might alternat ... ney base, grant
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As the proceeds ... spent by the
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banks and ther ... y affecting the balance of payments.
Improving the ... s
had become a p ... monetary and fiscal policy and
this in turn d ... servative fiscal policy. This
indicates that fiscal and monetary policy cannot be regarded as independent of each other. Nor can they be seen as independent of the balance of payments.

(3) Sugar

N/MERCURY 6/7/77

The Natal Merc

Sugar slump

Financial Editor

THE PRICE of sugar slumped to £108 a long ton on the London market yesterday —a new low point for many months.

The picture for the next nine months is gloomy for sugar because an estimated surplus of about 3 million tons will overhang the market during 1977/78. Some forecasters say the surplus could reach 5 million tons.

E. D. and F. Man, the London sugar brokers, say that the European crop will be a record this year. The only thing in doubt is the extent of the record.

Although consumption of sugar can be expected to rise, this will not offset the surplus.

The London brokers add that there is no doubt that prices will be under constant pressure from now on.

"We can only wish that the International Sugar Organisation's meetings, which begin in London on July 20, will have greater success than those held in Geneva two months ago and that some form of artifical restriction on supply and demand will enable the market to avoid what will otherwise be a disastrous season for almost all producers."

In this connection, there was a rally in the world sugar price during the Geneva talks. The South African Sugar Association took advantage of this to sell forward the major part of South Africa's export tonnage.

7/7/77 N/MERCURY

Illovo (3) Sugar

Illovo sugar estimates

THE LATEST sugar production estimates for the 1977/78 season for the Illovo and Noodsberg mills were 80 000T and 102 000T respectively, which gave the group 8,5 percent of the estimated industrial production, according to the financial report of the directors of Illovo Sugar Estates for the year to April 30.

Both mills commenced crushing in April. Based on the latest cane throughput estimates, the two crushing seasons should terminate before the end of the year.

The estimated cane crop at Doornkop was 193 000T compared with 182 832T during the past season.

New season

It was difficult at this early stage of the season to give a reliable forecast for the new season.

To date, the industry had been required to absorb 20 percent of cost increases, the report said.

The directors appreciated the need to diversify the company's operations and attention was being given to this.

The economy of the sugar industry continued to be determined by ad hoc Government decisions. As a result, it was making sound forward planning an extremely difficult task. It was also causing investors to consider the sugar industry as relatively unattractive.

During the 1976/77 season export prices fluctuated dramatically from a peak of £205 (R307,50) to a low of £107 (R160,50) per tonne.

WESTERN PROVINCE HOCKEY ASSOCIATION

WP Colts Tour to Southern Cape (George) :

To assist the players with their tour expe... appreciated. TICKETS are 20 cents each or ... is a PORTABLE RADIO. The DRAW will be mad... and the winner contacted by telephone. Tha...

QUESTION: Which horse won the 1977 Durban ...

Name and Address

Answer

A B C D E F G H I J K L M N O P Q R S T

Marcelle Kooy of Economic History has three major areas of interest. The first is legislation on labour matters, the attitude of management, of White workers, and White trade unions, focussing on the last 50 years to see whether some kind of pattern can be found. Her second interest is Africa-wide, studying African economic history and the role of the State in economic development and also looking at the impact of industrialisation in Africa. Her third interest rather closer to home is on the Cape wine industry from 1806 to 1918.

Rob Pheiffer of Afrikaans and Nederlands has just completed a doctoral thesis which started off as a treatise on historical linguistics. The work was on the [illegible] e 18th century, which involved using archiv[illegible] ge of a French-speaker in 18th century South [illegible] t know Dutch but came to South Africa [illegible] around him, and the thesis developed in tw[illegible] s how did this French-speaker learn to use D[illegible] this are very important for the learni[illegible] language interference which comes from the l[illegible] ws. And the implications are also very [illegible] do Black communities learn English and Afrikaans, [illegible] as in learning a foreign language, espec[illegible] or group which seems to have greater status than one's own. The second direction which I suppose was more of what he set out to solve in the beginning, involved the development of Dutch.

Standard 88,68 83,82 [illegible] —(Sapa.)

Mercury 9/7/77

Plan for bigger sugar output

(3) Sugar

MBABANE — Mhlume (Swaziland) Sugar Co. has decided to expand its mill at Mhlume from a capacity of 150 tons of cane per hour to a maximum of 300 tons.

For some years increased cane yields, due to improved farming methods in the north-eastern lowveld of Swaziland, have put pressure on the mill's capacity. — (Sapa.)

David Stern, the editor of the SSD's 'Z', has, in sheer self defence it seems, started studying the government's policy of banning student magazines. He sees an intensification of this tendency to ban student papers and this seems to be very important in that these papers are trying to provide respectable news that the popular media don't carry and provide in-depth analysis of subjects that the popular South African press would not touch.

Pam Stevens of the Library was asked the most questions in our group. She said she was here to hear what others had to say. Special Collection's need was for researchers to give titles and to indicate which direction the purchasing policy of Special Collections should take.

③ SUGAR. RDM 15/7/77

Moment of truth for stricken sugar industry

DURBAN. — The sugar industry was fighting a war on three fronts, and had to face the moment of truth, said the chairman of the South African Sugar Association, Mr Anson Lloyd, in Durban yesterday.

He told the association's annual meeting the industry was:

• Engaged in a remorseless struggle against inflation.

• Confronted with a collapse in the world price.

• Confronted with the disastrous policy of allowing the domestic price to lag far behind rising production costs under the camouflage of a price stabilisation fund which had distorted all the laws of economic logic.

In Australia another price increase of 8,4% had raised the price of refined sugar to the equivalent of R257 a ton compared with R186 in South Africa, or 38% more than this country's domestic price.

He did not wish to add to the impossible tasks which faced the Minister of Economic Affairs and the Government by complaining against an unkind fate which today mocked the industry in its sudden decline.

"The Government is only too well aware of the present and future situation which now confronts us. It must be left to the sound judgment of the Minister who must weigh the delicate social, economic, financial and political consequences of increases in food prices, and consider whether they should be gradual or sudden; small and regular; or delayed and very large."

Whatever the formula, it could not allow the sugar industry to fall into financial instability, chaos and permanent damage from which it would take many years to recover.

"I am content, therefore, to leave the situation in the hands of the leaders of this industry and to the wisdom of the joint consultations with the Government which must take place in the near future."

The problems facing the industry in the coming year were formidable, but he remained confident it had the strength and ability to overcome them all, and that by next year it would be restored to a sound basis.

Since April 30, 1975, the industry had been engaged in a relentless struggle against rising costs and falling prices in the export market.

In 1966-67, sugar consumption in South Africa reached 760 000 tons and the average price of white and brown sugar received by the industry was R115 a ton. In 1975-76, consumption had increased to 1 120 000 tons and the average price received was R107 a ton.

The South African consumer, therefore, had been able to buy an additional 360 000 tons for an additional cost of only R32-million in one year. This meant that the marginal price to the consumer of the additional offtake was no more than R90 a ton compared with its cost of production of more than R200 a ton.

To that extent the sugar industry had contributed to stabilising the cost of living, and fulfilled its obligation to the Government in the fight against inflation.

If the Government insisted that the industry must every year absorb 20% of its increased costs, of which more than a third was attributable to labour and related benefits, and if the Government insisted that the interests of the consumer were of paramount importance and exceeded those of the worker in major agricultural industries, then the very victims of such policy must be the lowest paid and least productive employees.

The writing was on the wall and unless major industries were allowed adequate returns on capital from which not only to service existing capital but to create job opportunities, South Africa faced a frightening situation.

"We must now examine the resources of the industry to meet the coming storms which inevitably follow a period of peace, calm and prosperity.

"These reflections must serve only as the inspiration and give us the courage now to go forward and deal in a determined manner with the grave difficulties which face not only sugar but all industries both here at home and across the seas," said Mr Lloyd.

Mr Lloyd was re-elected chairman and a cane grower, Mr Ian Smeaton, was elected vice-chairman.

Mr Lloyd enters his seventh term as chairman. He also served as vice-chairman for five years.

Mr Lloyd was also chairman of the South African Sugar Millers Association for six years.

Mr Smeaton takes over from Mr W Hirst Simpson who has been vice-chairman for the past two years.

Mr Smeaton has been chairman of the Cane Growers Association for the past two years.

The general manager of the Sugar Association, Mr Peter Sale, said yesterday it was possible that domestic consumers would have to pay higher prices because of the depressed market in London.

The London daily price dropped to its lowest in 3½ years and is selling at up to R40 less than the production cost for export quality.

Mr Sale said the association would approach the Minister of Economic Affairs for an increase in the domestic price of sugar because producers were unable to continue subsidising the consumer.

South African sugar producers expected a drop in the international sugar price, and 80% of the million tons of sugar which would be sold this year was disposed of on the futures markets at the beginning of the year at R210 a ton.

Mr Sale said drought in Natal's producing areas was causing concern.

Little rain had fallen for the past four months and cane was turning brown. The industry had been hoping for a record crop. — Sapa.

N. Mercury 14/7/77

Crops hit by lack of rain

1. (3-) Sugar.

~~2. Cotton.~~

Agricultural Correspondent

A NEAR-DROUGHT throughout Natal is causing concern to farmers.

The general manager of the South African Sugar Association, Mr. Peter Sale, said yesterday that little rain had fallen in Natal's sugar-producing areas for the past four months and sugarcane was turning brown. He said the industry had been hoping for a record crop.

Natal's cotton crop has been disappointing this season. The crop is reported to have amounted to only 3,4 million kilograms instead of an expected 10 million kg.

Grazing throughout the province is deteriorating and the fire hazard in most farming districts is reaching dangerous proportions. Unless rain falls soon winter fodder crops could suffer.

Natal Mercury 15/7/77

(3) Sugar

R20m EXTRA

Financial Editor

BY HEDGING, selling sugar forward, the Marketing Division of the South African Sugar Association in Durban was able to earn about R20 million more for the industry than if it had sold South Africa's export sugar at current prices.

This comment was made by Mr. Anson Lloyd, chairman of the Association, yesterday. He said that the bulk of the current season's sugar was sold in the futures market in the first six months of the year. Most of the deals were concluded in April.

Natal Mercury 15/7/77 (3-) Sugar.

'Moment of truth', says Anson Lloyd

Sugar industry faces crisis

Financial Editor

THE SOUTH AFRICAN sugar industry has been engaged in a remorseless struggle against inflation; it is confronted with a collapse in the world price and the results of the disastrous policy of allowing the domestic price to lag behind rising production costs.

MR. ANSON LLOYD, who was re-elected chairman of the South African Sugar Association at the Association's annual meeting held in Durban yesterday. The forthcoming year will be Mr. Lloyd's seventh term as chairman.

This is the view of Mr. Anson Lloyd, chairman af the South African Sugar Association, who told the Association's annual meeting in Durban yesterday that the industry was facing "the moment of truth."

"It is not my intention to add to the impossible tasks which face the Government by complaining against an unkind fate which mocks the industry in its sudden decline.

"The Government is well aware of the present and future position which confronts us.

"It must be left to the sound judgement of the Minister, who must weigh the social, economic, financial and political consequences of increases in food prices. He must consider whether they should be gradual or sudden, small and regular or delayed and very large."

Mr. Lloyd added that whatever the formula is, it cannot allow the industry to fall backwards into a state of financial instability, chaos and permanent damage.

Consultations

"I am content to leave the situation in the hands of the leaders of the industry and to the wisdom of the joint consultations with the Government. These must take place in the near future."

Mr. Lloyd said that these talks would not be simplified by reckless speculation, rumours, gossip and misleading criticism.

"I appeal for a sensible, restrained and understanding attitude towards those who carry the load of responsibility.

"Our problems in the coming year are formidable and serious. But, I remain confident that we have the strength and ability to overcome them and, when I take leave of this industry next year, it will be restored to a sound and even basis of economic viability."

MR. IAN SMEATON, the new vice-chairman of the South African Sugar Association, who takes over from Mr. W. Hirst Simpson. Mr. Smeaton has been chairman of the South African Cane Growers' Association for the past two years.

N. Mercury 16/7/77

(3- Sugar. ~~General~~

S.A. sugar men face a crisis

Financial Editor

TWO alternatives will face the representatives of 20 nations who meet in London next week to consider the crisis in the world sugar market. These are to opt for the risks of operating in a "jungle market" or pave the way for a new international sugar agreement and realistic prices.

This is the view of Mr. Anson Lloyd, chairman of the South African Sugar Association, who will leave Natal on Wednesday as a member of the team which will represent this country at the talks.

Mr. Lloyd said that only the fittest would survive in a jungle market.

"We are fortunate in South Africa in having a large domestic market to fall back on but in other countries, such as the Philippines and Cuba, they have to export all their crop at rock bottom prices."

Quotas

If the London meeting decided to go for a stable market it would be necessary to fix export quotas and minimum prices covering the cost of production, make arrangements for holding and storing stocks and set up an international fund to finance these stocks.

"To South Africa this could mean that production would have to be cut by about 25 percent. Our exports of sugar would be reduced to about 800 000 tons a year."

Mr. Lloyd added that holding stocks of sugar was not easy. The industry did not have a suitable building and raw sugar did not keep well in Natal's climate.

"We will have to go through a period of reducing exports as there is a surplus in the market which could last for three years.

Serious

"The outlook is serious. The 1978 and 1979 seasons could be disastrous for some producers. However, it would be well for importing countries to remember that the present situation could turn round very quickly. We have seen this happen in the past," he said.

Sapa Reuter from Washington reports that the Carter Administration would take steps to protect U.S. sugar producers from financial ruin if impending international sugar talks fail, according to the U.S. Agriculture Secretary, Mr. Bob Ergland.

He told a Senate finance sub committee that the American sugar industry was "coming apart at the seams" as a result of low prices but rejected suggestions that the Administration take immediate action to support the price.

First they would try to achieve results through current international talks on sugar.

Suiker uit die mode

③ Sugar 17/7/77

Van Ons Korrespondent

LONDEN

AS na die heersende wêreldprys van suiker gekyk word, lyk dit asof suiker vinnig besig is om uit die mode te raak. In Londen het die suikerprys verlede week tot sy laagste vlak in vier jaar gedaal toe 'n ton suiker teen minder as £100 per ton verhandel het.

Vanselfsprekend is dit nie 'n skielike gebrek aan vraag wat die hele suikermark omver gegooi het nie. Dit is eerder 'n kombinasie van 'n aanhoudende oormatige toevoer, gepaard met die tegniese faktore wat eie is aan 'n beermark.

Die prys van suiker het in 1975 tot ongehoorde vlakke gestyg. Daar was 'n tekort in die winkels en verbruikers het ten duurste betaal. Dwarsdeur 1976 het suiker vir meer as £200 per ton verhandel, dubbel die huidige prys.

Maar sedert die begin van vanjaar was 'n duidelike styging in die toevoer van die produsente te bespeur. Die beer-neiging het begin versnel. Daar moet onthou word dat 'n kommoditeitsspekulant wel 'n wins in 'n beer-mark kan bekom deur om nabye termyn-transaksies met langtermyn-bestellings te dek.

Oesstyging

Londen se daaglikse suikerprys, wat wêreldwyd aanvaar word, is die laaste paar weke net bokant £100 per ton. In sekere mate is die Gemeenskapsmark grotendeels verantwoordelik vir die huidige marktoestand.

Ná drie jaar se relatief swak suikerbeetoeste in Europa is vanjaar se vooruitsigte besonder goed. Die suikerbeetboere van Brittanje alleen verwag 'n rekordoes van 1,1 miljoen ton vergeleke by verlede jaar se 700,000 ton.

Gepaard hiermee is die skatting dat vanjaar se wêreld-suikeroes 'n styging van 3,8 miljoen ton sal toon, wat tot gevolg sal hê 'n surplus van 2,8 miljoen ton op die wêreldmark. Dis nie juis 'n rooskleurige prentjie vir diegene wat geld in suiker-termynhandel belê het nie. Dit wil voorkom dat suikerpryse vir 'n aansienlike tydperk laag gaan bly.

Aansporing

'n Vergadering vind hierdie week in Londen plaas in nog 'n poging om 'n internasionale suikerprysooreenkoms in die lewe te roep. 'n Belangrike oogmerk van dié vergadering is die stigting van 'n internasionale suikervoorraad wat as buffer sal dien en as 'n nood-reserwevoorraad beskou sal word.

Noudat die wêreldprys van suiker so skerp gedaal het en daar wêreldwyd 'n dreigende oorskot is, gaan die binnelandse prys van suiker in Suid-Afrika weer verhoog word. Dit is maar een van die probleme van landbou. Dit maak nie altyd sin uit nie.

Kontrakte

Die rede vir die verhoging in die binnelandse suikerprys is die feit dat die binnelandse produksiekoste tans ongeveer R220 per ton is en die prys R185 per ton. Suid-Afrika het kontrakte beding om die ongeveer 50 persent van sy jaarlikse produksie wat uitgevoer word, teen gemiddeld R207 per ton te verkoop. Maar dit alles is nie genoeg nie en die suikerbedryf toon tans groot verliese.

N. Mercury 18/7/77

8- Sugar

Cane men get a say

Mercury Correspondent

AFTER a 25-year battle Indian cane farmers in Natal have been given direct representation on the South African Sugar Association, Mr. Y. S. Chinsamy, president of the Natal Indian Cane Growers' Association, said yesterday.

Addressing the annual meeting of the association in Stanger yesterday, Mr. Chinsamy said it was a "red-letter day."

He said his association would now be affiliated with the South African Sugar Cane Growers' Association (White body) under whose banner a member of the Indian association could be elected to represent Indian farmers on the South African Sugar Association.

Mr. Chinsamy said the executive members of the S.A. Sugar Cane Growers' Association met the members of the Sugar Advisory Board recently and outlined the procedure of affiliation to the respective non-White associations.

In a report tabled at yesterday's meeting Mr. C. S. Mudely, secretary of the association, lashed out at the Government-created Land and Agricultural Bank. To the Indian cane grower it was a useless body, he said.

ILLOVO

Sugar into everything

Illovo, in search of diversification, is currently looking at four different projects, says managing director John Willsher, adding that they may not all come off.

Most important is a feasibility study into the possibility of converting sugar and other local raw materials into detergents, mining chemicals, foodstuffs and cosmetics being undertaken with the chemical giant Sentrachem.

Tate & Lyle, which owns 44% of Illovo, has spent millions on researching the techniques of producing fully biogradable and non-toxic detergents and surfactants. Willsher was not prepared, at this stage of the negotiations, to disclose what the technology will cost in royalties and patent costs.

If it is built the new plant is anticipated to cost only about R2m as an adjunct to an existing installation. Illovo is hoping that it will be able to use its Noodsberg site, which could qualify as a border industry. But a final decision will not be made until the extensive market research survey, currently being conducted on product viability, is completed.

Costs and profits will be split on a 50/50 basis with Sentrachem, so Illovo's initial outlay could be modest. Despite having R8,8m of borrowings at the end of last season, cash holdings had been built up to R3,4m. With the refinery project shelved, this cash was looking for profitable investment outlet, though a more liberal dividend policy will soak up some of these reserves.

According to Willsher, "the return on capital will certainly be a lot more attractive than obtainable in the sugar industry, but obviously at this stage I cannot forecast earnings."

Although as chemical technology is advancing all the time and research costs are high, a return of about 30% is generally anticipated. In its initial stages, this project will not significantly broaden the earnings base, but at least it could be a start. With the world sugar price now at £104/t, the need to diversify is growing more urgent.

Gail Pemberton

FM 22/7/77

(3) sugar

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The monochrome prints still enables dwarf shrubs to

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canopy tone are better on the panchromatic despite the difference in scale.

Panchromatic film may therefore be considered superior to monochrome.

Results of brief tests comparing interpretation on monochrome and colour prints gave interesting results. Vegetation boundaries, including those formed by agricultural land and by tree and shrub communities were marked independently on monochrome and colour prints. The colour print was known to be correct. Comparison of the two sets of annotations showed the monochrome print to have only 71 per cent of the boundaries coinciding with those on the colour print. The percentage omission was 32, while the percentage commission was only 5.

This result stresses that the tonal range from black to white, in which the eye can detect 200 tones (Evans, 1948) is exceedingly limiting when compared with the 20 000 hue variations which can be perceived in colour (Ibid.)

Within those vegetation units which did correspond on the two photo types interpretation of physiognomy, dominant species and species cover was attempted.

The SA sugar daddy

S. Times (B. Times) 24/7/77

3-Sugar

BY JIM SRODES

WASHINGTON. — It all started in 1972 with Watergate. Two years ago, a scandal arising from charges that the South Korean Government and some prominent businessmen were bribing US congressmen for political and business gain was dubbed "ricegate".

Now it's Sugargate.

There are a number of diverse forces at work here and South African lobbyists, like their South Korean and other foreign colleagues, are scrambling to learn the new rules of one of the oldest games around — influencing the political decisions of a government. America calls it lobbying.

John Chettle heads the Washington office of the South African Foundation and it is his job to lobby not just the Congress and the White House, but to sell a balanced view of South Africa to American opinion moulders.

But now Chettle and the Foundation are smack in the middle of Sugargate. The US Justice Department has filed a civil suit against the Foundation, and a New York law firm that once represented the South African Sugar Association alleging the secret channelling of money, airline tickets and other favours to key congressmen.

The suit alleges that the payments were made between 1970 and 1974 when South Africa was competing with other sugar-growing countries for increased US import quotas.

An unusual facet of the suit is that it is solely against the South African lobbyists and does not cite or hold liable any of the congressmen named. Nor does the suit charge that South Africa ever got any quota increases as a result of the gifts.

Rather the Foundation and the law firm are accused of violating the Foreign Agents Registration Act which requires lobbyists for foreign governments to disclose how they go about representing their nations interests.

Chettle told the Sunday Times he is somewhat baffled by the charges.

"I think you can lay the suit to the new sensitivity to conflict of interest here in Washington these days," he said.

N. Mercury. 30/7/77

3-Sugar

Tongaat chief says . . .

Increase in sugar price necessary

Financial Editor

AN INCREASE in the domestic price of sugar is necessary if the immediate short-term stability of the sugar industry is to be secured, according to Mr. C. J. Saunders, chairman of the Tongaat Group Ltd.

Mr. Saunders, who was addressing shareholders at the company's annual meeting at Tongaat yesterday, said that the authorities should turn their minds "at the earliest moment" to this matter so that the price increase could be minimised.

"The world price of sugar is, once again, in the doldrums.

"It is doubtful whether the London talks will have achieved anything meaningful in the short term and, with the world's sugar supply in a strong surplus position, it seems unlikely that there will be an upward movement of the world price in the immediate future."

Although South Africa's current crop had been sold forward and a minimal return for the 1977/78 year was assured, the Price Stabilisation Fund was depleted. It was inevitable that there would have to be a price rise for sugar in the home market.

Referring to Tongaat's building materials division, Mr. Saunders said the division was more than able to meet the demands of the present economic situation.

"It is confident that it will emerge from the current downturn stronger than ever. It is necessary, however, that a greater sense of urgency should be shown by the public sector in promoting the construction of dwellings for all our people."

Meanwhile, in London, states The Natal Mercury correspondent, the chairman of the South African Sugar Association, Mr. Anson Lloyd, said he felt that much progress had been made at the meeting of leading exporting and importing countries at the International Sugar Association in London this week.

Mr. Lloyd said there was compromise on both sides, involving a move towards agreement on the concept of holding larger stocks of sugar than the 1968 agreement.

RDM 30/7/77

(3) sugar

SA may get lower sugar export quota if world price is raised

By NEIL BEHRMANN

LONDON. — South Africa may have to accept a reduced sugar export quota as part of the bargain for higher world prices.

This emerges from an interview I had with Mr Anson Lloyd, chairman of the South African Sugar Association.

Mr Anson Lloyd believes much progress was made at the meeting of, leading exporting and importing countries at the International Sugar Association in London this week.

Mr Lloyd said the meeting was important because the delegates of the 20 countries held constructive talks. There was also compromise on both sides.

There was a move to agreement on the concept of holding larger stocks of sugar than the 1968 agreement.

A self-financing scheme within the ambits of the International Sugar Agreement was also discussed.

Under this scheme, exporters would pay a fee for each ton of sugar exported. The money would go into a fund to finance sugar stocks. In this way sugar countries would be able to contribute finance for the stockpile without resorting to an international aid mechanism, such as the common fund.

Allocations of export quotas were also discussed.

The quota system meant basically that each exporting country was allocated a quota based on current and historic production, he said. The quota would be sold at minimum prices.

Mr Lloyd said South Africa's production record would enable it to obtain a satisfactory quota.

The South African delegation played an active part in the conference, including all the inner committees.

The South African sugar industry could face the possibility of a reduction in exports, and would also be under an obligation to build up its share of the stocks. But the overall aim of the agreement was to get a reasonable price.

The price of sugar is below 8c a lb.

He said the objective was to obtain a price range of 13c to 23c a lb.

For three consecutive years there had been a world sugar surplus.

He estimated that by the end of next month world stocks of sugar would rise to 24-million tons. This was far too high, considering that consumption a year was 85 600 000 tons. There would be a further surplus this year.

Sugar dealers said that their impression of the conference was that delegates were more flexible and there was a chance for agreement at the next conference in Geneva. They said the current price of sugar was 7,6c a lb in New York, compared with the London price of £109 a ton. They estimated agreement was designed to ensure a minimum price of at least 11c a lb, or effectively £140 a ton.

Consensus at the London meeting helped firm the sugar price marginally. But the dealers pointed out that the European sugar crop was likely to be excellent this year and with the continued prospect of a world surplus, sugar prices could easily slip again over the next few months.

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COMMENTARIUS.

Omne, quod non jure fit] Quicquid non jure fit, generali verbo injuria dicitur. *l. 1. h. tit.* ubi Ulpianus ait, injuriam ex eo dictam, quod non jure fiat. Itaque omne factum, quo noceatur ...

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3-Sugar

Sun Exp. Business 31/7/77

Geneva sugar talks still sweet

THE London meeting of sugar exporting and importing nations which ended on Friday highlighted the difference in opinion between importers and exporters.

But the September meeting in Geneva to discuss the establishment of an International Sugar Agreement is definitely on.

Discussion at the conference has centred on two issues — the exporting countries holding sugar stocks and the price range in the agreement. Neither of these issues has been resolved but formed the basis for further negotiation in Geneva.

It was resolved that the exporting countries would hold an aggregate of 2,5-m tons as a buffer stock but the US is insisting on 3-m tons. This means that there is a 500 000 ton negotiating point to be settled in Geneva.

The ticklish question of the financing of this buffer stock has still to be concluded although it has been agreed that there will be a 'proper' financing scheme for a carrying the stocks. No one has defined 'proper'.

When it comes to price in the agreement, the delegates also cannot come to terms. The exporting countries are calling for a 13-23c a pound range whereas the importers, basically the US, Canada and Japan, are talking 11-21c.

While the delegates cannot agree on the price range they are not too far out, but sources close to the sugar industry in London believe that this issue could yet cause the a breakdown in negotiations.

A 1c a pound price difference might not seem much but it amounts to £15 a ton and amounts to a huge concession one way or the other.

There is intense pressure to get another effective economic International Sugar Agreement operational, not so much from the delegate countries but from Unctad.

3-Sugar

Boost for sugar production

Sun. Trib.

By Finance Correspondent 7/8/77

SWAZILAND's largest sugar producer — Mhlume Sugar Company Limited — is to spend R17 million on boosting their production by 50 percent to 150 000 tonnes per annum.

Situated in the north-east of the tiny independent kingdom, the company has been breaking all records this year with their 17th crop since they started operations in Swaziland.

By early July, 30 400 tons of sugar had already been produced — about 4 700 tons more than their target. A record cane crushing rate of 225 tons per hour was achieved in June.

During the 1976 season the mill crushed 1 041 510 tons of cane of which 417 451 tons were produced by Mhlume estates.

The foreign exchange earnings for Swaziland from sales of the company's sugar and molasses amounted to R30,5 million (1975 — R36m).

Profit for the year before tax was R7,14 million compared to more than R9 million in 1975. Provision for tax last year was R2,61 million.

It is estimated that the sugar levy paid to the Swaziland Government due to the company's production was R5,16 million.

Meanwhile a Johannesburg-based company — Eland Exploration (Pty) Limited — is back in Swaziland with plans to prospect for base and precious metals in the area south of the Oshoek border post.

After a break of 18 months, the company decided to return to the kingdom to look for copper, lead, zinc, nickel and precious metals (mainly gold) in a 5,600 hectare area.

They hope to be granted a two-year mineral prospecting licence from the Swaziland Minerals Committee and will start investigations later this month.

Eland Exploration is a subsidiary of the Canadian company Cominco Limited.

3-Sugars

Another move in sugar wrangle

Sun Trib
finance + Prop
7/8/77

By Alan Peat

APPEAL LODGED AGAINST COURT DECISION

THE R1.5 million legal wrangle amongst the sugar millers over the recovery system for cane transport costs took another step this week as Umfolozi Co-operative Sugar Planters lodged an appeal against a recent Supreme Court decision.

According to Umfolozi chairman Heaton Nicholls, the appeal to the Appelate Division has been lodged, but no date has been fixed for the hearing.

The appeal follows from the June decision by Mr Justice Mostert in the Durban Supreme Court that the application by Umfolozi and Illovo Sugar Estates against the Sugar Millers Association and 15 other defendants be rejected.

Illovo and Umfolozi claimed that as a result of the "averaging" of the shares of the millers cane transport costs an amount of R1.5 million of the R14 million pool had been wrongly distributed in the 1975-76 season.

When the millers first took over funding the transport costs in 1973 (to satisfy cane growers) a "direct recovery" formula was created which guaranteed that each miller would pay into or receive from the pool an amount which would ensure a balance with its outlay.

Dissension amongst the millers saw this scheme suspended in 1973 when four of the defendants in the recent case refused to continue to participate and an ipso facto state of averaging came into being. This the two plaintiffs contended led to some mills receiving more from the fund than their actual outlay entitled them to.

Mr Justice Mostert accepted the disparity existed, but based part of his judgment on the fact that the agreement made to implement direct recovery in April 1974 did not constitute a tacit contract.

Therefore, he said, the will of the majority could not be binding on the dissenting minority.

The decision to appeal, say Umfolozi, lies in the fact that they estimate the Co-operative is losing out under averaging to the tune of more than R1 million each season.

Illovo managing director John Willsher, said this week that, while the possibility of appeal had been discussed by his board no decision had yet been made as to whether Illovo would join Umfolozi in the appeal.

Embargo: 21h00 on 9th August 1977

3 - Sugar

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ADDRESS BY THE HONOURABLE THE MINISTER OF ECONOMIC AFFAIRS TO THE SOUTH AFRICAN CANE GROWERS' ASSOCIATION ON THE OCCASION OF THE ASSOCIATION'S GOLDEN JUBILEE, DURBAN, 9 AUGUST 1977

Mr Chairman, Ladies and Gentlemen,

When you asked me to propose the toast of your Association, I thought it would be appropriate to look back upon the history and progress of your Association and your industry.

Fifty years is a long period in the life of any industry, and more especially in a young economy such as ours. Tremendous changes have taken place in the South African economic structure

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since your Association was established in 1927, and the cane growing industry has fully participated in those changes. The figures for the growth of your industry speak for themselves.

In 1927 there were about 116 000 hectares of land under sugar cane, while in 1976-77 there were nearly 389 000 hectares - approaching three and a half times the area of fifty years ago. The yield was 2 183 000 tons of cane in 1927, while in 1976-77 it was 19 238 000 tons - nearly seven times as much. Thus the yield of cane delivered, per hectare cultivated, virtually doubled

3/...

over the fifty years - a striking tribute to the advances in productivity over the past half-century, advances which far more than cancel out the decline in recent years in the average sucrose content of the cane. Your Association and its members are to be congratulated upon this progress.

Considering this progress I naturally delved into your history to find the reasons. Having done so, I am now wondering who has done more for your members, your Association or the Government?

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The first thing I found, was that a pioneer by the name of Edmond Morewood was working for the Voortrekker Republic between the years of 1839 and 1842. Then I found that about ten years later the Government gave Morewood about 7 000 hectares of land in all between the Umhlali (pronounced Um-schla-li) and the Tongaat Rivers, which he, with a fine sense for terminology, called Compensation and on which he started to grow sugar cane. So you must admit that at least the Government gave you a good start.

5/...

Thus the seed of the industry was planted, germinated and continued to grow throughout the 19th century. The really big new development occurred in 1905 when the industry spread into Zululand. At that time, the Government negotiated tripartite agreements between itself, the settlers on new lands which were opened up for them and the millers. The settlers undertook to grow cane in terms of these agreements and the millers undertook to process it. These agreements, which became known as the Zululand Concession Agreements, were to feature largely in later

6/...

times in the records of your Association, but I hope you will admit that once again it was the Government who provided new impetus for the rapid development of the sugar industry in South Africa.

Apparently, times were not too happy for your industry in the early part of the 20th century and this culminated in the middle of the 1920's with a request to the Government to do something to assist your industry. We obliged by instructing

7/...

the newly reformed Board of Trade and Industries to condust an investigation into your industry and were far-sighted enough to have as a member of that Board a gentlemen by the name of Frank Fahey (pronounced Fay-hee).

Well, Mr Fahey managed to bang the millers' and growers' heads together to formulate the first industry wide agreement which, I understand, helped your industry enormously over the next ten years.

Once more you found yourself in trouble in the middle of

8/...

the 1930's and came to us for help. Once more Frank Fahey was a member of the Board of Trade which did the investigation, in fact by then he was the Chairman. In addition however, he now had another member of the Board to assist him, one by the name George Rossouw. Many of you will remember that George Rossouw was also thought very highly of by your industry for you later chose him to become the first chairman of your Sugar Industry Central Board. Apparently in those days we decided to

9/...

implement the recommendations made by the Board of Trade and Industries more easily than we do nowadays. Anyway, in 1936 one of my predecessors, Mr Fourie, guided a new sugar bill through Parliament and this became the Sugar Act. Messrs Fahey and Rossouw succeded in obtaining the agreement of the industry to a new industry wide document which became known as the Sugar Industry Agreement, which was published under the Sugar Act.

Once again the Sugar Act and the Sugar Industry Agreement seemed to tide you over for many years. It was towards the end

of the 1940's that the industry once again found itself in dire straits.

First you apparently had difficulties with a Minister of Lands, a certain Senator Conroy. Well, all I can say is that he was in the wrong party anyway.

Then around 1947 you got into financial difficulties an . again appealed to us. Again we instructed the Board of Trade and Industries to investigate - this time under the Chairmanship of Dr Norval, and once again we gave effect to the recommendations made. We provided assistance for the industry, and this was consolidated in 1948 when the industry's fortunes took a turn for the better.

I ask you to note this date carefully, namely 1948, for it was at that time that our present Government in South Africa came to power. Was it coincidence that at that time the industry's fortunes also changed for the better? I understand that the

12/...

industry's fortunes certainly did change at that time and that ever since you have hardly had occasion to look back. I know there have been a few years with ups and downs, but it is only to be expected, especially in an agricultural industry. In the main, however, I suggest that on the whole, you have gone along quite happily since 1948, perhaps the biggest setback being in the latter half of the 1960's when world prices fell to as low as

13/...

especially on such matters as how the proceeds of the industry should be divided and how we should treat molasses. There are also differences of opinion over such things as the length of the milling season. It remains a mystery to me why you cannot reach consensus on these matters, although I must admit that you do not have available the same means of wiping out the opposition as we have in Parliament.

Then, of course, I also have to consider the interests of the country as a whole and in particular, the consumers. It is

of vital importance to us in South Africa to keep our costs and prices to consumers as low as possible. Inflation is an insidious thing which does us all no good. It is for this reason that it is not an easy matter to raise the price of sugar in South Africa, and the interests of the consumer must always be very, very carefully considered. This is becoming more and more important as consumerism grows. Some products, in fact I would say almost all products, have already felt the effect of consumer resistance

£12 10s per ton.

Mr Chairman, I know that it is traditional, when things go wrong and when troubles occur for some scapegoat to be found and it usually takes the convenient form of the Government. I believe that despite the gracious, gentlemanly attitude of Natalians they are not averse to blaming the Government either. However, I ask you to look back on your history and especially on the last 29 years since 1948 and see all that we have achieved together. When you examine your history you will find, I am

14/...

sure, that we in the Government, have not let you down in the past and I feel sure that we shall not let you down in the future.

In saying this, do not expect us to agree with every recommendation that you make and to grant all of your requests. This is quite impossible. First of all, we have to consider the other side of the industry, namely the millers, who I believe, do not always see things in the same light as you growers do,

15/...

as producers have attempted to increase their prices. There is a limit to what the consumer is prepared to bear and this is why we always look to industry to improve its efficiency and to reduce its costs so that it can absorb cost increases rather than passing them on to consumers. Sometimes it is necessary to provide individual industries with an incentive to reduce costs by trimming off a part of the monies that are due to them. Necessity is the mother of invention, and it is amazing how industries have responded to such incentives in the past.

Now I know that not all of you will agree so readily that we in Government have done so much for your industry in the past. Some of you, I understand, don't agree that we were exactly assisting you when we reduced the price of sugar twice in the past six years. Well, you know economics is a peculiar science and I am sure that you know that not all economists agree with each other. Let us just say that this is one occasion where the various economists have ~~dis~~agreed. Our theories are too complex to go into in detail on an occasion such as this, so perhaps we can leave it at that. I know that there are complaints about the cane price, especially this season. I have heard about cane growers who are going insolvent. However, I also understand that if you are all going broke, at least most of you are going broke in comfort.

Finally, Mr Chairman, I am fully aware that your members feel that all good spirits should come from cane. You will appreciate my embarrasment, representing as I do a constituency

20/...

where people believe equally strongly that all good spirits come from the vine.. Fortunately I have had the advice of a venerable father of the church on how to extricate yourself from matters of the spirit. He told me that once he received a bottle of cherry brandy from a member of his parish. He wrote back graciously, saying: "I wish to thank you very sincerely for the delicious cherries and especially for the spirit in which it was sent".

Now, Mr Chairman, up to the present I have treated most of

21/...

your problems in a rather jocular fashion, which I know will be received in the appropriate spirit, but I think the time has come to be serious for a few minutes.

For everything that I have claimed credit on the part of Government in your history, I am sure you all appreciate that Government would not have acted without representations being made by your Association. It is therefore your Association which has achieved the success it has, for your members and for the

22/...

South African sugar industry over the years.

The South African sugar industry is held in the highest esteem, not only in South Africa but throughout the world. Not only is it recognised for the efficiency of its farms and its factories, but also for the efficient manner in which it is organised. I can tell you that we in Government have the utmost respect for the sugar industry's organisation and in particular for your own South African Cane Growers' Association. This view is shared not

23/...

only by myself, but by all members of my Department, and also I know it is shared by many of my predecessors, such men as Senator Horwood, Mr Lourens Muller, and the State President himself.

We find that most other industries come to us in Government with their problems and expect us to solve them. The sugar industry not only makes representations, but presents us with the facts, which may include some problems, and if there are problems, then they have solutions to suggest for our consideration.

24/...

Your Association represents a basic sector of a most important industry. You are to be congratulated upon fifty years of achievement; and I confidently extend every good wishes to you all for many, many further years of success and prosperity.

It is therefore with great pleasure, Mr Chairman, Ladies and Gentlemen, that I ask you to rise and drink a toast to the South African Cane Growers' Association.

3-Sugar

N. Mercury 11/8/77

Sugar industry is warned on labour

Agricultural Correspondent

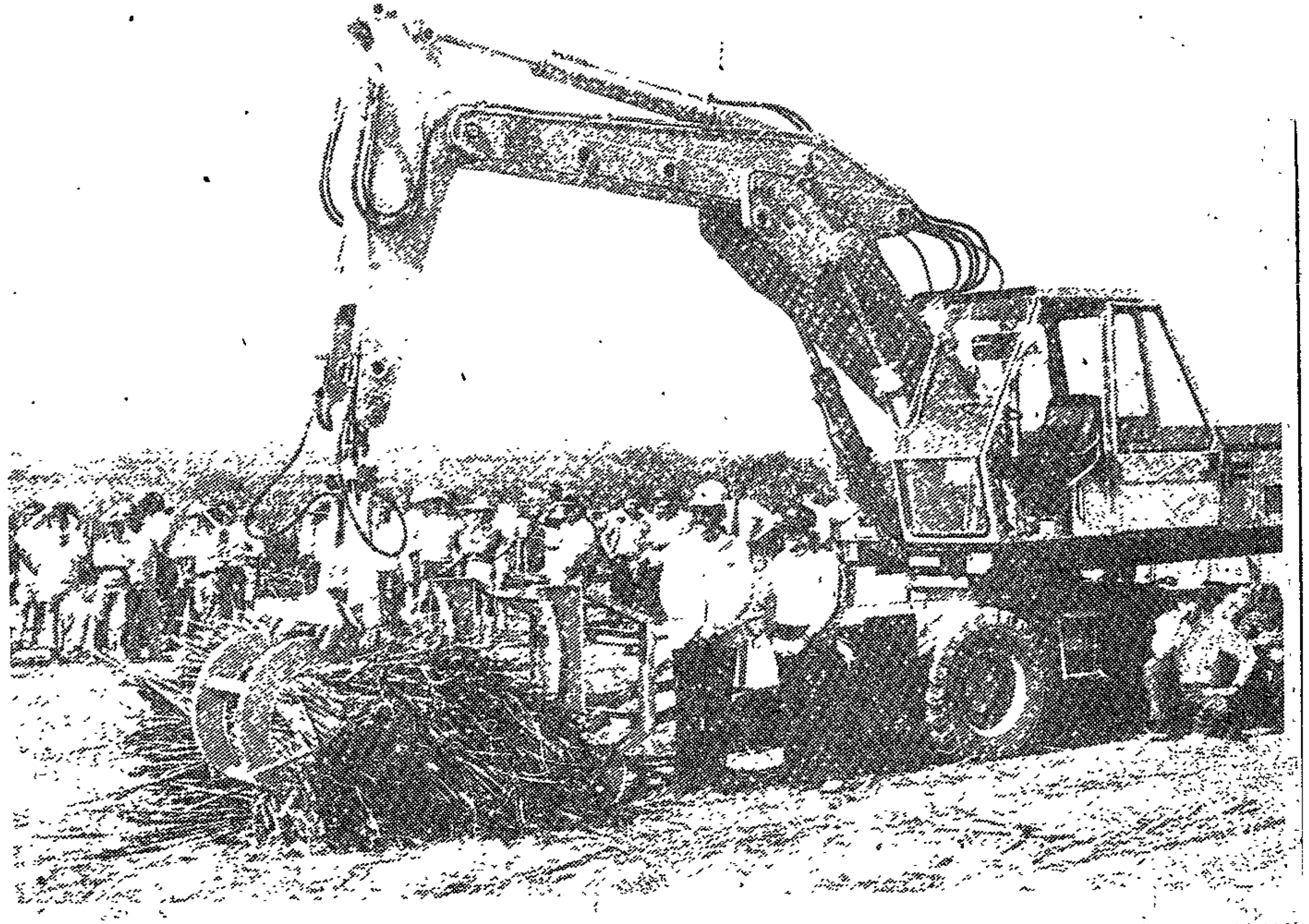
SUGAR farmers have been warned not to mechanise their farms too rapidly in view of growing unemployment.

Opening the Sugarmech field day and display of agricultural machinery designed for the sugar industry Mr. I. G. B. Smeaton, vice-chairman of the S.A. Sugar Association, said yesterday he did not believe it would be in the interests of the industry or its labour force if mechanical harvesting was introduced too quickly.

Speaking at La Mercy near Verulam, he said: "The sugar industry employs more than 100 000 Black people. In the current climate of substantial Black unemployment the economic and social consequences to the workers and their families if the industry became 100 percent mechanised would be calamitous."

Mr. Smeaton said studies had shown that on most farms manual harvesting was still cheaper than mechanical harvesting. He said the large amount of capital required to finance machines was hard to come by and South Africa lacked trained labour.

Mr. Smeaton's warning is not likely to meet with enthusiasm of exhibitors who reported falling sales.



THERE WAS a good turnout of farmers at yesterday's Sugarmech field day arranged by the South African Sugar Association's experiment station. Although keen interest was shown in the equipment on display, farmers have been warned not to mechanise too fast in the light of growing unemployment among farm workers.

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N. Mercury 25/8/77

3-Sugar

Price jump in sugar likely

Agricultural Correspondent

THE export manager of the South African Sugar Association, Mr. David Hardy, forecasts a higher United States domestic price for sugar.

Mr. Hardy said yesterday that United States sugar producers were complaining bitterly about the low world price and he forecast that within the next few weeks the American administration would be forced to increase the import tariff on sugar.

This would have the effect of raising the world price of sugar because suppliers to America would automatically add the increase to their selling price.

Mr. Hardy said this would have no adverse effect on South African exports to America.

He believes that the chances of reaching an agreement when the International Sugar Conference re-convenes in Geneva next month are now more favourable.

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Bid for Illovo angers farmers

3-Sugar

Sunday Times (Business Times) · 28/8/77

John Willsher

A BAND OF angry Natal sugar farmers, other bidders waiting in the wings and a Johannesburg Stock Exchange investigation into Illovo Sugar share deals, promises to turn this week's C.G. Smith bid for Illovo Sugar Estates into a financial dogfight of the first order.

Top executives from Illovo and C'G. Smith who flew back to Durban late on Thursday night (accidentally all on the same plane) from the bid negotiations in Johannesburg, were met by a storm of protest from powerful sugar farmers, suppliers of cane to Illovo, who are firmly against the C.G. Smith bid.

After meetings on Friday with some of the dissident growers, John Willsher, chief executive of Illovo told me: "The growers are powerful and independent suppliers to our mills and they do not like the idea of supplying a big conglomerate."

He added: "A grower's relationship with his miller is crucial and we have built up a very close relationship with our growers over the 70-odd years that we have been dealing with them. Many are third generation families of German origin who have always dealt with Illovo and it is quite understandable that they are upset about a possible change of control in this key part of their lives."

Could this outcry by Illovo's growers upset any potential bid?

"The whole situation is very fluid at the moment after some hard talking this week in Johannesburg between Illovo and C.G.Smith and their advisers," said Mr Willsher. "If a bid goes through and the growers are still opposed to a change of control, they have indicated that they might appeal against the decision on monopolistic grounds. And the outcome of this would obviously have to be decided by the proper authorities in due course."

But the Illovo bid story took another sudden twist late on Friday when it was confirmed to me that other predators for Illovo were waiting in the wings to pounce at the first sign of a breakdown in the talks between C.G. Smith, Illovo and Tate & Lyle, the UK-based sugar company. Tate & Lyle owns a key 49 per cent stake in Illovo.

"There have been intense and continuing discussions taking place between Smith, Illovo and Tate & Lyle," said Mr Willsher. "But obviously in a situation like this, the first offer is an opening shot and some hard bargaining from all sides has to take place."

I understand C.G. Smith's first offer is close to R3 a share for Illovo's 5,2-million shares, compared to a net asset value per share of over R4.

Asked if there had been any interest from other parties who may step in and pay a price C.G.Smith is not prepared to' Mr Willsher said: "Yes, other parties have shown interest in our talks but no formal offers have been made to us. I think perhaps the best way of putting it is that there are other parties waiting in the wings and watching developments very closely."

Though he would not be drawn on who those "parties" are, my information is that Anglo American, who have a controlling stake in Tongaat Sugar, have more than a passing interest in the affair. Even Lonrho is said to be watching events.

Meanwhile, the Johannesburg Stock Exchange has opened an inquiry into the 500 000 or so Illovo shares that were bought in, and outside, the stock market prior to the bid being announced.

• See page 2

The Natal M

Sentrachem not in R7,9m deal

Smith Sugar buys Illovo

3-Sugar

N. Mercury 9/9/77

Financial Reporter

IN A R7,9 million deal C. G. Smith Sugar yesterday bought the Tate and Lyle shareholding in Illovo Sugar Estates. The deal, signed late in the afternoon, includes an offer of 309,5 cents a share or cash and C. G. Sugar shares to minority share holders.

Mr. J. P. Willsher, managing director, said last night from Johannesburg that it would be "business as usual" until C. G. Sugar had decided on its line of action.

The Sentrachem project, which was excluded from the deal, would have to be restructured to find a way for the Tate and Lyle licences to be used by the scheme.

The managing director of Tate and Lyle Development Services was in Johannesburg with him to discuss the new arrangements with Sentrachem.

Mr. Willsher said last night that talks started last night and will continue today with Sentrachem on the joint-project which would obtain new chemicals from sugar.

Tate and Lyle will get 136 cents a share in South Africa and 137,5 cents in remittable currency. There is no indication of where they will invest the funds.

Illovo was suspended at 190 cents a share. The offer puts a price of R16m on the company.

They have held this investment for about eight years after buying out General Minings' holding in Illovo.

Minority shareholders are to be offered either R309,50 for every 100 Illovo shares or a package of cash (R37,50) and 50 shares in C. G. Sugar. Their shares will not qualify for the interim dividend in January.

This puts a value of 484 cents a share compared with the 590 cents suspension price and is plainly favourable to shareholders who will get a stake in the dynamic C. G. Sugar group which will now hold over a third of the South African sugar industry output.

The merchant bankers who negotiated the deal say that the acquisition is not expected to alter the earnings or net assets of C. G. Smith Sugar.

Commenting on the sale of Tate and Lyle's share in Illovo Tate and Lyle's chairman, Mr. John Lyle said yesterday that the terms finally accepted were reached after considerable negotiations with C. G. Smith Sugar, which followed their initial approach.

"We believe that these terms fairly reflect Illovo's own standing and prospects and its special potential to the purchaser," he said.

"The offer price represents a substantial premium over previous market values and we feel that it will be attractive to Illovo's other shareholders.

"In our eight years of association with the company it has been put on a sound financial and technical footing with the enthuisiastic and loyal help of everyone at Illovo and we are proud of its record.

"We much regret the loss of our involvement in the South African sugar industry."

Sugar has another go at reaching agreement

RDM 12/9/77 (3) sugar

Own Correspondent

GENEVA. — The world's importers and exporters of sugar are having another go at putting order into their unruly market.

The second meeting of 82 nations starts today at the United Nations European headquarters with the usual high hopes of untying the knots which plunged the six-week spring conference into failure.

The delegates come to this three-week meeting armed with the results of an interim conference held in London in July.

The conference chairman, Mr Ernest Jones-Parry, executive director of the International Sugar Organisation, was charged with patching up deep differences of opinion which emerged at the spring session.

Reserve stocks of sugar to bolster it against surpluses and shortfalls and floor-ceiling prices were the stumbling blocks. Questions of stock size, who pays the storage cost, whose stocks can be used to meet sudden demands have to be resolved.

The idea of maintaining minimum stocks and special stocks was knocked about rather listlessly. Now the proposal is to have only one form of sugar stock — a reserve stock of about 3-million tons.

Mr Jones-Parry says the cost of such stocks should be carried through fees levied on both importing and exporting sugar organisation members. From these fees, ranging up to half a cent a lb, a sugar stabilisation fund would be established. Current carrying costs for sugar stocks are estimated at 0,6c to 0,7 a lb a year.

But in London, Mr Jones-Parry, reported there was no agreement on the size of such stocks.

Another unresolved point is prices. In a business where a penny or two a lb can be critical, there is general agreement on a range of 10c a lb between whatever limits are placed.

Mr Jones-Parry has suggested a range of 11c to 21c, thus meeting price opponents halfway.

Make-or-break sugar talks on shifting sand

(3) Sugar RDM 13/9/77

Own Correspondent

GENEVA. — A last-ditch attempt to stabilise the international sugar market has begun in Geneva. Hanging over the three-week conference is the problem of the 7,5 US cents a pound world price.

Mr Anson Lloyd, chairman of the South African Sugar Association, says: "Predicting the outcome of a conference like this is like walking on shifting sand. There was great optimism after the interim conference in London this summer. But that was two months ago and positions shift like those sands.

"The spirit and the will are still present to make an energetic attempt to reach an agreement.

"With world price running below 8c a pound this year, exporting countries cannot afford to live through 1978 at such prices. It is highly important for exporting countries to improve the price, even at the expense of accepting certain restrictions.

"If we want higher prices, we will have to be prepared to accept a smaller tonnage."

The United States, the world's largest importer, is optimistic an agreement will be reached.

"At the market price producers are not covering their production costs," says a United States negotiator. "A real need for an agreement is now recognised."

The trickiest negotiations will concern stocks, their size and who pays the bill.

On size, the suggestions range from 1 750 000 tons to 3 500 000 tons. Enough sugar must be withheld from the world market to exercise some control over the price.

The United States proposal calls for international buffer stocks of 3-million tons to be financed by a fee on imports and exports of sugar organisation members of 0,3c a pound.

This money would go into a stabilisation fund to help meet the costs of storage. The International Sugar Organisation would pay producers 1,5c a pound a year to stock the sugar at origin, keeping it off the world market.

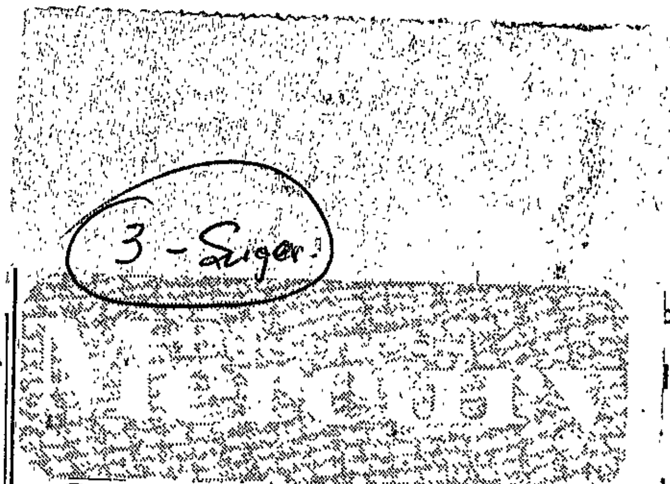
That plan also envisages export quotas, a device which the European Economic Community has ruled out. But as the meeting starts, the EEC position is a slight mystery to all.

Mr Lloyd said stocking included the operating costs, storage facilities and value interest on the stocked sugar. That is the cost of getting the money to pay the producers.

Mr Rodney Goodwin of Czarnikov, adviser to the Costa Rican delegation, said the financing could be in the form of low-cost loans from the ISO and from the World Bank.

Another shadow hanging over the conference is a forecast surplus of 3-million tons for 1977-78.

Failure by the conference to reach agreement would not only be a body blow to the sugar industry but to the larger, faltering United Nations effort to stabilise other commodities.



3 - Sugar

Cut for sugar export quotas?

14/9/77

Mercury Correspondent

GENEVA

TRYING to predict the outcome of the latest round of sugar talks at Geneva is like trying to walk on shifting sand, according to Mr. Anson Lloyd, chairman of the South African Sugar Association, who is one of South Africa's delegates.

Mr. Lloyd said there was great optimism after the interim conference in London. But that was two months ago and positions had shifted.

"I would say the spirit and the will is still present to make an energetic attempt to reach an agreement.

"With world price running below eight cents a pound this year exporting countries cannot afford to live through 1978 at such prices. It is highly important for exporting countries to improve the price, even at the expense of accepting certain restrictions.

"If we want higher prices we will have to be prepared to accept a smaller tonnage."

The United States, the worlds largest importer, is "optimistic" an agreement will be reached.

"At the market price producers are not covering their production costs," the chief U.S. negotiator told me. "A real need for an agreement is now recognised," he added.

The trickiest negotiations will concern sugar stocks, their size and who pays the bill.

On size, the suggestions range from 1,75 to 4,5 million tons. Enough sugar must be withheld from the world market in order to exercise some control over the price.

The U.S. proposal calls for "international buffer stocks of three million tons to be financed by a fee on imports and exports of sugar organisation members of 0,3 cents a pound.

This money would go into a stabilisation fund to help meet the costs of storage.

SA escapes raw deal on sugar export quotas

Own Correspondent

GENEVA. — Proposed sugar export quotas have been announced by Mr Ernest Jones-Parry, executive director of the International Sugar Association.

"We knew we would have to make a sacrifice," said Mr Anson Lloyd, chairman of the South African Sugar Association. "The question is now what degree of sacrifice."

South Africa is not in the position of some countries, like Australia, Cuba and Thailand who find themselves with enlarged acreage and new sugar mills ready to start operating.

"They are getting a rough deal," says Mr Lloyd, "because the quotas are based on prior performance. South Africa does not find itself in this unfortunate position."

Mr Lloyd says that once these quotas are tabled, there is little chance of getting them changed as to do so would be at the expense of someone else, or adding more on the top of the quota allotment, thus diluting the whole process.

There is growing criticism of the proposals at the three-week meeting of the international sugar conference, especially from France.

One delegate told me: "Many people say the EEC is being unfair to developing countries by telling them they have to control their exports. These developing countries take a dim view of the Common Market expanding its sugar production by 3-million tons and then asking developing countries to make heavy sacrifices.

"These same countries shed many crocodile tears at the North-South conference in Paris and made many promises to help developing countries, but they are not materialising in Geneva."

Countries have a week to mull over the quotas and tell Mr Jones-Parry what they think of them.

"I expect there will be quite a few strong reactions," says Mr Lloyd. "But they will be mainly for the record. Then people can go home and say they put up a good fight, but it did not work, and call it a raw deal.

"The big question is, are the quotas reasonable and can they restore the balance of supply and demand?"

The conference is entangled in a new scheme to establish and finance reserve stocks to stabilise the price. The most likely plan foreseen on financing stocks would be a levy on imports to International Sugar Agreement members and at the export level to non-members.

"The resulting fund," says Mr Lloyd, "would not cover the full costs of keeping stocks. But it would be used to alleviate them."

3 sugar RDM 16/9/77

Legal anomoly arises in Illovo sugar merger

3-Sugar

Sch: Trib. 18/9/77

Finance Reporter

THE merger of Illovo Sugar Estates and C. G. Smith Sugar has brought about the interesting anomoly of CG being involved in a R525 000 court action against the company it has taken over.

This arises because of the action brought in January 1976, when Illovo and Umfolozi Co-operative cited CG Smith Sugar and 15 other defendants in a joint 1.5 million claim over cane transport costs which the two plaintiffs claimed had been wrongly distributed.

Their case was rejected on June 24 this year in Durban's Supreme Court, and Umfolozi soon after lodged an appeal to the Appellate Division in Bloemfontein. Illovo lodged notice of appeal within the statutory 21-day period of the judgment, but have not yet decided whether the appeal will actually be prosecuted.

They have until early November to lodge notice of their intentions.

The amount at stake for the Illovo Group in the case was R525 000, which they claimed had been wrongly distributed during the 1975-76 season.

The claimed loss occured, said the plaintiffs in the submissions to court, because of the breakdown of the system of direct recovery of costs in 1975. This formula guaranteed that each miller would receive from, or pay into, a combined cane transport costs pool an amount which would ensure a balance with the actual outlay.

The scheme came asunder in 1975 when the four main defendants in the case (SA Board Mills, Entumeni Sugar Milling, Union Co-operative Bark and Sugar and Glendale Sugar Millers) refused to continue to participate. This brought about a state of "averaging", which Illovo and Umfolozi claimed led to some mills receiving more from the fund than their actual entitlement.

This claim was rejected by the court and led to the appeal from Umfolozi.

Jack Dunlop, financial director of Illovo before the merger and now on the board of C G Sugar, said this week that no decision could be taken before the new combined board could consider the matter.

However, he confirmed that the loss to Illovo shares at the time of the action was a pre-tax profit amounting to about 11 cents a share.

"This amount", he added, " will be considerably more by the end of 1978 season."

The original R525 000 has been increased, say Illovo, by the R45 000 which is claimed for 1976-77, and latest estimates of the loss in 1977-78 stand at around the R125 000 mark, a total loss over the three seasons of R741 000.

Using Illovo's estimate of a total loss of R741 000 and dividing by the 5 224 000 shares in the company, the gain per share in the case of a successful appeal would total just over 14 cents.

Frank Jones, C G Sugar chairman, is also unable to make a positive statement on what the outcome of a board discussion will lead to.

3 - Sugar

FIN. MAIL 23/9/77

Sugar's sticky problems

There's a long way to go before an international sugar agreement emerges from the Geneva conference, but possible restrictions on exports and a marked fall in local market sales pose some tricky problems in the short-term for SA's sugar industry.

Violent argument rages in Geneva over export quotas tabled by chairman Ernest Jones Parry, but on the initial figures SA hasn't done badly with 875 000 t compared to last season's actual exports of 882 330 t.

If an agreement is signed it would only come into effect in January — too late to have any bearing on the current season ending in April which is expected to yield a record crop of 2,16 Mt or 124 000 t above the previous season.

However any reduction in exports inevitably throws back more sugar on the local market where sales have slumped and stockpiling, in anticipation of a price increase, has stacked sugar up to the rafters.

In August local market sales were 90 298 t (98 692 t) and sales from May to August were 384 000 t (433 000 t). Local market sales manager Frans Oosthuizen attributes the decline to lower disposable incomes and last year's massive price hikes totalling 72%. Over 70% of local sales are for direct consumption as opposed to use in manufacturing.

Thus the industry finds itself in the unhappy position of requiring a price increase to prevent it running seriously into the red next season. This can only have the effect of reducing local sales further.

The problem will be compounded if export sales are restricted ... albeit at a slightly improved price ... thus throwing back still more sugar on the local market.

L/H

15/20

This apparently simple system should enable automatic interpretation to be possible, but in fact interpretation cannot rely on hue alone as variations in hue and texture occur. Site factors also play a major role in interpretation.

Automatic interpretation of grassland communities would be virtually impossible because of the large number of different vegetation types which are related to biotic factors. Only a combination of photo hue and photo texture and site factors enables interpretation to be done.

Dwarf shrub communities were recognisable and there was no apparent loss in resolution due to lack of contrast which occurred where the dwarf shrubs and the grass background were the same hue.

6.1.3 Infra r... Job 668

As with the norm... ably the first operational photo-
graphy of this typ... was taken a separate series of
experiments has ... potential of this film type for
high-level work ... show that the infra red photography
of Job 668 has ... n and blue hues virtually absent
from the photogr... t present, even as far as
colouring the in... makes the transparency almost a
monochrome rec... or it is a most promising film type
for detecting de... d even though this particular film
lacked its full r... dwarf shrub was remarkably good.
Individual dwar... asurable under a three times
magnification. ... ive texture, such as Elionurus
argenteus can ... s and trees, although not considered
in this study, ... tification would provide no problem.

Grass do... r both in differentiating species
dominance and ... aries. Grass species associated
with moist con... hacelatum and Eragrostis plana
show up deep ... ne moisture feature of the landscape
which is refle... nd the large number of plant cells
able to reflec... though not quite as intense,
represents tall ... fimbriatus and Eragrostis plana
where they oc...

Sugar: The going gets sticky

3-Sugar

Express Business Reporter 25/9/77

GENEVA — The second week of the United Nation sugar conference ended in deadlock this week. The French Government refused to consider reducing sugar exports, saying it would be "contrary to the principles of the common agricultural policy".

The British Minister, Frank Judd, pointed out that the absence of a world sugar stabilization agreement with EEC co-operation could cause chaos, low prices internationally and materially increase the cost of disposing of the over 3-m tons of surplus sugar expected as a result of this season's EEC beet crop.

On the subject of the proposed sugar agreement, Judd said, "If the Community fails to take this first hurdle, I could call into question the sincerity of the EEC in the Third World."

Almost all the world's delegates are still hoping that the French will relent and agree to an international quota and floor price, but with the known strength of France's sugar beet lobby, any agreement by the end of next week, or even at the end of 1977, seems, unhappily, remote.

Bus. Mercury 27/9/77 (3-SUGAR)

Argument on sugar quotas continues

Financial Reporter

SUGAR industry leaders are very much aware that the international sugar trade is in a mess. In their talks in Geneva they are trying to solve the problem by setting export quotas and South Africa will be lucky if her portion is above the last seasons exports of 912 693 tons.

Conference chairman Mr. Ernest Jones-Parry originally gave South Africa an 875 000 ton quota but following the wrangles between the big league producers — Australia, Brazil and Cuba — he was to have presented a new quota schedule at lunch-time yesterday.

S.A. Sugar Association chairman Mr. Anson Lloyd is not happy with the situation in Geneva or with the quota. "This is a conference where everyone has to make sacrifices for the eventual good of the global industry," he said.

From reports it does not appear that other countries are considering the issue in the same way as Mr. Lloyd. Cuba, as a major exporter and needing the foreign exchange, has taken a tough line and threatened to pull out of its large quota is reduced.

Australia, having geared itself up to a major export drive to Japan, has found them reneging on the contract and now sits with an export surplus. Brazil, another major exporter, also needs the foreign exchange from sugar sales.

Whatever happens in Geneva could have some far-reaching effects on the South African industry.

Bumper crops

The international mess is caused by bumper crops and a consequent price slide that has brought the price down "substantially" below production costs in many countries. This situation, brought about mainly by the abnormal price rise of a few years ago, which led to farmers planting crops which are now maturing, does not seem likely to get any better soon.

In pure economic terms the export quotas are thin disguises for a cartel which will maintain a minimum floor price. This will benefit developing countries and prevent senseless expansion in the industry.

For South Africa there will be problems. Firstly, because the export surplus above the quota will have to be sold in the country and the export proceeds will not be available to subsidise the domestic price.

The Government will have to bolster the domestic price if it wishes to keep a valuable industry alive.

Price rise

To the consumer there will be a sugar surplus and probably a sugar price rise.

Development plans for KwaZulu and the Transkei will have to be put into cold storage unless the respective Governments find it possible to subsidise the new farms and mills.

There will also be considerable pressure on South Africa to supply above its export quota for the industry has a high-quality product that is much sought after in Japan and Canada which, between them, took over 700 000 tons last season.

-4-

VOORRADE VAN PRIMêRE EN SEKONDêRE STAALPRODUKTE GEHOU DEUR ALLE ANDER INRIGTINGS AAN DIE END VAN JUNIE 1977

STOCKS OF PRIMARY AND SECONDARY STEEL PRODUCTS HELD BY ALL OTHER ESTABLISHMENTS AT THE END OF JUNE 1977

Metrieke ton - Metric tons

Item en produktegroep	1977 April	Mei May	Junie June
Ru-yster, gietyster, spieëlyster en ferrolegerings in ru-blokke, blokke, stukke en dergelike vorms; primêre produkte	48 117	46 892	56 383
Profielprodukte - Totaal	697 828	710 116	685 836
Voorblokke en knuppels			
Swaar en medium profiele			
Ligte profiele insluitende heiningpale, hoekpale en sparre			
Walsdraad en draad - Totaal			
Vir die vervaardiging van draad			
Draad (swart, gladde draad-versink, doringdraad-versink)			
Boor-, gereedskap-, matrys-, vrysnyen veerstaal			
Ander ferrometaalprodukte / Other ferrous metal products	32 427	29 419	28 506
Buise en pype / Tubes and pipes	58 178	57 151	55 186

(3) SUGAR

Sugar price rise looms

RDM 30/9/77

Staff Reporter

THE growing crisis in the sugar industry can only be relieved by a substantial increase in price, and this is expected before the end of the year, say industry sources.

Negotiations on international sugar quotas now in progress in Geneva have run into trouble and it is feared no agreement will be reached.

This will lead to lower prices on world markets and to massive losses on South African sugar exports.

It is expected that nearly half this year's expected 2 100 00-bag crop will be surplus and available for export.

The manager of the SA Sugar Association, Mr Peter Sale, said yesterday that sugar sold in South Africa at between R40 and R50 a ton below production costs.

"Over the past five years consumers have been subsidised by the industry to the extent of R250-million."

However, the stabilisation fund, built up from profits on exports in previous years, was emptying fast and could not support local prices much longer.

Agreement reached on sugar pact

(3) SUGAR

RDM. 6/10/77

GENEVA. — The United Nations sugar conference has reached agreement on all basic issues for a new International Sugar agreement at an executive committee meeting, says the conference chairman, Mr Ernest Jones-Parry.

Following Cuban acceptance of a Brazilian proposal on minimum export entitlements the committee agreed to basic export tonnages as proposed last Friday by Mr Jones-Parry, with reservations expressed by the Dominican Republic, Romania, Czechoslovakia and Poland.

The prolonged conference, due to have ended yesterday, was extended until tomorrow to allow minor technical issues to be settled.

Mr Jones-Parry said the committee had rejected a European Economic Community proposal that it join the new ISA, due to start on January 1, for five years, under special conditions to be established later. Instead the EEC will discipline its exports and build up stocks as though it were a member and hold separate negotiations with a new international sugar council with a view to acceding to a new ISA in 1978.

The Chief EEC delegate, Mr Adolfo Pizzuti, said the EEC was ready to apply to its net exportable surplus whatever quota was set under an ISA for 1978. The EEC delegation would report to the Council of Ministers and invite it to hold negotiations with the new ISC.

He hoped the EEC would join a new ISA. It had wanted to join in a special category, with equivalent controls to those negotiated in Geneva.

A price range of 11c to 21c a lb was agreed over the weekend and approved by the executive committee on Monday. Quotas will be lifted in a rising market at 15c and imposed in a falling market at 14c.

Reserve stocks held will be released in equal stages at 19c, 20c and 21c. Such stocks will total 2 500 000 tons.

The Brazilian compromise allows Australia, the Dominican Republic, Panama and Thailand, all of whom export over 60% of their production on to the world market, to have maximum quota cuts of 15% of basic export tonnages.

It is envisaged that in 1978 other countries will face an additional cut of 2,5% of basic export tonnages.

The Cuban Deputy Minister for Foreign Trade, Mr Ricardo Cabrisas Ruiz, said Cuba had agreed on the Brazilian formula in spite of the extra quota cut it faced as it was important for developing countries to have a new ISA.

Cuba told the executive committee that developed countries, like Australia, had forced developing countries to carry extra burdens in reducing the over-supply of sugar, he said.

No fundamental issues now remained and countries dependent on sugar earnings had an agreement that could regulate the sugar market. Prices should rise in the early part of a new ISA which was stronger than the 1968 agreement which did not contain reserve stocks.

The United States chief delegate, Mr Tom O'Donnell, said he was encouraged at the prospect of the new agreement with just technical issues to be settled.

The pact was a good agreement and should be price effective. — Reuter.

D.D. 7/10/77

World's sugar problem solved

③ sugar

GENEVA — "I think we've got an agreement . . . it's now virtually certain," said a weary but relieved Anson Lloyd, chairman of the South African Sugar Association.

Delegates from 72 nations managed to jump from the brink of failure to apparent success in a single confused bargaining session of the ninth International Sugar Conference.

The conference was due to end last Friday, but now will end today, leaving its dangling ends to be tidied up by lawyers.

"Agreement has been reached because of an ingenious Brazilian proposal," Mr Lloyd said. "This permits Australia, the Dominican Republic, Thailand and, perhaps, Panama, to have their export quotas cut by only 15 per cent yearly for the next two years.

"The rest of the exporters will have cuts of 17,5 per cent."

Both Cuba and Australia made "loud noises" before accepting the compromise, but delegates said that was for "home consumption," Mr Lloyd said. And that broke the last deadlock.

He added that as far as South Africa is concerned, he hopes the sugar market will improve sufficiently so that the Republic won't have to enforce the full 17,5 per cent cut in 1979.

"We have to look at the invisible benefits of an agreement," he emphasised. "Prices should improve because of the agreement. But we can't say when or by how much.

"And we must remember that this keeps the United States, the world's largest importer, within the orbit of the International Sugar Organisation. This is a great advantage.

"We had no time to really examine the European Common Market's position, and the EEC will not be joining the agreement at this time, but may apply for membership later this year."

The chief American negotiator seemed very pleased with the dramatic turn in events. "I think I have lost my credibility in Washington," he said jokingly. "I really did not expect the deadlock to be broken this time."

Under the new agreement, enough sugar should be kept off the world market to force the price into the range of 11 to 21 cents a pound. Sugar stocks would then be used to guarantee that the price was as close to the middle of that range, guaranteeing a steady income to sugar producers and protecting consumers from wild fluctuations. — DDC

SUNDAY TIMES, Business Times, October 9, 1977.

New sugar deal does not mean price rise

3- Sugar

By NEIL BEHRMANN

LONDON. — The new international sugar agreement does not guarantee a rise in the free market price of sugar. The 72-nation international conference agreed on export quotas to limit supplies, and a reserve stockpile of 2,5-million tons to control undue price swings.

Delegates agreed on a support price of 11c(US)/lb, equivalent to R225 a ton, and 21c(US)/lb (R412 a ton).

Immediate reaction to the agreement, after two conferences and weeks of wrangling, was a sharp price rise.

But the market soon declined again on the realisation that there is still a huge worldwide surplus of sugar.

Sugar brokers C. Kzarnikow caution that producing countries could sell excess supplies in the closing months of the year, before their export quotas take effect from next January.

Basic export quotas for major exporters are: Cuba (2,4-million tons) and Australia and Brazil (2,35-million tons each). South Africa's basic quota is 875 000 tons.

But when there is a large surplus of sugar around, there must be further cuts to the quotas: Australia, the Dominican Republic, Thailand and Panama must in these circumstances cut their basic export quotas by a further 15 per cent.

The rest of the exporters, including South Africa, must chop their basic quotas by 17½ per cent.

Sugar statisticians F. O. Licht estimate that world sugar production during 1977/78 will be just under 90-million tons, compared with consumption of slightly under 86-million tons.

Worldwide, the surplus of sugar is now about four million tons, and the feeling among London dealers is that producers will be forced to cut quotas to steady the price.

This would mean that South Africa's quota could fall to around 720 000 tons, compared with an export potential of one million tons.

Brazil could be in an even stickier position, and dealers reckon that this major exporter could have an excess of one million tons. Brazil and other producers could have storage problems, so the crucial factor is whether producers will sell excess supplies in the closing months of this year.

Exporting nations will also hold their portion of the 2,5-million stockpile which will be internationally controlled. If the price rises above 15c/lb, then exporters will not be restricted under the quota system.

But when the price reaches 19c to 21c, the international stockpile will be used to keep the price from rising.

It is generally felt that it will take some time before the new agreement achieves stable prices of 11 to 21 cents.

Play it again, Sugar

THEY play it again and again, the same old story. It seems the gods in Pretoria who decide the hereafter for the sugar industry have again decided to let the Price Stabilisation Fund run down before increasing the domestic price of sugar.

With the election, it is not likely that the Minister of Economic Affairs will announce a price increase in the foreseeable future — the last increase was 34% and came into effect last November — although the local price is R40-R50 a ton below the R220-R230 cost of production.

There is no question that the sugar industry is feeling the pinch. The effect on consumption of the last price increase was dramatic. In recent years, sugar consumption has grown at a high 6-7% a year — it is anticipated that consumption should grow with the population, around 3% a year.

This year the industry is not expecting any growth at all and in fact some forecast a fall in consumption for the year as a result of the November price hike and obviously any price increase would aggravate the position further.

The sugar producer's problem is not particular to South Africa. Worldwide there is a 4-m ton sugar surplus and while the local industry is at present disposing of most of its 2,1-m tons produced, a price hike might well change the situation.

While the need for a price rise is seen as critical by the sugar producers, there will still be R15-m left in the Price Stabilisation Fund at the end of the season.

In spite of this the industry is worried — it would prefer to see smaller increases more frequently — for when the fund runs dry, the authorities will have no alternative but to increase the price.

The longer they delay, the larger must be the price rise — the industry has seen it all before.

●Japan, South Africa's largest sugar customer, is vigorously engaged in trying to wriggle out of its long-term contracts to buy sugar from Australia.

South Africa's sugar relations with Japan, however, remain sweet. The reason? South Africa has a long-term agreement with Japan to supply a certain quantity of sugar throughout the year, at a price which is determined monthly, using the London Daily Price for the previous month as a yardstick.

This means that South Africa is supplying Japan with sugar at a price which is not far off the current world price unlike Australia.

Relief at new quota

GENEVA — An international sugar agreement has been reached at last and although it means that South Africa's quota has been cut by 15%, everyone concerned is relieved.

Last year South Africa exported just under 860 000 tons of sugar and was anticipating an agreed quota of 875 000 tons this year. When agreement on the quotas for all countries was reached late on Friday, South Africa was told we had been alloted 743 750 tons, a cut of 15%.

The International Sugar agreement is expected to last from January next year for five years, and it is hoped that increased prices next year will more than compensate for the decreased quota.

There are short-term fears over the likelihood of the heavy supply of sugar being dumped onto the international market during the remaining three months before the agreement becomes effective. This would obviously affect prices until well into the new year.

SUNDAY EXPRESS 9/10/77

SA sugar export quota cut

③ SUGAR
RDM 10/10/77.

Financial Reporter

SOUTH Africa's export sugar quota has been cut from more than 1-million tons a year to [illegible]000 tons under an international agreement reached in Geneva over the weekend.

It increases the prospects of a large sugar price increase in South Africa next year.

This is because the domestic sugar price has been subsidised traditionally by exports.

Now there is a world surplus of sugar — brokers C Czarnikow estimate it at 5-million tons — and the new five-year agreement is an attempt to prop the price in the face of this glut.

Negotiators from more than 70 countries approved the text of the new agreement to bring world sugar supplies into line with demand, and to raise the depressed free market price, reports Reuter.

The five-year accord will come into effect on January 1, provided it has been signed by that time by a majority of major sugar exporting and importing states. It was completed after four weeks of tough bargaining which several times appeared near breakdown. It was approved at a final plenary session of a United Nations conference.

The pact fixes a minimum and maximum price range of 11 to 21 United States cents a lb — compared with the present uneconomical free market price of 7c.

It aims to keep the price within this bracket by regulating market supplies through a system of export quotas and reserve stocks.

Quotas limiting the amount exporters may deliver to the market will be enforced when the price is at 14c or below, but will be lifted when it rises to 15c, says the conference chairman, Mr Ernest Jones-Parry.

If the price continues to climb the reserve stocks, totalling 2 500 000 tons, will be released to the market to curb the trend in three equal amounts at 19c, 20c and 21c.

Exporters will build up the reserve stocks from excess supplies, and the cost of holding the stocks will be financed by a levy on shipments moving through international trade.

Mr Jones-Parry, executive director of the International Sugar Organisation, which will administer the accord, said he was confident the pact would receive the necessary number of signatures to bring it into effect.

It has to be signed by governments holding 55% of the votes of exporting member countries and 65% of the votes of importing countries. Votes are weighted according to a country's production, exports and imports.

Mr Jones-Parry said the nine-nation European Economic Community, the world's largest sugar producer, would not be a member of the agreement immediately, but was expected to begin negotiations early next year with a view to joining.

At the negotiating conference the community at first opposed an export quota system, but later modified this stance. Mr Jones-Parry said there had been no time left to conclude a pact with the EEC as a member.

The disagreements over the amount by which individual producers should cut their exports in the first two years of the agreement were solved through a compromise between Cuba, Brazil and Australia that most producers will accept a 17,5% cut in their export quotas for the first two years.

But those depending on the free market to absorb more than 60% of their total output will cut their quotas by 15%. Australia, the Dominican Republic and Thailand are in this category.

Individual basic export tonnages, in thousands of tones, raw value, allocated under the agreement are:

Cuba 2 500, Australia 2 350, Brazil 2 350, Philippines 1 400, Thailand 1 200, Dominican Republic 1 100, South Africa 875, India 825, Peru 350, Guatemala 300, Poland 300, Mauritius 175, Czechoslovakia 175, Argentina 150, Guyana 145, El Salvador 145, Jamaica 130, Nicaragua 125, Fiji 125, Swaziland 105, Costa Rica 105, Mozambique 100, Panama 90, Bolivia 90, Trinidad and Tobago 85, Ecuador 80, Austria 80, Colombia 75 and Mexico 75.

Drop for Rex Trueform

CAPE TOWN. — Profits of Rex Trueform Clothing will not be maintained in the current year, although the company is well placed to take advantage of an economic ...

3-Sugar

Sugar price rise 'needed soon'

Agricultural Correspondent N Mercury 12/10/77

THE SOUTH African Sugar Association would like to see the local price of sugar raised by between R40 and R50 a ton.

Mr. Peter Sale, general manager of the association, said in Durban yesterday a price increase of R50 a ton would add 5c to the cost of a kilo of sugar.

He said the South African sugar price had been subsidised by R250-million over the past five years by the overseas price. However, the price stabilisation fund was exhausted and the local price could no longer be subsidised.

"We are not looking for charity, all we want is to be able to sell sugar on the local market at its cost of production."

Mr. Sale said the Government was aware of the facts but no indication could be given as to whether or not an increase would be granted.

"The Government is desperately trying to curb inflation and with a general election just around the corner it is anybody's guess what will happen."

According to Mr. Sale the International Sugar Agreement recently concluded in Geneva will mean smaller export quotas for South Africa.

He said although no cut in production was envisaged for farmers at this stage "producers will probably have to limit their sugar crop next year."

RDM 12/10/77

(3) SUGAR

the economic posi..on will at the current lev.l.

SA sugar ready for new deal

(3) SUGAR RDM 12/10/77

IT IS unlikely that South African sugar production will be cut next year, says the general manager of the Sugar Association, Mr Peter Sale.

Commenting on the new International Sugar Agreement under which South Africa has been allocated an export quota lower than historical performance, he said that in anticipation of an agreement being reached, the industry had run down its stocks and would start next season with an effectively nil position — 100 000 tons on average in previous years.

However the new agreement meant South African production would be lower over the five years of the agreement.

Exports would not be able to subsidise the domestic market as in the past. The domestic market had been subsidised by R250-million in the past five years, he said.

Mr Sale said this should lead to a further price increase on the South African market, but he declined to comment on when this could be introduced.

The domestic selling price at R185 a ton was R40 to R50 a ton below production cost. The industry had been making representations in this regard "for some time".

He said that in an attempt to contain price increases, the price stabilisation fund had been run down. It reached R94-million a couple of years ago. Indications were that it would decline to about R10-million by the end of the current season in April — "and this will, of course, be completely swallowed up next season without any local price rise".

Mr Sale was unable to say whether another price increase would lead to a further slow-down in consumption, estimated at about 1 070 000 tons for the current season, against 1 450 000 tons in 1976/77.

He said this negative 6% rate compared with a growth rate of 2% the previous year, and 7% in years before. Growth, if any, could only be slight in the new season, he said.

For the five years during which the new agreement would run, much would depend on export prices. If the agreement succeeded in bringing these up quickly, "we have a different ball game and can again look at whether exports should subsidise the local market".

It had not yet been decided how to allocate exports under the new export quota — 680 000 tons for the first two years of the agreement.

He was unable to give any indication of how the respective shares of overseas markets could be affected.

Japan is the major buyer of South African raws, taking 400 000 tons annually. Other major buyers include Canada with about 250 000 tons and the United States whose offtake varies between 60 000 tons and 100 000 tons a year.

Mr Sale said exports for the current season would be about a million tons, slightly higher than the previous year, from production of 2 100 000 tons. — Reuter.

Sweet reasonableness

N Mercury 13-10-77 (3-Sugar)

HOUSEWIVES, whose budgets have been savagely depleted by seemingly never-ending increases in food prices, will not have much sympathy with the South African Sugar Association in its appeal for a 5 cents a kilogram rise in the price of local sugar.

But before reaching for the rolling pins or feeding their indignation with memories of the cheese and butter shambles they should, in fairness, reflect that they have had cheap sugar only because a highly efficient industry has, through its stabilisation fund, been able to subsidise the local price to the tune of R250 million over the past five years.

That fund is now exhausted, and with a massive world surplus and the consequent low prices export earnings can no longer bridge the gap. Because sugar has been so cheap home consumption has risen to about 1,5 million tons a year, or some 57 percent of total production.

It is not just that the industry needs a fair price to pay its way. In these hard times it should also be remembered that the jobs of more than 100 000 of our less fortunate Blacks depend on the industry's viability.

There is more sense in sharing the extra burden than adding to the ever-growing pool of unemployed.

Regional

Sugar industry wants an extra R40 a ton

③ SUGAR RDM 17/11/77

DURBAN. — The South African Sugar Association would like to see the local price of sugar raised by between R40 and R50 a ton.

Mr. Peter Sale, general manager of the Sugar Association, said in Durban yesterday that a price increase of between R40 and R50 a ton would add 4c to 5c to the cost of 1 kg of sugar.

He said the South African local sugar price had been subsidised to the tune of R250-million over the past five years by the overseas price.

However, the price stabilisation fund was now exhausted and the export price could no longer subsidise the local price.

"We are not looking for charity. All we want is to be able to sell sugar on the local market at its cost of production."

Mr Sale said the Government was desperately trying to curb inflation, and with a General Election just around the corner, "it is anybody's guess what will happen."

Mr Sale said the international sugar agreement recently concluded in Geneva will mean smaller international quotas for South African exports. — Sapa.

FM 14/10/77 (3) sugar

A promise of stability

Sugar shares reacted with great relief to the ingenious international agreement that was finally hammered out in Geneva. The promise of stability being restored to the industry is the most welcome aspect for investors, for, if the agreement had broken down with no end in sight to the burdensome surpluses which overhang the world market, share prices would have cracked.

Pitching the floor price at US 11c/lb, or £155 (R237)/t, will undoubtedly provide an adequate return for local industry exports once that price is achieved. But the road ahead is still strewn with pitfalls.

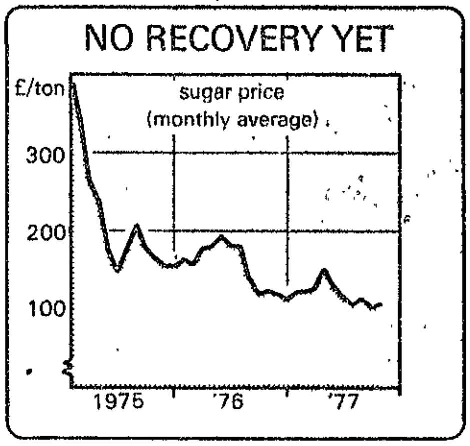
The two vital factors for the local industry are how long it will take the self-imposed quota system to eliminate the overhang and allow world prices to move up from the current price of £100. And, if and when government will sanction an increase in the local price, now R185, to bring it into line with the cost of production (about R230).

There are several factors mitigating against any quick price reaction. First, there's the present excessive stock position. Then there is the possibility of excess supplies being delivered in the remainder of this year before the quota system comes into force in January. Producers, such as Brazil, who face severe cutbacks in their quotas, might be tempted to move abnormal quantities to ease the anticipated burden on their storage facilities. Importers could then have fulfilled their demand well into 1978. Small producers, such as Rhodesia and Taiwan, which are not signatories to the agreement, could continue to supply at a discount, though this will probably only have a minor irritant effect.

For SA, the timing of the recovery is going to be crucial. The current crop is no problem. Virtually the entire export crop was sold forward when the price ran up to £150 mid year and SA will go into the agreement with no stockpile. Also, the balance of the stabilisation fund will be sufficient to subsidise the local price through to February. But by then the cupboard will be bare.

SA would normally start selling the next crop forward in about March, by which time it is unlikely that the world price would have firmed to the £150 level which SA needs to average on its exports. The longer it will be able to hold off selling, the better, but I can see some anxious moments in the early part of next year, with eyes glued to the world price.

The other essential requirement is for a R50 or so increase in the domestic price. There seems little way out of this painful decision for government. The stabilisation fund has already been dissipated in subsidising the local consumer and government is morally bound to restore a fair domestic price. No decision on this matter is likely to be released before the November 30 election, nor implemented before the New Year.



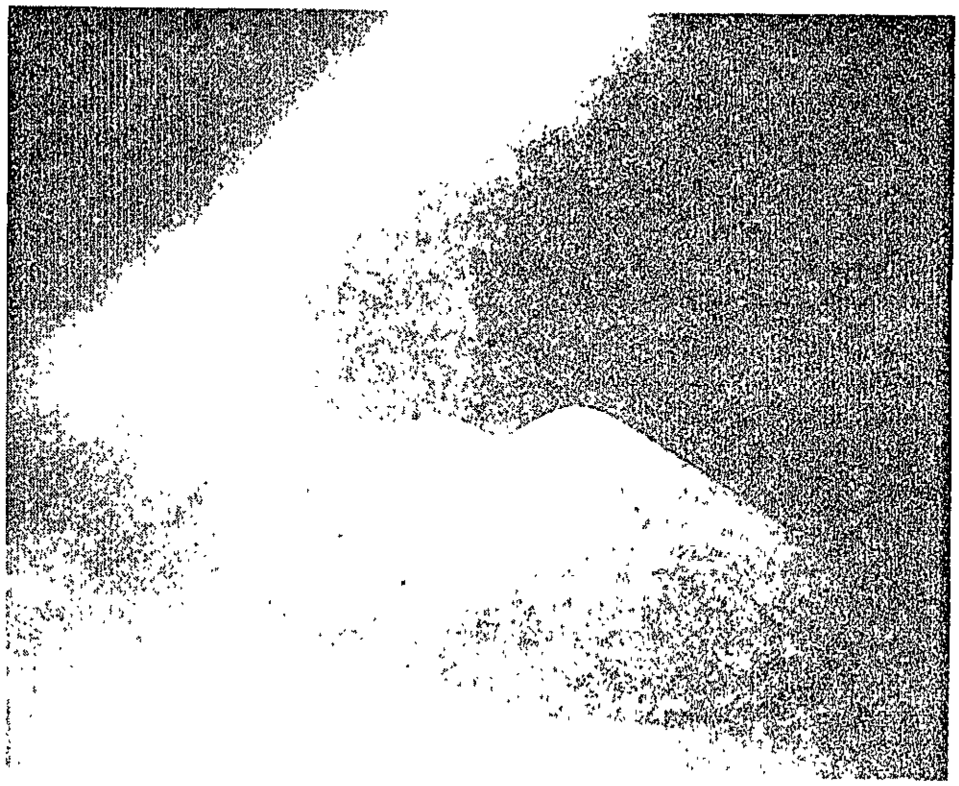
Industry profits for the current year should hold up well, but the distribution of proceeds between the listed companies could be distorted by excessive cuttings in the current season. Faced with the prospect of self-imposed production cutbacks for the new season, growers will cut as much as they can this season to establish production peaks.

This year's crop, aided by exceptionally favourable weather, is likely to be about 2,15 Mt but should fall back to below 1,9 Mt for the following season. This will lessen the surplus which has to be stockpiled under the terms of the new agreement.

While the longer-term prospects for the industry have now firmed up, in the immediate and medium term they are still very cloudy. Millers and growers will still be subject to fixed allowable returns on capital and there is unlikely to be any easing of the requirement to absorb 20% of cost increases. So the industry remains locked into an ever declining return on capital. And there is nothing in reserve should the inevitable drought descend within the next couple of years.

C G Sugar is currently yielding 12,3% on a thinly covered dividend so is, to a certain extent, discounting the immediate prospects. Huletts is yielding 14%, reflecting anticipation of a small cut in the payout and uncertainty about the Rhodesian sugar operation which is having trouble disposing of production. While these yields make it difficult to recommend selling, especially with the scarcity of good tradeable high yielding equities, prospective buyers should hold off until the world price is seen to be responding to restraints on supply.

Richard Stuart



Sugar for export . . . how long will the overhang last?

3 Sugar 14/10/77

MORRISON'S VIEWS

Ernie Morrison, general manager of the South African Cane Growers' Association did some crystal-gazing at this week's NDMF Business Outlook Conference in Durban.

"I can clearly see the profits of the quoted sugar companies being more or less maintained during the current season when their financial statements appear during the first half of 1978," he told delegates.

"Thereafter everything is clouded and misted over ... However, I can see hazards ahead written next to the 1978/79 and 1979/80 seasons, starting in May 1978, and indications that profits will be exposed to an unusually high degree of risk for the financial statements which will appear in the first half of 1979 and 1980."

Looking to next season Morrison suggested: "Based on a crop in the region of 2,1 Mt, total costs will be in the vicinity of R410m. Price controlled returns on capital to growers, millers and refiners will require a further R64m.

"Against this, the local market at present prices, and the export market at £100/t, will yield total proceeds which, together with molasses sales, will provide something like R360m. This would leave a staggering deficiency in proceeds of R110m," the Price Stabilisation Fund being exhausted at the end of the current season.

To meet the situation he listed the alternatives. If the ISO agreement brought the price up to the lower limit of £150/t, local industry would have to limit production to 1,9 Mt. This would reduce costs to R395m leaving a shortfall of R60m which could be covered by domestic price increases.

If the government does not allow the domestic price to rise sufficiently to cover the shortfall, "The main effect will be to depress industrial profits rather than to have much effect on costs and expenditure by the industry".

He warned that, "to the extent that profits may be curtailed, I suggest there will be a pinch felt by firms servicing the sugar industry in the direction of capital expenditure.

"Existing mills have spent about R90m in the last few years on modernisation, on increasing their capacities to accommodate the larger crops, on avoiding pollution, on improving their recovery of sugar. I suggest that some of this capital expenditure may be curtailed in future, depending on the degree of financial stringency the industry is called upon to face."

 3 sugar

Sugar talks 'a success'

Bus. N. Mercury 14/10/77

3-Sugar

Agricultural Correspondent

THE International Sugar Conference in Geneva was a success, according to Mr. Anson Lloyd, chairman of the South African Sugar Association, who has just returned to Natal after acting as one of South Africa's delegates at the Geneva talks.

Mr. Lloyd said the result of the 10-week conference was a success because a workable agreement had been fixed. From 1972 to 1977 there had been no effective agreement for regulating world supply and demand for sugar.

Mr. Lloyd said that as a result, prices had not been stable and there had been wide fluctuations which had encouraged many producing countries to undertake large-scale expansion.

"The combination of these factors had caused an accumulation of stocks in excess of requirements, leading to a collapse in prices during the past 18 months."

The new agreement called for heavy sacrifices in production by producers until stocks were absorbed and the price raised to economic levels.

Full support

The agreement had the full support of the three major importing countries, the United States, Japan and Canada.

As far as South Africa was concerned, a basic quota of 875 000 tons had been secured but this was subject to a cut of 17½ per cent in the first year should this prove necessary. The agreement, however, allowed exporting countries to establish reserve stocks of sugar.

South Africa was fortunate in having the bulk sugar terminal in which all reserve and additional stocks could be held. The capacity of the terminal was 520 000 tons.

Sunday Tribune 23/10/77

Sugar millers withdraw from loss of earnings appeal

(3) -sugar

By ALAN PEAT

TWO major sugar millers have withdrawn their Appellate Division appeals over an issue which they claim has cost them about R3 million in lost earnings.

Illovo Sugar Estates and Umfolozi Co-operative have backed down on their appeals against a Durban Supreme Court judgment, handed down in June, which rejected their claims that the sharing system of the cane transport costs pool had deprived them of their rightful share of the pool.

The amount at stake in the action was R1,5 million which the two said had been wrongly distributed in the 1975-76 season; and this has been boosted to R3 million, they say, due to losses in the two subsequent seasons.

While the Co-operative claims to be the bigger loser with seasonal losses of about R1 million, Illovo estimated that their loss over the three seasons up to the end of 1977-78 would be R741 000.

A leading stockbroker group reported in a sugar review that the amount at stake in the trial action amounted to 11 cents a share of pre-tax profits for Illovo. This amount at the end of the 1977-78 season would have been boosted to 14 cents a share.

Frank Jones, chairman of C. G. Smith Sugar, which recently took over Illovo, and which was one of the 15 defendants in the trial, said that the Illovo appeal had been withdrawn "because circumstances have now changed".

A major reason, he said, was that new legal opinion had indicated that the court decision was "unlikely to be reversed."

He added that with Illovo's changeover from rail to road transport, the amount of transport costs, and the subsequent claimed loss in the transport pool shareout, had fallen considerably since the 1975-76 season.

Meanwhile, Umfolozi managing director Peter Andrew, said: "While we are not continuing with the appeal, we reserve the right to start the proceedings afresh if we cannot get an amicable out-of-court settlement."

The original judgment allowed for the plaintiffs to open fresh proceedings regardless of the result of the present case, according to Andrew.

He added that Umfolozi intends to raise the matter again at the level of the South African Sugar Millers Association.

'SICKENING' SUGAR HIKE IF REPORT IS TRUE

3 SUGAR 26/10/77 Natal Mercury

Agricultural Correspondent

RUMOURS that a massive hike in the local price of sugar was coming some time this week swept through the retail trade yesterday.

Quoting what he described as "normally reliable sources," Mr. Alan Gardiner, head of the Pick 'n Pay supermarket chain in Natal, telephoned the Mercury from Cape Town to say that the local price of sugar would probably be increased by as much as 26 percent before the end of the week.

However, Mr. Anson Lloyd, chairman of the South African Sugar Association, which controls sugar production and marketing in the Republic, said he knew nothing about the rumour and denied any knowledge of the imminent price hike.

Mr. Lloyd said the Sugar Association had not had any discussions recently with the Government about a price increase for sugar.

Since his recent return from the Geneva sugar conference he had not even seen the Minister of Economic Affairs about an increase.

Mr. Lloyd said Government officials were all "too busy with the forthcoming election."

Told of Mr. Lloyd's denial, Mr. Gardiner said he had sufficient faith in the rumour to have bought "large stocks of sugar" just in case the rumour turned out to be correct.

Peg sugar price say minerals firms

Sunday Times
Business Times
30/10/77
3 Sugar.

By Jeremy Woods

THE South African Federation of Mineral Water Manufacturers' Associations, the largest buyers of domestic sugar in the country, hit out this week against a proposed sugar price increase that would push the price of sugar up by 94 per cent in 12-months and cost the soft drinks industry another R3,5-million in extra production costs.

Mr T.J. Cook, chairman of the association said this week; "The local sugar price has already been increased by 72 per cent and, according to spokesmen for the South African Sugar Association, this huge increase could be extended by another 20 per cent."

Mr Cook was reacting to recent statements by the Sugar Association that it was pushing for a price increase of about 20 per cent for domestic sugar.

"A further increase now of R40 a ton, based on the industry's annual consumption of 88 000 tons of sugar, would result in additional production costs to the industry of approximately R3,5-million."

Mr Cook made the point that the mineral water industry is price controlled and, because of the downward trend in its present sales volume, he would not like to see a price increase being forced.

Star 8/11/77

Sugar quota rush could sour

(3) sugar

The Star Bureau

LONDON — The rush to beat the new International Sugar Agreement's export quotas could backfire on producers next year, warns C Czarnikow Ltd, London's leading sugar traders.

Czarnikow estimates that an extra 900 000 tons of sugar has been sold — driving the world price down to £92 a ton — by producers trying to clear or reduce stocks before the new International Sugar Agreement comes into force on January 1.

While the 1978 supply-demand position, with the maximum basic export quotas cut of 17,5 percent in operation, indicates a surplus of only 100 000 tons, the "market surplus" could be 1m tons because of accelerated shipments.

STOCKPILING

These shipments, according to Czarnikow's latest newsletter, mean that "importing countries are in many cases establishing stocks, thus reducing the supplies they will need to import next year."

This cannot be heartening to those who hope that the International Sugar Agreement will bring about a rapid price transformation.

But Czarnikow says that just as high prices proved an unexpected deterrent to consumption of sugar three years ago, so low prices might lead to an increase in demand — while low market prices could prove a greater disincentive to producers than is currently envisaged.

SPECULATION

The Czarnikow letter also points up an anomaly in estimates for the Russian beet crop.

F. O. Licht, the German statisticians, now estimate the Russian crop at 9,3m tons, up 200 000 tons on their last forecast made in September.

But last week's admission by Russia that the wheat crop will fall 19m tons short of target and complaints about weather conditions has provoked speculation about the sugar crop.

Grain and beet overlap in some areas, and, says Czarnikow, progress reports on the beet crop, "have ceased to circulate, which is often an indication that all is not well."

Hulamin's profit up

Huletts Aluminium's taxed profit for the six months ended September 30 was R373 000 higher at R2,4m on turnover of R38,03m (R31,55m).

This represents an eps of 31,7c against the previous period's 26,7c. The interim dividend remains unchanged at 7c.

The company, however, does not expect more than a marginal improvement on the previous year's profit levels.

FACULTY OF ARTS

LANGUAGE LABORATORIES : DAILY LOG SHEET

DATE:

	LAB 1	LAB 1	LAB 2	LAB 2	LAB 1	LAB 1	LAB 2	LAB 2
Language taught								
Lecturer in charge								
No. of students								
Department or Faculty								
Time: from								
to								
Total time - Hours, Minutes								
Faulty machinery								
Control unit No.								
Cassette machine No.								
Headphones N[illegible]								

Remarks (Technical Manager):

Signature (Tech. Manager): ....

Daily log sheets to be completed after each session and submitted to TEACHING METHODS UNIT, Room 305, Molecular Biology Building, UCT.

Thank you.

TMU/JJH
11/77

Rush to sell sparks slump in sugar

RDM 9/11/77

35 - sugar

By NEIL BEHRMANN

LONDON. — The London daily sugar price slumped to £88 yesterday, the lowest since December, 1972.

Analysts at sugar dealers C Czarnikow said several producers had been selling surplus stocks ahead of the International Sugar Agreement which takes effect from January.

Peru, for instance, sold 28 000 tons to New York traders at an equivalent price of £85 a ton.

There have also been reports that South Africa is exporting more sugar to Japan and other buyers. Australia and the Dominican Republic have stepped up sales.

President Carter is due to make a decision on whether to limit sugar imports or raise tariffs.

Dealers report a rush of foreign sugar shipments to warehouses in an attempt to beat United States import restrictions.

Analysts believe that the new International Sugar Agreement will begin to stabilise the sugar market from the second half of next year. Under the agreement, producing nations will have export quotas. Because the quotas are lower than the amount of sugar available for export, producers are selling in a hurry.

But analysts say that nations buying sugar at low prices will have surplus inventories next year.

So at least for the first six months they will hardly be anxious to buy the commodity.

C Czarnikow analysts calculate that by accelerating deliveries this year, the indicated market surplus in 1978 — even with the agreement's quota cuts — will be a million tons.

According to sugar statistician F O Licht, another 4-million tons will be added to world stocks this year. The stock could be 30-million tons by the end of August, 1978.

According to brokers ED & F Man, sugar prices would have been much lower had there been no agreement.

"The problem for the market and for International Sugar Agreement participants is that there was an accumulating surplus building up in spite of and in part because of the sugar agreement," says the firm.

③ SUGAR

MILLIONS SAVED IN SUGAR EXPORT PROGRAMME

S.TRIB Finance Reporter 13/11/77

JUDICIOUS buying of forward cover in sterling has this year again saved the South African sugar industry millions of rands in its export programme, says Sugar Association general manager Peter Sale.

"The lowest price we have had to accept for the 1,3 million tons of sugar we are to export in calendar year 1977 was £92 (about R138) a ton. And this was only for one small shipment. Almost all the rest has been hedged by forward cover at between £130 and £140 (R195-R220) a ton," he said.

This is far above the current London Terminal price which on Friday stood at £85 (R127) a ton.

This is the second year running that the Sugar Association has benefited from the use of forward cover for its exports. In 1976 about R8 million was made on currency dealings.

But, says Sale, this year's returns on the export amount is lower, so the profit from hedging will also be down. This is despite a rise in export tonnages from 1976's 822 000 tons to this years 1 319 000 tons.

However, Sale says, covering in sterling at present is not a good bet. The pound has not peaked yet, and until it does the Association will not cover forward against the pound.

More good news is that the South African industry will start the year with a nil balance of sugar stocks on hand. This in effect means that the country's stock holding requirement will come out of next year's crops, which are expected to yield about 2,1 million tons. There will be no surplus from present holdings to add to any possible surplus next year.

According to Sale, domestic market offtake, and the 780 000 ton International Sugar Agreement quota should account for about 1,9 to 1,95 million tons of this expected yield, and will mean cut-backs in production of only about 10 percent.

"That," he says, "is not too serious. In fact, if weather conditions are bad next year, we might need no cut at all."

The healthy situation of South Africa not having a year end surplus, and not having to compete in the last-minute rush to dump excess stocks, means that the local industry is better placed than many others with massive surpluses.

"This has minimised the effects of the quota restrictions on the growers and millers," Sale says.

On the debit side, the industry is still pressing for a domestic increase. This is not expected till the new year. "But we must have one," says Sale.

H. KENNEY
D. REES.

Sugar excess rises

N M 18/11/77 (3 - Sugar)

WHILE the London sugar price recovered yesterday the third estimate of European production from F.O. Licht showed that it was up half a million tons to 30,156 million tons. This compares with 26,734 million tons for the 1976-7 season.

Russia, with an extra 200 000 tons at 9,3 million tons, carries the biggest increase. But Licht say they have little information on which to base their Russian estimate.

Reports have come in that Russia is buying grain and with half the season still to go the estimate could be revised downwards if there is poor weather.

Yugoslavia which would have taken sugar from Cuba has had a full crop and will not want any imports. This will put a strain on Cuba which fought for a large quota under the International Sugar Agreement.

Latest figures from America show that South Africa exported 151 804 tons in January to June compared with about half that figure for the same period in 1976.

AFRICAN HISTORY

The best way you can prepare for ... ing the vacation is to read as many imaginative works by Afr... n. This is a wide range of African writing published in ... nann African Writers Series. Three bookshops - Keegan's ..., Academy Bookshop (Church Square, Cape Town) and Struik... own) carry a wide range of titles.

Especially recommended are the f...

Chinua Achebe: Things F...
Arrow of...
No Longe...
A Man of...
(Achebe i... elist)

Ngugi wa Thongo: (James Ngugi) Weep not...
Grain of...
Homecomin...
(Ngugi is ... st)

Sembene Ousmane: God's Bit...
(A radical ... on the Senegal railway i...

Can Themba: The Will to Die
(Stories and essays about township life in Johannesburg during the 1950's)

All the above are available in the Heinemann African Writers Series.

The works of Nat Nakasa (Ravan Press)
(A collection of essays and sketches by a young black South African journalist of the 1960's)

Ulli Beier and Gerald Moore (eds) Modern Poetry from Africa
(A good anthology of African poetry)

AFRICAN HISTORY II

A fairly wide knowledge of recent African literature is an invaluable qualification for anyone embarking on African History II. If you are already familiar with the works recommended for African History I, you should ask for the more detailed reading list available in the Secretary's Office, Department of History.

During the course you will be required to produce six pieces of work. One of these pieces must be based on original research. Copies of some of the original research done in 1977 are available in Special Collections, Jagger Library.

C. Armstrong:	History of Mowbray
J. Brink:	History of Ostrich Farming in the Karroo
G. Black:	History of Camps Bay
N. Monro:	The Imam Haron
P. Moore:	The Phoenix Iron Foundry

If you would like to start work on a research project during the vacation, please contact either Mr. Robin Hallett or Dr. Christopher Saunders.

1977/78

HULETTS FM 11|11|77

Maintaining output

3 SUGAR

The important deduction to be drawn from Huletts' interim statement is that the SA sugar division looks like producing better than expected profits in the current year. Huletts has steadily increased its percentage share of the local industry, until last year it accounted for 36,3% of industry production. But this was expected to be the peak, thus making it impossible to maintain its percentage.

Total industry production is still not finalised, as increased cuttings ahead of the International Sugar Agreement quota restrictions and individual efforts to establish production peaks, will push up this year's total. But Huletts' interim, which contains half its estimated sugar profit, is unlikely to be materially affected by any change in the total production estimate.

Ignoring Rhodesia, after tax income was virtually unchanged at R5,85m. An increase of about R235 000 in the net contribution from Hulamin was probably at least offset by a decline from the paper division. However, a major aid to maintaining profits was a sharply lower provision for replacement cost depreciation.

Still ignoring the small dividend from foreign subsidiaries, earnings of 17,9c were produced in the first half. Aluminium will at least repeat profits in the second, and though paper is locked into a deteriorating market, earnings of 36c on a replacement cost basis seem possible. On an historical cost, and thus cash flow basis, earnings will be nearer 50c.

Last year, Rhodesia paid out R3,8m, worth 11c a share. Although there was a receipt of R262 000 this half, with the sugar price below £90, Rhodesia is making losses, while the world supply surplus must be making it very difficult to move stocks. So, in the absence of this profit source, it is optimistic to expect a 30c (31c) dividend. The interim has been cut 1c to 9c, no doubt as a warning, but last year the interim was clipped 2c and then the final maintained.

Investment allowances and the move to lifo have kept **Hulamin's** tax rate down to 7%, and have been mainly instrumental in raising earnings from 26,7c to 31,7c at the halfway stage. The interim has been maintained at 7c, but with earnings headed for a record, an increase in the final can be expected.

The rush by producing countries to export sugar stocks ahead of the Agreement is forcing the sugar price lower, while the current level of stocking by importers is likely to delay the world price improving as a result of self-imposed production cutbacks in 1978. The timespan of depressed world prices will be critical to the SA industry, with Price Stabilisation Fund bare, in the earlier part of next year. Even this is presupposing that there is a domestic price increase to give a satisfactory return on local offtake.

For these reasons, it is difficult to encourage purchases of Huletts at 200c, despite the encouraging results, until the world price is seen to react positively some time in the new year. *Richard Stuart*

SUGAR FM 18|11|77 (3) SUGAR

Poor 1978 outlook

The general view of sugar dealers is that the price of this battered commodity is close to bottom. The London Daily Price of sugar is currently around £92/t, only £7 higher than its recent low of £85, last seen at end 1972.

At these depressed levels, the price is 86% down on the November 1974 peak of £650.

Sugar has been depressed in recent weeks because several producer nations sold ahead of the International Sugar Agreement which commences at the beginning of next year. The basis of this is that there will be a floor price of US 11c and a ceiling price of 21c/lb compared with the January New York market price of 8c-9c.

The higher price range is to be established by restricting sugar exports through quotas. Surplus stocks will be kept off the market and will be financed by a levy on exports. Anxious to be rid of surplus stocks over and above their export quotas next year, producers sold nearly 1 Mt for shipment in November and December.

Dealers believe that most of the selling is complete, but it will mean that demand will be slack because consumers will have sufficient sugar stocks during the early months of next year.

The market may be near bottom, but what are the chances of a major revival once the agreement comes into force next year? Latest estimates of sugar statistician F O Licht indicate that it is hardly likely that there will be a price surge.

In the year to August 31 1977, world sugar production was 88,3 Mt compared with consumption of 83,1 Mt. Sugar dealers E D & F Man believe that barring unforeseen crop failures, another 1,4 Mt will be added to stocks, so that world sugar stocks could reach nearly 30 Mt by end August 1978. C Czarnikow adds that Licht's forecast underlines the necessity of the international sugar agreement's export restrictions. The market has also been affected by increased tariffs on US sugar imports. The US Department of Agriculture raised tariffs from 1,87c to 2,81c and imposed an additional fee of up to 3,3c on imports. The move aims at guaranteeing US sugar growers 13,5c for their sugar. But it is also a blow to countries exporting to the US.

③ SUGAR
FM 18/11/77

TONGAAT

Record sugar output

At the half way stage, estimated taxed profit is R4,9m (R4,8m) and Tongaat expects to raise annual earnings.

The sugar division is budgeting for record production of 222 000 t (192 000 t) which will materially increase its share of total industrial production. But the earnings increase here will only marginally offset downturns elsewhere.

Worst-hit, apparently, is Coronation. At the time of the annual report, brick sales were being maintained at 85% of production capacity. But now a marked deterioration in trading conditions is reported. The official word, with this interim, is that the division will not achieve the level of profits attained last year and this at least suggests no reason to fear operating losses.

After turning round losses in Whitehead last year, the textile division has run into stagnant sales and pared margins. Despite the acquisition of Prilla Mills, lower profits are being looked for this year. An improvement depends on a major turnaround in consumer spending.

With the lower interim from the 24,5% stake in Huletts, dividend income from this source will be marginally lower by R75 000 at R2 249 000.

On the other side of the coin the foods and feeds division is expected to increase earnings while the property and electrical divisions are performing well.

The interim has been maintained at 9c, and unless a major deterioration is projected for the poorer performing divisions the 15c final should be easily maintained in view of the expected improvement on last year's 62c earned.

At 245c the shares are exactly where they were after publication of last year's interim, and on a prospective yield of 9,8%. With the increased dependence on sugar, there is no reason why they should be on a lower yield basis than others in the sector, though this has been the case for as long as most investors can remember. The price discounts the improved sugar earnings prospects and the shares are fully priced.

Jim Jones

S. Express 11/12/77

Sugar price talks

(3) SUGAR

THIS week the Minister of Economic Affairs, Mr Chris Heunis, met with representatives of the sugar producers to discuss the plight of the industry — and everyone must now wait for his decision on whether to grant an increase.

Both growers and millers were represented at the talks, and having reported back on the Geneva international sugar conference, the meeting settled down to discuss the problem of price.

At present sugar sells domestically at R186 a ton, and the cost of production is around R230. Next year this is bound to rise, especially with production being cut 200 000 tons in accordance with the new quotas agreed at Geneva.

The Price Stabilisation Fund is depleted and the world price has slumped. It's unlikely that even a stone-hearted Economics Minister would be able to resist the cry of the industry — and it's simply a matter of time before he permits a rise.

The size of the increase? At least R70 a ton.

N M 29/12/77

Sugar industry 'faces hardship'

B- SUGAR

Agricultural Correspondent

THE chairman of the South African Sugar Association, Mr. Anson Lloyd, believes the sugar industry "faces a year of uncertainty and economic hardship."

In a New Year message to the industry published yesterday in the South African Sugar Journal, Mr. Lloyd said: "International quota restrictions will compel production to be reduced by an average of about 10 percent. The export price, which today stands at £110 per ton, must reach an average in the 1978/79 season of £140 to enable the industrial proceeds to reach the strictly-controlled allowances for costs of production and returns on capital, in which for the sixth consecutive year it will be required by Government to absorb 20 percent of cost increases and under-recoveries of costs amounting in total to more than R25 million."

Mr. Lloyd said the fall in export prices would make it impossible to equal the 1975/76 record of export earnings worth R206 million, when the net export price realised was R300 a ton. The 1977/78 season was expected to realise R179 a ton. Nevertheless the record 1977 calendar year exports would yield R244 million but these proceeds were required to be allocated partly to the 1976/77 season and partly to the 1977/78 season.

Mr. Lloyd said as a result of a price stabilisation fund the sugar industry had been saved from financial disaster, and at the same time the South African consumer had been protected. He said that retail prices for sugar in other countries ranged between 30c and 63c a kilogram compared with 26c a kilogram in South Africa where "the price is still the cheapest in the world."

He said in spite of the "modest" domestic price increase in November 1976 which raised the price to R186 a ton compared with R133 a ton in 1972, "not even this relief and the complete withdrawal of the whole of the balance in the price stabilisation reserve fund could withstand the combined pressure of inflation of costs and the collapse of the world price, which has fallen in two years from R300 to R179 a ton."

Fertiliser, sugar will push up more prices

Star 30/12/77.

Sugar (3)

Prices of a wide range of foods will go up in the wake of increases in the prices of sugar and fertiliser today. The increases will hit most sugar-based products and staple foods like maize.

An increase of round 14 percent in fertiliser prices adds up to an additional expenditure of R36,7-million for South African farmers in general and R14,68-million for maize farmers in particular.

"The problem of the maize industry — the biggest single user of fertiliser — is its present weak financial position which is possibly even weaker than that of the fertiliser industry," a spokesman for the South African Maize Speciality Organisation said.

A sugar price increase of 23 percent — 6,5 cents a kilo retail — will force up condensed milk, canned fruit, fruit juices and cordials, candied peel and jam.

Mr Bill Stewart, managing director of Carnation, said prices of their products would increase by three to five percent. Sweetened condensed milk for example will now cost about 3c a 397ml can more.

Carnation did not stockpile because of the high cost of warehousing.

A spokesman for Langeberg — makers of Koo products — said the same factor would mean an immediate price increase.

SURVEY

A survey by The Star showed the fertiliser increase would increase the prices of maize products by about five percent.

For wheat, the increase in production costs would be four percent and for potatoes and green vegetables two percent.

The Fertilizer Society of South Africa said today the Government had decided to withdraw 40 percent of the fertiliser subsidy to farmers which added 3 percent to increases of 11,3 percent because of jumps in rail transport costs, electricity and raw materials.

Sugar price jumps by 24 percent

N.M. 30/12/77

3 Sugar

Mercury Reporter

THE retail price of sugar in South Africa goes up today from 27,5c to 34c a kilo. This represents an average increase of nearly 24 percent.

Mr. Anson Lloyd, the chairman of the South African Sugar Association, said prices would vary between coast and inland areas and the hike represented the average increase.

He said the rise promulgated in the Government Gazette was the result of the need to raise the domestic price of sugar to a level closer to its cost of production.

The sugar industry's price stabilisation fund, which had been built up to R94 million from extremely high export prices in the past, had been exhausted.

The current low export prices could no longer subsidise the South African consumer.

18,5 pc sugar cut seen

10/2/82 RDM 3 Sugar

DURBAN — The chairman of the South African Sugar Association, Mr Anson Lloyd, said he expected the basic quotas which had been granted to the exporting countries under the international sugar agreement, to be cut by 18,5 percent.

This would mean that South Africa's export earnings would shrink by half to about R125m if there was no improvement in the sugar price.

The reduction of the sugar quotas would be discussed today at a two-week conference of the International Sugar Council, at which a strong South African delegation would be present.

The quota cut was necessary because there would be a surplus production of 6m tons of sugar this year — about three times more than the total South African production.

Although the industry had still not taken a decision over production quotas, they were thinking of stockpiling 16 000 tons of sugar this year to cushion on producers the effect of the large drop in exports. — Sapa.

Heunis comments on world market

NM. 22/2/78

NO PRICE RISE YET ON LOCAL SUGAR

3-SUGAR

ORMANDE POLLOK

Political Correspondent

CAPE TOWN — Mr. Chris Heunis, Minister of Economic Affairs, said yesterday that he foresaw no reason for an increase in local sugar prices in the immediate future in spite of low world prices.

However, he said it would be dangerous to say that this could not happen but if it were necessary, the Government would do everything it could to keep the increase as low as possible.

Mr. Heunis was replying to the second reading debate on the new Sugar Bill which consolidates and amends laws relating to the industry.

Prepared largely with the co-operation of the industry the Bill was unopposed with both main opposition speakers seeing it as an improvement.

Mr. George Bartlett (NRP) expressed concern that the stabilisation fund had been depleted and hoped that Mr. Heunis would adopt a different attitude from the one adopted by the Government in the past.

Earlier Mr. Heunis said that he expected the low world price to continue for some time. South Africa's quota in terms of the new sugar agreement had been set at 740 000 tons a year which was far less than that in previous years.

"As long as the world price remains low it can be expected that the quota will be further reduced," said Mr. Heunis.

"However, it has been decided not to reduce production at the moment. A decision will be taken later."

Mr. Heunis, like other speakers, praised the industry for subsidising the local price in order to keep it as low as possible.

The industry's production potential was between 2 100 000 and 2 200 000 tons a season. Some 383 000ha were under cane through 2 000 White and 7 500 Black growers. The industry provided jobs for 146 000 workers.

Local consumption had reached 1 000 000 tons a year and exports for the 1977/78 season reached 1 300 000 tons worth R183,4 million.

In times of more favourable prices, such as in 1974, exports were worth R233 million.

Mr. Swart said that few people realised that the industry had kept prices below costs in South Africa by subsidising it through exports.

He hoped that an immediate price increase would not be necessary.

Mr. Bartlett pointed out that the industry financed all its own research, training and marketing operations and made generous contributions to scholarships and charities.

ARY 22, 1978

Sugar, 22/2/78

No sugar price rise — Heunis

HOUSE OF ASSEMBLY — Mr Chris Heunis, Minister of Economic Affairs, said yesterday he foresaw no reason for an increase in local sugar prices in the immediate future in spite of low world prices.

However, it would be dangerous to say this could not happen, but if it were necessary, the Government would do everything it could to keep the increase as low as possible.

Mr Heunis was replying to the second reading debate on the new Sugar Bill which consolidates and amends laws relating to the industry.

Prepared largely with the co-operation of the industry, the Bill was unopposed with both main opposition speakers seeing it as an improvement.

Mr Heunis, Mr Ray Swart for the Progressive Federal Party, and Mr George Bartlett for the New Republic Party, paid tribute to the work done for the sugar industry by Mr Anson Lloyd, chairman of the Sugar Association.

Mr Bartlett expressed concern that the stabilisation fund had been depleted and hoped Mr Heunis would adopt a different attitude to the one adopted by the Government in the past.

Mr Heunis replied that he hoped it could be rebuilt to the equivalent of one year's crop. — PC.

Sunday Tribune 5/3/78 Page (3) Sugar

R85 million loan to sweeten sugar industry

Finance Reporter

THE South African Sugar Association has just raised R85 million in medium term overseas loans.

Peter Sale, the general manager, has returned from the European borrowing trip "pleased with the lending facilities".

Half the loan has been necessary to finance the South African stock obligations of the International Sugar Agreement and half for currency hedging in the export sales market.

The hedging loan is financially necessary in that the operation has proved profitable to the association in the past. In 1976 the forward cover of exports gained the industry R8 million in judicious hedging.

In 1977 the total export programme was conducted at a forward cover price of between R195 and R220 a ton (except for one small shipment at R138) compared to a London terminal low price of R127 late in the year.

The hedging quota is important. While there has been a rise, the local price is still below the production cost.

The overseas London price is sitting at the R177 level for raw sugar exports and is not expected to reach a minimum of much more than R234 a ton by the latter part of 1978.

This fortuitous price increase is expected to be a result of the stabilisation of the market under the Sugar Agreement price levels for this year. However, Sale assesses the result of the year's cash payments as still indicating the possibility of 1978 being a negative return year for the industry.

Only the expected increase in the world price will pull the industry out of the present low income against costs and returns, according to Sale.

(3) Sugar 26/3/78 Sunday Tribune
Finance & Property

Sugar price seems set to stay

WHILE 18 members of Parliament and Minister of Economic Affairs Chris Heunis have visited the Natal sugar industry, there was no discussion likely to bring an immediate price increase locally.

According to Sugar Association general manager Peter Sale, the visit was "purely an introduction to the industry," and was not comparable to the last Heunis visit which led to a price increase.

While the financial situation of the industry was discussed, no plea to the Government was intended, says Sale.

However, he added, the financial opinion could lead to a change in the minister's stated view that the industry should have a price stabilisation fund (to act as a defence against low international or local prices) of about the equivalent of one-year's production returns.

It would amount to R400 million, which says Sale "is an impossible move in the short term."

Sugar: bleak outlook for SA

6/4/78

Star (3) Sugar

Own Correspondent

DURBAN—South African sugar producers cannot expect to make a profit this year, and the return on capital employed is likely to be nil in the wake of the continuing tumble of world sugar prices.

That gloomy picture of prospects for an industry that long has been a major earner of foreign exchange was painted in Durban yesterday by Mr Peter Sale, general manager of the South African Sugar Association, who points out that the hoped-for increase in world prices in the new season will not materialise.

"The present London daily sugar price of £100—about R160—a ton is a long way below the minimum of 11 United States cents a pound set by the International Sugar Agreement that is now in operation," he says.

ISA prices range from a minimum of 11 cents to a maximum of 21 cents a pound, and at the bottom end would produce the equivalent of £140 a ton. This means the London price has to rise by £40 a ton to reach the ISA minimum, and the prospects of it doing so over the next season, starting May 1, are non-existent.

"Neither," says Mr Sale, "is there much hope of an improvement next year. The futures market for August 1979 is quoting the price of sugar for that date at £127 a ton, which is below our cost of production."

Overall, the picture is sad. But Mr Sale believes that "sanity must return to the market in the longer term."

Sugar stabilisation fund on the s-l-i-d-e

Sun. Trib. 9/4/78

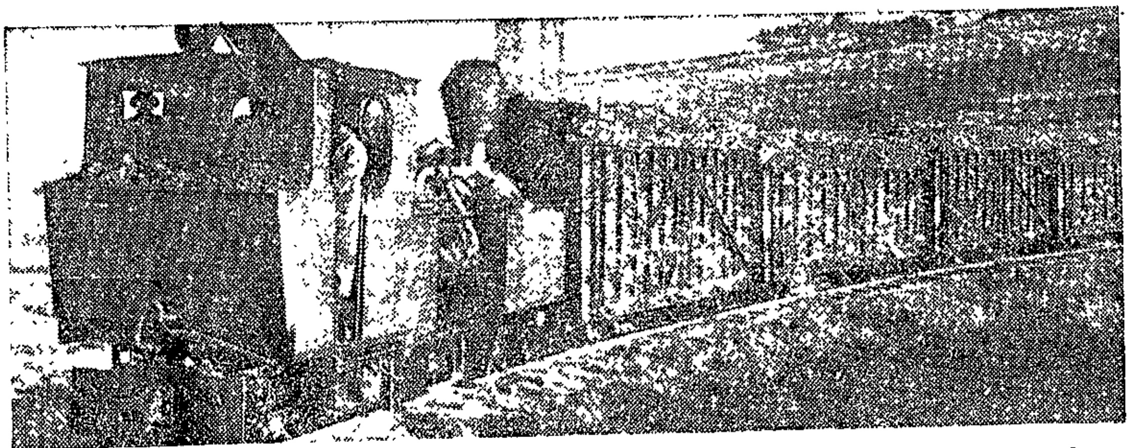
3 Sugar

By Alan Peat
Finance Editor

THE SUGAR industry's price stabilisation fund has fallen badly in a weak export year and will be down to around R6 million by the end of the month.

The fund, which was at the R65.6 million level at the end of the 1975/76 season and at around R30,9 million at the end of 1976/77, was the instrument for holding down — and twice reducing the local price.

And, says Sugar Assocition general manager Peter Sale, Minister for Economic Affairs Chris Heunis is unlikely to consider another local price rise until at least the end of this year.



Trouble down the line for the sugar industry's price stabilisation fund

With the local price at R245 a ton and the London daily price remaining just over the £100 mark — about R160 a ton — the industry is selling at well below cost.

According to Sale, the season from May this year to the end of April next looks likely to see a negative price stabilisation fund under the present conditions.

Industry sources feel the fund could drop to a minus figure well over the R25 million mark.

To push up the fund, the industry would need a higher export price, another rise in the local price or would have to remove the deficit by reducing the capital returns within the industry.

This is seriously viewed on the milling side where a nine percent return level has been the norm. This is below the generally accepted industrial return of about 12 percent and is viewed by the sugar financial experts as too low even at present.

The main association hope at present is that the International Sugar Agreement will become effective during this year. However, while the ISA minimum price level would see an international price of around R240 a ton, this is not likely to be reached for some time because of a heavy destocking process by the major producers.

While the price level is distrubing, the association is more pleased about the export tonnage contracts. Of the country's 750 thousand tons for export plus 150 thousand tons in the ISA-fixed South African stockpile most is guaranteed for offtake.

According to Sale, the two major customers, Japan and Canada, have contracts which will mean an average demand for 90 percent of South Africa's permitted export total.

But, adds Sale, while the tonnage may be bought at a satisfactory level, the price is not fixed.

This means that the massive sugar industry has a year of waiting ahead of it, to see if the ISA will prove successful, or if it will be discarded by producers at its future performance level.

Sun. Trib. 23/4/78

Sugar men fear a world increase

3-SUGAR

Finance Reporter

WHILE the hard-pressed sugar industry fears the international price effect of another large European crop, the Europeans themselves may be forced into a difficult situation.

Although the latest overseas estimates put up this year's expected West European crop, it is felt that countries in the Communist area will also show an upturn.

According to Sugar Association export manager David Hardy, the world sugar market (having to sell at below-cost international prices) was hoping for a downturn in the amount of sugar beet sown.

Says Hardy: "Last year's European Economic Community succcess put on a great deal of pressure. It is felt that success again this year in an unchanged to larger crop of sugar beet would put pressure on prices."

The market also feels that the E.E.C. resistance to the International Sugar Agreement (which it refuses to sign as a high enough quota cannot be guaranteed), will be heightened as it finds it difficult to sell its excess at a reasonable return.

Adding to the Community problem is an agreeement with developing countries in the Africa - Carribean-Pacific group whose sugar is taken at an agreed price.

This boosts the European stock-holding, and last year upped their necessary sales amount by 1,4 million tons. Over the internal off-take, the 1,4 million tons pushed up the exportable surplus to 3,8 million tons last year.

While Sugar Agreement importers face fixed exportable quotas from each member producer, the dealings with countries outside the ISA also have a major effect on the world international price.

SUGAR AGREEMENT

No price response

(3) sugar
FM 28/4/78

The new International Sugar Agreement, designed to stabilise prices in a US 11c/lb to US 21c/lb range, so far seems to have had little effect. Since the beginning of the year (when the agreement provisionally came into force) values have fallen around £15/t. Additionally, the decline is understated to the extent that the dollar-pound parity has slipped from 1,90 to 1,85 over the period.

The agreement provides for a 15% reduction in basic export tonnages (Bets) when prices are below the agreement's adopted minimum level of US 11c/lb and for a further cutback of 2,5% should values not respond within the following 75 consecutive trading sessions. With prices around US 7,75c/lb at the beginning of this week, the International Sugar Organisation (ISO) duly elected this further cutback.

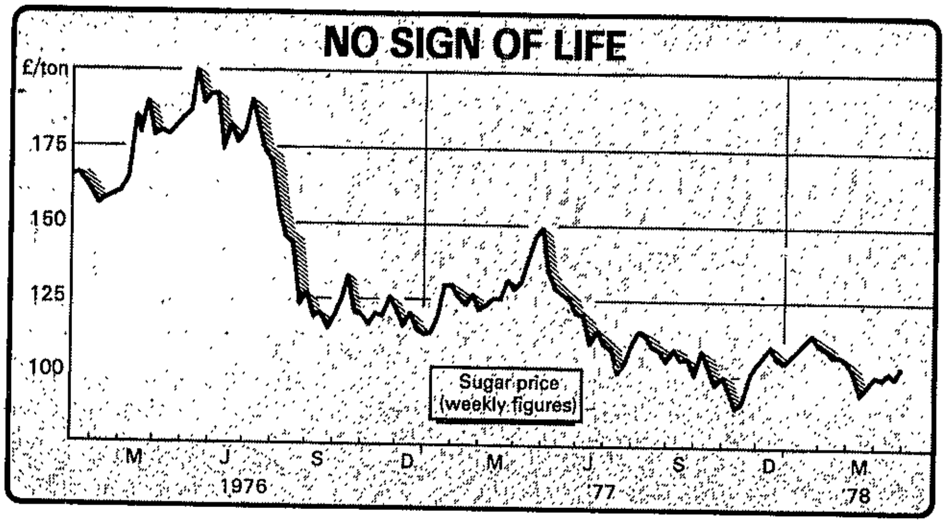
A spokesman for Conti Commodity Services told the *FM*: "There is still a glut of sugar and no significant price increases can be expected until demand improves." Diversified sugar demand, in such places as Brazil for the purposes of alcohol production, will take some time to become an effective market force.

The basic problem remains that most producers sold as much sugar as they could ahead of being subjected to Bets. "The United States, for example, is still happily living on pre-agreement sugar," commented one leading trade source, adding that "it could easily be the end of the year before prices reached the agreement's US 11c minimum."

"Sugar has very few friends these days," commented Bache Halsey Stuart in its latest market review, adding that "the ISO has so far not been an outstanding success." Defending the new agreement, the ISO's executive director Earnest Jones Parry told the *FM* that the ISA was not a means of determining prices but rather a way of "seeking to stabilise them at reasonable levels."

So far there is no evidence that member countries are welshing on their commitments to cut back exports, although it will be another year before 1978 export data has to be supplied to the ISO by member countries. Nevertheless, one trade source suggested that countries desperate for foreign exchange and with favourable production costs may be tempted to breach their allotted Bets.

The London trade remains generally disappointed at the commodity's price performance in recent months and critical, according to Bache Halsey Stuart, of "the bureaucratic attempt at price fixing (which) has only tended to prolong the agony of the less wealthy nations engaged in the production of sugar — a unified dramatic attempt to cut back on production may have been more acutely painful, but at least the effect would have been relatively short lived."



SUGAR (2) sugar

Bleak outlook FM 5/5/78

Which is worse — the sugar or the pill? Not an easy question to answer these days, given the world sugar situation.

An article in the March edition of the *South African Sugar Journal* notes that the August/September 1977/78 world sugar crop is expected to reach a record 90,7 Mt. On the basis of world consumption of 86 Mt, the balance would bring the accumulated surplus up to 28 Mt, or fast approaching a third of anticipated consumption.

Sugar brokers ED & F Man confirm that "the outlook for the future continues very bleak, for it will need a substantial crop failure to avoid another surplus season being added to those of the last four years."

General manager of the SA Sugar Association Peter Sale concedes that the chances of the world price reaching the lower limit of US 11c a pound, contemplated in the International Sugar Agreement, by the end of this year are remote. "The best we can hope for is about 10c per pound or somewhere in the £120 to £130 range."

Futures quotations are hardly encouraging. Recently Aug[illegible] 1979 deliveries were being quoted a[illegible] 7,50 and March 1979 at £121.

Nearer home, the cane growers are reasonably cheerful. General manager of the SA Cane Growers' Association Ernie Morrison tells the *FM* that growers will be cutting only about 2,5% less than the 19 Mt cut last season. Thus there will be no drastic cut in the amount of labour required.

SUNDAY TRIBUNE, MAY 7, 1978

Sugar glut spells crisis for industry

3-SUGAR

by Alan Peat

WITH THE latest estimates for world sugar production showing supply soaring above demand, the South African sugar industry is now in a serious position for its return against costs.

Three of the world's accepted sugar commentators have shown that the excess is likely to be between 5 and 7 million metric tons for the 1977/78 season which ends in August.

And the East and West European beet growth increase for this summer in the Northern Hemisphere is likely to boost the world carry-over stocks for the 1978/79 season.

This year's fears are not only directed at a very much lower international London Daily Sugar Price (presently around the R160 a ton mark) but on the continuance of last year's International Sugar Agreement.

According to South African Sugar Association export manager David Hardy: "A two million ton excess is serious in a world situation, and the new estimates show very serious possibilities of prices being pushed down in coming months."

A further depression in the already uneconomical world sugar price (more than a third below the local production cost) and American and European Community non-alliance in the ISA, are seen as possible death knells for the newly formed ISA.

Says US Cane Sugar Refiners Association president Gregg Potvin, he "felt strongly" that the ISA would meet a swift death if the US do not sign this year.

According to the South African Sugar Journal, Potvin felt that "the sugar market had set July as a target for the US to sign the ISA, and that prices could fall quickly even before then unless Washington acted positively on joining the world commodity pact which is designed to stabilise sugar prices within a range of 11 to 21 cents per pound."

Even at present price levels, without a further possible drop, the ISA target minimum price of about R240 a ton is around R80 to R90 a ton higher than demand against supply allows.

While the ISA intention is to balance production against world sugar consumption, due to a major exporting and importing nation agreement, the present over-supply position (and that expected for the medium term) is putting the scheme in jeopardy.

For the South African industry the only hope lies in the uncertainty concerning the crop yields and total production from the increased sugar beet and sugar cane acreage, and a better industrial return from a higher local sugar price.

Although the international price could rise due to a climatic disaster in some major production areas, the South African export quota under the ISA had already put the industry in an unfortunate position.

Although in the calendar year of 1977 the industry's total exports came to 1 320 662 tons, the ISA accepts the industry's 1978/79 annual quota (from September 1 this year) to be only 680 000 tons.

The local 1978/79 season (which started on May 1) is expected to see a total production here of around two million tons. With a full export quota taken, and a stockholding (also under the ISA) of 150 000 tons that leaves more than 1 200 000 tons available for the local off take.

That is about 50 percent more than local demand has ever reached.

This oversupply position, and the seriousness of the world situation, is likely to see the local industry have to look to an unprofitable year, with returns against capital assets well below the industrial 12 percent average.

And, say sugar financiers, the industry's Price Stabilisation Fund, will almost definitely reach a deficit of around R25 million.

This fund (gleaned in the past from high export profits) has always been used to keep the local price at a fixed level. And, indeed, to drop it twice.

Without the fund's back-up it can be fairly certain that the industry will press for a much higher local price later this year to offset the depressed export price.

David Hardy — serious situation

Bleak prospects for SA sugar industry

24/5/78
RDM
3 (Sugar)

Own Correspondent

DURBAN. — Prospects for the South African sugar industry are bleak. Although Natal sugar companies may show good profits for the past financial year, they are faced with a serious situation.

This is the opinion of Mr Anson Lloyd, chairman of the South African Sugar Association, who returned from London this week where he attended a meeting of the International Sugar Organisation.

Mr Lloyd said the outlook was poor for several reasons.

He said there was another record for world production in 1977-78, with 92-million tons against consumption of 85-million tons. Stocks in August, 1978, would be 31-million tons, or 36% of consumption.

At the end of 1977 exporters were dumping sugar to avoid restrictions.

Importers bought huge quantities at low prices and were now sitting with large tonnages.

Alternative sweeteners were gaining ground, particularly in North America. This had made "quite a hole" in the amount of sugar being consumed.

The United States had not ratified the International Sugar Agreement, although indications were given in London that it would do so. The United States is the world's biggest importer of sugar.

The European Economic Community was not party to the new agreement and this year had 3 480 000 tons available for export. The production was subsidised.

Mr Lloyd said it was clear from these facts why the world price was about ₤100 a ton.

"The South African industry needs ₤150 a ton to break even. The industry was granted a price increase of R60 a ton at the end of last year for sugar sold on the local market, and it will not be easy to get a further increase.

"All we can do is report the facts to the Government and see what transpires."

A further complication was that South Africa was allowed by the International Sugar Organisation to export 680 000 tons in the current year.

"We will produce 2-million tons. The sugar terminal will be used to store 150 000 tons, which is the maximum we may stockpile.

"The stabilisation fund had a balance of R94-million at the end of April."

Mr Lloyd said there would have to be restriction in the industry, and this would not please cane farmers. On the other hand, if there was another increase in the South African price it would cause consumer resistance.

N.M. 6/6/78

S.A. Africa's No. 1 cane sugar maker

(3 - Sugar)

Deputy Financial Editor

SOUTH AFRICA is now producing 43 percent of the cane sugar made in Africa, Dr. Gerald Thompson, director of the Sugar Research Station at Mount Edgecombe, told the annual meeting of the Sugar Technologists Association yesterday.

Forecasting the progress of the sugar industry in the next 40 years, he said it was essential that "we remain free to guide our own destinies in a disciplined way, and for technologists to play their part, free from social or political upheaval."

He pointed out that in six years from 1970 sugar cane output fell by 41 percent in Somalia, 86 percent in Uganda and 68 percent in the Congo while in South Africa it rose by 200 000 tons to 1 800 000 tons.

Energy

He said that the energy value of trash based on a crop of 100 tons a hectare was sufficient to operate a tractor for 500 hours. There was enough energy in the cane trash to meet the energy requirements for agriculture for the whole country for a year.

Alcohol would be produced from cane juice or molasses, and a process might be devised to produce ethylene for plastics.

System

Cane mills would not be changed cheaply and Dr. Thompson envisaged a system where the recovery factor would be reduced to about 70 percent and the impure solutions remaining would be used to produce alcohol, vinasse would be used as fertiliser, and bagasse would be broken down to produce more alcohol and converted from cellulose while lignin would be burnt in the conventional fashion.

White sugar would be produced by an ion-exchange process directly. The sugar factory of the future could comprise a continuous process controlled from a remote centre. The continuous vacuum pan was an important step in this direction.

Records

The cane farmer would be helped by computers to keep records and assemble data and monitor the progress of the crops. These would be harvested at different periods to get the best yield for sugar or alcohol.

An increase in mechanisation was forecast. It would be a gradual but consistent trend. The industry could also be used to supply about 2 000 tons of phosphorous from filter cake which could go into fertiliser.

Problem

Drip irrigation would be used and good conservation would make a considerable impact on the sugar canefields of the future.

One problem which would probably still be with farmers in 2018 was Eldana. Dr. Thompson said it would probably be controlled but it was not possible to predict its resurgence which had little to do with the control measures instituted by farmers.

SMILES FADE AS AGREEMENT DOUBTS GROW

11/6/78 Sunday Trib
(3) Sugar

Sugar's sudden price zoom sours

By Alan Peat: Finance Editor

A SUDDEN rise in the London daily sugar price on Tuesday caused optimists to talk about a major international recovery.

These voices were strengthened by drought delaying the beet planting in Europe, and harvest collapses in small sugar producing areas such as the Phillipines and Peru.

But both foreign and South African experts are chary about results in the medium to long-term despite a short-term shot in the arm for some export producers.

While the London daily sugar price bounced up by 20 percent to 105 pounds a ton, the upsurge only lasted a couple of days, and the weekend price was back about the now familiar, dead, bottom-point of 100 pounds.

And with the free market overstock position likely to reach the disheartening figure of 30-million tons by the start of the international year on August 1, the chance of recovery being anything else than a short-term jump is unlikely, according to London sugar traders Rudolph Wolff.

In fact, the international estimates for the surplus are in some cases even worse.

The SA Sugar Association's general manager Peter Sale and export manager David Hardy are not clapping their hands about the rise, except for its unusual occurrence at a dull time.

Their big focal point is on the possibility of the US and the EEC ratifying the 1977 International Sugar Agreement.

Sale and Hardy are sceptical about the future of the ISA unless the Americans ratify it by their proposed deadline of June 30, and the EEC by the end of the year.

American compliance is not ensured at all, although four of America's big processors, Imperial Sugar, National Sugar Refining, North American Sugar and Savannah Foods have pressed for urgent Senate approval of the ratification.

But there is also a big demand among producers for a protective subsidy which, apart from causing unwanted price rises on the domestic market, would be a political battleground.

Hardy is not optimistic about EEC entry, although they are talking about positive meetings with the eight-member International Sugar Council and the acceptance of the idea of a "parallel discipline".

They — and especially the French it is said — do not like the low quota limit and are making their voices heard in the EEC Commission.

A helping hand offered to Commonwealth countries after Britain joined the EEC is also a bugbear for the European decision makers.

There, a consoling 1,3 million ton annual import at about twice the present London daily price, is a hangover the Europeans have as an extra surplus to their own over-production until the agreement finishes in 1982.

And that, along with the EEC's normal inter-member battle on agricultural arrangements, is likely to put them off ratifying the ISA.

Without any reason to forecast an export market price rise in the medium term, and a probable ISA disintegration, the local industry's hopes for a swing toward profits are likely to be thwarted.

Indeed, Cane Growers Association chairman Ernie Morrison's statement of an overall seven percent cut-back in cane planting only emphasises the cost-cutting South Africa faces.

(3) sugar M. Mercury 14/6/78

ZULUS REAP BENEFIT OF CANE LOANS

African Affairs Correspondent

ZULU cane growers delivered 638 000 tons of cane to the mills in 1977-78, an increase of 220 000 tons in two years, largely because of loans and advice from the sugar industry, said Mr. Anson Lloyd, chairman of the South African Sugar Association yesterday.

Speaking to the Durban Rotary Club, Mr. Lloyd said Zulu production was expected to reach 1 000 000 tons by 1982.

The sugar industry established a R5 000 000 fund which began operating in 1973, and extended loans at low interest rates to African cane growers.

At the same time the industry has given small farmers the benefit of its expertise and has helped them by ploughing, planting and marketing.

In existence now for four years, the project had seen the extension of loans to 4 250 Zulu growers, 379 Indian growers and 26 Coloured growers in the Dunn Reserve.

The value of the loans stood at R4 792 676 and the area developed was 13 131 hectares.

Training

In 1973-74 the revenue received by Zulu farmers was R2 600 000 but by 1977-78 they had increased this to R7 700 000. Mr. Lloyd expected KwaZulu growers to receive about R14 million by 1982.

The fund was also used to build three new farmers training centres at a cost of R596 558 and within the first year more than 6 000 men and women attended a wide variety of short courses.

The fund also sponsored travel and study grants to enable leaders and potential leaders to visit other countries to study development trends and techniques in rural communities outside South Africa.

DOUBLE STOREY HOSTELS IN LANGA ZONES

Sugar industry facing a crisis

● FROM PAGE 1

Sugar Agreement had so far failed to induce a recovery in export prices.

Mr. Chance described as "unwise" the Government's decision to reduce the controlled selling price of sugar at a time (in 1974) when production costs and inflation were rising.

He also blamed the Government for delaying the increase in the local market price of sugar in spite of repeated warnings from the industry that a crisis was looming.

"Increases had to be so large to keep the industry solvent that there was immediate consumer resistance."

He said the price-rise, when it came, was too late and had led to the Price Stabilisation Fund falling from nearly R100 000 000 to its present R9 600 000.

Asked to give his views on the cut in quotas, Mr. Peter Sale, general manager of the South African Sugar Association, yesterday described the reduction as a "crisis for the industry."

He said South Africa's sugar exports had dropped from 1 300 000 tons in 1977 to an estimated 680 000 tons this year.

He said the reason for this was a massive world surplus of sugar.

Mr. Sale said world stocks of sugar were estimated at 33 million tons — a surplus of 10 million tons which could not be sold.

According to Mr Sale the virtual collapse of the world sugar market was due to the failure of the American Congress to ratify the International Sugar Agreement.

He said America was the world's largest importer of sugar and because of uncertainty following their action, the world price of sugar had remained at a low of £100 a ton instead of rising, as had been hoped, to £146 a ton.

Cane growers face a crisis

③ Sugar. N. Mercury 15/6/78

Agricultural Correspondent

THE South African sugar industry is facing one of its worst crises. Many cane growers may have to sell their farms and an estimated 2 000 000 tons of cane is expected to be left standing at the end of this season.

Some growers would have their quotas cut by as much as 23 percent and if the position did not improve next season cuts of up to 30 percent were expected.

The total effective cut in production compared with last season will, for most growers, average 8 percent for this season.

This shock announcement was made in Durban yesterday by the chairman of the South African Cane Growers' Association, Mr. John Chance, when he addressed the association's annual meeting.

Mr. Chance said it had been hoped that such large cuts would not have to be made.

The drastic action taken by the association would mean that many sugar farmers would be forced to sell their farms because they would not be able to survive the loss in income.

Some 20 million tons of cane were due to be harvested this season and now hundreds of hectares of sugar cane would remain uncut.

Mr. Chance said the reasons for the cut in production were:

South Africa was still selling sugar on the local market for less than the costs of production.

The large price increase to consumers had reduced local market sales by nearly 10 percent last season; and

The new International

● TURN TO PAGE 2

INSIDE A HOSTEL IN THE ZONES

Price rise probable next year

NM 16/6/78

Domestic sugar to cost more

3-SUGAR

Agricultural Correspondent

THE DOMESTIC price of sugar will almost certainly go up next year as a result of the low price of sugar both on the local and overseas market.

Following the announcement that production will have to be cut by reducing quotas, sugar industry officials believe that the domestic consumer will have to pay higher prices before the end of the season in April next year.

The industry knows that putting up the price will damage the local market. Last season, following substantial price hikes, sugar sales fell by 96 000 tons or 8,4 percent.

According to Mr. A. J. Ardington, vice-chairman of the S. A. Cane Growers' Association, "a further price increase while absolutely vital for the industry, will nevertheless adversely affect consumption still further."

Chairman of the Cane Growers' Association, Mr. John Chance, said yesterday that the Government would have to step in and assist the industry.

Future bleak

"They won't leave us to sink but at the same time growers and millers will have to absorb much of the loss."

And the future for the industry does not look bright at the moment. General Manager of the S. A. Sugar Association, Mr. Peter Sale, said yesterday that world stocks of sugar will total some 33 million tons by August this year — a level which will be considerably in excess of the normal level of 18 to 20 million tons.

Mr. Sale said other contributory factors to the present uncertainty in the international sugar market were the failure of the United States to date to ratify the International Sugar Agreement and the heavily-subsidised exports being made by the E. E. C., who have, he said, "not shown any definite signs of finding a way of joining the agreement."

Business Times

3 Sugar

18/6/78

(Swaziland)

SA sugar sales facing big cuts

By NEIL BEHRMANN

LONDON. — Sugar brokers in London say there will be a huge worldwide surplus in 1978. This indicates low export prices for South African producers, who will be forced to cut export volumes once the new International Sugar Agreement takes effect.

Sugar brokers Ed and F. Man and C. Czarnikow say world sugar production will exceed consumption by seven-million metric tons this year.

The price continues to fluctuate near its year's low, with the London daily price at 98,50 pounds a ton this week, while in New York the July price was 7,07c for the 1977 to 1978 season

Czarnikow estimates that world sugar output will be 92,7-million tons, while consumption will be only 85,7-million tons. By the end of August world stocks of sugar could reach 33-million tons.

Sugar analysts say the minimum stocks for carrying purposes will be around 20-million tons — about 20 per cent of consumption.

The true worldwide surplus is thus 13-million tons. When the market was stable in the past, total world sugar stocks used to be 20 to 30 per cent of consumption.

When stocks reach, or exceed, 30 per cent of world consumption, the market will be depressed. The oversupply situation is so severe, that stock levels could become as much as 38 per cent of consumption as the year progresses.

Dealers acknowledge that the ISA has helped the market without it, prices would have been much lower. But E D. and F. Man notes that by maintaining an artificially high price, the agreement is also discouraging consumption. Under a free-market mechanism, consumption would be rising rapidly in response to unrestricted prices.

The ISA aims at stabilising prices between [illegible] and 21c a pound, by [illegible] the flow of exports to the free market through [illegible] quotas and buffer stock operations.

ISA are subject to export quotas which are 85 per cent or 81,5 per cent of agreed, basic export tonnages. South Africa, for instance, has in terms of the agreement an annual basic export tonnage of 875 000 t.

The quota system allows South Africa to export only 713 000 t of sugar from April 24, this year — a sharp reduction on previous years' exports.

In 1975, South Africa produced 1,97-million tons and exported 808 0000t.

In 1976, SA sugar producers' output was 2,11-million t, of which 859 000 t were exported.

Last year SA produced 2,37-million t and sold 1,38 million t to Japan, Canada and the US. This year the volume of exports will be almost half and there is a likelihood of depressed prices.

"The South African sugar industry's can at least be comforted by the fact that it is much more efficient than many other countries," says a sugar economist. "In relation to others, it is also not over-extended."

Thailand and the Phillipines, other cane producers, are especially vulnerable to the misfortunes in the world market. To limit sugar production, Brazil has decided to convert nearly 2,1-million tons into alcohol.

Common Market countries are not subject to the international sugar agreement. But producers have been heavily subsidised out of EEC taxpayers money and, says Czarnikow, the sugar sector has become one of the largest drains on the EEC's agricultural fund.

The EEC's surplus of white sugar is in the region of three-million tons. The internal price for the EEC is 240 pounds. With white sugar quoted at 111 pounds, the EEC's agricultural fund must finance the difference.

According to the market, the EEC must have sold at least 1,5-million t at prices of 100 pounds below the internal price — hence the drain on the agricultural fund and taxpayers' pockets

• See also Page 4

SUNDAY TIMES, Business Times, June 18, 1978. (3) Sugar

No hope of quick sugar revival

SUGAR prospects look grim and there's little hope of a revival in the next few years, says Tongaat Chairman Chris Saunders in his annual report.

By DON WILKINSON

Prices are depressed worldwide, indicating record outputs, and heavy stocks held by exporting countries.

Pleading for an increase in the domestic price of sugar, Mr Saunders points out that even with ratification of the new International Sugar Agreement, Tongaat and the rest of the South African industry will be unable to recover costs through export and domestic sales.

Until the new agreement, aimed at stabilising international markets, is accepted, all countries "must expect to pass through a difficult period of financial stress" for several years.

Stabilisation Fund is shrinking fast. At the end of the 1978 season it had only R9,6-million — one-tenth of the figure three years ago.

Tongaat has had a record year, increasing its share of industrial sugar output and raising its contribution to group pre-interest profits by 46 per cent to R5,7-million.

Mr Saunders does not say what effect he thinks the depressed sugar market will have on group profits and does not refer to the 23 per cent cut in cane quotas imposed by the Growers' Association.

But he expects that the Primrose acquisition will help offset the loss of earnings in the sugar division.

He expects earnings in the current year to be the same as last year's: 65,2c (61,8c in 1976-77) from which a 25c (24c) dividend was paid and

The building industry is admittedly still depressed, but another big deterioration is not expected. Major benefit of the Primrose deal is the leading position it gives Tongaat in the brickmaking field in the country.

Further benefits will soon be felt when Primrose and Coronation merge. Rationalisation will bring about big savings.

The potential for a surge in profits nevertheless hinges on the State implementing schemes for low-cost housing. The group is preparing for such an occasion.

Mr Saunders says he is not content to leave the present basket of Tongaat interests unchanged. Expansion will inevitably result in the acquiring of existing businesses and moving into new areas based on a minimum 14 per cent after-tax return on investment.

The recession has left a wide choice of listed and unlisted firms ready for takeovers. Some of these firms, given the Saunders ginger, can be run more efficiently and be the answer to Tongaat's aims. Many of these firms can be had at far less than the net asset value.

"The Tongaat picture changed much last year, particularly in the composition of its debt.

Short-term debt repayments amounted to about R7-million, while long-term debt increased by R14,3-million, bringing debt to 26,9 per cent of capital employed — up from 24,4 per cent but still within the group's target limit of 33 per cent. Mr Saunders's remarks indicate another rise this year.

Interest last year took 30 per cent of gross profits, but any future borrowings are likely to carry lower rates, as the rates pattern is well down on a year ago.

The sugar gloom, emphasised by Hulett's setback — Tongaat derives considerable investment income from Hulett's — and the improbability of much progress this year on the building side, makes it difficult to be more optimistic than the chairman.

Even with an increase in the domestic sugar price and a yield of 8,1 per cent at 310c on a repeated dividend, the shares do not offer much in the short term. Those willing to wait for Saunders to unlock that 58 per cent discount to the net asset value of 742c — and go acquisitive into the bargain — could have an exciting ride.


CHRIS SAUNDERS

Tiff is delaying signing of new agreement

By IRENE SAUNDERS

WASHINGTON. — A stand-off between the Carter administration and the US Senate over domestic-sugar legislation, may delay implementation of the International Sugar Agreement (ISA), but both sides agree that sooner or later it will be enforced.

The June 30 ratification deadline will arrive long before Senator Frank Church and his sugar-state senators reach accord with President Carter over providing sufficient price support for farmers.

Senator Church, whose Foreign Relations Subcommittee has jurisdiction over the ISA, has said he won't touch the pact until US growers are assured recovery of production costs.

However, to prevent the agreement from folding because of lack of US participation, it is expected that the ISA will vote this week to extend the deadline.

On one side of the pitched battle is the Carter administration with a proposal to guarantee US growers 14,65c a pound for raw sugar. On the other side is Senator Church's faction, which supports a Bill to boost raw-sugar prices to 17c a pound.

The president's chief economist has warned of a presidential veto of such "inflationary" legislation.

The agreement's objective is to use stockpiles and export quotas to stabilise raw-sugar prices between 11 to 21c.

Although the pact has been ratified by many other countries, US participation is considered necessary to make it a success, and to push the market up from its present 7,25c.

Independent sugar-industry observers are similarly pessimistic about the prospects for early US approval of the agreement.

"I think we will have ratification eventually," said John Stein, tropical products specialist with Shearson Hayden Stone.

"It's not a matter of not ratifying — just a question of some delay. But when one delays ratification, it further delays whatever positive aspects the ISA might, in time, have."

Mr Hurt said: "We don't see very much on the bright side for the sugar market. "The longer we go without a fully operative agreement, the less promising that looks."

SA sugar sales facing big cuts

(3) sugar Sunday Times 18/6/78

By NEIL BEHRMANN

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Sugar brokers Ed and F. Man and C. Czarnikow say world sugar production will exceed consumption by seven-million metric tons this year.

The price continues to fluctuate near its year's low with the London daily price at 98,50 pounds a ton this week, while in New York the July price was 7,07c for the 1977 to 1978 season.

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Dealers acknowledge that the ISA has helped the market. without it, prices would have been much lower. But E D. and F. Man notes that by maintaining an artificially high price, the agreement is also discouraging consumption. Under a free-market mechanism, consumption would be rising rapidly in response to unrestricted prices.

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SUNDAY TIMES, Business Times, June 18, 1978.

No hope of quick sugar revival

CHRIS SAUNDERS

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Until the new agreement, aimed at stabilising international markets, is accepted, all countries "must expect to pass through a difficult period of financial stress" for several years.

Meanwhile, the Price Stabilisation Fund is shrinking fast. At the end of the 1978 season it had only R9,6-million — one-tenth of the figure three years ago.

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BUSINESS TIMES
JUNE 18, 1978.

Swazi fertiliser 'thin edge of wedge'

Business Times
18/6/78 Swaziland

By TONY KOENDERMAN

OLIVER Hi[illegible]nging waziland fertilizer co[illegible]y inv[illegible] as this week accus[illegible] Fertilizer Society [illegible]nation, Africa of "opportu[illegible] by insts venture into [illegible] [illegible]nAfrican market.

"The Swaziland fertilizer industry is based on blending imported fertilizers," said the society's director, Dr Harry Luitingh. "They are imported at low prices in a depressed world market, which enables the importer temporarily to realise super profits.

Swaziland Chemical Industries and its marketing arm, Bonus Fertilizers, owned by Mr Hill's National Process Industries, have gained a 1 per cent share of the R300-million-a-year South African market.

Not much, perhaps, but local fertilizer interests see it as the thin edge of the wedge. South Africa's 14 fertilizer producers are not allowed to import the product as long as there is spare capacity within the country, but the Southern African Customs Union arrangement allows a Swaziland company to sell an imported product in this country.

Accordingly, the Fertilizer Society has applied for a protective tariff of R50 a ton on nitrogenous and phosphatic fertilizer imports

"Why should we allow imports of fertilizers at prices which are temporarily at levels below their costs of production if this serves to destroy our industry?" asks Dr Luitingh.

On the other hand, if the low prices are temporary, are they really a threat?

SA sugar sales facing big cuts

Business Times
(3) Sugar
18/6/78
~~(Swaziland)~~

By NEIL BEHRMANN

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Raymond Ackerman

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Money, d[illegible] and doin[illegible]

"A society in which the positio[illegible] made to correspond to human[illegible] would [illegible] be the exact opposi[illegible] would be a society in which pe[illegible] duty performed instead of fon[illegible]

THE ABILITY to make money is no more evenly spread in a society than is the ability to run 100 yards

23/6/78   3 - Sugar

pound range, the agreement is supposed to defend, cutbacks in export quotas have been in operation since then. Producers' basic export tonnages are now generally operating at 82,5% of original levels. But prices have failed to turn upwards and are now trading in New York around 7c per pound. "Behind the general bearish sentiment there is a growing disbelief in the effectiveness of the ISA," commented commission house brokers Bache, Halsey, Stuart in their latest review.

But in fairness to the ISA it is having to cope with a crushing stock overhang. Production is seriously outpacing consumption. A spokesman for London sugar dealers Czarnikow believes that world-wide stocks could rise to 32-33 Mt by the end of August. News of a massive Cuban harvest definitely hasn't helped matters. According to no lesser personage than Fidel Castro himself, Cuban production will exceed 7,3 Mt this year, the country's second highest output ever (in 1970 Cuba produced 8,5 Mt).

News of Castro's harvest success has come at precisely the wrong time for the sugar market and the ISA. Also, President Carter's showdown with his sugar producers is inopportune. The dispute revolves around producer demand for a 17c per pound guaranteed price to be introduced via a system of import control and tariffs. President Carter objects and has offered a degree of support 3c below that level. This has proved unacceptable, and unfortunately for Carter, one of the senators on the receiving end of some stiff lobbying from farmers back home is senator Frank Church of Idaho. He is the chairman of the senate foreign relations sub-committee, which is consequently blocking ratification of the ISA.

"We are confident some compromise will be achieved," the ISO's executive director Ernest Jones Parry told the *FM*. But there are those in the trade who are worried that a deal granting US farmers guaranteed prices beyond 14c might stimulate extra production.

There are two other points. The non-ratification of the agreement by the US has been a key factor in helping to delay by three months the introduction of Article 51 of the agreement. This relates to the raising of funds from levies to finance the ISA's 2,5 Mt special stock, 40% of which has to be accumulated this year. Finance for this stock, though small compared with producers' overall stock financing burden, will now be delayed until at least the last quarter of this year — a measure proposed by the ISO's executive committee last week.

The other point, according to the Czarnikow spokesman, is that the original decision by the US government to become a member of the ISA had been a "rallying point for several South American governments." But now "people are a little discouraged. You can't ignore the US situation," he added.

Meanwhile the executive committee last week put back the ratification deadline six months to December 31 to give the US and others, numbering around 20, further breathing space.

signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	**242,2**	**227,9**	**223,7**	**176,5**
% change on	—	6,3	8,3	37,2
P/E ratio	4,7	4,5	4,5	3,2
Div yield	8,9	9,3	9,1	12,1
UK *FT* Ind	**463,4**	**474,6**	**470,6**	**442,0**
% change on	—	—2,4	—1,5	4,8
P/E ratio	8,1	8,2	7,9	9,1
Div yield	5,8	5,6	5,6	5,3
US Dow Jones	**830,0**	**857,0**	**845,3**	**928,6**
% change on	—	—3,2	—1,8	—10,6
P/E ratio*	9,2	9,5	9,4	10,3
Div yield*	5,1	4,9	4,9	4,3
Gold price (in US $ London)	**186,4**	**182,6**	**184,1**	**141,2**
% change on	—	2,1	2,9	32,0
Krugerrand (Rand)				
Public selling price	**186,4**	**182,0**	**180,0**	**141,2**
% change on	—	2,4	3,6	32,0

**Standard & Poor index.*
Public buying is 10% below, subject to negotiation.

SUGAR AGREEMENT (3) sugar

Our man in Havana

FM.. 23/6/78

London sugar prices have been shaken by yet a further bout of gloom generated by growing disenchantment with the new International Sugar Agreement (ISA) and news from Havana that Cuba's sugar crop this year could be around 800 000 t higher than last year's 6,5 Mt.

A serious domestic sugar dispute between US producers and the government is also having both a direct impact on sentiment, and also an indirect effect — one of the consequences of the row is that Washington cannot ratify the ISA for the moment. By Tuesday the London Daily Price had slipped £5 to mid-March lows of £95 per ton.

The ISA came into provisional effect on January 1 this year and, as prices have been below the US11c-21c per

TABLE 21. NUMBER OF MEN AND WOMEN [illegible] COUNC[illegible]

AREA	MEN	WOMEN
1. Milnerton Municipal Area (farm labourers in Kilarney area)	1	
Stable 'boys' Milnerton	170	
2. Bakove[illegible] (domes[illegible] etc.)		86
3. Portws[illegible] Gate ([illegible] takers		81
4. Toll G[illegible] (inclu[illegible] Athl[illegible]		134
5. Kenilw[illegible]		65
6 Retrea[illegible]		174
7. Salt [illegible] Paarde[illegible] Indust[illegible]		7
8. Fishho[illegible]		2
9. Finela[illegible]		15
10. Sim[illegible]		1
11. T[illegible]		
12. Be[illegible]		
13. Bisho[illegible]		12
14. Const[illegible]		6
15. Kirs[illegible]		
16. Otte[illegible]		
TOTAL	2,67[illegible]	783
CITY COUNCIL TOTAL:	9,489	

3) sugar

INTERNATIONAL SUGAR

World-wide pessimism

FM 23/6/78

The International Sugar Agreement, effective from January 1, is coming under heavy fire.

A segment within the SA sugar industry has always held in private that the country could do better on its own in world markets without an agreement which limits its export potential. But such heresies are kept private — in public a united front of support for ISA membership is preserved.

Now some caustic comments on the ISA have come from London sugar broker ED & F Man. They believe a surplus of 7 Mt "seems almost certain for the 1977/78 season" and that the ISA "is undoubtedly perpetuating the oversupply by discouraging immediate production cutbacks" and "will be hard pressed to achieve anything but a postponement of producer sufferings."

Further, Man charges that "by maintaining an artificially high price the agreement is also discouraging consumption which, under a free market mechanism, would be rising rapidly in response to an un[illegible]ed price."

Sug[illegible] [illegible]ciation chairman Anson Lloyd, [illegible] in London for an ISA meeting, feels this sweeping condemnation is unduly harsh. "The ISA came into force on January 1 and it's too early to expect results. Most of the 7 Mt surplus came from just three countries — France, Russia and Brazil." In France and Russia (beet production) climatic factors played their part, but Brazil has been expanding its sugar production for fuel purposes and is suspected of using sugar to furth[illegible] its political ambitions at Cuba's expens[illegible]

Lloyd believes that Man's views [illegible] "part and parcel of the world-wide pe[illegible]mism about sugar." However, he con[illegible]cedes that "it will take far longer than w[illegible] expected to reach the lower end of the price range agreed upon in the ISA. There was massive dumping towards the end of last year to beat the export quota restrictions, and these stocks are still hanging over the market. Latest figures show that stocks are 36,5% of world consumption."

In the circumstances it seems astonishing that the world price continues to hover around the £100/t mark. In 1970, when stocks were only 22% of world consumption, the average London Daily Price (LDP) was a mere £40/t.

The SA Sugar Association's export manager David Hardy believes the comparison is not necessarily valid, for two reasons. Firstly there are currency and inflation factors; and secondly "very little trading is taking place at present" which, in a sense, makes the LDP a nominal figure. "I think it's generally recognised," he says, "that if the price dropped much below £100/t most of the world's sugar industries would be ruined."

As it is, SA will be exporting its allowed 680 000 t quota at a loss in the season which started on May 1. All indications are that it will not only have to finance stocks under the ISA at great cost but will also end the season considerably in the red, with the price stabilisation fund cushion long since vanished. So a key issue being discussed in London is the whole question of financing stocks.

The I[illegible] is also due to elect a new ch[illegible] of Ernest Jones-Parry, who ha[illegible]

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is stipulated that all improvements become the ... m

no compensation can be claimed if the house ...

HOME SUGAR ③ Sugar

Some sweetness

FM 23/6/78

Although the sugar industry outlook for the next two years is bad, there are patches of light grey in the gloom.

"About 27% of this season's export allocation under the ISA has been either priced or hedged forward on the futures market to average £113/t, which is somewhat better than the ruling price of £95t," Frank Jones told sugar millers in Durban on Wednesday in his annual chairman's address to the SA Sugar Millers Association.

Other points he made were:

- Domestic market sales of sugar dropped by 8,4%, with manufacturers' offtake down 12,3% and direct consumption 7,1% lower;
- About 1,4 Mt of cane will have to be left unharvested this season;
- Productivity gains are possible. Experiments at Amatikulu have shown that by cutting the time between harvesting and crushing cane by 12 hours, over a full season, another 10 000 t of sugar could be produced from the same quantity of cane;
- Cane transport cost quarrels have been settled and a new distribution scheme came into effect on May 1.

Despite these restrictions, many houses have been extended and improved. The tenants have added bedrooms, diningrooms, lounges, kitchens and bathrooms whilst in a large number of those houses without additions, electricity, ceilings, flooring and cupboards have been installed. Comfortable and attractive interiors are often found in a house which outwardly differs little from its neighbours.

Problems: Occupants wishing to improve their accommodation face great difficulties, not the least of which is the problem of getting plans drawn, submitted and approved. To avoid paying high fees, many tenants employ inexperienced draughtsmen to prepare the drawings and often find that the resultant plans do not comply with regulations. To the average Black householder, the approval process appears lengthy and complicated. The proposal must be submitted to the Township Superintendent; to the BAAB Department of Works and finally to the City Council or Divisional Council, entailing numerous inspections and considerable time.

Other problems are of a technical nature. Because of the design of the original house and the construction in terraces, additions are difficult and costly. In all but the houses at the ends of the terraces, extensions are limited, as shown on the plan, to the back or front of the building. In addition, further problems become evident when the addition of even a single simple room is considered. Firstly, the existing eaves level is so low that it is impossible to make the ceiling of the proposed new room high enough to meet existing building regulations without a fairly complex and expensive roof structure. Secondly, the new room is likely to obscure the windows

3 (Sugar)

Probe into SA sugar lobby

WASHINGTON — The United States Justice Department has ordered an investigation into the activities of South Africa's paid lobbyist firm in Washington for possible breaches of American law, it was confirmed yesterday.

Notice of the investigation was given to Congressman Charles Diggs, chairman of the Africa subcommittee of the House of Representatives by Mr John Kenney, assistant Attorney-General of the criminal division.

The move was prompted by congressional complaints about the activities of agents acting for South African sugar interests.

A Justice Department suit has already been filed against Casey, Lane and Mittendorf, a New York law firm that acts for South African sugar interests.

The suit claims the firm violated the Foreign Agents Registration Act by failing to disclose that its clients had granted favours to members of Congress in its reports to the Justice Department.

Law firms and other representatives of foreign interests are required under United States law to register with the Justice Department, disclosing the fees they are being paid and how they earn them.

Records apparently fail to show that the New York firm had registered itself.

But, in addition to that, Mr Kenney said the department was probing other investigations of registered agents for the South African Government.

"If any violations are discovered, you may be sure we will proceed against them under the law," he said.

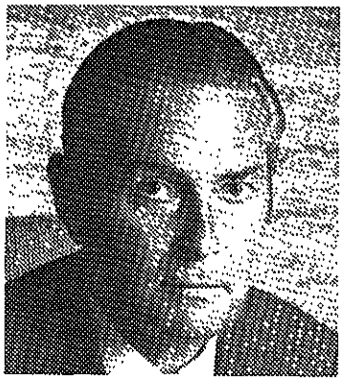
Mr Carl Noffke, information counsellor at the South African embassy here, insisted yesterday the probe was routine.

He said he knew of no violations of the law by South Africa's registered lobbyists. — DDC

③ sugar FM 23/6/78

The Tongaat Group Limited

Chairman's Statement



Mr C.J. Saunders, Chairman

Review of the 1977/78 Year

It is my pleasure to report to shareholders that the Group has for the ninth successive year achieved record sales, profits and earnings per share. The turnover of the Group increased by almost R15 million to R160 million, while the consolidated profit after tax increased to R10 760 000. Earnings per share increased by 3,4 cents per share to 65,2 cents per share. The achievement of new records under the difficult circumstances that have faced the Group is indeed a credit to management and again reflects the justification of the diversification policy of investment in contracyclical industries that has been pursued over past years.

The Sugar Division returned excellent results and the profit of the Division increased to R5 731 000. The profit was achieved on a record level of production, together with an increased share of the total industrial sugar production. Unfortunately, the short term outlook for the Industry is bleak in view of the depressed world prices and record production levels coupled with the heavy stocks held by exporting countries. The situation that is now faced by the Industry is one where revenue anticipated from export sales under the new International Sugar Agreement plus domestic sales at current prices, will not be sufficient to cover costs and the modest return on capital which is permitted by Government. The balance in the Fund at the end of the 1977/78 season stood at only R9,6 million, compared with three years ago when it was R94 million. This balance will be completely used during this year and on present indications there will be a considerable deficit in total Industrial proceeds. It is a fact of life that a degree or cyclicality in world prices is inevitable, and it is therefore essential that the domestic price should be pitched at a level that will provide a stable base of revenue for the industry, so that the Price Stabilisation Fund will be able to function as it was originally intended.

During the past ten years, the Sugar Industry has made a significant contribution towards the balance of payments of South Africa by becoming the exporter of one of the largest single commodities capable of earning foreign exchange. In fact, sugar has reached the position of being one of the main producers of foreign exchange and during the past six years has earned R1 000 million.

As has been stated before, in the absence of an effective International Sugar Agreement from 1973 to 1978, the past five years evidenced serious disruption and wild fluctuations in prices. Hopefully this is a temporary situation and the new International Sugar Agreement which was ratified on 1st January 1978, is expected within the next two years to restore order and stability to the world market. In the meantime all sugar exporting countries must expect to pass through a difficult period of severe financial stress.

The Industry has an export potential of one million tons of sugar per annum. Contrary to popular belief that the export market has always been a dumping ground for cheap sugar, it is necessary to emphasize that sugar sold in the South African local market has always been among the cheapest in the world, and therefore it is the export market for South African sugar that has subsidised cheap sugar for South African consumers. This statement is proved by the fact that since the end of World War II, the net return for sugar sold in the export market by South Africa has been higher than the net return allowed by Government for sugar sold in the local market during no less than 20 of the past 33 years.

The Industry is committed to long term investments and contracts with major importing countries, and if it is to maintain its position as the fifth largest sugar exporting country in the world, then it is necessary for the local market to make its contribution to the economic viability of this primary agricultural industry which is one of the pillars of the national economy.

The Building Materials Division marginally increased its contribution to the Group's earnings in the year and I believe this achievement is a credit to the versatile and innovative response of management to the changes which it experienced in the market place. The changes in the brick market during the past two years have been far reaching, with the traditionally large percentage of brick production that has been absorbed into white residential housing declining significantly. This reduction in demand has been accentuated by the fall off in immigration which over the years has represented a significant factor in new housing. The impact of these changes has now been absorbed by the brick industry and conditions should not materially deteriorate any further. It is expected that demand within the construction industry will revive, but that it will be relocated in new sectors such as low cost housing, and the Building Materials Division has instituted planning to adapt to the changing circumstances.

The acquisition of a 33 percent interest in Primrose Industrial Holdings Limited, which represents a major thrust by the Group into the Transvaal area with its concentration of construction and building activities, now means that the Group is strongly represented in all market areas and will benefit from increased localised demand arising in any part of the country. It has been announced by Primrose that they, together with Coronation Industrials Limited, are investigating the possibility of merging the activities of the two groups, either in whole or in part, in order to maximise operational economies for the mutual benefit of shareholders and the building industry.

Whilst the Textiles Division was unable to match its profit performance of the previous year, its results are pleasing and creditable when viewed against the extremely difficult conditions experienced in the textile industry. The acquisition of Prilla Mills in Pietermaritzburg during the year extended the range of the Division and increased its ability to adapt to changing customer requirements. Despite the problems of the industry, I view this as an area in which there are substantial rewards for dynamic and aggressive management, and I believe the industry will continue to offer opportunities for growth in earnings in the coming years.

The Foods and Feeds Division profit contribution increased materially due largely to the success of the Mushroom operation in both the domestic and export markets. Improved profits were also achieved by the Feeds companies which flowed from product development and capital investments undertaken in previous years. Unfortunately, the egg industry suffered from enormous surpluses during the year and the operation was not able to earn a profit. I believe the situation within the egg industry is now so serious that action by all concerned must be taken to ensure its future stability.

United Electronics and Trivetts enjoyed a good year with Trivetts

TONGAAT

recording a 30 percent profit increase despite the depressed conditions pertaining in parts of the electrical engineering industry. This Division is very well situated to expand and to exploit the opportunities that exist in its fields of activity and I feel confident that its contribution to Group profits will increase substantially over the coming years.

Group Financial Goals and Objectives
The Group has achieved an enviable record of growth in earnings over the past 5 years and, despite the relatively modest increase recorded in 1977/78, has the structural and financial potential to average a comparable growth rate throughout the span of its planning horizon to 1982. The realisation of this potential within that time span depends to a great degree upon the limitations placed upon the Group by the state of the economy and political developments.

The expansion of the Group to achieve its growth potential will inevitably result in the acquisition by the Group of existing businesses and expansion into new areas of activity. It is therefore appropriate to view acquisitions against the Group's stated investment criteria, particularly bearing in mind the objective of a 14 percent after tax return on investment. Under the present economic conditions it is not unusual for the net asset value of the acquired business to exceed the price paid. In such cases it will be the Group's policy to regard the new investment on which to measure the return as being the sum of its cost to us, together with the total interest bearing debt of the acquired business. In the case of new capital projects undertaken by the Group the return criterion remains a minimum of 14 percent after tax.

We do not believe it is prudent to revise the limits set to our long and short term borrowings in relation to capital employed, although such borrowings will increase to higher levels than experienced in the past, but we expect to be able to maintain the position where total interest bearing debt of the Group ranges between 30 percent and 33 percent of total capital employed.

In my review last year, I referred to the ongoing programme which the Group is following of improving the overall return on capital employed, and I am particularly pleased in the circumstances to inform shareholders that further progress has been made in this regard. There is still scope for improvement and the programme will be continued.

Labour Regulations
The Group is conscious of the need that exists within the South African scene to move speedily towards the elimination of discrimination based on colour, and is reviewing the various discriminatory measures which continue to exist in its operations. These measures will be evaluated in the light of the statutory constraints and requirements of the country and, where the continuation of such practices is not obligatory, the Group will take the steps necessary to reduce and eliminate such discrimination.

The necessity for the removal of the differential in emoluments paid to Black, Indian, Coloured and Whites has been recognised and the Group has introduced the Paterson Job Evaluation system. In terms of this system the remuneration of any particular person is dictated by the decision-making activities inherent in his position. The conditions of service and remuneration of every employee of this Group will then be related to the applicable Paterson grade, and will be independent of race, and the employment opportunities and potential for advancement within the Group will be subject only to the abilities of the individual concerned.

These developments, while in themselves of importance, will not necessarily eliminate all the problems of discrimination inherent in any contemporary South African industrial situation, but they will go a long way towards providing a basic structure which will enable the Group to pursue its commitment to the removal of discrimination, particularly that based on race.

Future Prospects
We are already into the 1978/79 year and the long heralded economic recovery is showing its first signs. I believe it is unrealistic to expect the growth in the Gross National Product in 1978/79 to be anything but marginally better than 1977/78 and, indeed, bearing in mind the record agricultural season last year, other sectors of the economy will have to perform particularly well if the country is to achieve modest overall growth. Within this environment, the Group will actively seek new business opportunities in pursuit of the objectives we have set ourselves. We expect the acquisition of Primrose to help offset the loss of earnings likely in the Sugar Division this season, and we are aiming to achieve earnings per share similar to those of last year.

Directorate and Staff
During the year Mr W.J. Héfer was invited to fill the vacancy on the Board of Directors which arose following the resignation of Mr D.B. Hoffe. Mr E.S.C. Garner was appointed Financial Director of the Group.

The difficult year experienced by the Group has made severe demands upon management and staff and I would like to take this opportunity of expressing my thanks to all of them and also to my colleagues on the Board for the loyalty, efficiency and devotion they have exhibited to the Group during this year.

C.J. Saunders, Chairman
Maidstone, Natal
26th May, 1978

Comparative Highlights	1978	1977	1976
Consolidated profit after taxation (R000)	10 760	10 201	8 451
Earnings per ordinary share (cents)	65,2	61,8	51,1
Dividends per ordinary share (cents)	25,0	24,0	20,0
Total assets (R000)	207 004	197 384	174 720
Ordinary shares issued (000)	16 331	16 304	16 301
Book value per share (cents)	742	696	669
Turnover (R000)	160 061	145 237	116 287
Number of employees	16 716	17 715	18 174

RDM 24/6/78

Pretoria Bureau

Sugar hike hits poor

3 Sugar

THE 10,3% rise in the sugar price — it includes the 4% General Sales Tax from July 3, is another heavy blow to the lower income groups, particularly blacks.

It comes after increases earlier this year on the prices of mealie meal and milk — products on which blacks spend a large part of their incomes.

From October 1 the price of brown, and possibly white bread is certain to be raised.

The SA Institute of Race Relations said the impact of the price rises on basic foods would aggravate widespread poverty in urban townships.

Yesterday the Housewives' League said it was horrified at the steep rise in the sugar price. The league warned of greater consumer resistance and a fall in demand for sugar. It pointed out that in December last year the price was raised by 23,5%.

The league said a 2,5 kg pack of sugar costing 87c will cost 96c from July 3.

Meanwhile, the general manager of the SA Sugar Association, Mr Peter Sale, said the 6% increase would raise the producer price to a "break even" level. Until now sugar has been sold on the local market at less than production costs, he said.

Because of a sharp drop in world market prices, the industry's stabilisation fund, of only R9 600 000, was no longer able to support the local price, Mr Sale said.

In Parliament recently the Minister of Economic Affairs, Mr Chris Heunis, said a satisfactory level for the fund would be about R400-million.

● The Consumer Price Index for May stood at 210. This is an increase of 0,5% compared with April, and 9,5% higher than May last year, according to figures released by the Department of Statistics, reports Sapa.

SUGAR FM 30/6/78

Tale of woe

③ sugar

Sugar shareholders have every reason to view the future with alarm. In the current season the industry stands to incur a deficit on its requirements, which include a return on capital, of anywhere between R50m-R80m before this week's expected sugar price rise. The London Daily Price (LDP), is £95/t, or R151/t.

No joy can be expected from the export market, which is subject to a fixed quota, and chances of this being priced above ruination levels as the season progresses are remote. Therefore the industry is obliged to turn to the local market for the missing millions.

It's not going to be easy. The market jibbed last year at the R60/t increase to R246/t and sales dropped 8,4%. True, there were other factors such as the state of the economy and a shortage of fruit in the canning industry which compounded price resistance.

However, for the industry to salvage its requirements, price rises of between R48/t and R77/t are indicated. A start is being made this week by raising the price 8% which becomes 12% with gst, to the consumer. This initial boost is roughly a third of the minimum increase required over the season.

In the circumstances it seems unduly optimistic to expect local sales to again reach last year's level of 1,04 Mt, more so since 60% of local sales are for direct consumption — bags of sugar over the counter. On the industrial side there is already some substitution of glucose and dextrose made from maize. As the sugar price rises substitution is likely to spread where it is technically possible.

High fructose corn syrups, which are capturing an increasing share of the US sweetener market, are not a threat locally as yet because of the high volume (100 000 t) requirement for a viable plant. If technology lowers that requirement it could be a different story — but there is certainly no immediate threat.

A likely scenario is that local market sales will reach only 1,02 Mt and that part of the shortfall in the industry's requirements will have to come out of company profits. It cannot be taken for granted that government would allow the industry to increase prices on the scale necessary to recover requirements in full from the local market.

This might not be too bad if there were some prospect of improvement in the following season. If there is, it is well concealed.

In the current season the industry aims to produce 2 Mt (2,08 Mt) including its entire stock requirement under the ISA, which means a cut of 200 000 t in the following season. This could be very severe because high fixed costs in the milling section require maximum throughput.

Some possible relief could come from picking up quota shortfalls and from an improvement in world prices once the ISA takes effect. Neither is certain, nor are the elements on which sugar, like every agricultural industry, depends.

Then there is the question of financing the stockpile which throws an additional burden on the industry. Facilities of $85m have been arranged to finance terminal market operations and the stockpile.

Sugar Association GM Peter Sale says the rates, at between 1%-1,25% above the London interbank rate, are favourable. Nevertheless to finance the stockpile over a full season would create a debt burden of about R35m.

In the Sixties it took the industry three years on a rising market to repay price support loans of R16m before the price stabilisation fund was created. So at very least the sugar industry looks like being in a debtor position for several years if and when things improve. The consequences for shareholders are obvious.

It is too early yet in the season to estimate what proportion of the crop will be produced by the big three but last season C G Smith Sugar produced 37,2%, Huletts 35% and Tongaat 10,1% of the total crop.

For the record, the industry's costs of R473m are expected to be partly met by receipts of R391m from producing 2 Mt of sugar: This represents 1,04 Mt sold on the local market; 195 000 t to stock; and 790 000 t for exports (680 593 t over calendar year under ISA quota). At the beginning of the season the PSF stood at R9,6m.

③ Sugar

DISCRIMINATION

Sugar goes Paterson

FM 30/6/78

The SA sugar industry is in the throes of eliminating race discrimination from its employment practices, judging by the C G Smith Sugar and Tongaat annual reports. It may not be entirely co-incidental that these declarations come when the industry is intensely vulnerable to pressure through its important export market. Convict labour was dispensed with many years ago to avert trouble, but last year's Tate & Lyle furore drew unwelcome attention to the fact that conditions were not all they might be.

To be fair, the industry has improved wages considerably over the past few years. The big three sugar companies, Smith, Huletts and Tongaat are adopting the Paterson system of job evaluation, and some smaller companies can be expected to follow.

By grading jobs according to the decision-making element and paying according to grade, factors such as race and sex are eliminated from the payroll.

"These developments," writes Tongaat chairman Chris Saunders, "will not necessarily eliminate all the problems of discrimination inherent in any contemporary SA industrial situation, but they will go a long way towards providing a basic structure which will enable the group to pursue its commitment to the removal of discrimination, particularly that based on race."

The system, used by Anglo American, is simplicity itself. A series of decision-making bands are created which can be sub-divided. At the top are those — for example, directors — whose decisions affect the entire enterprise, while at the other end of the scale are unskilled workers.

The Paterson system will be discussed with the unions in negotiations leading to a new agreement by March

Apart from being a neat way of solving an old problem the system has the merit of being known and accepted abroad.

Price slumps as sugar stocks pile up

RDM 3/7/78 Sugar

By NEIL BEHRMANN

LONDON. — The London daily sugar price fell to £94 on Saturday — its lowest for the year — following estimates that world production will be even greater than previously estimated.

World production for 1977 to 1978 is estimated at 93-million tons by sugar statistician F O Licht. This calculation was completed before Cuba's announcement of a production target of 7 300 000 tons, 400 000 tons higher than F O Licht's forecast.

According to sugar analysts, this would put world sugar production at 93 400 000 tons and with consumption estimated at 85 700 000 tons, the current year's surplus will be about 7 700 000 tons.

In these circumstances, world stocks will be around 34-million tons, or nearly 40% of a year's consumption.

Analysts say that since the Second World War the average stocks needed for carryover were about 20% to 30% of consumption. Stocks to ensure adequate supplies in a stable market would on present consumption range between 17-million tons and 26-million tons. So the surplus is effectively larger than 7 700 000 tons.

Sugar brokers C Czarnikow are concerned about the continuing disagreement between the Carter Administration and Congress. Worried about inflation, the Carter Administration backs the International Sugar Agreement which aims at a minimum world sugar price of 11c a lb.

For exporters to the United States the price is 13,5c a lb after fees and freight charges, compared with the market price of under 7c a lb.

With the International Sugar Agreement failing to push world prices to the 11c level, United States import duties and quotas place the United States imported price of sugar at 13,5c.

The United States Administration is prepared to increase this support price to 14c.

But Senator Frank Church, who heads the Senate Foreign Relations Sub-Committee and whose constituents include several sugar growers, is not prepared to ratify the International Sugar Agreement until domestic policy is worked out.

Basically, the sugar lobby in Congress wants to raise the price of imported sugar through duties and quotas to 17c a lb. The deadline date of the ISA has already been put forward from July 1 this year to the end of December.

Analysts are concerned that if the United States does not ratify the agreement before Congress goes into recess in September, it is unlikely that the ratification will take place in December.

Japan and several other nations have still to ratify the agreement if the United States does not. These nations may follow the American course.

So far the agreement has helped sentiment and kept the free market price above £90 a ton.

Understandably the market is uncertain. If the International Sugar Agreement falters following ratification delays from the United States, the price could plunge.

Chart Analysis Ltd shows that the sugar price is in an acute bear trend and with continual reports of surplus sugar the market remains gloomy.

The South African export quota will be around 680 000 tons this year. Some of these exports have been sold forward at higher prices and if the price remains at current levels the sugar industry will remain depressed.

3-SUGAR

Star 5/7/78

Sugar: grim year for industry predicted

By Anne Colley

Despite this week's increase in the domestic sugar price, South Africa's sugar industry faces a bleak future. Mr Peter Sale, general manager of the Sugar Association, said today that the increase just covers the cost of production but leaves nothing for a return on capital.

"So much depends on the world price though," said Mr Sale. "If that goes down we are back to square one and we won't be able to cover even the cost of production."

In the Huletts Corporation annual report released today, chairman Mr C Saunders points out that the International Sugar Agreement (ISA) which was designed to lift world prices through a quota system, has so far failed to do so.

"Even with the quota system enforced on member countries of the ISA, sugar production this year will exceed consumption and world stocks will increase to their highest levels since World War 2, says Mr Saunders.

MAJOR DISASTER

And only a major disaster in the sugar producing areas could restore the balance to supply and demand.

And Huletts is not the only company to paint a sorry picture of the future for the industry. Tongaat has described the situations as one where "the industry has good reason to face the 1978-79 year with apprehension" and CG Sugar, the largest of the three and South Africa's major producer, described the future as "serious."

Huletts has predicted lower profits in the current year as a result of the outlook, and having cut its dividend from 31c to 28c the dividend prospects for the 1978/79 year are not very encouraging.

Unless world prices improve, the South African industry may well have to cut production. And the possibilities of an improvement in prices in the near future are slim.

As Mr Sale points out, until the Americans ratify the International Sugar Agreement will not carry much weight or be very effective.

The US is currently locked in battle over its domestic sugar policy, with the local producers calling for higher import duties to protect their battling industry.

Until the domestic problem is resolved, the ratification of the ISA will not come up in Congress. The deadline for ratification has already been extended by six months to accommodate the US, and this alone had a depressing effect on the world sugar market.

Until this happens, the distinct prospects are that sales from the 1978/79 sugar crop in South Africa will not fetch enough to cover the cost of production, and the modest return that the government allows, as Mr Saunders puts it in his chairman's report.

The Natal Mercury,

Money for cane growers

NM 6/7/74 (Barclays)

Agricultural Correspondent

AFRICAN, Indian and Coloured small cane growers have received a welcome boost of capital from Barclays National Bank Development Fund.

The Financial Aid Fund, established in 1972 by the sugar industry to provide assistance for its small growers has been offered a loan by the bank of R500 000 for a period of five years at 3 per cent interest.

Had the bank not made the loan the fund would have been almost exhausted by the end of the present season and further development and rehabilitation of small cane farmers would have come to an end.

According to a spokesman for the sugar industry, the loan will be used to give assistance in the form of ratoon-management loans to farmers who require to fertilise their fields after the first crops had been harvested after initial development had been completed.

Mill shutdown puts jobs in jeopardy

Sugar N.M. 20/7/78

Deputy Financial Editor

MELVILLE Sugar Estates mill on the North Coast is to be closed down "as soon as possible" following the purchase of the estate by the Tongaat Group and C. G. Smith Sugar for R7 000 000.

There are 28 White employees and more than 100 non-White workers whose future is now uncertain.

Mr. Frank Jones, executive chairman of C. G. Smith Sugar, said that the deal had been concluded at a board meeting yesterday morning and was announced at the company's annual meeting at noon. A joint Press conference would be held today.

The estate, which has been owned by S. A. Board Mills since 1952, fell into the Anglo American stable when AMIC bought S. A. Board Mills at the end of 1974. It was then shifted to Mondi Paper who have now sold the mill and about 2 770 hectares of sugar-cane land.

Mr. Jones would not say anything more about the transaction other than its beneficial effect for their mill at Gledhow which would be assured of further supplies of cane. This would be equal to about 20 000 tons of sugar a year.

The additional cane supplies would "yield sufficient marginal profits for the group to make the investment an attractive one, more particularly in the present conditions of restriction in the industry."

The mill has an output of about 80 tons of cane an hour and produced about 40 000 tons of sugar last season. It is one of the small ones which must fall by the way as large mills, milling up to 300 tons of cane an hour, prove their ability to make large profits.

Smith Sugar is to pay R3 550 000 for the estate. It will also buy Smithchem, the furfural plant attached to the Sezela mill on the South Coast, for R3 550 000.

Smithchem earned profits of R362 000 last year and Mr. Jones considers it will be a sound, long-term investment. A large part of the output is exported.

Mr. Jones was gloomy about the local and world sugar scene. He said that while the local price had been increased by R20 a ton on July 3, this benefit had been offset by the fall in the world price which was £83,50 on Tuesday. A substantial amount remained to be exported and sold.

The industry would store 200 000 tons (worth about R4 000 000) and leave about 1 500 000 tons of cane standing over to next season.

There were three reasons for the poor world sugar price. First, the weekened situation of the dollar against the pound sterling. Second, the delay in the ratification of the International Sugar Agreement by America and thirdly, the small volume of physical trade in sugar. Many countries had bought large amounts last year and others were nervous about stocking up and were living from hand to mouth.

Workers

An air of despondency hung over the mill yesterday as workers discussed the shock news of their factory's closure and contemplated their futures.

Although rumours had been circulating since last week, mill employees first heard of the sale yesterday morning.

A circular from mill's general manager, Mr. R. Wyatt, told workers: "As many of our staff as possible will be placed in alternative employment and, failing this, the managing director has indicated that suitable financial arrangements will be concluded."

A White official summed up the feelings of workers when he said: "We had no inkling whatsoever. Everybody's upset and nobody knows what they're going to do."

3 Sugar 9r 21/7/78

SUGAR

(3) Sugar

Quest for quotas

FM 21/7/78

Latest estimate of the current season's SA sugar crop was given at this week's C G Smith Sugar agm by chairman Frank Jones.

"To minimise restrictions this season," said Jones, who is also chairman of the SA Sugar Millers' Association, "the industry is to build up export stocks of approximately 200 000 t of sugar which will permit a total crop of 1 998 000 t to be produced. It is estimated that 1,5m t of cane will have to be left unharvested and 690 000 t of this . . . falls within the group's supply area.

"Looking ahead to next season the industry faces the prospect of an even more severe restriction on production, as the crop requirement is currently calculated to be 1 780 000 t of sugar.

"This situation could improve if local market demand picks up or if there are quota shortfalls available for reallocation from other countries. With our exceptionally high ratio of fixed costs to variable costs and taking into account the current level of inflation, the industry's costs of production will increase further to put its requirements per ton of cane and sugar a good deal higher than in the current season."

With sugar at a low of £83,50/t, and a huge world surplus increasing, if anything the prospects of the next couple of years look dismal to say the least. With the pressure on it is clear that the days of the smaller sugar companies are numbered.

The Van Biljon Commission which reported on the sugar industry in 1970 noted that no new sugar mill would be established unless it could produce at least 60 000 t of sugar. The figure today is considered nearer 100 000 t and a new mill of that capacity would cost between R25m-R30m. On last season's figures Glendale (26 277 t), Union Co-op (44 493 t) and Entumeni (28 735 t) must all have queries over their survival in the face of rising costs.

In a sense both Tongaat and C G Sugar are protecting their huge capital outlays by taking over Melville. Tongaat has spent some R30m over the past few years on expansion and C G Sugar has outlayed R2,5m on increasing capacity at the Gledhow mill alone. To restrict mills of this size on throughput is an expensive exercise.

Taking in Melville's cane supply thus becomes survival of bigger fish at the expense of the minnows. Put another way, the sugar majors will try and protect margins at their large, capital-intensive mills by acquiring the minors and closing down their small mills to secure quota increases.

Sugar price rise warning

24/7/78 3 Sugar

DURBAN — Another increase in the domestic price of sugar was inevitable in the near future, the retiring chairman of the South African Sugar Association, Mr Anson Lloyd, said yesterday.

He told the annual meeting of the association the rise to R266 a ton granted this month, was "no more than a temporary and inadequate form of financial relief from a grave situation which will require further review later in the season as the critical situation in the world sugar market develops."

Political "hypocrisy and cynicism" in America and European Economic Community countries would force the world sugar industry to contend with two more years of price problems and crises.

"The poorer nations are now in the process of bleeding to death while the politicians argue in the Western capitals of Washington and Brussels," he said. — SAPA.

New sugar price rise is 'inevitable'

C Times sugar 27/7/78

PRETORIA. — Another sugar price rise this year is considered inevitable unless there is a dramatic increase in export prices.

World market prices have virtually collapsed and the SA sugar industry, employing more than 150 000 workers, mostly blacks and Indians, is threatened with stagnation.

The general manager of the SA Sugar Association, Mr Peter Sale, said from Durban yesterday that the threatening crisis in the industry could be avoided only by early and substantial financial relief for producers.

Relief, he said, could take a number of forms, including a price rise.

The chairman of the association, Mr Anson Lloyd, at the association's annual conference in Durban this week, indicated that the recent price increase was regarded as "temporary and inadequate" to meet the grave situation which had developed in the industry. Mr Sale said that for many years the industry had subsidized the local sugar price by profits on exports.

Sugar had been sold on the local market at prices which were lower than production costs.

"Obviously, with the industry's stabilization fund virtually empty, an intolerable situation has been reached."

(3-SUGAR)

RDM 27/7/78

Rise in cost of sugar now 'inevitable'

By GERALD REILLY
Pretoria Bureau

ANOTHER rise in the price of sugar is considered inevitable unless there is a dramatic increase in export prices.

World market prices have virtually collapsed. The South African sugar industry, which employs more than 150 000 workers, mostly blacks and Indians, is threatened with stagnation.

Mr Anson Lloyd, retiring chairman of the SA Sugar Association, pointed out yesterday that the July 3 price rise to R266 a ton had only brought the price up to the cost of production. "It was no more than a palliative," he said.

The general manager of the association, Mr Peter Sale, said that for many years the industry had subsidised the local sugar price by profits on exports.

The seriousness of the situation, Mr Sale said, could be measured by the fact that a break even export price was estimated at between R235 and R243 a ton. The world market price now was about R131 a ton.

While the association will be able to make a good claim on behalf of the industry for an increase, it is not at all certain that the Government will yield to its pleas.

Current estimates are that the 1978-9 season will yield R380-million. Last year it was R418-million. The industry's price stabilisation fund which has been used in the past to top up the shortfall is almost dry.

Mr Lloyd estimates that the industry will need to gross R500-million this season to break even.

"An intolerable situation has been reached and unless relief is forthcoming farmers can be expected to allow their operations to run down," he said.

Mr Sales declared that the situation could become even more critical if the United States failed to support the International Sugar Agreement.

"Then it would be a question of dog eating dog and prices would plunge to an even lower level than they've reached now," he added.

AGRICULTURE (3) sugar

A boring little grub

FM 28/7/78

As if the SA sugar industry wasn't in enough trouble already, it is now battling against a serious outbreak of the dreaded Eldana borer.

This odious grub has the unfortunate habit of chomping its way up the inside of cane stalks, thus reducing the weight and sucrose content of the cane. Furthermore it is particularly partial to older cane, which bodes ill since present restrictions require large quantities of cane to be left unharvested.

Eldana exists on natural hosts right throughout the cane belt, but for reasons known only to itself it has previously only attacked cane north of the Tugela River. Infestations have now been found as far south as Shaka's Kraal on the North Coast.

Worst affected is the Amatikulu area where Hulett's largest mill is situated. In June 43% of growers reported Eldana infestation and 30% of cane sticks were affected.

The industry's experimental station at Mount Edgecombe avoids calculations of potential sugar losses. But some growers believe the loss of sucrose in a badly affected field could be as high as 50%.

Eldana is difficult to get at as it is protected by the cane casing, and insecticides have to be used with care as ants are the main predators of the Eldana moth's eggs. Experiments with biological control are being undertaken in the hope that this will supplement cultural and other control methods which are not exactly working.

SUGAR INDUSTRY (3) Sugar

Coming a cropper FM 28/7/78

The SA Sugar Association's annual report, released in Durban this week, shows that last season the local market overtook exports by contributing 52,6% (previous season: 46,4%) to total industrial proceeds of R418,1m (R370,8m).

Although exports were 10% up at 1 046 206 t (946 249 t), the lower world price — LDP £107 (£138,31) — yielded marginally lower total proceeds of R187m (R187,4m). The big three export customers remained Japan (645 827 t), Canada (258 353 t) and the US (123 892 t), with Korea (33 399 t) providing a new market.

Local sales dropped 8,39%, with all industrial customers except the squash, cordial, ice cream and dairy industries buying less sugar. The canners had a bad year and the higher price of cool drinks hit sales.

"With a view to establishing a bulk refined sugar depot on the Reef," trials have been undertaken with bottom dumping railway trucks.

"The Sugar Association, as usual, was active on foreign money markets." In view of the steadily deteriorating attitude towards SA in the international lending markets, it was considered prudent for the association to take the precaution of securing as much finance as possible from overseas sources.

"As a result, loans and lines of credit totalling US $85m were negotiated in London in February for periods ranging from one year through 18 months to five years. Half these funds are available for financing export stocks, the balance being for overseas requirements such as terminal market operations."

In his chairman's address, Anson Lloyd noted that the financial requirements of the sugar industry had risen from R200m in 1972/73 to almost R500m in 1978/79. He claimed that returns had been held "to rigid and uneconomic levels throughout the past decade", and added "only time will tell to what extent false economies enforced on all sectors through inadequate rehabilitation of fields, insufficient maintenance of plant, equipment, buildings and other assets in face of the erosion of the value of money, will take their toll."

SUGAR INDUSTRY (3) Sugar

Umfolosi in the swim

FM 11/8/78

A fine old set to between disenchanted members of Umfolosi Sugar Co-operative and the board was decided in favour of the board at a special general meeting on July 28.

Umfolosi, biggest of the smaller enterprises within the sugar industry, has been in trouble on two fronts. Disastrous floods in February last year caused crop losses and damage estimated at R7m and last season production slumped to 90 027 t (132 254 t); the co-operative's share of total production was 4,8% (6,5%).

Some members harvested no cane at all and vast quantities of sand and mud caused processing problems with the result that there was no milling profit to add to the normal cane price.

A board statement issued to the *FM* notes: "Over the past three seasons members have also suffered severe financial losses due to the dispute in the industry regarding the method of direct recovery of cane transport costs, which losses amounted to R2,8m."

With masterly understatement the board says "these matters, together with the effect of inflation on production costs, seriously affected the viability of many farms and gave rise to discontent among members."

Members have also had to find the very considerable legal costs incurred in fighting the cane transport costs action brought in the Durban Supreme Court. Judgment a year ago was "absolution from the instance" or in other words, Umfolosi, Illovo and others had failed to prove their case.

It was decided not to appeal but to start the action anew and to bring fresh evidence. There is no chance the dispute will come to court before next year, but meanwhile more legal costs are being incurred.

The hassle revolves around the averaging system. Millers recover growers' transport subsidies on an industry average. Those above the average, notably Umfolosi, lose out while those with below average costs, for example, Tongaat, are gainers.

After last year's judgment the system was changed to a compromise formula based on direct recovery but Umfolosi is still intent on recouping its previous losses.

At the meeting last month a motion of confidence in the board was adopted.

With rationalisation now the order of the day in the sugar industry it can be taken for granted that Huletts, the dominant sugar power north of the Tugela, is watching the situation at Umfolosi with more than passing interest.

HULETTS ' RNINGS PROSPECTS

(3) SU001 FM 18/8/78

Some analysts have been predicting a drop of 40% or more in Huletts' earnings in the current financial year, but at this week's agm the official estimate from chairman Chris Saunders was "of the order of 35%." Sugar, which contributed over 70% of group profits last year, is the problem. The Felixton mill is expected to run at a loss and the group's share of industry production, at 675 587 t or 33,8% of the total, is expected to be 1,2% below last year's share.

Saunders expects the industry to have a substantial deficit at the end of the season. My guess is R50m but it could be less with another price increase or improvement in world prices. Saunders says: "Capital expenditure will be curtailed and deferred wherever possible, and I expect the group will have a positive cash flow from trading operations. In addition, we have sufficient short-term borrowing facilities to meet increased working capital demands and to repay loan commifments."

Saunders told me that subject to the usual proviso of "anything is for sale at a price" Huletts has no intention of parting with its ··per mills at Ngoye and Piet Retief and has not been approached on the subject, though there has been speculation that Barpak will now want to integrate backwards.

Whatever the future of Rhodesia, he believes Triangle will be preserved as a valuable asset, primarily for the employment it provides. Moreover, ethanol, which is already being produced, could provide about 5% of the country's fuel needs and, as a local product, has economies of transport costs in its favour. To produce more would mean expanding sugar production which would in turn provide more employment. Which is not to say the money will find its way back to Huletts' coffers.

Michael Brown

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who still retains a belief in the literary nature of his craft, who seeks to construct a clear and compelling narrative. But to extract the full interest out of any dramatic event one must go beyond straightforward narrative. Events that are full of action highlight emotion and lead to the expression of social attitudes which in ordinary circumstances rarely come to the surface or are seldom allowed to be articulated. The process of analysing the causes of such events is not unlike throwing a stone into a pond and watching the ripples spread outward in ever widening circles, for the historian finds himself led to consider aspects of society of which previously he may well

have been/...

have been e ..rely unaware. Here indeed is the justification of an intelli.. form of empiricism. For if the historian does his work properly, the end result must surely be a deeper knowledge of a particula society and a clearer understanding of the interconnection of the various forces, social, ideological and economic, at work within it. Such an understanding is to be achieved not by the application of any theory but rather by a careful examination of the available material, by the asking of pertinent questions and by the following up of such clues as the material may suggest.

- 2 -

So far as I know, the Cape Town riots of 1906 find no place in any of the established histories of outh Africa. Nor indeed were they give more than the briefest men'ion . the periodical literature of the day. Even in the Hansard of the Cape ..rliament reference to them appears to b confined to a single parliamentary question of no great significance. I myself was first made aware of the riots while working my way through the records of criminal cases heard at the Cape Supreme Court. There on Oct 4, 1906 a certain Otto Meyer was charged with 'public violence' and sent to twelve months imprisonment with hard labour. The evidence in his cas aroused my curiosity and led me back to the newspapers of the day - the Cape Times, the Cape Argus and the South African News - for further infor The newspapers provided exciting reading: each of them contained vivid detailed narratives of the course of events. (Unfortunately none of the illustrated weekly supplements to the Cape daily papers for this particu period appear to have survived; so it has not been possible to document narrative with contemporary photographs.) Further information was avai from the verbatim procedings of the various criminal cases that arose ou the riots, while the records of the Attorney General's office preserved the Cape Archives provided some insight into official reactions. The r were triggered off by a demonstration of the unemployed organised by the Social Democratic Federation. To understand the implications of such demonstration one must look at the labour situation in the Colony at the and this in turn leads one to consider, even if in a very cursory manner the economic position of the Cape in the years after the Anglo-Boer war.

Those mos

X CAPE TIMES 25/8/78 (1) 3 Sugar

SA sugar lobbyists admit cover-up

WASHINGTON. — Lobbyists for South African sugar growers have acknowledged that they tried to conceal efforts to influence US congressmen, it was disclosed yesterday.

The admission came in a statement the lobbyists signed before Mr Justice Aubrey Robinson here.

Justice Department officials, who have seen the document, said it showed the lobbyists gave representative Mr W R Poage, of Texas, airline tickets valued at $1 800 dollars (R1 300), provided expense-free trips to South Africa for representatives, Mr William Wampler, of Virginia and Mr David Bowen, of Mississippi, and paid $3 100 dollars (R2 700) in travel expenses for the wife of representative, Mr John Flynt, of Georgia.

Mr Flynt has said he repaid the South Africans for the expenses incurred during a visit there in 1972, but the lobbyists's documents claimed they were not repaid, according to a Justice Department official, who asked not to be named.

Neither Mr Flynt nor any official spokesman was available for further comment.

An aide to Mr Bowen, who asked not to be identified, described the disclosures as "an old story".

The admissions came in an agreement entered into on Monday to settle a civil suit filed by the Justice Department in July 1977 in which it accused the South Africa Foundation of having concealed its attempts to influence congressmen on behalf of the South African Sugar Association. — Sapa

Sund Trib 10/9/78 3 Sugar

World sugar trader sees hope on horizon

By JOHN CAVILL

LONDON: The world price of sugar has bounced up by 22 percent off its six-year low hit in mid-July. And for the first time in at least 12 months, a leading London sugar trader has felt able to stick out its corporate neck and forecast something approaching light on the horizon.

This week E.D. and F. Man produced a review of the outlook for sugar over the next 12 months — the new international sugar "season" which runs from September to August.

Despite a semantic slip — they said supply and demand may come into balance when they meant **production and consumption** — the burden of the review was that the world price should start to move up towards the international sugar agreement "floor level" of 11 US cents a pound.

At present, the world price is hovering some 27 percent below this minimum level reflecting the huge stocks of 31-million tons, of which about 10-million is surplus to normal needs, hanging over the market.

Man's key production and consumption predictions are:

- Production will fall from 93,6 million tons in 1977-78 to 90,3 million tons (with a drop of 800 000 tons in European beet output and a similar amount in Cuba's cane crop being the two biggest factors);
- Consumption will rise to 90 million tons from about 87 million tons.

By and large, other sugar traders concur with the estimates of consumption which represent a rise of about 3,5 percent over 1977-78.

C. Czarnikos Ltd., biggest of the London sugar traders, for example, puts the previous year's consumption at 86,5 million tons and the prospective figure at 89,7 million tons.

There are, however, questions over forecasts of production.

On the European front this week's forecast by the German statistician, F. O. Licht, of a 1,4 million ton fall in the beet sugar crop to 29 million tons tends to bolster Man's bullish outlook.

The wet European summer has left the beet roots, which will start being harvested in the next two months, smaller and low on sucrose content. This preliminary estimate thus gives hope that one of the biggest depressants of the sugar market, the 40 000 to 50 000 tons of white sugar offloaded each week over the last year, will be a lesser force to contend with in the coming 12 months.

In Man's view the statistical background will be "more encouraging" for buyers to start securing supplies while they are cheap.

The real question, however, revolves around the overhang of stocks and the ability of the International Sugar Organisation to police the new agreement.

Here the picture is clouded. While exporters such as South Africa, Australia and Fiji have gritted their teeth and obeyed quota restrictions — because they want the new agreement to work, other countries are proving less amenable to discipline.

It is reported, for example, that the Dominican Republic has already oversold its quota by 200 000 tons.

And Peru has admitted an "accounting mistake" led it to sell more than its quota although the amount is not known; nor has Peru made any attempt to redress the position.

Man's forecasters admit that the last three months of this year could see a weakening of the international price as countries which have not sold their full quota of exports hurry to get rid of them before a new Internationl Sugar Agreement year, which runs from January 1, begins.

They acknowledge that "it won't be plain sailing" but they hope that the ISA will be able to hold something approaching a balance. Even the large stock position means it is unlikely the price will rise much above its so-called floor for some time to come.

At Czarnikow, however, the view is more cautious.

"Basically, we will still have marketable supplies of sugar in excess of needs and 1979 will provide the first real year of challenge for the International Sugar Agreement," said Czarnikow expert Ron Goodwin.

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difference lay between ... Eighty two per cent of the former and only 23% of the latter earned R25 or less per week. At the other end of the total weekly earnings scale only 9% of the unskilled workers, but 54% of the operatives received more than R30 per week. Seventy per cent of the higher operative but only 6% of the heavy unskilled labourers earned more than R30 per week.

The effect of skill on wages holds regardless of the legal status of the workers in almost all cases. For residents there was a statistically significant relationship between earnings and skill level. For migrants this relationship

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LONRHO SUGAR (3) sugar

Of academic interest

FM 15/9/78

Activities: *Sugar growing and milling company operating in Swaziland, SA, Mauritius and Malawi. Lonrho UK holds 99,9% of the equity.*

Chairman: *Sir Robert Adeane.*

Capital structure: *11,3m ordinaries of Emalangeni 1. Market capitalisation: R217,3m.*

Financial: *Year to March 31 1978. Borrowings: long and medium term, E4,8m; net short term, E3,5m. Debt:equity ratio: 20,5%. Current ratio: 1,5. Group cash flow: E14,9m. Capital commitments: E3,4m.*

Share market: *Price: 1 923c. Yields: 2,8% on earnings, 1,4% on dividend. Cover: 1,9. PE ratio: 36,1.*

Although the world sugar price slumped 22% from the 1976/77 level, Lonrho Sugar's pre-tax profits were 22% higher at R12,9m (R10,6m) as a large percentage of its sugar production is sold at EEC prices, which are higher than the world prices. The group achieved a record production of 327 000 t (295 000 t). Cane deliveries reached record figures in Malawi, Swaziland and at one of the Mauritian mills. Sucrose content was exceptionally high in all areas.

Lonrho's Rowland . . . insect pest attack

	'75	'76	'77	'78
Return on cap %	35,5	31	15	19
Turnover (Em)	51,7	67,6	59,6	70,4
Gross profit (Em)	24,4	24,5	11	13,4
Gross margin %	47,2	36,2	18,4	19,0
Earnings (c)	91,5	87,4	22,5	53,3
Dividends (c)	48	48	27,5	27,5
Net asset value (c)	285	358	384	450

Swaziland currency, Emalangeni, convertible at par into SA rands.

14%, while profits from the Mauritius subsidiaries showed a further decline in spite of a slight improvement on budget. This is largely attributed to continued high level of employee absenteeism and further wage increases as well as a severe insect pest attack. A good crop in Malawi reduced unit production costs, but low internal prices combined with a weakened export market meant that profits were below expectations.

There has been a change in the basis of accounting for deferred tax. Potential deferred tax liability is no longer provided where "with reasonable probability timing differences will continue for the foreseeable future." The foreseeable future is three years. Previously the group made provisions for the full potential liability. The change has resulted in increased taxed profits of E141 000, and adjusted figures for the previous year decreased by R3m.

There is a contingent liability of E900 000 for claims by the Mauritian tax authorities, which amount to E0,5m, and E0,4m by a SA mill. No provisions have been made in the accounts for these claims as the directors do not feel the claimants have any valid grounds.

At 1 923c no shares have been traded over the past two years so the current share price is only of academic interest. With only about 10 000 shares available to the market, Lonrho would like to discontinue the listing but is unable to under JSE regulations and the minorities are unlikely to be eager sellers.

Prospects for the current year depend largely on the US ratifying the new international sugar contract. Once it does, the world sugar price should start rising and probably influence prices in the EEC which is the company's chief market.

Gail Pemberton

3-Sugar

DEPARTEMENT VAN NYWERHEIDSWESE

No. 1868 15 September 1978

WYSIGING VAN SUIKERNYWERHEIDOOREENKOMS VAN 16 JULIE 1943

Die Minister van Ekonomiese Sake het kragtens artikel 2 (1) (b) van die Suikerwet, 1936 (Wet 28 van 1936), die Suikernywerheidooreenkoms, soos bepaal en gepubliseer by Goewermentskennisgewing 1286 van 16 Julie 1943, soos gewysig, gewysig soos uiteengesit in die Bylae hiervan.

BYLAE

Klousule 25 (9) van die Suikernywerheidooreenkoms word hierby deur die volgende klousule vervang:

"25. (9) (a) Meulgroeprade kan te eniger tyd, na kennisgewing aan die Sentrale Raad, leweringstoekennings aan planters doen om te verseker dat riet wat deur ryp, brande, droogtes, oorstromings, plae of siektes beskadig is, redelik stip gelewer word. Waar sodanige toekennings egter veroorsaak dat 'n planter se lewerings sy leweringskwota of aangepaste leweringskwota te bowe gaan, of wanneer 'n planter se lewerings om enige ander rede sy leweringskwota of aangepaste leweringskwota te bowe gaan, moet sodanige oormaat afgetrek word van sy leweringskwota of aangepaste leweringskwota in die volgende jaar en, indien nodig, in die daaropvolgende jaar, totdat sodanige oormaat uitgewis is.

(b) Indien 'n planter se rietlewerings sy leweringskwota of aangepaste leweringskwota met meer as 0,5 persent of 10 ton riet te bowe gaan, watter ook al die grootste is, moet betaling vir alle riet wat hy meer as sy leweringskwota of aangepaste leweringskwota lewer, ondanks enige andersluidende bepalings vervat in klousules 46 en 52, in twee paaiemente geskied: 'n bedrag gelyk aan die redelike koste deur hom aangegaan vir die kap, oplaai en vervoer van sodanige oormaat riet, soos deur sy meulgroepraad gesertifiseer, moet deur die meulenaar op die gebruiklike manier aan hom betaal word en die Suikervereniging moet die saldo in een bedrag, sonder rente, op 31 Augustus wat volg op die jaar waarin sodanige oormaat lewering gedoen was, aan hom betaal. Die bedrae waaruit die saldo wat aan die planter verskuldig is, bestaan, moet deur die meulenaar en die Sentrale Raad aan die Suikervereniging betaal word wanneer dit ook al ingevolge klousule 52 en Bylae D aan die planter, en soos hierin bepaal deur die Suikervereniging aan die planter betaal word.".

DEPARTMENT OF INDUSTRIES

No. 1868 15 September 1978

AMENDMENT OF THE SUGAR INDUSTRY AGREEMENT OF 16 JULY 1943

The Minister of Economic Affairs has, in terms of section 2 (1) (b) of the Sugar Act, 1936 (Act 28 of 1936), amended the Sugar Industry Agreement, as determined and published under Government Notice 1286 of 16 July 1943, as amended, as set forth in the Schedule hereto.

SCHEDULE

The following clause is hereby substituted for clause 25 (9) of the Sugar Industry Agreement:

"25. (9) (a) After notifying the Central Board, Mill Group Boards may make delivery allocations to growers at any time to secure the reasonably prompt delivery of cane damaged by frost, fire, drought, flood, pest or disease. Where, however, such allocation causes any grower's deliveries to exceed, or whenever for any other reason a grower's deliveries exceed, his delivery quota or adjuster delivery quota, the amount of such excess deliveries shall be deductable from his delivery quota or adjusted delivery quota in the next succeeding year and, if necessary, in the year following, until the amount of such excess has been liquidated.

(b) Notwithstanding anything to the contrary contained in Clauses 46 and 52, if a grower's deliveries of cane exceed his delivery quota or adjusted delivery quota by more than 0,5 per cent or 10 tons of cane, whichever is the greater, payment for all cane delivered by him in excess of his delivery quota or adjusted delivery quota shall be made in two instalments; a sum equal to the reasonable costs incurred by him in cutting, loading and transporting the amount of such excess cane, as certified by his Mill Group Board, shall be paid to him by the miller in the usual manner, and the balance shall be paid by the Sugar Association to him in one sum of money, free of interest, on 31 August following the year in which such excess delivery was made. The sums comprising the balance due to such grower shall be paid by the miller and the Central Board to the Sugar Association as and when they become payable to the grower in terms of Clause 52 and Schedule D and by the Sugar Association to the grower as provided herein.":

(89)

through particular groups centred aroun
for example, schools, churches, and cli
Chiefs and headmen can have a central
or breaking projects. In the Ipoti cre
depended on an elected committee having
being seen to have control over) the de
project. However the chief, who suppor
verbally anyway, made some autonomous d
the committee would be constituted and
head-man was to be. This antagonised t
so much that they did not hold the sub-
areas, whereas before most of them had
assisting the project.

b) Government Extension Officers:

Most of the people whom I interviewed (
various projects and locations) said th
officers (umlimi/abalimi) were the peop
nutrition education and for changes in
Extension officers have a unique positi
have time for this type of work, they c
the government offices and powers-that-
and they are in contact with the tribal
land allocation must be approved by the
that needs a site allocated relies on t
Umhlaba they are relied on to help any
project.
It does seem that these men who were
Cox are better and more active than ext
in other reserves. Obviously the qualit
varies from man to man. A good extensio
a very widespread effect in an area, whe
I would see the variations in success of
communal gardens as mainly due to the di
officers.
People talk about the one time policy
visits by extension officers as very suc

Natal is playing its part

Sugar sweetens the way

Star 22/9/78 (3 Sugar)

By N Edwin

The sugar industry is still located mainly on the coastal belt and midland areas of Natal. The 1973-74 production reached two million tons of sugar, and the dramatic rise in world sugar prices during 1974 raised earnings to R233-million.

The sugar industry has provided high-quality sugar to the domestic market without limitation, and the price has always been one of the lowest in the world.

The industry's present production potential is between 2 100 000 and 2 200 000 tons a season. About 383 000 ha are under cane through 2 000 white and 7 500 black growers. The industry provides jobs for 146 000 workers.

Local consumption has reached 1 000 000 tons a year and exports for the 1977-78 season reached 1 300 000 tons worth R183,4-million.

One man has had his finger on the pulse of sugar for so long that he has quite rightly been termed "Mr Sugar. Mr Anson Lloyd was chairman of the SA Sugar Association from 1969 to 1973. He was again appointed to this position in 1975, and today he is one of the world's most knowledgeable men in the industry.

At present, the sugar industry finds itself in a crisis period which has once again shown how dependent we in South Africa are on world trends. World stocks of sugar are estimated at 33-million tons — a surplus of 10-million tons which cannot be sold.

From 1973 to 1978, world sugar prices were volatile. Before the expiry of the last international sugar agreement in December 1973 the price rose above levels at which exports were no longer restricted. In 1974, prices averaged £305 (R505) per ton. First indications of a drop came in 1975.

In mid-1978, the London price of raw sugar was static at about £100 (about R165) a ton.

Main reason for this situation is the failure of the American Congress to ratify the new International Sugar Agreement. As the world's largest importer of sugar, America, can, by its actions, have a severe effect on the world price — and this has happened.

South Africa has had to suffer (together with all other sugar-producing countries) by having to reduce its exports in 1978 and 1979 from one million to about 700 000 tons as its contribution to the adjustment in the supply/-demand situation.

Mr Lloyd, having been through a number of crises in the past, is optimistic about the industry.

He says that with storage capacity in Durban to hold reserve stocks, South Africa will be able to weather the storms of 1978 and 1979 and emerge as an even stronger and more viable industry.

Sugar cane production in South Africa could be expanded by an additional 10 million tons a year to around 30 million tons a year over the next 40 years.

Scientists have predicted that the cost of processing cane into sugar and other products will be greatly reduced. Mills will be simplified while sugar will be recovered by an ion exchange process.

The industry already has the technology to make alcohol as a byproduct and the next step will be to produce ethylene as a raw material for the plastics industry.

Cane grows tall and lush in the Natal Midlands. The sugar cookie is Cynthia du Plessis.

Everything but the squeal

Sir Winston Churchill referred to Estcourt in Natal as "a tiny tin town." On Saturday October 3 1964 he received the Freedom of the Borough of Estcourt at a special ceremony to mark his historic association with the town. Another famous association with Estcourt is an agricultural one. On the banks of the Bushman's River there is a food-preserving factory, which, for 61 years, has prepared meat foods for discriminating people in many countries.

Eskort, the trade name of the Farmers' Co-operative Bacon Factory, has long been famous for bacon and pork products.

A small group of nine met at the Plough Hotel in Estcourt on July 17 1917 to discuss the possibility of building a bacon-curing factory to be run basically on co-operative principles.

In August of the same year it was agreed at a second meeting on the name and the capital — £15 000 in shares of £1 each. History was made on January 7, 1918 when the board resolved to apply to the Postmaster-General for the registration of SQUEAL as the company's telegraphic address.

On June 6 1918 the factory was officially opened by General Louis Botha.

In June 1919 the SS Saxon carried the company's first bacon exports to the UK where they realised an excellent price of 204s per cwt.

Between 1920 and 1930 the company employed a fair number of girls in the factory who were affectionately classified as "Sausage Girls."

In December 1952 the company celebrated the attainment of a turnover of £1-million for the first time in any financial year.

The major event of 1954 was the start of production at the new Heidelberg factory with 22 sausage pigs.

When vacuum-packed bacon was introduced to the market for the first time it proved to be a big success. Once again, the company scored a first on the South African markets with this new line.

The Escourt Bacon Factory, as it is widely known, was the first of its kind in South Africa when it was established and today is the largest in the southern hemisphere.

Initially it handled the killing and curing of 200 pigs a week. The present intake is 5 000 a week, and cattle, and sheep are also slaughtered.

In 1966 the Heidelberg factory entered the export market.

SUGAR (3) sugar

Looking sweeter

FM 13/10/78

It now seems certain that the sugar industry will be borrowing abroad to help cover its estimated R40m end-of-season deficit. Peter Sale, GM of the SA Sugar Association, says such borrowings will not affect existing facilities. Sale is reluctant to discuss the amount sought until loans have been tied up, but it will be nowhere near the size of the deficit which will be partly covered by reduced profits and an inevitable price increase.

At the half-way stage of the season the sugar industry appears to be in slightly better shape than it was at the beginning of the season in May. The London daily price picked up in September from a low of £83,50 and sugar is now trading at around £110 — a slight improvement on prices this time last year. Exports have been restricted to 680 000 t, and it is likely that they have been disposed of at levels above the average of £95/£105 considered earlier on.

Export manager David Hardy confirms the improved mood in the export market, which he attributes mainly to rumours of Chinese interest and slow progress in the US towards ratification of the International Sugar Agreement.

Local market sales are also starting to pick up again. Local market manager Frans Oosthuizen says that industrial users who had stockpiled sugar in anticipation of the last price increase in July are now returning to the market, and wholesalers, representing direct consumption by selling to the public, are back with orders at slightly lower levels.

Cane Growers Association GM Ernie Morrison says: "This is one of the best crops the industry has had. Good rains throughout the season have helped the cane although they have lowered the sucrose content. Unfortunately quota restrictions mean we have to leave 2 Mt or 10% of the crop in the ground."

MOLASSES (2) Sugar
A rum affair FM 13/10/78

The SA Sugar Association, determined to wring every last cent out of the export market, is investigating the export of high test molasses. It hopes to sell 55 000 t, equivalent to 35 000 t of sugar, by the end of 1978.

High test molasses, which is a pure form, is used in alcoholic drinks such as rum. But the market is so competitive that the association is reluctant to reveal destinations or prices. The main advantage of exporting this commodity is that sugar used in this way is not subject to quota.

Ordinary or black strap molasses has been exported for many years and is handled mainly by the Pure Cane Molasses Company of Durban, a wholly-owned subsidiary of United Molasses, London. Local MD Trevor Hill tells the *FM* that of last year's total industry production of 758 000 t local market sources used 542 528 t and the balance was exported. Local market use was divided between fermentation (286 304 t), yeast (46 975 t), agriculture (191 914 t) and for miscellaneous uses. A growing use in the latter category is as a binder in chrome briquettes.

The price of molasses is controlled and went up last year from R15/t to R17/t. Prospects for export this year are good as the price has risen from $36 per short ton to $63, and appears to be still rising.

Oorproduksie van suiker verwag

Burger 10/11/78 (5) SUGAR

AS die uitvoerkwota vir 1979 nie verslap word nie, sal die bestellings van Suid-Afrikaanse suikerprodusente in die 1979/80-seisoen met 15 persent beperk word, het mnr. Peter Sale, besturende direkteur van die Suikervereniging, aan Reuter gesê.

Mnr. Sale het gesê indien die uitvoerkwota van 680 000 ton vir 1978 gehandhaaf word, sal die suikermark vir aanstaande seisoen slegs 1,78 miljoen ton wees. Dit is baie laer as die verwagte produksie van 2,1 miljoen ton.

Hy het daarop gewys dat produksie vir die huidige seisoen, wat op 30 April eindig, meer as verlede seisoen sal wees toe 'n rekord-hoeveelheid van 2,08 miljoen ton geproduseer was.

Die kwotastelsel sal moontlik in Desember deur die Internasionale Suikervereniging bespreek word. Mnr. Sale kon nie bevestig dat Suid-Afrika aanstaande jaar geregtig sal wees op 'n groter uitvoerkwota nie.

Die Internasionale Suikervereniging het bepaal dat Suid-Afrika van die begin van 1978 tot einde 1980 altesame 140 000 ton suiker moet ophoop. Teen die einde van die huidige seisoen sal die land 'n uitvoeroorskot van tussen 180 000 ton en 200 000 ton suiker hê.

Mnr. Sale het gesê dat daar nie meer geld in die suikerbedryf se stabiliseringsfonds is nie weens die uitvoerbeperkings en die lae binnelandse verkoopprys. Die binnelandse vraag na suiker het effens gedaal ná die suikerprys in Julie verhoog is. Die vraag sal moontlik verlede jaar se 1,05 miljoen oorskry.

Die suikerprys sal in die stadium nie verhoog word nie, omdat dit 'n negatiewe invloed op die vraag kan hê. Hy wou nie sê hoe vanjaar se uitvoerkwota Suid-Afrika se tradisionele handelsvennote — Japan, Kanada en Amerika — beïnvloed het nie.

FM 17/11/78 3 sugar

Sugar loan?

The SA Sugar Association may raise a loan of several million rands to assist farmers whose income has suffered from the drop in the world sugar price. The industry's stabilisation fund has dropped to R9m and is expected to be exhausted by the end of the season, next April.

Sugar

Des Kilalea

C G SMITH SUGAR

Union Co-op spurns bid

There is something of "the mouse that roared" about Union Co-op's rejection of C G Smith Sugar's offer to buy its sugar mill at Dalton plus milling rights for an undisclosed sum.

Smith's plan was to close the mill down and divert the cane supply to its own mill at Noodsberg, in much the same way that Smith and Tongaat closed down Melville and divided its cane supply earlier in the season.

Union Co-op's spirited roar of rejection suggests that Smith's scouts did a less than adequate job in assessing the lie of the land before the offer was made.

In an eight-point statement signed by chairman Volly van Breda, Union Co-op indicates that not only was the offer considered inadequate, but that closure of the mill would be a disaster for the Dalton community, something which Union Co-op was not prepared to contemplate. Mindful of the jobs lost at Melville, Union Co-op adds that it owes a debt of responsibility to its employees and the community.

While Van Breda will not disclose any of the financial details, the offer is described as "not at all commensurate with the current value and potential earning power" of the mill and therefore "financially unattractive." Furthermore the statement avers that "the economics of the wattle section of the Co-op's factory is materially dependant on the operation of the sugar mill and vice versa."

In fact, SA wattle growers in general have experienced an exceptionally good season of higher demand, and prices and are looking forward to another good year with a 78% quota and the prospect of up to R63/t for quality bark.

As such, Union Co-op considers that it will soon be reaching a stage where it will have repaid the bulk of loans it had to raise to build the factory and members can begin to look forward to participating in manufacturing profits. Also, it feels that it would be undesirable if, eventually, the milling side of the industry were to be controlled by a virtual monopoly consisting of one or two large groups.

As a parting shot Union Co op remarks that "it should also be borne in mind that several unsuccessful attempts were made by the Co-op before the Noodsberg and Dalton sugar mills were built to persuade the promoters of the Noodsberg project (Illovo) to consider some arrangement for a single mill to serve Co-op and non Co-op canegrowers in the Natal Midlands."

Frank Jones, C G Smith Sugar chairman's reaction is short and sharp. "They have rejected our offer and there the matter ends. Time will tell whether they made the right decision. The door is closed and there is no question of negotiation."

Michael Brown

3

agriculture surgeon

7. 1. 79

9 — 12 — 79

Sugar expert doubtful about 'cane petrol'

3 - Sugar

Tribune Reporter

7/1/79

IF ETHANOL is to be produced from cane, either South Africa must forfeit sugar-earned foreign exchange — or KwaZulu must be planted with cane, say sugar industry sources.

It is estimated ethanol from cane can supply 10 percent of the country's fuel needs.

It has been claimed that there is a vast untapped potential for greater sugar cane output, but industry sources say most suitable land is already planted.

Mr Anson Lloyd, former chairman of the SA Sugar Association, says KwaZulu has 15 000 to 25 000 hectares of potential sugar land, which could produce at least 1 350 000 tons of cane.

He said: "The cost of developing new land is high especially if you take an area like Makathini flats, where an infrastructure would have to be established."

KwaZulu land would cost about R700 per hectare to develop for cane, he said.

Although the sugar industry has a current annual surplus of two million tons of cane a year, Mr Peter Sale, general manager of the Sugar Association, is confident the world market will pick up and this will be sold.

South Africa's cane crop of 20 million tons currently earns around R140 million in foreign exchange a year.

"In the long term we're likely to gain more in foreign exchange by exporting sugar than we would save by cutting our imports of crude oil," he said.

Meanwhile, Mr Nigel Wood, MP for Berea and New Republic Party spokesman on planning, said there was enough cane to produce nearly 10 percent of our fuel needs.

It could be made available at a price competitive with petrol, he said.

Petrol costs nearly 30c a litre but the cost of producing ethanol could be 13c to 15c, says Mr Wood. If the Government dropped excise on ethanol from 16c to 10c, and a few cents were added on for distribution costs and profit, its total cost per litre could be under 30c.

Werkerbesonderhede (5)

16. Inkomste van gesin uit ander bronne (sluit in lone van ander werkers op die plaas wat dieselfde afhanklikes het)

(a) Bron:

(b) Totale jaarlikse bedrag:

17. Aan kontrakarbeiders alleenlik:

(a) Oppervlakte van grond vir verbouing (as werker sulke grond besit)

(b) Deel wat gewoonlik beplant word:

(c) Vee (as werker vee besit): Aantal bokke

skape

beeste

ander

(d) Beraamde deel van jaar waarvoor werker en gesin sou kon lewe van die oes wat deur gesin gesaai is: maande

(e) Beraamde

***DENNIS HENSHAW** surveys the depressed conditions in the sugar industry and says that they will have an effect on trade throughout Natal.*

NM 15/1/79

There are still some sugar barons but . . .

3-Sugar

NATAL'S traditional sugar baron still exists, his "title" securely handed down from his father, and his life-style is unlikely to change in the chill wind presently blowing through the sugar industry.

Survivors, too, will be the established growers on the larger farms, bond-free and experienced weatherers of previous storms.

The Receiver of Revenue will suffer from their reduced profits. But they will fallow their fields, cut back on labour, do without new equipment and ride out the current lean spell without even taking a notch in their belts.

60 percent

But 60 percent of the nearly 2 000 White cane growers in South Africa are producing less than 7 000 tons of cane a season (the industry's "average," representing an 80 ha farm.) And many of these are at risk.

"Those relying purely on cane and carrying large bonds on their farms are in a bad way," said a spokesman for the S.A. Cane Growers' Association.

"The level of interest rates is killing and those who paid premium prices for their farms or undertook big expansion programmes in the boom years (1973/74) could go under.

"If there is no improvement next season, many of the 200 growers in the Pongola area will be in extreme difficulty.

"They are small farmers who have spent a lot of money on expansion (this was a Government settlement scheme), and haven't yet been able to recoup.

"This area will probably be worst hit, and there could also be hardship in the Natal Midlands."

The cutback in cane quotas does not affect growers producing less than about 550 tons of cane.

These include about 40 White growers, most of the 1 900 Indian and 57 Coloured growers, and all the 8 680 Zulu growers, whose average area under cane is only one or two ha.

Cane cutters on a Natal sugar farm . . .

Sugar is a highly-efficiently run industry, whose importance can be gauged from its 1974 exports of R233 million — the biggest earner of foreign exchange for South Africa of any agricultural product.

By its own efforts it has climbed into the top five sugar exporting countries in the world.

In the fat years of high world sugar prices the industry and the individual farmers spent their excess profits on modernisation of housing and equipment, and from 1971 contributed heavily to the price stabilisation fund.

The R100 million contributed has now been eaten away to nothing by falling export prices and the Government's insistence on keeping the domestic price at an unnaturally low level.

In fact, during the past five years the local consumer has been subsidised to the extent of R250 million from exported sugar.

Now that the combination of cutbacks in cane-growing quotas (30 percent on established mean peaks) and low world price have forced stringent economies, the effects will be wide-ranging.

When the sugar industry suffers, Natal traders suffer.

A North Coast grower told me: "The only cuts possible for us are in field labour and new equipment.

"We are laying off African labour, the fertiliser industry will suffer, so will the machinery manufacturers, motor-car distributors and right down the line.

"We have had other crises and weathered them. During the 60s I went in for some diversification — marketed avocados and planted two and a half ha of coffee, but the soil I used was too poor.

"Other cane growers have tried cotton during the bad times. It grows in the same conditions as cane, but very few people stayed with it.

"I suppose market gardening, tomatoes and so on, is the immediate answer — until the market is flooded.

"But by and large we shall just have to sit it out. Thank God my farm doesn't belong to the bank. Those who've bought into sugar with big bonds will suffer most."

To buy a cane farm which would land you on the fringe of baronial status you'd have to write a cheque for R500 000 - R600 000. You would then own some 200 ha of canelands with a house, buildings, labour compound and equipment.

These days you could expect a return of about five percent on your investment. In boom times it would be double.

Variables, such as distance from the mill, whether the land is sloping or flat, whether irrigation is necessary (as at Pongola), and how often a crop can be cut, enormously affect the returns.

Farmers on Umfolosi Flats harvest their cane every 12 months; on the North Coast every 14 to 20 months; inland and on the South Coast every 24 months.

Hazards

The accepted figures in the sugar industry for return on capital is 7 percent for growers and 14 percent for millers (based on historical book value.)

A more realistic figure today for the cane grower, according to their Association's spokesman is 3 percent.

And for that modest return the cane grower is subject to a crazily-fluctuating price for his crop (cushioned by the industry's controls), and the normal hazards of a farmer's life anywhere.

There are still one or two playboy cane farmers, who leave the running of their farms to a manager or Indian sirdar while they spend their lives out on their ski-boats.

You can find private airstrips in the Zululand canefields, and the sugar belt probably still has the highest concentration on the Mercedes map of South Africa.

But today if you flush out a cane farmer you are far more likely to find a technologist - economist, with more than likely a leaning towards sociology.

A bashful character, he will probably not want to be identified. So for my typical North Coast grower I can only describe him as the great-grandson of Ephraim Rathbone, the first man to grow sugar cane in South Africa, 130 years ago.

Rathbone's descendant farms 280 ha of cane plus some 50 ha of other land on the estate which was established by his father in 1919.

His cane quota is 21 000 tons, which puts him in the fairly big league.

He lives in considerable style, with swimming pool and tennis court and drives a new Rover 3 500.

He is philosophical about the cutback in his quota, as he remembers the years of the locusts in the 30s and the depressed prices of the 60s.

An Indian assistant manager runs the farm in his absences, and he is presently planning to hand over the running of the farm to his son-in-law and daughter, for whom he is building a new house.

His labour force is 150 to 200 Tongas from over the Ubombo range, unlike most growers on the Natal side of the Tugela who employ Pondos from the Transkei on six-month contracts. (Pondos are not allowed to work beyond the Tugela.)

"We don't get the work out of the Tongas that they do out of the Pondos," he says. "They can make grog out of anything. They have no contracts; they come and go as they please, but get an extra bonus if they stay to the end of the cutting season.

Tribe

"We've drawn our labour from this same tribe from the beginning, and I'm now employing grandchildren of some of the original workers."

He has an enlightened paternalistic approach to his labour force. All the families are housed in detached or semi-detached houses, and every year his building team builds another house for them, as well as constantly renovating and up-grading existing buildings.

The bachelors live in roomy barracks and he personally supervises their balanced diet, with plenty of meat and fish. Most of his avocado crop finds its way to the communal dining hall, which has a television.

And much of his spare acreage is devoted to growing or rearing food for his staff.

"Some farmers still feed their staff on mealies and beans," he says, "but there is a growing social consciousness in the industry."

He pays for the education of all the children on the estate — currently about 20 — paying for their books, clothes, fees and transport, and in a couple of cases boarding school fees.

Labourer

His basic field labourer is paid R45 a month cash, which is going up by 10 percent a year. (30 years ago the standard wage was £5 a month.)

"But I'm paying a cane cutter R66 a month, which with bonuses usually works out at about R100."

Last week an announcement that America has increased the import fee to 3,35 dollars per 100 lb for raw sugar (3,87 dollars for refined) further depressed the market.

And the world's sugar producers are still waiting for America to ratify the International Sugar Agreement negotiated a year ago.

Coupled to this is the effect of 3 500 000 tons of beet sugar dumped on the free market by the EEC countries, heavily subsidised by European taxpayers to the extent of 600 million dollars last year.

World

At least while the world price stays at a low level industrial users of sugar are unlikely to turn to other sweeteners — fructose and corn syrups.

This occurs when the sugar price peaks, as happened in 1974 when Pepsi-cola converted to corn syrup.

To compensate in the future the sugar industry can only hope for the opening of vast new markets such as China, or the expansion of trade to the Third World.

FM 19/1/79

(3)

SUGAR INDUSTRY

Sour outlook for '79

The past season's successful harvest is about the only worry the sugar industry doesn't have as it cleans up and prepares for the new season starting on May 1.

For all practical purposes the crop is safely in. The final figure is expected to be around the estimate of 2,05 Mt, or 30 000 t less than last season's record. Had it not been for International Sugar Agreement restrictions, excellent weather would have yielded a record crop.

But, to begin with, the Price Stabilisation Fund, which opened with a credit balance of R9,6m, will end the season R40m in the red. It won't in practice, of course, because the industry is borrowing abroad to pay itself proceeds allowed under the formula. Terms and amount of these borrowings may be known by the end of the month.

A price increase could reduce the deficit, but substantial rises over the past two years, which have pushed refined white sugar up from R108 to R266 per ton, have produced sales resistance and an increasing threat of substitution for sugar in industry. Future increases, sugar industry sources feel, can only be on a small but regular basis. Among other advantages, this would avoid the massive hoarding which took place in anticipation of previous large price increases.

Another less welcome way of coping with the PSF deficit would be for the industry to accept returns lower than those to which it is entitled. This would probably lead to some bankruptcies, particularly among smaller growers, and would be a last resort.

A crucial factor over the next year is the behaviour of the export price. So far, the ISA has done precious little to boost prices although some argue that, had it not been for the agreement, prices would be even lower than the current London Daily Price of around £96/t, which compares with local cost of production of between £140 and £150/t.

Better than £110

By hedging, SA has probably achieved a price averaging better than £110/t for its export entitlement of 680 000 t.

In terms of the ISA, SA is obliged to create a buffer stock of 147 000 t over three years. This entire stock has been accumulated already, for two main reasons: firstly, to keep milling costs per unit down by maintaining mill throughput; and secondly, on the premise that production losses over the next two seasons may be recouped from higher world prices. If the gamble fails, the sugar industry will be in deep trouble.

Although production cutbacks have had some effect in reducing world stocks, there is still a substantial overhang of more than a third of annual world consumption. Nor has the position been helped by an unusually mild European autumn, which boosted the beet crop. No-one can predict what weather will do to crops around the world this year and consequently price movements must be largely guesswork.

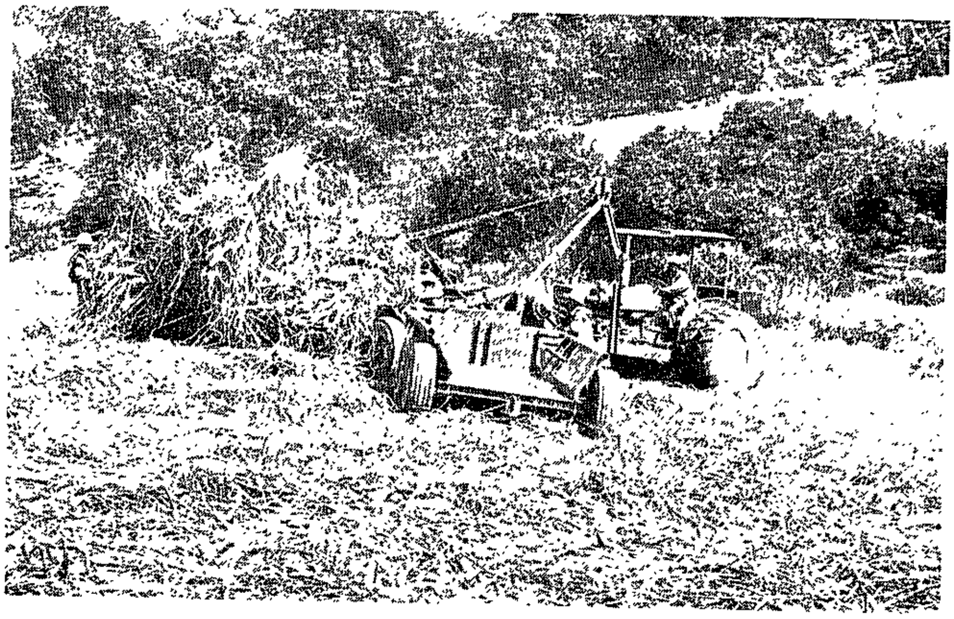
Some help is expected from US ratification of the ISA early in the year, which will assist in arrangements for the financing of buffer stocks.

However, London sugar broker ED & F Man comments: "The prospects for 1979 now look bleak. As in 1978, the ISA will cushion the market from its worst levels, but will be unable to raise prices through ISA minimum price objectives. The question which must be answered during the coming weeks is how the massive stock levels can be reduced without the free market mechanism giving assistance by stimulating consumption and discouraging the over-production which will otherwise lead to a sixth year of plenty."

The unpalatable fact is that, having dodged last season, the SA sugar industry will be obliged to bear the full weight of production cuts in the 1979-80 season, restricting the crop to around 1,8 Mt.

Substantial quantities of cane will have to be left in the fields and that too poses problems. Older cane is more susceptible to eldana borer, which has become a serious pest. It eats out the middle of cane stalks, reducing sucrose content and rendering badly infested stalks almost unmillable. Costs are raised by increasing the tonnage of cane milled for a given volume of sucrose.

Although eldana occurs throughout the cane belt, it has previously only attacked cane as far south as the Tugela,



Cane being loaded . . . but some may have to stay in the fields

but is now extending its range. No effective control has been discovered.

Costs continue to rise. Most cane is transported to the mills by road and higher fuel prices make this more expensive. Growers must pay 14% more for fertilizer and the industry is due to negotiate a new wage agreement later this year.

There is still room for productivity gains and savings through rationalisations such as the Smith-Tongaat takeover of Melville last year. A later attempt by Smith to buy Union Co-op's mill and divert its cane to Noodsberg failed, but it would be surprising if there were not other attempts by the big fish to swallow the industry's few remaining minnows.

Some excitement has been generated by suggestions that sugar be converted to ethanol, but even if an immediate start were made on such a scheme it would be unlikely to influence the sugar industry fortunes for a year or two, by which time export prices may have recovered.

Volly van Breda, a member of the committee which examined the scheme, tells the *FM* that he is convinced it is an economic proposition. Given a "normal" cane price of say R13/t and using just the juice or molasses, ethanol could be produced at a cost of about 30c/litre. If the whole plant is used it would be more economic. It requires 20 t of cane to yield 1 t of alcohol.

However, any decision to proceed with the manufacture of ethanol from sugar cane or other materials is for the politicians. The sugar industry is in no position to embark on new capital ventures.

What it must do is to go flat out and sell all the sugar it can to the local market, where sales dropped for the first time since the 1967-68 season owing to price increases. Total local market sales during 1977-78 were 1,05 Mt (1976-77: 1,15 Mt). The industry is also trying to boost export sales of molasses, which are not subject to the ISA quota.

For all the gloom, the local sugar industry believes present conditions are part of a regular pattern it has endured many times and that the ship will come up again. Perhaps so, but it's pretty uncomfortable in the trough.

these years,[4a] and this fact plus the employment levels for 1973 and the first 10 months of 1977[5] suggest that the employment statistics alone (at least to 1976) are disguising the trend in labour demand - which is in fact either flat or rising very gently.

1.3.2 What we need to explain then are three phases (or sub-phases) - i) the expansion in labour demand to 1961, ii) the contraction of the 1960s, and iii) the (probable) stabilisation of labour demand (as distinct from employment) in the 425-430 thousand range for the 1970s.

1.3.3 The basic historical 'structural' fact which underlies these phases (certainly the first two) is that in the post-war period four new fields were being developed alongside a substantial
surviving part of the older Witwatersr ... Central
and West Rand fields). The newcomers ... State,
Klerksdorp, Far West Rand and Evander ... the
early 1960s (say 1961-62) the batch of ... the late
1940s and 1950s had reached 'full prod ... m had
been producing gold for some years but ... ched
full-scale. Not long after this stag ... arge
number of mines, especially from the E ... as the
major producer i ... one a
year during 1962 ... ar (1967).[7]
The number of ma ... iod from
55 in 1960 and a ... s since
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These closures ... mic
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the payable r ... s of some
of them to a

14 The Natal Mercury, Friday, February 2, 1979

Business Mercury

3-Sugar

Production of sugar improves

Deputy Financial Editor

SUGAR production at the end of December was 2 017 175 tons — up 1,9 percent on the 1977 figure — and 10,5 percent on the 1976 figure.

Half of the 18 mills had completed their season by the end of the month but the rest could easily produce the 60 000 odd tons that will mean the 1978-79 season was the best ever.

The record output stands at 2 083 877 tons in the 1977-8 season.

Some will be exported. South Africa has an ISA quote of 713 125 tons. Domestic consumption fell last year to a five year low of 1 049 500 tons.

This means that with a 134 961 tons carry over from last season the industry has to worry about surplus stocks of something like 380 000 tons. Improved local consumption will have diminished these stocks.

The ISA requires that South Africa stockpiles 147 257 tons of sugar in its efforts to try and improve world prices by keeping surplus sugar off the market.

pp 1.

3 - Sugar

STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

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VOL. 164] PRETORIA, 28 FEBRUARIE FEBRUARY 1979 No. 6315

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN NYWERHEIDSWESE

No. R. 349 28 Februarie 1979

WYSIGING VAN SUIKERNYWERHEID-OOREENKOMS VAN 16 JULIE 1943

Die Minister van Ekonomiese Sake het kragtens artikel 2 (1) (b) van die Suikerwet, 1936 (Wet 28 van 1936), die Suikernywerheidooreenkoms, soos bepaal en gepubliseer by Goewermentskennisgewing 1286 van 16 Julie 1943, soos gewysig, gewysig soos uiteengesit in die Bylae hiervan.

BYLAE

Paragraaf 2 (3) van Bylae B van die Suikernywerheidooreenkoms word hierby deur die onderstaande paragraaf vervang:

"2. (3) Die Nywerheid se maksimum pryse in Durban per metrieke ton van bovermelde tipes suiker vir verkoop in die plaaslike mark moet op 28 Februarie 1979 as volg wees, soos deur die Minister bepaal:

Geraffineerde suiker: R291.
Bruinsuiker: R267.".

GOVERNMENT NOTICES

DEPARTMENT OF INDUSTRIES

No. R. 349 28 February 1979

AMENDMENT OF THE SUGAR INDUSTRY AGREEMENT OF 16 JULY 1943

The Minister of Economic Affairs has, in terms of section 2 (1) (b) of the Sugar Act, 1936 (Act 28 of 1936), amended the Sugar Industry Agreement, as determined and published under Government Notice 1286 of 16 July 1943, as amended, as set forth in the Schedule hereto.

SCHEDULE

The following paragraph is hereby substituted for paragraph 2 (3) of Schedule B to the Sugar Industry Agreement:

"2. (3) On 28 February 1979 the Industry's maximum prices per metric ton of the types of sugar referred to above at Durban for sale in the local market, as determined by the Minister, shall be—

refined sugar: R291;
brown sugar: R267.".

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

No. R. 350 28 Februarie 1979

PRYSBEHEER.—MAKSIMUM PRYSE VAN SUIKER

Ek, Elias George de Beer, Pryskontroleur, handelende kragtens die bevoegdheid my verleen by artikel 4 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), wysig hierby, vanaf die datum van publikasie hiervan, Goewermentskennisgewing R. 1339 van 30 Junie 1978, deur die vervanging van—

(1) in die Tweede Bylae—

(a) die tabel in paragraaf 1 (a) deur die volgende tabel:

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

No. R. 350 28 February 1979

PRICE CONTROL.—MAXIMUM PRICES OF SUGAR

I, Elias George de Beer, Price Controller, acting under the powers vested in me by section 4 of the Price Control Act, 1964 (Act 25 of 1964), amend hereby, as from the date of publication hereof, Government Notice R. 1339 of 30 June 1978, by the substitution for—

(1) in the Second Schedule—

(a) the table in paragraph 1 (a) of the following table:

Price of sugar increased

3-SUGAR ~~244~~

NM 1/3/79

Deputy Financial Editor

SUGAR prices rose yesterday — by about 8 percent for white and 3 percent for brown — in a move aimed at keeping the domestic price level with the cost of production.

Price changes vary according to the distance from Durban.

The Reef price for a 2,5kg pack of white sugar goes from 92 cents to 99 cents — a 7,6 percent rise.

The Durban price goes up from 80 cents to 87 cents a 2,5kg pack — an 8,75 percent rise.

Mr. Peter Sale, general manager of the S.A. Sugar Association, said domestic consumers were not being asked to subsidise exports which were being sold below cost.

The shortfall was being made up by loans raised by the industry and by cutting the return allowed to millers and growers.

Yesterday's price rise caught retailers on the hop.

Previous rises have led to massive stockpiling.

This increase, which will cope with increased fuel prices, was a well-kept secret.

Costs

A leading manufacturer said the consumer would be affected by the price increase within weeks.

"Manufacturers cannot be 'good boys' of industry and absorb all the costs.

"The consumer will be hard hit.

Sugar is not the only commodity to go up, there are other increases on the way," he said.

SUGAR Sugar 244 FM 9/3/79 3 SU EAK

Receiving a helping hand

While bearish noises emanate from London, this week's domestic sugar price increase was the latest in a series of happier turns for the downcast local industry.

First came the R25m loan to the Price Stabilisation Fund (PSF) in February. SA Sugar Association general manager Peter Sale forecast on receipt of this amount that it would be repaid in four years and that the London price would harden to £140 in 18 months. This was effectively to forecast that the local industry would make R25m over and above a 14% return on its investment in the next four years. Bold words, and sugar shares responded (see chart). At first the London price did move the way Sale said it would. It rose from £98 to a recent high of £109, but then came off to its present £103.

This week's domestic price increase from R266 to R291 for white sugar and from R257 to R267 for brown, brings domestic prices, at least temporarily, above local production costs. This and the PSF loan might just persuade certain companies, which hinted in their interims at dividend cuts to come, to change their minds. There is now more bullishness in the cane country. Whether or not dividends are cut will depend on the outlook at the time, and this changes daily.

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The industry still faces problems. International stocks are still near all-time highs and current London prices are way below SA production costs. SA's production next season will be further limited to 1,8Mt (2Mt) in terms of the International Sugar Agreement (ISA) and there is no question of increasing existing buffer stocks. If international prices decline, the SA industry could end up with stock losses instead of the profits it is hoping for. And higher fuel prices could again push costs above the latest domestic price.

Some analysts are worried about the declaration of profits and dividends

NOT SO INTERNATIONALLY SWEET

Depression continues to reign in the international sugar market. Prices show little inclination to rise far beyond the £100/t level in the face of a likely increase in surplus stocks of some 2 Mt or so by the end of August.

Mid-week, the London Daily Price for raw sugar stood at £103, compared with £97 at the beginning of February and £96 at the turn of last year. One key trading house told the *FM* that the market presented a buoyant undertone, largely because of continued confidence provided by the International Sugar Agreement (ISA). But the outlook remained one of continuing surplus.

Independent sugar statistician F O Light estimates the current season's crop could reach 93,2 Mt, compared with an initial estimate of 91,8 Mt. That is further confirmation that the world seems to be heading for another surplus to be added to the already existing massive stocks of about 30 Mt.

Most sugar experts see the stockpile increasing to 33 Mt or more.

The latest view of the world sugar situation, from London brokers ED&F Man, notes the influence of the ISA, which raised the average spot price for 1977-78 of US 7,51 c/lb to 8,20 c/lb in the first six months of the 1978-79 season.

"The 1979-80 season is too far away to be discussed except in terms of broad probabilities," they say.

"However, the 1980 delivery positions on the terminal market makes it possible to transact business for the season at between 10,0c-10,5c/lb. That is a level at which some producers can produce profitably and only a few percent below the ISA floor price (11c/lb or £132/t). It clearly anticipates a substantially improved picture despite the huge stocks to be carried over.

"The 1979-80 season may ultimately benefit from the weather, or political factors, but it would be wrong to suggest that 1979-80 prices of 10c do not already reflect that. We do not anticipate any large price movements until confirmation of lower beet sowings and production cutbacks for next season are substantiated. A price between 8c-9c/lb is indicated."

The general opinion is that the market seems likely to move sideways during the rest of the year. But there are one or two variables which could influence prices in either direction. The US still has not ratified the ISA, which is aimed at keeping prices within the range 11c-21c by a system of export quotas and reserve stockpiling.

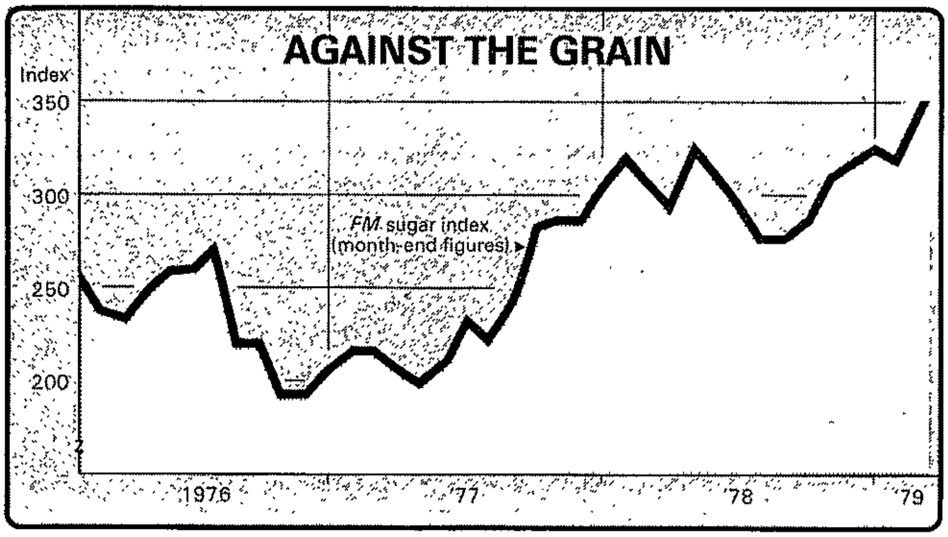
The sugar price now stands at about 8,6c, consequently producers are continuing to operate a system of export quotas. These have, in cases, led to cutbacks in deliveries of 18% and more on originally allotted Basic Export Tonnages under the agreement.

However, the US's continued non-ratification might be upsetting to ISA morale and is preventing the introduction of a stocks acquisition scheme financed by levies on international sugar transactions.

The US may soon move to ratify the pact — an action which is geared to the Carter administration settling a domestic sugar price-support dispute. Senate and House of Representatives officials are still some way off compromising with Carter, but observers believe agreement could be reached in the second quarter of the year. According to traders, it would help boost prices — ratification of the ISA would tighten the pact's market hold.

Two other key factors in the equation are the degree of aggression with which Cuba and the EEC market during the remainder of the season. Cuba expects to produce some 7,5 Mt this season, compared with 7,35 Mt last; and the EEC is faced with handling a surplus of some 3 Mt. The Community continues to encourage domestic production through subsidies and at the same time is committed to purchasing 1,4 Mt a year from former colonial sugar cane producers in Africa and the Caribbean.

This structural imbalance prevents the EEC accepting the export discipline which is a condition of ISA membership. It is likely to remain a point of some dispute among world producers, particularly as Brussels, instead of stockpiling, prefers to offload sugar onto the international market with the assistance of export subsidies.



against loans, but this is what price stabilisation is all about. The PSF was in deficit in the mid-Sixties when the London price was only £12/t, but it rebounded into surplus rather splendidly by the early-Seventies. Another hope is that the SA industry will be able to clinch sales in new markets outside the ISA. It is also strongly rumoured that, if necessary, the government will allow a further PSF loan next year.

The first hint of less pessimism from the sugar companies was in the interim statements of Huletts, Tongaat and Crookes. Tongaat managed to increase its share of the industry's production from 10,1% to 10,2% and sugar profits fell less than feared. Thanks to better trading in non-sugar divisions Tongaat was looking for year-end earnings of 70c (65,2c). Far from cutting its dividend, it could raise it from 25c to 27c. This would give a prospective yield of 8,2% — fair, considering the uncertain sugar scenario.

Huletts' production share slipped from 35% to 34,5% during the current season and at the interim slightly lower sugar profits were expected for the year. Paper and transport profits were expected to rise and aluminium to level peg so, the 28c dividend looks safe. The current yield of 11,8% makes the stock look attractive on a longer view.

CG Smith Sugar's share of production is down from 37,2% to 35,2% and first-half profits were down 34% to 35c (53c). The 20c interim was held but chairman Frank Jones warned that the final would definitely be less than last year's 55c. The question now is whether he will reconsider in view of the slightly improved longer-term scenario. Earnings this year should reach at least 70c and, considering the group's liquidity, the total dividend should not fall much below 50c. This would put the counter on a prospective 8,5%, which looks about right.

Crookes is purely a grower with no milling facilities. The company does not yet know how much the latest price increase will help but is hoping for an additional R2/t of sucrose. Prices before were about R100/t. Earnings at the interim were 11% down, but were expected to improve, perhaps to parity with 1978 by the end of the year. Crookes will probably earn 50c and pay 29c again to give a prospective yield of 9,7%.

David Carte

WALL STREET

Night driving

To be fanciful, Wall Street appears at the moment to be populated by hordes of investors wearing blindfolds. There is a lot of milling around, a multitude of collisions and a mass of inconsequential energy. In short, the stock market is lacking in leadership which makes it vulnerable to both good and bad news — and it is often unable to make up its mind which is which.

In the first few weeks of the year it appeared that the traditional glamour stocks were back in favour and likely to give the market a firmness of tread it lacked for long periods last year. Then when Iran and problems of oil supplies became the dominant preoccupation, energy stocks with good domestic supplies of oil and gas became alluring. Woven through the tapestry has been occasional activity in the so-called gambling stocks whose future could be secured by a significant expansion of casino gambling outside of the Nevada enclave.

But none of these groups has taken the market anywhere and while its ability to weather adverse foreign news remains impressive, the market appears increasingly to be in a holding pattern, waiting for something to happen. Quite what is anybody's guess. In the short-term, it seems that President Carter's expedition to the Middle East is going to be highly important. Just as the market put on its hat and called a party when Prime Minister Begin announced early last week he would come to Washington after all, so on Monday the festivities were repeated when the Israeli cabinet supported the US compromise formula for the peace treaties in Egypt.

DOW CLOSING

Wednesday	808,82	up 1,82
Thursday	815,84	up 7,02
Friday	815,75	down 0,09
Monday	827,36	up 11,61
Tuesday	826,58	down 0,78

For the moment foreign affairs have supplanted the economy as the main focus of attention. Many on Wall Street have, I suspect, thrown up their hands and abandoned the effort of trying to decide where the economy is going to go, so conflicting are the signals. Last week the leading economic indicators for January were published and they showed the third consecutive monthly fall.

Straw-in-the-wind economists have long said that three successive declines in this amalgam of statistics on economic activity point to a recession and they said it again last week. But it must be added

signposts

	Current	Week ago	Month ago	Year ago
RDM 100	**296,8**	**306,3**	**304,7**	**198,6**
% change on	—	—3,1	—2,6	49,4
P/E ratio	5,2	5,3	5,4	3,9
Div yield	7,4	7,2	7,1	10,6
UK _FT_ Ind	**486,2**	**479,6**	**454,8**	**444,1**
% change on	—	1,4	6,9	9,5
P/E ratio	8,6	8,4	7,9	7,8
Div yield	5,8	5,9	6,3	6,1
US Dow Jones	**826,6**	**807,0**	**822,9**	**746,8**
% change on	—	2,4	0,4	10,7
P/E ratio*	8,9	8,7	8,7	8,4
Div yield*	5,2	5,2	5,1	5,6
Gold price (in US $ on London)	**239,1**	**247,6**	**244,1**	**186,8**
% change on	—	—3,4	—2,0	28,0
Krugerrand (Rand)				
Public selling price	**232,3**	**241,2**	**243,2**	**185,8**
% change on	—	—3,7	—4,5	25,0

** Standard & Poor index.*
Public buying price is 10% below, subject to negotiation.

there is precious little sign of a recession yet. Car sales had a good February, factory orders rose by 1,9% and there are murmurings from the Department of Commerce that perhaps the economy is motoring a little too speedily. A slower rate of growth, will, it is widely held, help put a brake on inflation. The stock market may well be prepared for bad inflation figures over the next month or two, but it is difficult to see investors sitting comfortably with a fast-running economy and double digit inflation.

At the moment the best policy appears to be to sit tight and to hope that you have a takeover target in your portfolio. The merger and acquisition wave in the US shows very little sign of weakening at the moment and is drawing its considerable strength from the relative cheapness of assets as valued by the equity markets and fears that Congress might yet act to limit the size of acceptable mergers.

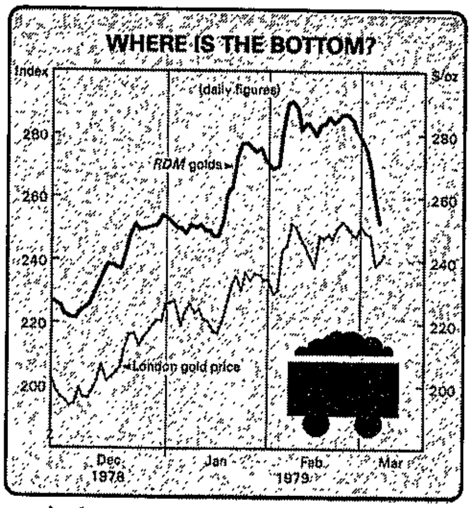
In the past week a host of stocks have become investors' darlings because of takeovers. On Tuesday a Californian savings and loan association, United Financial, was revalued upwards on an agreed merger with National Steel based on 42 a share when the stocks had previously traded at 23⅛. Polychrome Corp has put on more than 10½ points in the shadow of a bidding war between France's Rhône-Poulenc and Japan's Dainippon Ink & Chemicals. But this is only icing on a still indifferent cake.

DIAGONAL STREET
Shakeout continues

Amidst the plethora of negative news in the past week the most worrying item to the market is the narrowing discount on financial rand. The mechanics are fairly simple. As the discount — currently 37,3% — comes down, SA shares become more expensive to overseas investors. So with FR looking set to go through the US 80c level, share prices, particularly De Beers, golds and platinums, either have to rise to new levels in London and New York, or decline in Johannesburg.

On Wednesday the FR rate rose to US 74c, up US 5c on the week. The increase is not due to higher overseas demand for SA shares. If anything overseas demand has declined in recent months. Brokers and analysts are attributing the rise to broader uses of FR. Now that foreign investors can employ FR for SA investments other than listed securities, such as factories and machinery, the rate can be expected to rise even more.

For instance, the market is aware of a very big FR requirement ostensibly, from one of the motor assemblers for a new engine plant — believed to be Volkswagen. A figure of over R70m has been put



on it, but this has not yet been verified. One analyst believes the Reserve Bank will put a damper on the rise if the FR rate gets too far above the US 80c mark. After all, the immediate object of the exercise is to attract overseas capital through an attractive discount.

It cannot be gainsaid that a higher FR rate will have a dampening effect on overseas-held stocks. However, it does not mean that the market has come to the end of its bull run. An analyst points out that four London brokers have recently published reports indicating that SA gold shares are cheap at current levels. American buyers may join in later, although they are net sellers at present. A contrary belief is that the rising commercial and financial rand rates could favour further equity price rises. People tend to prefer investing in countries with sounder currencies, such as the rand, on present performance. So, a pradox of a rising FR rate and share prices is possible, particularly if the gold price rises further.

A chartist points out that the $9,85 crash to $238,15 at Monday's second fix petrified many investors. This broke a triple bottom on the daily bullion chart and the move heavily penetrated the bullish resistance line in operation since December.

However, the gold chart had previously broken three triple tops since December, which is considered highly bullish. Although the picture may appear to be confusing, there is little doubt among brokers and analysts that the price will be close to $300 by the end of the year, if not earlier. The chartist says that the upward breaks point to a price of $261 in June, and $303 in September.

Confounding these views on golds were Wednesday's wildcat strikes, which affected most gold, copper, platinum and coal mines. It appears that investors have paid little attention to the strikes and mining analysts believe this to be simply a show of muscle by the unions. On Wednesday night, the strikes were not expected to last more than 24 hours.

Nevertheless, this was one of the major causes for Wednesday afternoon's bullion recovery to $242,25 ($239,75 on Tuesday). With overseas investors net sellers, golds rose on local demand.

In mining financials, Unicorp published encouraging figures. One broker's research indicates that there is still a large chunk of overseas investment in mining financials, which could be soaked up by institutions as foreigners sell on FR

Diagonal Street . . . in need of renovation

3 Sugar

SUGAR 15 Sugar 244 FM 9/3/79

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"The 1979-80 season is too far away to be discussed except in terms of broad probabilities," they say.

"However, the 1980 delivery positions on the terminal market makes it possible to transact business for the season at between 10,0c-10,5c/lb. That is a level at which some producers can produce profitably and only a few percent below the ISA floor price (11c/lb or £132/t). It clearly anticipates a substantially improved picture despite the huge stocks to be carried over.

"The 1979-80 season may ultimately benefit from the weather, or political factors, but it would be wrong to suggest that 1979 80 prices of 10c do not already reflect that. We do not anticipate any large price movements until confirmation of lower beet sowings and production cutbacks for next season are substantiated. A price between 8c-9c/lb is indicated."

The general opinion is that the market seems likely to move sideways during the rest of the year. But there are one or two variables which could influence prices in either direction. The US still has not ratified the ISA, which is aimed at keeping prices within the range 11c-21c by a system of export quotas and reserve stockpiling.

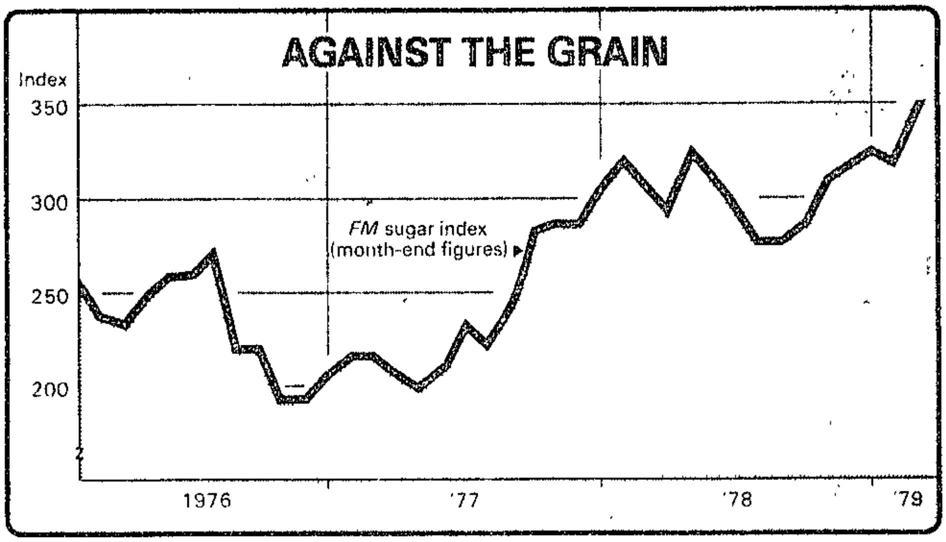
The sugar price now stands at about 8,6c, consequently producers are continuing to operate a system of export quotas. These have, in cases, led to cutbacks in deliveries of 18% and more on originally allotted Basic Export Tonnages under the agreement.

However, the US's continued non-ratification might be upsetting to ISA morale and is preventing the introduction of a stocks acquisition scheme financed by levies on international sugar transactions.

The US may soon move to ratify the pact — an action which is geared to the Carter administration settling a domestic sugar price-support dispute. Senate and House of Representatives officials are still some way off compromising with Carter, but observers believe agreement could be reached in the second quarter of the year. According to traders, it would help boost prices — ratification of the ISA would tighten the pact's market hold.

Two other key factors in the equation are the degree of aggression with which Cuba and the EEC market during the remainder of the season. Cuba expects to produce some 7,5 Mt this season, compared with 7,35 Mt last; and the EEC is faced with handling a surplus of some 3 Mt. The Community continues to encourage domestic production through subsidies and at the same time is committed to purchasing 1,4 Mt a year from former colonial sugar cane producers in Africa and the Caribbean.

This structural imbalance prevents the EEC accepting the export discipline which is a condition of ISA membership. It is likely to remain a point of some dispute among world producers, particularly as Brussels, instead of stockpiling, prefers to offload sugar onto the international market with the assistance of export subsidies.



against loans, but this is what price stabilisation is all about. The PSF was in deficit in the mid-Sixties when the London price was only £12/t, but it rebounded into surplus rather splendidly by the early-Seventies. Another hope is that the SA industry will be able to clinch sales in new markets outside the ISA. It is also strongly rumoured that, if necessary, the government will allow a further PSF loan next year.

The first hint of less pessimism from the sugar companies was in the interim statements of Huletts, Tongaat and Crookes. Tongaat managed to increase its share of the industry's production from 10,1% to 10,2% and sugar profits fell less than feared. Thanks to better trading in non sugar divisions Tongaat was looking for year-end earnings of 70c (65,2c). Far from cutting its dividend, it could raise it from 25c to 27c. This would give a prospective yield of 8,2% — fair, considering the uncertain sugar scenario.

Huletts' production share slipped from 35% to 34,5% during the current season and at the interim slightly lower sugar profits were expected for the year. Paper and transport profits were expected to rise and aluminium to level peg so, the 28c dividend looks safe. The current yield of 11,8% makes the stock look attractive on a longer view.

CG Smith Sugar's share of production is down from 37,2% to 35,2% and first-half profits were down 34% to 35c (53c). The 20c interim was held but chairman Frank Jones warned that the final would definitely be less than last year's 55c. The question now is whether he will reconsider in view of the slightly improved longer-term scenario. Earnings this year should reach at least 70c and, considering the group's liquidity, the total dividend should not fall much below 50c. This would put the counter on a prospective 8,5%, which looks about right.

Crookes is purely a grower with no milling facilities. The company does not yet know how much the latest price increase will help but is hoping for an additional R2/t of sucrose. Prices before were about R100/t. Earnings at the interim were 11% down, but were expected to improve, perhaps to parity with 1978 by the end of the year. Crookes will probably earn 50c and pay 29c again to give a prospective yield of 9,7%.

David Carte

WALL STREET

Night driving

To be fanciful, Wall Street appears at the moment to be populated by hordes of investors wearing blindfolds. There is a lot of milling around, a multitude of collisions and a mass of inconsequential energy. In short, the stock market is lacking in leadership which makes it vulnerable to both good and bad news — and it is often unable to make up its mind which is which.

In the first few weeks of the year it appeared that the traditional glamour stocks were back in favour and likely to give the market a firmness of tread it lacked for long periods last year. Then when Iran and problems of oil supplies became the dominant preoccupation, energy stocks with good domestic supplies of oil and gas became alluring. Woven through the tapestry has been occasional activity in the so-called gambling stocks whose future could be secured by a significant expansion of casino gambling outside of the Nevada enclave.

But none of these groups has taken the market anywhere and while its ability to weather adverse foreign news remains impressive, the market appears increasingly to be in a holding pattern, waiting for something to happen. Quite what is anybody's guess. In the short-term, it seems that President Carter's expedition to the Middle East is going to be highly important. Just as the market put on its hat and called a party when Prime Minister Begin announced early last week he would come to Washington after all, so on Monday the festivities were repeated when the Israeli cabinet supported the US compromise formula for the peace treaties in Egypt.

DOW CLOSING

Wednesday	808,82	up 1,82
Thursday	815,84	up 7,02
Friday	815,75	down 0,09
Monday	827,36	up 11,61
Tuesday	826,58	down 0,78

For the moment foreign affairs have supplanted the economy as the main focus of attention. Many on Wall Street have, I suspect, thrown up their hands and abandoned the effort of trying to decide where the economy is going to go, so conflicting are the signals. Last week the leading economic indicators for January were published and they showed the third consecutive monthly fall.

Straw-in-the-wind economists have long said that three successive declines in this amalgam of statistics on economic activity point to a recession and they said it again last week. But it must be added

signposts

	Current	Week ago	Month ago	Year ago
***RDM* 100**	**296,8**	**306,3**	**304,7**	**198,6**
% change on	--	—3,1	—2,6	49,4
P/E ratio	5,2	5,3	5,4	3,9
Div yield	7,4	7,2	7,1	10,6
UK *FT* Ind	**486,2**	**479,6**	**454,8**	**444,1**
% change on	—	1,4	6,9	9,5
P/E ratio	8,6	8,4	7,9	7,8
Div yield	5,8	5,9	6,3	6,1
US Dow Jones	**826,6**	**807,0**	**822,9**	**746,8**
% change on	—	2,4	0,4	10,7
P/E ratio*	8,9	8,7	8,7	8,4
Div yield*	5,2	5,2	5,1	5,6
Gold price (in US $ on London)	**239,1**	**247,6**	**244,1**	**186,8**
% change on	—	—3,4	—2,0	28,0
Krugerrand (Rand)				
Public selling price	**232,3**	**241,2**	**243,2**	**185,8**
% change on	—	—3,7	—4,5	25,0

** Standard & Poor index.*

Public buying price is 10% below, subject to negotiation.

SUN. EXPRESS, 11/2/79

R25-m loan for SA Sugar Associaton

3-Sugar

THE South African Sugar Association has raised a R25-m, four-year loan which will go some way to making up the R40-m to R45-m deficit that the sugar industry faces this year.

The Sugar Association refused to divulge details on the loan, which it has been considering for about three months, except to say that it was made up partly in Deutschemarks and partly in Swiss francs, and that the rate was not excessive.

According to association general manager Peter Sale, the loan will be used to supplement the proceeds from the sale of sugar for the 1978/79 season.

The export price of sugar has been very low this year — the spot price is 98 sterling (R168) — while the local price at R266 per ton is about the same as the industry's cost of production.

This means that the industry is heading for a substantial deficit this year, in excess of R40-m, and the industry has no option but to accept a reduction in the return on capital.

Sale said: "There will still be a deficit for the industry but this will have to be absorbed by the millers and growers.

"In the past the industry has managed to achieve its returns with the help of the Stabilisation Fund but that's now ended."

The R25-m will flow through the Stabilisation Fund to millers and growers. Sale is confident that the sugar price (and the industry) will recover suffiicently in the next four years to be able to easily repay the loan.

He anticipates that the price of sugar will recover to the 140 sterling level in about 18 months.

He pointed out that in the mid-60s, when the sugar price was around 12 sterling a ton, the Sugar Association borrowed R16-m. He does not foresee too many difficulties in this instance.

With the International Sugar Agreement apparently working satisfactorily, the sugar price should rise in the coming year.

He does not see that it will climb too quickly, but with the ISA floor price it will prevent the price falling too far.

Sugar price up 8 pc by weekend

Argus 28/2/79
(3) Sugar

HOUSEWIVES will be paying about 8 percent more for sugar — about seven cents on a 2,5 kg packet — by the weekend.

The wholesale price to retailers went up by this amount today and supermarket spokesmen said that although they would sell existing stocks at the 'old' price they did not expect these to last long.

'There will be a tremendous rush to stock up as soon as people hear of the increase,' said a spokesman for Pick 'n Pay.

'Unfortunately we have not laid in big stocks. We bought in a lot of sugar about four months ago when an increase was expected but we had to clear those stocks because sugar becomes rock-hard when it is kept too long.

'We had just cleared them and were waiting for more deliveries when news of this increase came.'

At present, granulated sugar costs an average of 89c for 2,5 kg in most supermarkets and a few cents more in cafes.

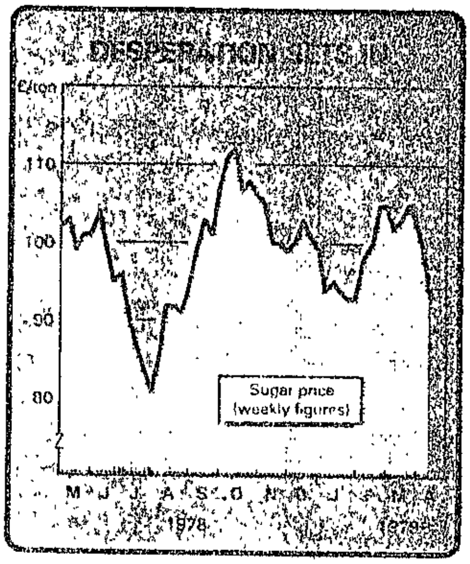
SUGAR

(3) Sugar

Souring fast

FM 20/4/79

As the weeks roll by, the plight of the international sugar market becomes more desperate. Not surprisngly, there is increased talk of producer members of the International Sugar Agreement (ISA) possibly breaking ranks later this year if the outlook for both the market and the ISA itself does not improve.



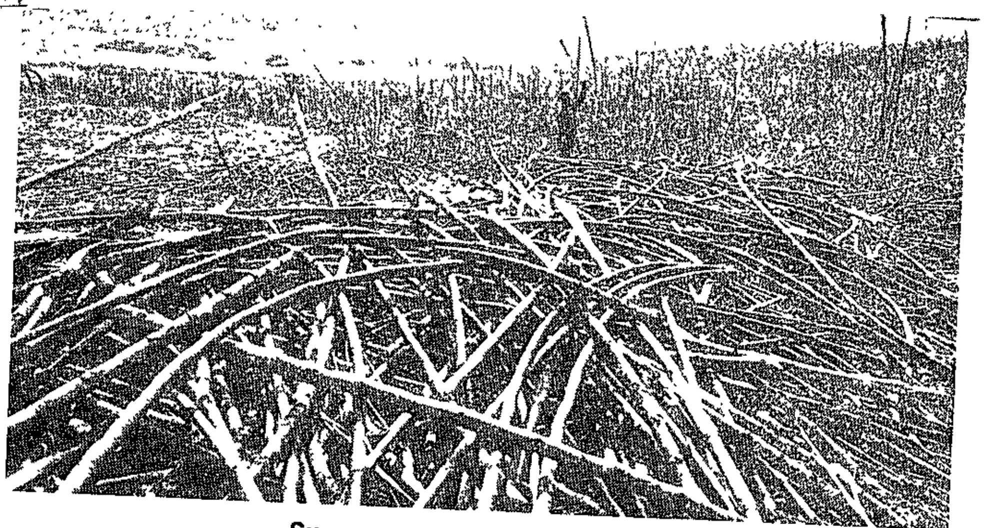
Mid-week, the London Daily Price (LDP) for raw sugar stood at £93/t — over £10 down on levels at the beginning of last month. In the intervening period, independent sugar analyst F O Licht announced an increased estimate for world sugar production in the 1978-79 season at 92.88 Mt, compared with a previous estimate of 92,16 Mt, and the Carter Administration's attempts to ratify the ISA have hit further snags.

As a result of the latter problem, the ISA continues to operate on a provisional basis. It cannot, for the moment, introduce a 2,5 Mt stocks acquisition scheme as it requires full member government approval to impose the levies on international sugar trading necessary to provide the finance. Consequently, producers have not received any monetary assistance through the ISA to help finance mounting stocks.

Though the ISA is only provisionally in force, producers have been operating import quotas ever since its introduction in January last year, as the world price has remained below the ISA's agreed floor price of US 11c/lb. (Mid-week on the New York futures market it stood at 7,7c for May delivery.)

In some cases this means that producers are only permitted to export around 82% of the basic export tonnage (BET) allotted to them when the ISA was negotiated in 1977. (SA's BET is 875 000 t.) While this is burdensome for all producers, some of the less well-off, particularly in South and Central America, have been especially hard hit.

So much so that in the next few days the International Sugar Organisation (ISO) is expected to agree that four members — Bolivia, El Salvador, Fiji, and Panama — can increase their exports by a total of 165 000 t under the ISA's special "hardship" provisions.



Sugar . . . prices take a caning

This will have the effect of increasing the free market surplus and seems set to act as a further price depressant.

Some suspect that other Third World countries, also badly hit by a combination of low prices and export cutbacks, may soon be queuing up to have their quotas increased.

A flow of such requests would not only increase downward pressure on sugar prices, but, more seriously, could begin to undermine the ISA itself, especially if the larger producers, Brazil, Australia, the Philippines, and Cuba also become restless due to depressed prices and the general atmosphere of insecurity surrounding the pact in the light of Washington's continued failure to ratify.

US ratification has been linked to the passage of a domestic US Sugar Bill granting US farmers support prices 5c-6c/lb above the ISA floor (depending on the nature of the Bill) but the House of Representatives, the Senate, and the Carter Administration are still at loggerheads over its precise format. Until a compromise is worked out, Congressional approval for ratification is being withheld.

Meanwhile, world stocks, already at record levels, continue to creep higher. By end-August, some sugar dealers are anticipating they will have climbed to around 34 Mt, about 1 Mt higher than prevailing estimates a few ...

③ Sugar

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VOL. 166] PRETORIA, 27 APRIL 1979 No. 6419

PROCLAMATION

by the State President of the Republic of South Africa

No. R. 81, 1979

COMING INTO OPERATION OF THE SUGAR ACT, 1978 (ACT 9 OF 1978)

Under the powers vested in me by section 12 of the Sugar Act, 1978 (Act 9 of 1978), I hereby declare that the said Act shall come into operation on 27 April 1979.

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Twenty-fifth day of April, One thousand Nine hundred and Seventy-nine.

B. J. VORSTER, State President.

By Order of the State President-in-Council:

J. C. HEUNIS.

GOVERNMENT NOTICES

DEPARTMENT OF INDUSTRIES

No. R. 858 27 April 1979

I, Jan Christiaan Heunis, Minister of Economic Affairs, hereby publish in terms of section 4 (1) of the Sugar Act, 1978 (Act 9 of 1978), the terms of the Sugar Industry Agreement, 1979, contained in the Schedule hereto, which I have determined under section 4 (1) of the said Act after consultation with the South African Sugar Association.

J. C. HEUNIS, Minister of Economic Affairs.

SCHEDULE

SUGAR INDUSTRY AGREEMENT, 1979

Interpretation

1. Any word or expression defined in the Act shall bear the meaning so assigned to it, and unless the context otherwise indicates—

"Act" means the Sugar Act, 1978, Act 9 of 1978;

"cane" means sugar cane;

"Central Board" means The Sugar Industry Central Board, established in terms of clause 3;

"Delville Estates" means Delville Estates Limited;

PROKLAMASIE

van die Staatspresident van die Republiek van Suid-Afrika

No. R. 81, 1979

INWERKINGTREDING VAN DIE SUIKERWET, 1978 (WET 9 VAN 1978)

Kragtens die bevoegdheid my verleen by artikel 12 van die Suikerwet, 1978 (Wet 9 van 1978), verklaar ek hierby dat genoemde Wet op 27 April 1979 in werking tree.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Vyf-en-twintigste dag van April Eenduisend Negehonderd Negeen-sewentig.

B. J. VORSTER, Staatspresident.

Op las van die Staatspresident-in-rade:

J. C. HEUNIS.

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN NYWERHEIDSWESE

No. R. 858 27 April 1979

Ek, Jan Christiaan Heunis, Minister van Ekonomiese Sake, publiseer hierby kragtens artikel 4 (1) van die Suikerwet, 1978 (Wet 9 van 1978), die bepalings van die Suikernywerheidooreenkoms, 1979, in die Bylae hiervan vervat, wat ek onder artikel 4 (1) van die genoemde Wet na oorleg met die Suid-Afrikaanse Suikervereniging vasgestel het.

J. C. HEUNIS, Minister van Ekonomiese Sake.

BYLAE

SUIKERNYWERHEIDOOREENKOMS, 1979

Woordbepaling

1. In hierdie Ooreenkoms het enige woord of uitdrukking wat in die Wet omskryf word, daardie betekenis, en tensy uit die samehang anders blyk, beteken—

"binnelandse mark" die Suid-Afrikaanse mark soos omskryf in klousule 52 (4);

"Delville Estates" Delville Estates Limited;

"Entumeni" means Entumeni Sugar Milling Company (Proprietary) Limited;

"Glendale" means Glendale Sugar Company Limited;

"Glendale" means Glendale Sugar Millers (Proprietary) Limited;

"Growers' Association" means The South African Cane Growers' Association;

"Growers' Register" means the register referred to in clause 153 (1) (c);

"Hulett's" means Hulett's Corporation Limited;

"Huletts" means Hulett's Refineries Limited;

"Illovo" means Illovo Sugar Estates Limited;

"local market" means the South African market as defined in clause 124 (3);

"mill" includes the owner of a mill;

"miller-cum-planter" means a miller who is also a cane grower registered in the Growers' Register, including any cane grower classified in the Growers' Register as a miller-cum-planter;

"Millers' Association" means The South African Sugar Millers' Association Limited;

"Natal Estates" means The Natal Estates Limited;

"Nkwaleni Growers" means the growers who are shown in the Nkwaleni Group in the Growers' Register;

"Noodsberg" means Noodsberg Sugar Company Limited;

"Pongola" means Pongola Sugar Milling Company Limited;

"Reynolds" means Reynolds Bros. Limited;

"Smith" means C. G. Smith Sugar Limited;

"Sugar Association" means The South African Sugar Association incorporated in terms of section 2 of the Act;

"Tongaat" means The Tongaat Group Limited;

"T.S.B." means Transvaalse Suikerkorporasie Beperk;

"Umfolozi" means Umfolozi Co-operative Sugar Planters Limited;

"Umzimkulu" means Umzimkulu Sugar Company Limited;

"Union Co-op" means The Union Co-operative Bark and Sugar Company Limited;

"year" means the period of 12 consecutive months commencing on 1 May in each calendar year;

"Zululand S.M." means Zululand Sugar Millers Limited.

COMMENCEMENT

2. (1) This Agreement shall come into operation on the date of its publication by the Minister in terms of section 4 (1) (a) of the Act.

APPLICATION

(2) This Agreement shall, in terms of section 4 (1) (b) of the Act, become binding upon every grower, miller and refiner.

CHAPTER I

CENTRAL BOARD

Establishment

3. There shall be established a board to be known as the Sugar Industry Central Board, hereinafter referred to as the "Central Board".

Membership

4. The Central Board shall consist of members who shall be nominated by the Growers' Association and the Millers' Association as hereinafter provided in this Agreement.

"Entumeni" Entumeni Sugar Milling Company (Proprietary) Limited;

"Dlehlow" Glendale Sugar Company Limited;

"Glendale" Glendale Sugar Millers (Proprietary) Limited;

"Hulett's" Hulett's Corporation Limited;

"Huletts" Hulett's Refineries Limited;

"Illovo" Illovo Sugar Estates Limited;

"jaar" 'n tydperk van twaalf opeenvolgende maande wat op 1 Mei in elke kalenderjaar begin;

"Kwekersregister" die register genoem in klousule 153 (1) (c);

"Kwekersvereniging" die Suid-Afrikaanse Rietkwekersvereniging;

"meul" ook die eienaar van 'n meul;

"meulenaar-cum-planter" 'n meulenaar wat ook as 'n rietkweker in die Kwekersregister geregistreer is, met inbegrip van 'n rietkweker wat in die Kwekersregister as 'n meulenaar-cum-planter geklassifiseer is;

"Meulenaarsvereniging" Die Suid-Afrikaanse Suikermeulenaarsvereniging Bpk.;

"Natal Estates" The Natal Estates Limited;

"Nkwaleni-Kwekers" die kwekers wat in die Nkwaleni-groep in die Kwekersregister aangegee word;

"Noodsberg" Noodsberg Sugar Company Limited;

"Pongola" Pongola Sugar Milling Company Limited;

"Reynolds" Reynolds Bros. Limited;

"riet" suikerriet;

"Sentrale Raad" Die Sentrale Raad van die Suikernywerheid ingestel ingevolge klousule 3;

"Smith" C. G. Smith Sugar Limited;

"Suikervereniging" die Suid-Afrikaanse Suikervereniging ingelyf kragtens artikel 2 van die Wet;

"Tongaat" The Tongaat Group Limited;

"T.S.B." Transvaalse Suikerkorporasie Beperk;

"Umfolozi" Umfolozi Co-operative Sugar Planters Limited;

"Umzimkulu" Umzimkulu Sugar Company Limited;

"Union Co-op" The Union Co-operative Bark and Sugar Company Limited;

"Wet" die Suikerwet, 1978 (Wet 9 van 1978);

"Zululand S.M." Zululand Sugar Millers Limited.

INWERKINGTREDING

2. (1) Hierdie Ooreenkoms tree in werking op die datum waarop dit deur die Minister ingevolge artikel 4 (1) (a) van die Wet gepubliseer word.

TOEPASSING

(2) Hierdie Ooreenkoms word ingevolge artikel 4 (1) (b) van die Wet bindend vir elke kweker, meulenaar en raffineerder.

HOOFSTUK I

SENTRALE RAAD

Instelling

3. 'n Raad word ingestel wat bekend staan as die Sentrale Raad van die Suikernywerheid, hierna die "Sentrale Raad" genoem.

Lidmaatskap

4. Die Sentrale Raad bestaan uit lede wat deur die Kwekersvereniging en die Meulenaarsvereniging benoem word soos hierna in hierdie Ooreenkoms bepaal.

referred to as "Industry members") and two independent members, who shall be persons having no direct financial interest, as may be defined by the Sugar Association, in the Sugar Industry. The Chairman shall be appointed by the Sugar Association after consultation with the Minister, Industry members shall be appointed by the Growers' Association and Millers' Association respectively, and the two independent members shall be appointed by the Sugar Association. Any member of the Central Board at the commencement of this Agreement who was such a member under the provisions of the Sugar Industry Agreement, 1943, on 30 April 1978, shall continue to be a member thereof for the unexpired portion of his term of office, or until removed as contemplated in clause 5 of this Agreement.

Period of office

5. Subject to the provisions of clause 7, the Chairman shall hold office until removed for good cause by the Sugar Association, an Industry member shall hold office for a period of one year and an independent member shall hold office for a period of five years unless removed for good cause by the Sugar Association.

Remuneration

6. The Chairman shall receive such salary, the Industry members such remuneration, and the independent members such fees as may be fixed, in each case, by the Sugar Association.

Vacancies

7. In the event of any vacancy arising from death, resignation or other cause, in the office of a member of the Central Board (including in the case of the Chairman or independent member, his removal), such vacancy shall be filled within three months by appointment as hereinbefore set out. In the case of any member other than the Chairman appointed to fill a vacancy, such member shall hold office for the remaining period for which his predecessor was appointed. In the event of any vacancy in the office of Chairman not being filled within three months, the Minister shall be requested to nominate a chairman, and his nominee shall forthwith be appointed by the Sugar Association.

Temporary appointments

8. Whenever the Chairman or a member of the Central Board is temporarily unable to act, his functions shall be performed by a person appointed for the purpose—

(a) in the case of the Chairman or an independent member, by the Sugar Association; and

(b) in the case of the Growers' representative or the Millers' representative, by the Association by which such representative is to be appointed.

Any such appointment may be made in advance or when the occasion arises.

Quorum and majority decision

9. At any meeting of the Central Board the Chairman and the Industry members shall form a quorum. Save as may be otherwise specially provided in this Agreement, all questions shall be decided by a majority including at least one Industry member.

'nywerheidslede' genoem) en twee onafhanklike lede, wat persone moet wees wat geen regstreekse finansiële belang, soos deur die Suikervereniging omskryf, by die Suikernywerheid het nie.

Die Voorsitter word deur die Suikervereniging na oorlegpleging met die Minister aangestel, nywerheidslede word deur onderskeidelik die Kwekersvereniging en die Meulenaarsvereniging aangestel, en die twee onafhanklike lede word deur die Suikervereniging aangestel. 'n Lid van die Sentrale Raad ten tyde van die inwerkingtreding van hierdie Ooreenkoms wat op 30 April 1978 'n lid daarvan was ingevolge die bepalings van die Suikernywerheidsooreenkoms, 1943, bly 'n lid daarvan vir die onverstreke gedeelte van sy ampstermyn, of totdat hy afgesit word soos in klousule 5 van hierdie Ooreenkoms beoog.

Dienstermyn

5. Behoudens die bepalings van klousule 7 beklee die voorsitter sy amp totdat hy deur die Suikervereniging om goeie rede afgesit word; beklee 'n nywerheidslid sy amp vir 'n tydperk van een jaar, en beklee 'n onafhanklike lid sy amp vir 'n tydperk van vyf jaar tensy hy deur die Suikervereniging om goeie rede afgesit word.

Besoldiging

6. Die voorsitter ontvang sodanige salaris, die nywerheidslede sodanige vergoeding en die onafhanklike lede sodanige gelde as wat in elke geval deur die Suikervereniging vasgestel word.

Vakatures

7. Ingeval 'n vakature in die Sentrale Raad ontstaan as gevolg van die oorlyde of bedanking van 'n lid of deur enige ander oorsaak (met inbegrip van ontslag in die geval van die voorsitter of 'n onafhanklike lid), moet sodanige vakature binne drie maande gevul word deur aanstelling soos hierbo uiteengesit. In die geval van enige ander lid as die voorsitter wat aangestel is om 'n vakature te vul, beklee sodanige lid sy amp vir die oorblywende tydperk waarvoor sy voorganger aangestel was. Indien 'n vakature ten opsigte van die amp van voorsitter nie binne drie maande gevul word nie, moet die Minister versoek word om 'n voorsitter te benoem, en die aldus genomineerde moet onmiddellik deur die Suikervereniging aangestel word.

Tydelike aanstelling

8. Wanneer die voorsitter of 'n lid van die Sentrale Raad tydelik nie in staat is om op te tree nie, word sy funksies uitgevoer deur 'n persoon wat vir dié doel aangestel word—

(a) in die geval van die voorsitter of 'n onafhanklike lid, deur die Suikervereniging; en

(b) in die geval van die kwekersverteenwoordiger of die meulenaarsverteenwoordiger, deur die Vereniging waardeur sodanige verteenwoordiger aangestel staan te word.

Enige sodanige aanstelling kan vooruit gedoen word of wanneer die geleentheid hom voordoen.

Kworum en meerderheidsbesluit

9. Die voorsitter en die nywerheidslede vorm 'n kworum op alle vergaderings van die Sentrale Raad. Behalwe soos andersins spesiaal in hierdie Ooreenkoms bepaal, word alle kwessies beslis deur 'n meerderheid wat minstens een nywerheidslid insluit.

Rules and regulations

10. The Central Board may make rules and regulations [illegible] with the provisions of this Agreement—

(a) [illegible]

(b) [illegible]

(c) [illegible]

Powers [illegible]

11. The Central Board shall have power—

(a) [illegible]

(b) [illegible]

(c) [illegible]

(d) [illegible] the terms and the attainment of the objects of this Agreement;

(e) [illegible] within its jurisdiction, as it may deem necessary or expedient [illegible] purposes of this Agreement;

(f) [illegible] as it may deem fit [illegible] and functions [illegible] or otherwise;

(g) to appoint such persons as it considers necessary to enable it to exercise its functions, [illegible] such terms and conditions [illegible] as it may determine;

(h) to acquire [illegible] any property which it considers necessary for the purpose of exercising its functions, and to dispose of [illegible] any property which it has acquired;

(i) to receive, control and administer the Central Fund established in accordance with clause 13 and to open banking accounts, [illegible] and other documents for the purposes of collecting, investing and disbursing moneys, and to make all payments which may be necessary in the exercise of its functions hereunder;

[illegible]

10. The State Board [illegible]—

(a) [illegible]

(b) [illegible]

(c) [illegible]

[illegible]

11. The State Board [illegible]—

[illegible]

(j) generally to do all such other acts, matters and things as shall be incidental to the proper carrying out of the powers assigned to or conferred upon it by this Agreement.

Arbitration

12. In the event of any question or dispute arising out of or in connection with the interpretation or operation of this Agreement between any persons upon whom this Agreement is binding, the determination of which is not herein specifically provided for, such question or dispute shall be submitted to the members of the Central Board sitting as arbitrators, and not as the Central Board, for determination and award in accordance with the provisions of the Arbitration Act, 1965 (Act 42 of 1965): Provided that—

(a) the decision of the majority of the arbitrators (of whom at least one shall be an Industry member) shall be final;

(b) in the event of the said members being unable to arrive at a decision as provided in subclause (a) they may by majority vote appoint an umpire who shall be an advocate of the Supreme Court of South Africa of at least seven years' standing and whose decision on the matter shall be final.

Notwithstanding the foregoing, should any member recuse himself or objection be taken to any member sitting as an arbitrator by a party to the dispute, the dispute shall be referred to arbitration in accordance with the provisions of the said Arbitration Act, 1965.

Any determination or award given under the corresponding provisions of any prior Sugar Industry Agreement, and in force at the commencement of this Agreement, shall continue to have force and effect as if it were given under the provisions of this clause.

The Central Fund

13. There shall be established under the administration of the Central Board a fund to be called 'the Central Fund', which shall be charged with the payment of all costs and expenses incurred by the Central Board in pursuance of the provisions of this Agreement and of the rules and regulations referred to in clause 10.

Levies

14. The amount required for the Central Fund shall be an Industry obligation as hereinafter defined, and shall be met by a levy imposed as hereinafter provided for in this Agreement and in the Constitution of the Sugar Association. All amounts levied and collected hereunder shall be paid forthwith into the Central Fund.

CHAPTER 2

CONTROL OF PRODUCTION

Sucrose quotas

15. (1) Growers' quotas shall be expressed in metric tons sucrose.

(2) (a) Quotas shall be basic, contingency or provisional.

Basic quota

(b) A basic quota is a quota which has been established by deliveries of sucrose made from a specific area of land registered by the Central Board in terms of clause 17.

(j) in die algemeen alle ander handelinge, sake en dinge te verrig wat gepaard gaan met die behoorlike uitoefening van die bevoegdhede by hierdie Ooreenkoms aan hom toegewys of verleen.

Arbitrasie

12. Ingeval uit of in verband met die interpretasie of die werking van hierdie Ooreenkoms 'n geskil of dispuut ontstaan tussen persone vir wie hierdie Ooreenkoms bindend is, vir die beslissing waarvan hierin nie uitdruklik voorsiening gemaak word nie, moet die geskilpunt of dispuut voorgelê word aan die lede van die Sentrale Raad, sittende as arbiters en nie as Raad nie, vir beslissing en toekenning ooreenkomstig die bepalings van die Arbitrasiewet, 1965 (Wet 42 van 1965): Met dien verstande dat—

(a) die beslissing van die meerderheid van die arbiters (van wie minstens een 'n nywerheidslid moet wees) finaal is;

(b) ingeval genoemde lede geen beslissing soos bepaal in subklousule (a) kan bereik nie, hulle by meerderheid van stemme 'n skeidsregter kan aanstel wat 'n advokaat van die Hooggeregshof van Suid-Afrika met minstens sewe jaar praktyk moet wees en wie se beslissing oor die saak finaal is.

Wanneer 'n lid hom onttrek of wanneer daar teen 'n lid sittende as arbiter beswaar gemaak word deur 'n party in die geskil, moet die geskil, nieteenstaande voorgaande, ooreenkomstig die bepalings van genoemde Arbitrasiewet, 1965, aan arbitrasie onderwerp word. Iedere beslissing of toekenning wat ingevolge die ooreenkomstigè bepalings van enige vorige Suikernywerheidooreenkoms gegee of gemaak is en wat ten tyde van die inwerkingtreding van hierdie Ooreenkoms nog van krag is, bly van krag asof dit kragtens die bepalings van hierdie klousule gegee of gemaak is.

Die Sentrale Fonds

13. Daar moet onder beheer van die Sentrale Raad 'n fonds, genoem "die Sentrale Fonds", gestig word, waaruit alle koste en uitgawes betaal moet word wat die Sentrale Raad ingevolge die bepalings van hierdie Ooreenkoms en die reëls en regulasies bedoel in klousule 10 aangaan.

Heffings

14. Die bedrag vereis vir die Sentrale Fonds is 'n nywerheidsverpligting soos hierna omskryf en word verkry uit 'n heffing wat opgelê word soos hierna in hierdie Ooreenkoms en in die grondwet van die Suikervereniging voorgeskryf word. Alle bedrae wat hierkragtens gehef en ingevorder word, moet dadelik in die Sentrale Fonds gestort word.

HOOFSTUK 2

BEHEER OOR PRODUKSIE

Sukrosekwotas

15. (1) Kwekers se kwotas word uitgedruk in metrieke ton sukrose.

(2) (a) Die kwotas is basies, voorwaardelik of voorlopig.

Basiese kwota

(b) 'n Basiese kwota is 'n kwota wat daargestel is deur lewerings van sukrose vanaf 'n bepaalde oppervlakte grond wat deur die Sentrale Raad ingevolge klousule 17 geregistreer is.

[illegible]

Custody of the Growers' Register

(d) The Central Board shall continuously revise the Growers' Register when giving effect to the Agreement and shall issue a revised edition as at 1 May each year showing all amendments made to such Register during the course of the previous year, copies of which shall be despatched to the Sugar Association and the Secretary for Industries.

Establishment of contingency and provisional quotas as basic quotas

(4) (a) Contingency quotas and provisional quotas are subject to performance by growers before they can be translated into basic quotas. Any grower who is recorded in the Growers' Register with a contingency quota only, or with a provisional quota only, or with a contingency and a provisional quota but no basic quota, shall be granted a basic quota by the Central Board equal to one half of his first delivery, and such basic quota shall be deducted from his contingency quota or provisional quota or from both his contingency and provisional quotas in the proportion which each bears to their sum.

Increase of basic quotas

(b) The Central Board shall increase the basic quota of any grower to the extent that his delivery in any year plus his delivery in the previous year divided by two exceeds his basic quota: Provided that—

(i) if such grower also holds a contingency quota or provisional quota the amount of such increase shall be deducted from his contingency or provisional quota;

(ii) that if such grower also holds both a contingency quota and a provisional quota, such increase shall be deducted from both his contingency and provisional quotas in the proportion which each bears to their sum; and

(iii) if the Central Board has apportioned such grower's contingency quota or provisional quota into active and dormant quota as provided in subclause (2), any deductions required to be made in terms of subparagraphs (i) and (ii) shall be made first from his dormant quota concerned.

Cancellation of contingency and provisional quotas

(c) Any contingency quota and any provisional quota, which has not been translated into basic quota within four consecutive years during which control of production has been suspended in terms of clause 22, shall be cancelled and shall be deleted from the Growers' Register. The period of four consecutive years shall commence on 1 May following the date on which such contingency quota was allotted or the transfer of such provisional quota was approved by the Central Board and in the event of control of production being imposed while a contingency or provisional quota is being translated into a basic quota, such period shall recommence on 1 May following the date on which control of production is again suspended.

Effective date of adjustments to quotas

(d) Any adjustment of quotas in terms of paragraphs (a), (b) or (c) of this subclause and the corresponding amendment of the Growers' Register shall come into effect on 1 May in the next succeeding year.

Bewaring van Kwekersregister

(d) By die uitvoering van die Ooreenkoms moet die Sentrale Raad die Kwekersregister deurlopend hersien en elke jaar 'n hersiene uitgawe soos op 1 Mei uitreik wat al die wysigings weerspieël wat gedurende die loop van die vorige jaar aan sodanige Kwekersregister aangebring is, afskrifte van welke hersiene uitgawe aan die Suikervereniging en die Sekretaris van Nywerheidswese gestuur moet word.

Omskepping van voorwaardelike en voorlopige kwotas in basiese kwotas

(4) (a) Voorwaardelike kwotas en voorlopige kwotas is onderworpe aan vervulling deur kwekers voordat dit in basiese kwotas omgeskep kan word. Aan 'n kweker vir wie daar in die Kwekersregister slegs 'n voorwaardelike kwota aangeteken is, of slegs 'n voorlopige kwota, of 'n voorwaardelike en 'n voorlopige kwota maar geen basiese kwota nie, moet die Sentrale Raad 'n basiese kwota toestaan wat gelyk is aan die helfte van sy eerste lewering, en sodanige basiese kwota moet van sy voorwaardelike kwota of voorlopige kwota of van beide sy voorwaardelike en sy voorlopige kwota afgetrek word in die verhouding waarin elkeen tot hul som staan.

Verhoging van basiese kwotas

(b) Die Sentrale Raad moet die basiese kwota van 'n kweker verhoog in die mate waarin sy lewering in enige jaar plus sy lewering in die vorige jaar gedeel deur twee, sy basiese kwota te bowe gaan: Met dien verstande dat—

(i) indien sodanige kweker ook 'n voorwaardelike kwota of 'n voorlopige kwota het, die hoeveelheid van sodanige verhoging van sy voorwaardelike of voorlopige kwota afgetrek moet word;

(ii) indien sodanige kweker beide 'n voorwaardelike kwota en 'n voorlopige kwota ook het, sodanige verhoging van beide sy voorwaardelike en sy voorlopige kwota afgetrek moet word in die verhouding waarin elkeen tot hulle som staan;

(iii) indien die Sentrale Raad sodanige kweker se voorwaardelike kwota of voorlopige kwota in aktiewe en onaktiewe kwota verdeel het, soos voorsien is in subklousule (2), enige aftrekkings wat ooreenkomstig subparagrawe (i) en (ii) gedoen moet word, eerste van sy betrokke onaktiewe kwota gedoen moet word.

Kansellering van voorwaardelike en voorlopige kwotas

(c) 'n Voorwaardelike kwota en 'n voorlopige kwota wat nie in 'n basiese kwota omgeskep is binne vier opeenvolgende jare waartydens produksiebeheer ingevolge klousule 22 opgeskort is nie, moet gekanselleer en van die Kwekersregister geskrap word. Die tydperk van vier opeenvolgende jare begin op 1 Mei wat volg op die datum waarop sodanige voorwaardelike kwota toegeken is of waarop die oordrag van sodanige voorlopige kwota deur die Sentrale Raad goedgekeur is, en ingeval produksiebeheer ingestel word op die tydstip dat 'n voorwaardelike of voorlopige kwota in 'n basiese kwota omgeskep word, neem sodanige tydperk weer 'n aanvang op 1 Mei wat volg op die datum waarop produksiebeheer weer opgeskort word.

Effektiewe datum van wysigings van kwotas

(d) 'n Wysiging van kwotas ingevolge paragraaf (a), (b) of (c) van hierdie subklousule en die ooreenstemmende wysiging van die Kwekersregister tree in werking op 1 Mei van die eersvolgende jaar.

(b) If it is satisfied that an application for, and the allotment of, a specific area of new or extension land was based on an estimate and not on a survey plan thereof, the Central Board, when determining the area of quota land in terms of paragraph (a), shall not be bound by any rule applicable to such allotment which limits the area to be registered to the specific area allotted, but may register the total area of land under cane as it appears on a grower's survey plan, whether such total area is more or less than the specific area of such allotment in the case of a new allotment, or more or less than the sum of such area and any other areas which the Central Board is required to register in terms of paragraph (a) in the case of an allotment of extension land.

(3) The Central Board shall have the power to determine or redetermine the extent of a grower's quota land and to reduce or increase and re-register the quota land of any grower whose quota has been reduced or increased in terms of this Agreement.

(4) The registration of the quota land of any grower, including a transferee, successor, new allottee or reinstated grower, or the registration of any extension or substitution of quota land, including land registered in terms of clause 16, shall have effect from a date to be determined by the Central Board.

(5) The allocation of a quota to any grower under this Agreement shall be subject to the registration of his quota land in terms of this clause and it shall be a condition of such allocation that the quota holder furnish the Central Board or any person acting on its behalf with full particulars from which the land to be registered as his quota land can be identified.

(6) No grower who has, due to the effects of control of production, as provided for in this Agreement, reduced his area under cane to an area less than the area of his quota land as registered by the Central Board in terms of this clause, shall have the area of his quota land reduced to an area less than the area so registered.

Registration of Black, Indian or Coloured quota land

18. The Central Board shall assess the extent of the quota land of any Black, Indian or Coloured grower whose quota land has not yet been registered in terms of clause 17, and such extent shall correspond to the quota in the Growers' Register of the grower concerned as at the said date in the ratio of not less than 1 hectare to 4,5 metric tons of sucrose quota. Such assessment of the quota lands of the growers concerned shall be deemed to be a registration of quota land for purposes of this Agreement until replaced by a registration of quota land in terms of clause 17.

Year of delivery of cane

19. Any cane delivered by a grower for the production of sugar in the month of April and any sugar so produced shall be for the account of the immediately succeeding year.

(b) Indien die Sentrale Raad oortuig is dat 'n aansoek om, en die toekenning van, 'n bepaalde oppervlakte nuwe grond of uitbreidingsgrond gebaseer was op 'n skatting en nie op 'n opmetingsplan daarvan nie, is die Raad, by die bepaling van die oppervlakte kwotagrond ingevolge paragraaf (a), nie gebonde aan enige reël wat op sodanige toekenning van toepassing is en wat die oppervlakte wat geregistreer moet word, beperk tot die bepaalde toegekende oppervlakte nie, maar kan hy die totale oppervlakte grond registreer wat onder riet is soos dit op die kweker se opmetingsplan verskyn, hetsy sodanige totale oppervlakte, in die geval van 'n toekenning van nuwe grond, meer of minder is as die bepaalde oppervlakte van sodanige toekenning, hetsy sodanige totale oppervlakte, in die geval van 'n toekenning van uitbreidingsgrond, meer of minder is as die som van sodanige oppervlakte en enige ander oppervlaktes wat die Sentrale Raad ingevolge paragraaf (a) moet registreer.

(3) Die Sentrale Raad is daartoe bevoeg om die omvang van 'n kweker se kwotagrond te bepaal of te herbepaal en om die kwotagrond van 'n kweker wie se kwota ingevolge hierdie Ooreenkoms verlaag of verhoog is, te verminder of te vermeerder en te herregistreer.

(4) Die registrasie van die kwotagrond van 'n kweker, met inbegrip van 'n oordragnemer, 'n opvolger, 'n nuwe kwotahouer of 'n herstelde kweker, of die registrasie van 'n uitbreiding of vervanging van kwotagrond, met inbegrip van grond wat ingevolge klousule 16 geregistreer is, tree in werking vanaf 'n datum wat deur die Sentrale Raad bepaal word.

(5) Die toekenning van 'n kwota aan enige kweker kragtens hierdie Ooreenkoms is onderworpe aan die registrasie van sy kwotagrond ingevolge hierdie klousule en dit is 'n voorwaarde van sodanige toekenning dat die kwotahouer die Sentrale Raad of enige persoon wat ten behoewe van die Raad optree, moet voorsien van volle besonderhede waarvolgens die grond wat as sy kwotagrond geregistreer moet word uitgeken kan word.

(6) Geen kweker wat vanweë die gevolge van produksiebeheer, soos in hierdie Ooreenkoms voorsien, sy oppervlakte onder riet verminder het tot 'n oppervlakte kleiner as die oppervlakte van sy kwotagrond soos deur die Sentrale Raad ingevolge hierdie klousule geregistreer, se oppervlakte van sy kwotagrond kan verminder word tot 'n oppervlakte wat kleiner is as die oppervlakte aldus geregistreer nie.

Registrasie van kwotagrond van Swart, Indiër- of Kleurlingkwekers

18. Die Sentrale Raad bepaal die grootte van die kwotagrond van 'n Swart, Indiër- of Kleurlingkweker wie se kwotagrond nog nie ingevolge klousule 17 geregistreer is nie, en sodanige grootte moet met die kwota in die Kwekersregister van die betrokke kweker op genoemde datum in die verhouding van nie minder nie as 1 hektaar tot 4,5 metrieke ton sukrosekwota ooreenstem. Sodanige bepaling van die kwotagronde van die betrokke kwekers word vir die toepassing van hierdie Ooreenkoms 'n registrasie van kwotagrond geag te wees totdat dit deur 'n registrasie van kwotagrond ingevolge klousule 17 vervang is.

Jaar van lewering van riet

19. Riet wat in die maand April deur 'n kweker gelewer word vir die produksie van suiker, en suiker wat aldus geproduseer word, kom op die rekening van die eersvolgende jaar.

[illegible]

20. (1) The Central Board shall [illegible] the Sugar Association, [illegible] approval of the Minister, grant permission [illegible] specific areas of land within [illegible] without [illegible] by applicant growers [illegible]

(2) The Central Board may [illegible]

(3) The terms and conditions [illegible] Central Board in respect [illegible] every grower, miller and refiner.

(4) Every applicant grower [illegible] whom permission is granted to plant a specific area of land [illegible] be bound [illegible] by the provisions of this Agreement.

[illegible]

21. Whenever the Central Board has granted permission to a grower to plant a specific area of land [illegible] within 30 days [illegible] in the Grower's Register [illegible] Central Board shall determine a [illegible] in respect of [illegible] specific area [illegible] in the Grower's Register.

[illegible]

22. (1) (a) Restrictive control of production shall [illegible] come into operation [illegible] as may be determined by the Sugar Association and approved by the Minister.

[illegible]

(1) The Sugar Association shall, with the approval of the Minister, [illegible] determine the approximate [illegible] tonnage of sugar [illegible] millers [illegible] this agreement is binding, as well [illegible] the average [illegible] of the previous year's [illegible] This determination shall reflect the position as at 1 May [illegible] with the Sugar Association with the approval of the Minister [illegible] the provisions of this clause.

[illegible]

(2) (a) Each Mill Group Board referred to in clause [illegible] shall in accordance with the provisions of this clause [illegible] jurisdiction, [illegible] at such intervals as may [illegible] by the Central Board. The method of establishing [illegible] shall be as follows:

(b) [illegible]

[illegible]

20. (1) De Centrale Raad moet, in overleg met de Suikervereniging, welke overleg met de Minister [illegible] bepaling [illegible]

(2) De Centrale Raad kan [illegible]

(3) De bepalingen [illegible] de Centrale Raad, [illegible]

(4) [illegible] de bepalingen van [illegible]

[illegible]

21. Wanneer de Centrale Raad [illegible] bepaling, [illegible]

[illegible]

22. (1) (a) Beperkende [illegible] Suikervereniging [illegible] Minister [illegible]

[illegible]

(1) De Suikervereniging [illegible] van de Minister [illegible] de Minister [illegible] Suikervereniging [illegible] bepaling van [illegible]

[illegible]

(2) (a) Elke Molengroep [illegible] in [illegible] bepaling van [illegible] De [illegible] Raad [illegible]

(b) [illegible]

(c) (i) For any grower whose allotment of land in terms of clause 20 is recorded in the Growers' Register for the first time without a basic quota, the farm mean peak each year for the period of four consecutive years commencing with the first year during which he may deliver cane, shall equal his estimate in sucrose as approved by his Mill Group Board and shall be his delivery quota, after which period his farm mean peak shall be determined in terms of paragraph (b) of this subclause.

(ii) For any grower who holds a basic plus a contingency quota, other than a grower referred to in paragraph (c) (i), the farm mean peak shall equal his basic quota plus his active contingency quota.

(d) For any grower who holds a provisional quota or a basic quota plus a provisional quota, the farm mean peak shall equal his active provisional quota or his basic quota plus his active provisional quota as the case may be.

(e) For any grower who holds a basic quota plus a contingency quota plus a provisional quota the farm mean peak shall equal his basic quota plus his active contingency quota plus his active provisional quota.

Industrial restriction factor

(3) The Central Board shall obtain from Mill Group Boards and its own resources the data necessary in order to enable the Sugar Association to determine from time to time an industrial restriction factor upon the basis of—

(a) the industrial sucrose quota, less the sucrose equivalent of—

(i) the estimates of growers referred to in clause 22 (2) (c) (i);

(ii) the estimates not exceeding 70 metric tons sucrose each, of all growers whose farm mean peaks reduced by an estimated restriction factor do not exceed 70 metric tons sucrose; and

(iii) cane permitted to be delivered in terms of the provisions of clause 35;

(b) the industrial total of all farm mean peaks which exceed 70 metric tons sucrose.

Delivery quota schedule

(4) Upon a basis comprising growers' farms mean peaks the application of the aforesaid restriction factor thereto, growers' cane estimates for the year and the distribution of shortfalls in estimates as compared with growers' delivery quotas, as provided for hereunder, there shall be prepared a delivery quota schedule for the purpose of controlling growers' deliveries within the limits of their delivery quotas or adjusted delivery quotas for the year concerned. Such schedule shall be prepared in accordance with such guiding rules as the Central Board may prescribe and shall reflect the position at 1 May of each year and thereafter at the date prescribed by the Central Board: Provided that the Central Board shall determine the date at which the final delivery quota schedule for the year shall be prepared and upon the basis of such final schedule the industrial restriction factor referred to in subclause (3) shall be finally determined for the year concerned. Such final schedule shall be subject to revision only as regards further possible shortfall distribution, unless otherwise determined by the Central Board.

(c) (i) Vir 'n kweker wie se grondtoekenning ingevolge klousule 20 vir die eerste keer in die Kwekersregister sonder 'n basiese kwota aangeteken word, is die gemiddelde plaasmaksimum elke jaar vir die tydperk van vier opeenvolgende jare wat begin met die eerste jaar waarin hy riet mag lewer, gelyk aan sy geskatte sukroseproduksie soos deur sy Meulgroepraad goedgekeur en is genoemde gemiddelde plaasmaksimum sy leweringskwota, ná welke tydperk sy gemiddelde plaasmaksimum bepaal moet word ingevolge paragraaf (b) van hierdie subklousule.

(ii) Vir 'n kweker wat 'n basiese sowel as 'n voorwaardelike kwota het, uitgesonderd 'n kweker in paragraaf (c) (i) bedoel, is die gemiddelde plaasmaksimum gelyk aan sy basiese kwota plus sy aktiewe voorwaardelike kwota.

(d) Vir 'n kweker wat 'n voorlopige kwota of 'n basiese kwota sowel as 'n voorlopige kwota het, is die gemiddelde plaasmaksimum gelyk aan sy aktiewe voorlopige kwota of sy basiese kwota plus sy aktiewe voorlopige kwota, na gelang van die geval.

(e) Vir 'n kweker wat 'n basiese kwota sowel as 'n voorwaardelike kwota sowel as 'n voorlopige kwota het, is die gemiddelde plaasmaksimum gelyk aan sy basiese kwota plus sy aktiewe voorwaardelike kwota plus sy aktiewe voorlopige kwota.

Nywerheidsbeperkingsfaktor

(3) Die Sentrale Raad moet van Meulgroeprade en uit sy eie hulpbronne die data verkry wat nodig is om die Suikervereniging in staat te stel om van tyd tot tyd 'n nywerheidsbeperkingsfaktor te bepaal op die basis van—

(a) die nywerheidsukrosekwota min die sukrose-ekwivalent van—

(i) die skattings van kwekers in klousule 22 (2) (c) (i) bedoel;

(ii) die skattings wat nie 70 metrieke ton sukrose elk oorskry nie, van alle kwekers wie se gemiddelde plaasmaksima verminder met 'n geskatte beperkingsfaktor nie 70 metrieke ton sukrose oorskry nie; en

(iii) riet wat ooreenkomstig die bepalings van klousule 35 gelewer kan word;

(b) die nywerheidstotaal van alle gemiddelde plaasmaksima wat 70 metrieke ton sukrose oorskry.

Staat van leweringskwotas

(4) Op 'n basis omvattende kwekers se gemiddelde plaasmaksima, die toepassing van voornoemde beperkingsfaktor daarop, kwekers se rietskattings vir die jaar en die verdeling van tekorte in skattings vergeleke met kwekers se leweringskwotas, soos hieronder daarvoor voorsiening gemaak word, word 'n staat van leweringskwotas opgestel met die doel om kwekers se lewerings binne die perke van hul leweringskwotas of aangepaste leweringskwotas vir die betrokke jaar te beheer. Sodanige staat word opgestel ooreenkomstig sodanige gidsreëls as wat die Sentrale Raad voorskryf, en weerspieël die posisie op 1 Mei van elke jaar en daarna op die datum deur die Sentrale Raad voorgeskryf: Met dien verstande dat die Sentrale Raad die datum moet bepaal waarop die finale staat van leweringskwotas vir die jaar opgestel moet word en dat op die basis van sodanige finale staat die nywerheidsbeperkingsfaktor in subklousule (3) bedoel, finaal vir die betrokke jaar vasgestel word. Sodanige finale staat is slegs wat die verdeling van verdere moontlike tekorte betref, aan hersiening onderworpe, tensy die Sentrale Raad anders bepaal.

Mangete growers

(e) The shortfalls of all Dunn's Reserve Mangete Growers at a mill or group of mills that may be combined for the purposes of production control, shall be pooled by the Mill Group Board. The total shortfall shall thereafter be allocated to those Dunn's Reserve Mangete Growers with surpluses whose delivery quotas are less than 70 metric tons of sucrose, pro rata to the farm mean peaks of such growers so as to bring their individual adjusted delivery quotas up to 70 metric tons of sucrose. Any shortfall remaining after the foregoing distribution has been completed shall be available for distribution to all Dunn's Reserve Mangete Growers with surplus cane pro rata to the farm mean peaks of the said growers with surpluses.

Among sections

(f) Any net shortfall remaining in a section at any mill or group of mills combined for the purposes of production control, after all the available cane of that section has been accommodated, shall be distributed to the other sections referred to above at the same mill or group of mills combined for the purposes of production control, pro rata to the total farm mean peaks of such other sections and shall become part of the shortfall for distribution to those sections.

Re-distribution of shortfalls industrially

(6) Should the foregoing distribution of shortfalls result in the exhaustion of all surpluses for any mill group of growers concerned, the Mill Group Board shall report the remaining shortfall to the Central Board. The latter shall, after consultation with the Sugar Association, either cancel such shortfall outright or re-distribute the same among the remaining mill groups pro rata to their surpluses. Each mill group's share shall thereupon be distributed by the Mill Group Board concerned in terms of subclause (5).

Final estimates

(7) In order to enable such distribution shortfalls to be fulfilled by growers with surpluses during the crushing season concerned, every grower shall render to his Mill Group Board a final estimate as at the end of the September mill month or such other date as may be determined by the Central Board, when surpluses and shortfalls are to be finally established by the Mill Group Board for the year concerned.

Reduction of delivery quota

(8) (a) If, after allowing for a tolerance of 5 per cent on the remaining deliveries of any grower as from the end of the September mill month or such other date as may be determined by the Central Board, there is a shortfall in any grower's delivery during that year, including such tolerance, as compared with his final estimate rendered in terms of subclause (7) up to but not exceeding his seasonal delivery quota, the Central Board may reduce such grower's delivery quota in the next succeeding year by an amount not exceeding his shortfall in the previous year as determined above, provided, however, that where such a grower disposes of a portion or the whole of any quota held by him, the reduction shall be applied—

(i) against his successor where such successor acquires the whole of such grower's quota;

Mangete-kwekers

(e) Die tekorte van alle Dunn's Reserve Mangete-kwekers by 'n meul, of groep meule wat vir produksiebeheerdoeleindes gekombineer mag wees, word deur die Meulgroepraad verpoel. Die totale tekort word daarna aan daardie Dunn's Reserve Manetge-kwekers met surplusse wie se leweringskwotas minder as 70 metrieke ton sukrose is, toegewys na verhouding van die gemiddelde plaasmaksima van sodanige kwekers ten einde hul individuele aangepaste leweringskwotas op 70 metrieke ton sukrose te staan te bring. Enige oorblywende tekort, nadat voornoemde verdeling gemaak is, is beskikbaar vir verdeling onder alle Dunn's Reserve Mangete-kwekers met surplusriet, na verhouding van die gemiddelde plaasmaksima van genoemde kwekers met surplusse.

Onder seksies

(f) Enige oorblywende netto tekort in 'n seksie by enige meul, of groep meule wat vir produksiebeheerdoeleindes gekombineer mag wees, nadat al die beskikbare riet van daardie seksie opgeneem is, word onder die ander seksies hierbo genoem, by dieselfde meul, of groep meule wat vir produksiebeheerdoeleindes gekombineer mag wees, verdeel na verhouding van die totale gemiddelde plaasmaksima van sodanige ander seksies en maak dan deel uit van die tekort vir verdeling aan daardie seksies.

Herverdeling van tekorte in nywerheid

(6) Indien die voorgaande verdeling van tekorte sou meebring dat al die surplusse vir 'n betrokke meulgroepkwekers uitgewis raak, moet die Meulgroepraad die oorblywende tekort aan die Sentrale Raad rapporteer. Laasgenoemde moet dan, na oorlegpleging met die Suikervereniging, òf sodanige tekort subiet kanselleer òf dit onder die oorblywende meulgroep na verhouding van hul surplusse herverdeel. Elke meulgroep se aandeel word daarna ingevolge subklousule (5) deur die betrokke Meulgroepraad verdeel.

Finale skattings

(7) Ten einde dit moontlik te maak dat sodanige verdeelde tekorte vervul word deur kwekers wat oorskotte gedurende die betrokke persseisoen het, moet elke kweker 'n finale skatting soos aan die einde van die September-meulmaand of dié ander datum wat deur die Sentrale Raad bepaal word, by sy Meulgroepraad indien, wanneer surplusse en tekorte finaal deur die Meulgroepraad vir die betrokke jaar vasgestel moet word.

Verlaging van leweringskwota

(8) (a) Indien daar, nadat voorsiening gemaak is vir 'n speling van 5 persent ten opsigte van die oorblywende lewerings van 'n kweker vanaf die einde van die September-meulmaand of die ander datum wat deur die Sentrale Raad bepaal word, 'n tekort in 'n kweker se lewerings gedurende die jaar is, insluitende sodanige speling, vergeleke met sy finale skatting kragtens subklousule (7) ingedien, tot gelyk aan maar nie meer nie as sy seisoensleweringskwota, kan die Sentrale Raad sodanige kweker se leweringskwota in die daaropvolgende jaar verlaag met 'n hoeveelheid wat nie sy tekort in die vorige jaar, soos hierbo vasgestel, te bowe gaan nie, met dien verstande egter dat, waar sodanige kweker die hele kwota of 'n gedeelte van die kwota wat hy het, wegmaak, die verlaging toegepas word—

(i) teen sy opvolger, waar sodanige opvolger die hele kwota van die betrokke kweker bekom;

[illegible]

(iii) Where two or more growers [illegible] between them [illegible] grower's quota [illegible] grower's [illegible]

(iv) Where such grower [illegible] portion of the [illegible]

[illegible]

grower in terms of clause 46 and Schedule D, and by the Sugar Association to the grower as provided in this paragraph.

(c) If it is satisfied that a grower's deliveries of cane which exceed his delivery quota or adjusted delivery quota, as provided in paragraph (b), were caused by circumstances beyond such grower's control, the Central Board may exclude the whole or part of such grower's excess deliveries from the operation of paragraph (b).

Additional delivery permits for pest control

(d) Notwithstanding anything to the contrary contained in the Agreement, the Sugar Association may, with the approval of the Minister, make rules to enable additional cane to be delivered to mills by specific growers during years when control of production is in operation in order to control the spread of cane pests or diseases which in the opinion of the Sugar Association constitute a sufficient threat to the Industry. The rules framed under this subclause may provide, *inter alia*, for—

(i) special prices to be paid to growers and millers for the cane delivered and processed by them and for the sugar produced therefrom;

(ii) the delivery of the cane concerned to the mills by the affected growers without prejudice to their delivery quotas or adjusted delivery quotas in subsequent years;

(iii) the purchase and sale of sugar manufactured from such cane; and

(iv) the exclusion of such deliveries of cane and sucrose from the operation of all or any of the provisions of the Agreement.

Quota Review Committee

(10) (a) The Sugar Association may appoint a Quota Review Committee ("the Committee") comprising two grower and two miller members and a representative of the Sugar Association, as convener, to consider and decide cases where, in the opinion of the Committee, the application of the provisions of this clause would create an inequity.

(b) The Committee shall have the power to call for relevant evidence and records in the possession of the Central Board or any other person or body bound by the provisions of this Agreement. The decision of the majority of the Committee shall be final.

(c) The Committee may determine that a grower be allocated an additional contingency quota or an additional delivery quota in a particular year or years, and the Central Board or Mill Group Board concerned shall give effect thereto.

Modification in respect of T.S.B. Growers, and General modification

(11) (a) The provisions of this Agreement shall apply to growers attached to T.S.B. in the Growers' Register except insofar as they are modified by the provisions of Part I of Schedule E to this Agreement, but such modification shall cease to apply as from 1 May 1979.

(b) During the year commencing 1 May 1979 the provisions of this Agreement shall apply to all growers, millers and refiners except insofar as they are modified by the provisions of Part II of Schedule E to this Agreement.

al ingevolge klousule 46 en Bylae D aan die kweker, en soos in hierdie paragraaf bepaal deur die Suikervereniging aan die kweker, betaal moet word.

(c) Indien die Sentrale Raad oortuig is dat 'n kweker se rietlewerings wat sy leweringskwota of sy aangepaste leweringskwota oorskry, soos bepaal in paragraaf (b), veroorsaak is deur omstandighede buite sodanige kweker se beheer, kan die Sentrale Raad die geheel of 'n gedeelte van sodanige kweker se oormaatlewerings van die werking van paragraaf (b) uitsluit.

Bykomende leweringspermitte vir plaagbeheer

(d) Ondanks andersluidende bepalings in die Ooreenkoms vervat, kan die Suikervereniging, met die goedkeuring van die Minister, reëls voorskryf om gedurende jare wanneer produksiebeheer toegepas word, die lewering van bykomende riet aan meule deur bepaalde kwekers moontlik te maak ten einde die verspreiding van rietplae of -siektes wat na die mening van die Suikervereniging 'n wesenlike bedreiging vir die nywerheid inhou, te bekamp. Die reëls wat kragtens hierdie subklousule opgestel word, kan, onder andere, voorsiening maak vir—

(i) die betaling van spesiale pryse aan kwekers en meulenaars vir die riet deur hulle gelewer en verwerk, en vir die suiker wat daaruit geproduseer is;

(ii) die lewering van sodanige riet aan die meule deur die betrokke kwekers sonder om afbreuk te doen aan hul leweringskwotas of aangepaste leweringskwotas in die daaropvolgende jare;

(iii) die koop en verkoop van suiker wat van sodanige riet vervaardig is; en

(iv) die uitsluiting van sodanige sukrose- en rietlewerings van die werking van alle of enige van die bepalings van die Ooreenkoms.

Kwotahersieningskomitee

(10) (a) Die Suikervereniging kan 'n Kwotahersieningskomitee ("die Komitee") wat bestaan uit twee kwekers- en twee meulenaarlede, en 'n verteenwoordiger van die Suikervereniging as sameroeper, aanstel om gevalle te oorweeg en te beslis waar, na die mening van die Komitee, die toepassing van die bepalings van hierdie klousule 'n onbillikheid sou veroorsaak.

(b) Die Komitee is daartoe bevoeg om toepaslike getuienis en rekords aan te vra wat in besit is van die Sentrale Raad of van 'n ander persoon of liggaam wat deur die bepalings van hierdie Ooreenkoms gebind word. Die meerderheidsbesluit van die Komitee is finaal.

(c) Die Komitee kan bepaal dat aan 'n kweker 'n bykomende voorwaardelike of 'n bykomende leweringskwota in 'n bepaalde jaar of jare toegeken word, en die Sentrale Raad of die betrokke Meulgroepraad moet uitvoering daaraan gee.

Wysiging t.o.v. T.S.B.-kwekers en algemene wysigings

(11) (a) Die bepalings van hierdie Ooreenkoms is van toepassing op die kwekers verbonde aan die T.S.B.-meul in die Kwekersregister behalwe in soverre sodanige bepalings deur die bepalings van Deel I van Bylae E van hierdie Ooreenkoms gewysig is maar sodanige wysigings sal vanaf 1 Mei 1979 nie langer van toepassing wees nie.

(b) Gedurende die jaar wat op 1 Mei 1979 begin, is die bepalings van hierdie Ooreenkoms van toepassing op alle kwekers, meulenaars en raffineerders, behalwe in soverre sodanige bepalings deur die bepalings van Deel II van Bylae E van die Ooreenkoms, gewysig is.

governed by the further provisions of clause 33. The quota so held in trust may be reinstated by the Central Board in favour of the holder thereof at the time of suspension or cancellation or may be utilised by the Central Board to increase the quota of any Black grower or to create new quotas in favour of new Black growers or to form the whole or part of a group quota or group quotas established in terms of subclause (4) at the said mill or mills: Provided that, during a period when control of production, in accordance with the provisions of clause 22 is in operation, no contingency quota held in the name of the Central Board in trust for any Black section shall be reinstated or utilised by the Central Board to increase a quota or to create a new quota or to form the whole or part of a group quota or group quotas as aforesaid. No allocation shall be made to Black growers in terms of this subclause, whether by way of reinstatement, increase of an existing quota, creation of a new quota or to form the hole or part of a group quota, unless such allocation has been recommended by the Minister of Agriculture and Forestry, kwaZulu, or the KaNgwane Government Service, KaNgwane. Any basic quota recorded in the name of the Central Board in trust for a Black section, which has not been allocated as provided for above, shall be regarded as part of the shortfall of the Black section concerned and shall be available for distribution, in accordance with the provisions of clause 22 (5) (d).

Mill Group Boards establishment

24. (1) As from the date of publication of this Agreement there shall be established for each mill, other than Umfolozi and Union Co-op., a Mill Group Board, representing the miller and the growers concerned: Provided—

(a) that such Mill Group Board may be established for more than one mill owned by the same miller;

(b) that the Nkwaleni Growers as listed in the Growers' Register shall be entitled to have their own Mill Group Board with or without miller representation;

(c) that Umfolozi and Union Co-op. shall be entitled to carry out the functions of the Mill Group Board in respect of the Umfolozi and Union Co-op. mills and the growers concerned; and

(d) that any Mill Group Board in existence on the date of commencement of this Agreement shall be deemed to have been established in terms of this clause.

Appointment of members

(2) The grower representatives on the Mill Group Board shall be appointed by the White growers concerned, unless otherwise determined by the Central Board; the miller representatives shall be appointed by the miller concerned; and any dispute regarding the number, or appointment, of members, or the representation of growers or the miller on the Mill Group Board, or any other matter affecting its establishment or operation, shall be determined by the Central Board.

Vacancies

(3) Mill Group Board members shall be appointed annually in the month of April and, if not replaced during April of the following year, shall hold office until replaced by newly-appointed members. Casual

daarna nie aan die verdere bepalings van klousule 33 onderworpe nie. Die kwota wat aldus in trust gehou word, kan deur die Sentrale Raad ten gunste van die besitter daarvan ten tyde van die opskorting of kansellering, heringestel word of dit kan deur die Sentrale Raad gebruik word om die kwota van 'n Swart kweker te verhoog of om nuwe kwotas ten gunste van nuwe Swart kwekers in te stel of om 'n groepkwota of groepkwotas in die geheel of gedeeltelik te vorm wat ingevolge subklousule (4) by genoemde meul of meule ingestel is: Met dien verstande dat gedurende 'n tydperk wanneer produksiebeheer ooreenkomstig die bepalings van klousule 22 toegepas word, geen voorwaardelike kwota wat op naam van die Sentrale Raad vir 'n Swart seksie in trust gehou word, deur die Raad heringestel of gebruik moet word om 'n kwota te verhoog of 'n nuwe kwota te skep of 'n groepkwota of groepkwotas in die geheel of gedeeltelik te vorm nie soos voormeld. Geen toekenning word ingevolge hierdie subklousule aan Swart kwekers gedoen nie, hetsy by wyse van herinstelling, verhoging van 'n bestaande kwota of skepping van 'n nuwe kwota of die vorming van 'n groepkwota in sy geheel of gedeeltelik, tensy sodanige toekenning deur die Minister van Landbou en Bosbou, KwaZulu, of die KaNgwane-Regeringsdiens, KaNgwane, aanbeveel is. 'n Basiese kwota wat op naam van die Sentrale Raad in trust vir 'n Swart seksie aangeteken is en wat nie toegeken is soos hierbo bepaal nie, moet beskou word as deel van die tekort van die betrokke Swart seksie en is vir verdeling ooreenkomstig die bepalings van klousule 22 (5) (d) beskikbaar.

Meulgroeprade, instelling

24. (1) Met ingang van die datum van publikasie van hierdie Ooreenkoms word daar vir elke meul, uitgesonderd Umfolozi en Union Co-op., 'n Meulgroepraad ingestel wat die betrokke meulenaar en kwekers verteenwoordig: Met dien verstande—

(a) dat so 'n Meulgroepraad vir meer as een meul wat deur dieselfde meulenaar besit word, ingestel kan word;

(b) dat die Nkwaleni-kwekers, soos in die Kwekersregister aangeteken, daartoe geregtig is om hul eie Meulgroepraad met of sonder meulenaarsverteenwoordiging te hê;

(c) dat Umfolozi en Union Co-op. daartoe geregtig is om die funksies van 'n Meulgroepraad met betrekking tot die Umfolozi- en Union Co-op.-meule en die betrokke kwekers te vervul; en

(d) dat 'n Meulgroepraad wat op die datum van inwerkingtreding van hierdie Ooreenkoms bestaan, geag word kragtens hierdie klousule ingestel te gewees het.

Aanstelling van lede

(2) Die kwekersverteenwoordigers in die Meulgroepraad word deur die betrokke Blanke kwekers aangestel, tensy anders deur die Sentrale Raad bepaal word; die meulenaarsverteenwoordigers word deur die betrokke meulenaar aangestel; en enige geskil met betrekking tot die aantal lede, of die aanstelling van lede, of die verteenwoordiging van kwekers of die meulenaar in die Meulgroepraad, of enige ander aangeleentheid rakende die instelling of werking daarvan, word deur die Sentrale Raad beslis.

Vakatures

(3) Meulgroepraadslede word jaarliks gedurende Aprilmaand aangestel en, indien hulle nie gedurende April van die volgende jaar vervang word nie, beklee hulle hul amp totdat hulle deur nuut-aangestelde lede

vacancies on the Mill Group Board may be filled, or alternate members appointed, by the growers and the miller concerned.

Decisions

(4) All questions for decision shall be decided by a majority of the members present at a properly constituted meeting of the Mill Group Board, which shall appoint its own Chairman and Secretary and have power to frame its own rules of procedure.

Guiding rules

(5) The Central Board may issue guiding rules and regulations for the establishment of Mill Group Boards by growers and millers, and the conduct of the affairs of such Mill Group Boards. Where a Mill Group Board is not operative or fails to carry out its functions, the miller concerned shall carry out such functions as may be required by the Central Board, which shall have power to determine any question or dispute between a Mill Group Board and a miller or any subsidiary body of such Mill Group Board in regard to matters for which no specific provision is made in the Agreement.

Expenses

(6) The ordinary expenses of Mill Group Boards and their subsidiary bodies shall be defrayed by the growers and the millers concerned in such manner as may be agreed upon by them. The extraordinary expenses of Mill Group Boards incurred at the instance of the Sugar Association or the Central Board shall be paid by the Sugar Association or the Central Board as the case may be, at such rate or rates as may be determined by the Sugar Association from time to time.

Establishment of Indian or Coloured Board as subsidiary to M.G.B.

25. (1) Where the miller and the Indian or Coloured growers attached to him in the Growers' Register so desire, a Board representing both parties may be established as a subsidiary body of the Mill Group Board, in order to deal with the said growers' interests in regard to any particular problem of the Mill Group Board and generally assist it in the carrying out of its functions as related to such growers, subject, however, to its direction and approval.

Appointments

(2) The members of the said subsidiary Board shall be appointed annually in the month of April by the growers and the miller concerned, and if not replaced during April of the following year, shall continue in office until replaced by newly appointed members. Casual vacancies on the subsidiary Board may be filled, or alternate members appointed, by the same appointing authorities.

(3) Any subsidiary Board in existence at the date of commencement of this Agreement shall be deemed to have been established in terms of this clause.

Duties of Mill Group Boards

Estimates

26. (1) It shall be the duty of the Mill Group Board to take out yearly estimates of production by all growers at the beginning of the crushing season and at regular intervals thereafter, to translate such estimates into acreages where necessary, to advise the growers and the miller concerned of estimates and

vervang word. Toevallige vakatures in die Meulgroepraad kan gevul word, of plaasvervangende lede kan aangestel word deur die kwekers en die meulenaar.

Besluite

(4) Alle sake wat voor 'n behoorlik [illegible] vergadering van die Meulgroepraad dien, word by meerderheid van stemme van die aanwesige lede beslis, en die Raad stel sy eie voorsitter en sekretaris aan en het die bevoegdheid om sy eie prosedurereëls op te stel.

Riglyne

(5) Die Sentrale Raad kan riglyne en regulasies uitvaardig vir die instelling van Meulgroeprade deur kwekers en meulenaars en vir die bestuur van die sake van sodanige Meulgroeprade. Waar 'n Meulgroepraad nie funksioneer nie of in gebreke bly om sy funksies uit te voer, voer die betrokke meulenaar sodanige funksies uit as wat die Sentrale Raad vereis, wat bevoeg is om enige vraag of geskil tussen 'n Meulgroepraad en 'n meulenaar of enige subsidiêre liggaam van sodanige Meulgroepraad te beslis met betrekking tot aangeleenthede waarvoor daar nie spesifiek in die Ooreenkoms voorsiening gemaak word nie.

Uitgawes

(6) Die gewone uitgawes van die Meulgroeprade en hul subsidiêre liggame word bestry deur die betrokke kwekers en meulenaars op die wyse wat hulle ooreenkom. Die buitengewone uitgawes van Meulgroeprade wat op las van die Suikervereniging of die Sentrale Raad aangegaan word, word deur die Suikervereniging of die Sentrale Raad, na gelang van die geval, betaal teen sodanige skaal of skale as wat die Suikervereniging van tyd tot tyd bepaal.

Instelling van Indiër- of Kleurlingraad as subsidiêre liggaam van M.G.R.

25. (1) Waar die meulenaar en die Indiër- of Kleurlingkwekers wat in die Kwekersregister aan hom verbonde is, dit so verlang, kan 'n Raad wat albei partye verteenwoordig, ingestel word as 'n subsidiêre liggaam van die Meulgroepraad ten einde die belange van die genoemde kwekers [illegible] in verband met enige bepaalde probleem van die Meulgroepraad en hom oor die algemeen by te staan in die uitvoering van sy funksies [illegible], onderhewig egter aan die beheer en goedkeuring van die Meulgroepraad.

Aanstellings

(2) Die lede van die genoemde subsidiêre Raad word jaarliks gedurende April deur die kwekers en meulenaar aangestel, en indien hulle nie gedurende April van die volgende jaar vervang word nie, beklee hulle hul amp totdat hulle deur nuut aangestelde lede vervang word. Toevallige vakatures in die subsidiêre Raad kan deur dieselfde aanstellende owerhede gevul word, of plaasvervangende lede kan deur hulle aangestel word.

(3) 'n Subsidiêre Raad wat op die datum van inwerkingtreding van hierdie Ooreenkoms bestaan, word geag kragtens hierdie klousule ingestel te gewees het.

Pligte van Meulgroeprade

Ramings

26. (1) Dit is die plig van die Meulgroepraad om jaarlikse ramings van produksie deur alle kwekers aan die begin van die maalseisoen en met gereelde tussenposes daarna te maak, om sodanige ramings waar nodig in oppervlakte om te reken, die kwekers en die meulenaar in kennis te stel van ramings en

questions of rateable delivery as provided for by clause 41, to advise the Central Board on these matters and other matters relating to the provisions of the Agreement as may be required from time to time and to carry out such other duties, or exercise such powers, as are elsewhere provided for in this Agreement.

(2) Millers shall not be liable for incorrect estimates made by Mill Group Boards.

(3) The Central Board Cane Testing Service referred to in clause 48 shall furnish Mill Group Boards with particulars of growers' deliveries as may be required and where such service is not operative the miller shall furnish the required information.

(4) Subject to the provisions of clause 29, any dispute regarding estimates or rateable deliveries, or truck allocations by the miller, shall be decided by the Mill Group Board, and where such Mill Group Board is not operative, by the Central Board.

Determination of rateable deliveries

(5) The Mill Group Board may, subject to the miller's approval—

(a) determine the rateable delivery of estimates over the crushing season; and

(b) arrange for the grouping of growers for purposes of sharing rateable deliveries or truck allocations, provided that the growers concerned are willing to co-operate in this manner for any year and that other parties are not prejudiced thereby.

Rules re estimating

(6) The Mill Group Board may, after consultation with the growers and miller concerned, and subject to the provisions of this Agreement, determine rules for the taking out of cane estimates and the better carrying out of its functions and duties under the provisions of this Agreement.

Supplying information

27. (1) Each miller shall supply to the Mill Group Board established for his mill all information reasonably necessary for such Mill Group Board to perform the functions set out in this Agreement.

Annual survey of cane production

(2) Each grower and miller-cum-planter shall supply to the Mill Group Board concerned or the miller acting in its stead, by 31 March of each year, the following information in order to enable such Boards to perform their functions as set out in clause 26:

(a) Area of quota land reaped and metric tons of cane harvested therefrom in the year concerned;

(b) estimated area of quota land to be reaped and metric tons of cane capable of being harvested therefrom in the forthcoming year;

(c) estimated area of quota land—

(i) under cane cultivation as at 30 April;

(ii) to be planted to cane during the forthcoming year; and

(iii) to be used for purposes other than cane cultivation during the forthcoming year.

en sake rakende eweredige lewering ooreenkomstig klousule 41; om die Sentrale Raad te adviseer aangaande hierdie aangeleenthede en ander aangeleenthede met betrekking tot die bepalings van die Ooreenkoms, soos van tyd tot tyd vereis mag word; en om sodanige ander pligte uit te voer en bevoegdhede uit te oefen as waarvoor elders in hierdie Ooreenkoms voorsiening gemaak word.

(2) Meulenaars is nie aanspreeklik vir foutiewe skatting wat deur Meulgroeprade gemaak word nie.

(3) Die Sentrale Raad se Riettoetsdiens in klousule 48 bedoel, voorsien die Meulgroeprade van besonderhede in verband met kwekers se lewerings wat verlang mag word, en waar so 'n diens nie in werking is nie, verstrek die meulenaar die besonderhede.

(4) Behoudens die bepalings van klousule 29, word enige geskil aangaande skattings en/of eweredige lewerings, of aangaande troktoewysings wat die meulenaar gedoen het, deur die Meulgroepraad, of, waar so 'n Raad nie in werking is nie, deur die Sentrale Raad besleg.

Vasstelling van eweredige lewerings

(5) Die Meulgroepraad kan, behoudens goedkeuring van die meulenaar—

(a) die eweredige lewerings van skattings oor die persseisoen vasstel; en

(b) reëlings tref vir die groepering van kwekers met die oog daarop dat hulle eweredige lewerings of troktoewysings moet deel, mits die betrokke kwekers gewillig is om op hierdie wyse vir enige jaar saam te werk, en ander partye nie daardeur benadeel word nie.

Reëls in verband met skatting

(6) Die Meulgroepraad kan, na oorlegpleging met die betrokke kwekers en meulenaar en behoudens die bepalings van hierdie Ooreenkoms, reëls vasstel vir die maak van rietskattings en die doeltreffender vervulling van sy funksies en pligte ingevolge die bepalings van hierdie Ooreenkoms.

Verstrekking van inligting

27. (1) Elke meulenaar verstrek aan die Meulgroepraad wat vir sy meul ingestel is, alle inligting wat redelikerwyse vir sodanige Meulgroepraad nodig is om die funksies te vervul wat in hierdie Ooreenkoms uiteengesit is.

Jaarlikse opname van rietproduksie

(2) Elke kweker en meulenaar-cum-planter verstrek teen 31 Maart van elke jaar aan die betrokke Meulgroepraad of die meulenaar wat in die plek daarvan optree, die volgende inligting ten einde sodanige Rade in staat te stel om hul funksies soos in klousule 26 hiervan uiteengesit, te vervul:

(a) Oppervlakte kwotagrond ge-oes en metrieke ton riet daarop ingesamel gedurende die betrokke jaar;

(b) geskatte oppervlakte kwotagrond wat in die komende jaar ge-oes gaan word en die metrieke ton riet wat moontlik daarop ingesamel kan word;

(c) geskatte oppervlakte kwotagrond—

(i) onder rietverbouing soos op 30 April;

(ii) wat gedurende die komende jaar met riet beplant gaan word; en

(iii) wat gedurende die komende jaar vir ander doeleindes as rietverbouing gebruik gaan word.

Alteration in terms of allocation of quota

(b) No alteration in the terms of any allocation referred to in paragraph (a), either as regards the allottee, the quota land, the quota or the miller, shall be made without the prioi consent of the Central Board, which shall have jurisdiction to decide all questions of change of allottee, transfer of allottee from one section to another, change of quota land, transfer of quota with or without land to which it is attached, change of miller concerned and all other cognate questions such as the subdivision of a quota and quota land, allocation upon termination of leasehold titles or the like.

Rules for the transfer of quotas without land

(2) The sale or transfer of a basic quota or any portion thereof to another party, without the transfer of a commensurate area of registered quota land, may be permitted, subject to the following conditions:

(a) Any quota or portion thereof to be transferred in terms of this subclause shall be basic quota which has been established on the basis of actual deliveries to the mill in two consecutive years.

(b) Any quota or portion thereof transferred in terms of this subclause shall be recorded in the name of the transferee as a provisional quota which shall be subject to conversion into a basic quota as provided for in clause 15 (4).

(c) In respect of any quota or portion thereof transferred in terms of this subclause, the Central Board shall, save in such exceptional circumstances as it may determine, reduce the registered quota land of the transferor and may increase the registered quota land of the transferee by an area commensurate with the amount of quota transferred.

(d) No quota or additional quota allocated under the provisions of clause 16 shall be transferred in terms of this subclause until such time as such quota has been established by the holder thereof by actual deliveries to the mill in two consecutive years.

(e) Any quota transferred in terms of this subclause shall remain attached to the same mill (home mill) to which it was attached in respect of the transferor, save that where the home mill is one of a group of mills combined for purposes of production control, the quota so transferred may be attached to another mill in such group of mills: Provided that the transfer of quota without the transfer of quota land for delivery to a mill other than the home mill may be permitted if the Central Board is satisfied after a full investigation of the case that suitable land is not available in the supply area of the home mill to enable cane to be produced in fulfilment of the quota to be transferred.

(f) In the event of a grower who holds a provisional quota as well as a basic quota transferring the whole or any portion of such basic quota to another party without the transfer of a commensurate area of registered quota land, the provisional quota so held shall be cancelled forthwith and shall be deleted from the Growers' Register.

(g) It shall be the responsibility of the transferee to make such arrangements with the miller concerned as may be necessary for the delivery of the cane to be

Verandering in voorwaardes van kwotatoekenning

(b) Geen verandering in die voorwaardes van 'n toekenning in paragraaf (a) bedoel, hetsy ten opsigte van die kwotahouer, die kwotagrond, die kwota of die meulenaar, mag gemaak word nie sonder die vooraf-verkreë toestemming van die Sentrale Raad, wat die jurisdiksie besit om alle kwessies te beslis in verband met die wisseling van kwotahouer, die oorplasing van 'n kwotahouer vanaf een seksie na 'n ander, die verandering van kwotagrond, die oordrag van 'n kwota met of sonder die grond waaraan dit verbonde is, die wisseling van betrokke meulenaar en alle ander verwante kwessies, soos die onderverdeling van 'n kwota en kwotagrond, die toekenning by die verval van huurkontrakte of iets dergeliks.

Reëls vir die oordrag van kwotas sonder kwotagrond

(2) Die verkoop of oordrag van 'n basiese kwota of van 'n gedeelte daarvan aan 'n ander party, sonder die oordrag van 'n eweredige oppervlakte geregistreerde kwotagrond, kan behoudens die volgende voorwaardes toegelaat word:

(a) 'n Kwota of gedeelte daarvan wat ingevolge hierdie subklousule oorgedra gaan word, moet basiese kwota wees wat op grond van werklike lewerings aan die meul in twee agtereenvolgende jare daargestel is.

(b) 'n Kwota of gedeelte daarvan wat ingevolge hierdie subklousule oorgedra word, moet op naam van die oordragnemer aangeteken word as 'n voorlopige kwota wat onderworpe is aan omskepping in 'n basiese kwota soos in klousule 15 (4) bepaal.

(c) Ten opsigte van 'n kwota of gedeelte daarvan wat ingevolge hierdie subklousule oorgedra word, moet die Sentrale Raad, behalwe in sodanige uitsonderlike omstandighede as wat hy bepaal, die geregistreerde kwotagrond van die oordraer verminder en kan hy die geregistreerde kwotagrond van die oordragnemer vermeerder met 'n oppervlakte wat eweredig is aan die oorgedraagde gedeelte van die kwota.

(d) Geen kwota of bykomende kwota wat ooreenkomstig klousule 16 toegeken word, mag ingevolge hierdie subklousule oorgedra word alvorens sodanige kwota deur die houer daarvan daargestel is deur middel van werklike lewerings aan die meul in twee agtereenvolgende jare nie.

(e) 'n Kwota wat ingevolge hierdie subklousule oorgedra word, moet aan dieselfde meul (tuismeul) verbonde bly as dié waaraan dit ten opsigte van die oordraer verbonde was, behalwe dat waar die tuismeul een is van 'n groep meule wat vir produksiebeheerdoeleindes gekombineer is, die kwota wat aldus oorgedra word, aan 'n ander meul in sodanige groep meule verbind kan word: Met dien verstande dat die oordrag van kwota sonder die oordrag van kwotagrond vir lewering aan 'n ander meul as die tuismeul toegelaat kan word indien die Sentrale Raad, na omvattende ondersoek van die geval, daarvan oortuig is dat geskikte grond vir 'n rietproduksie ter vervulling van die kwota wat oorgedra gaan word, nie in die voorsieningsgebied van die tuismeul beskikbaar is nie.

(f) Ingeval 'n kweker wat die houer is van 'n voorlopige kwota sowel as 'n basiese kwota, die geheel of 'n gedeelte van sodanige basiese kwota aan 'n ander party oordra sonder die oordrag van 'n eweredige oppervlakte geregistreerde kwotagrond, moet die voorlopige kwota wat aldus gehou word, onverwyld gekanselleer en van die Kwekersregister geskrap word.

(g) Dit is die verantwoordelikheid van die oordragnemer om sodanige reëlings met die betrokke meulenaar te tref as wat nodig is vir die lewering van die riet

[illegible]

Substitution

[illegible]

land to take the place of the abandoned or to be abandoned quota land, and that it will not result in the increase of an existing quota held in respect of other quota land by the same or any other party.

Transfer of contingency quotas

(4) No contingency quota may be transferred to any person, save as a result of the sale or transfer of the whole of the cane farm to which it is attached and unless the transferee has agreed to accept and fulfil the terms and conditions which applied to the allotment of the land to which the contingency quota is attached.

Limitation of powers

(5) The Central Board shall not be entitled to give any decision under the provisions of this clause, the result of which will cause a breach of an existing contract between interested parties, nor by such decision to confer upon any person greater rights in respect of a quota or quota land than the original or prior holder thereof was entitled to.

Right of review

(6) In exercising the jurisdiction by this clause conferred, the Central Board shall, before coming to any decision, give all interested parties the opportunity of being heard before it. It shall in such execrcise of its powers act reasonably and equitably according to the circumstances of the case, and its decisions shall at the instance of any person thereby aggrieved be subject to the common law jurisdiction by way of review which is vested in the courts of law.

Definition of section

(7) For the purposes of this clause and the administration of the provisions of this Agreement, the expression "section" means in respect of any mill and generally—

(i) Miller-cum-planters;
(ii) White Growers;
(iii) Dunn's Reserve Mangete Growers;
(iv) Black Growers;
(v) Indian and Coloured Growers.

Decisions made before commencement of Agreement

(8) All decisions and authorisations lawfully given or made by the Central Board before the commencement of this Agreement under the corresponding provisions of the Sugar Industry Agreement, 1943, shall continue to be of full force and effect until rescinded or varied by any decision or authorisation given or made under the provisions of this Agreement.

Suspension and cancellation of quotas

33. (1) The Central Board shall suspend, for such period or periods as may be determined by the Central Board, but not exceeding two years, any quota or any portion thereof no longer required, or in respect of which no quota land is held by the grower concerned, as well as any quota in respect of which no cane has been delivered during the past four consecutive years.

(2) Any quota or portion thereof suspended in accordance with the provisions of subclause (1), shall remain recorded in the name of the grower concerned

waarvolgens sodanige ander grond die plek inneem van kwotagrond wat reeds in onbruik verval het of in onbruik gaan verval, en dat dit nie die verhoging sal meebring van 'n bestaande kwota wat dieselfde of 'n ander party ten opsigte van ander kwotagrond het nie.

Oordrag van voorwaardelike kwotas

(4) Geen voorwaardelike kwota mag aan 'n persoon oorgedra word nie, tensy sodanige oordrag die gevolg is van die verkoop of oordrag van die hele rietplaas waaraan dit verbonde is en tensy die oordragnemer ingestem het om die bepalings en voorwaardes wat van toepassing was op die toekenning van die grond waaraan die voorwaardelike kwota verbonde is, te aanvaar en na te kom.

Beperking van bevoegdheid

(5) Die Sentrale Raad is nie daartoe geregtig om kragtens die bepalings van hierdie klousule 'n beslissing te gee as gevolg waarvan 'n bestaande kontrak tussen belanghebbende partye verbreek word of waardeur aan iemand meer regte verleen word ten opsigte van 'n kwota of kwotagrond as waarop die oorspronklike of vorige houer daarvan geregtig was nie.

Reg van hersiening

(6) By uitoefening van die jurisdiksie by hierdie klousule verleen, moet die Sentrale Raad, voordat hy tot 'n beslissing geraak, al die belanghebbende partye die geleentheid bied om deur hom aangehoor te word. In sodanige uitoefening van sy bevoegdheid moet die Raad redelik en billik handel na gelang van die omstandighede van die geval, en sy beslissings is, op versoek van enige persoon wat daardeur benadeel is, onderworpe aan die gemeenregtelike jurisdiksie by wyse van hersiening wat by die geregshowe berus.

Omskrywing van "seksie"

(7) By die toepassing van hierdie klousule en die uitvoering van die bepalings van hierdie Ooreenkoms, beteken die uitdrukking "seksie", ten opsigte van 'n meul en in die algemeen—

(i) Meulenaar-cum-planters;
(ii) Blanke kwekers;
(iii) Dunn's Reserve Mangete-Kwekers;
(iv) Swart kwekers;
(v) Indiër- en Kleurlingkwekers.

Besluite geneem voor inwerkingtreding van Ooreenkoms

(8) Alle beslissings en magtigings wettiglik deur die Sentrale Raad voor die inwerkingtreding van hierdie Ooreenkoms gegee of gedoen ingevolge die ooreenstemmende bepalings van die Suikernywerheidooreenkoms, 1943, bly onverminderd van krag tydens die duur van hierdie Ooreenkoms, totdat sodanige beslissing of magtiging herroep of gewysig word by beslissing of magtiging kragtens die bepalings van hierdie Ooreenkoms gegee of gedoen.

Opskorting en kansellering van kwotas

33. (1) 'n Kwota of 'n gedeelte daarvan wat nie meer nodig is nie, of ten opsigte waarvan die betrokke kweker geen kwotagrond besit nie, asook 'n kwota ten opsigte waarvan geen riet gedurende die vorige vier opeenvolgende jare gelewer is nie, word deur die Sentrale Raad opgeskort vir sodanige tydperk of tydperke as wat die Sentrale Raad bepaal, maar wat nie twee jaar te bowe gaan nie.

(2) 'n Kwota of 'n gedeelte daarvan wat ingevolge subklousule (1) opgeskort is, bly op naam van die betrokke kweker aangeteken, maar 'n leweringskwota

[illegible]

registered quota land of any grower in excess of such grower's yearly delivery quota as provided for in terms of clause 22.

36. Cane delivered or tendered for delivery as aforesaid shall, subject to the provisions of clause 50, be deemed to be so delivered or tendered in pursuance of a contract for the sale and purchase of such cane on the terms and conditions set out in this Chapter.

Delivery of cane

37. The cost of delivering cane to the mills to which growers are obliged under any existing contracts to deliver, or, in the absence of any existing contracts, to the mills to which they are or may subsequently be attached for quota purposes under this Agreement shall be calculated, apportioned and recovered by growers and millers in such manner and subject to such rules as may be laid down by the Sugar Association with the approval of the Minister.

Diversions by millers

38. Notwithstanding the provisions of clause 37, millers may, subject to the quota provisions of this Agreement, divert supplies of cane to any mill, provided that the grower whose cane is diverted shall receive no more nor less than the price payable to him in terms of clause 42.

Surplus cane diversions by industry

39. The Sugar Association may institute the requisite administrative machinery to divert cane surplus to the capacity of any mill to another mill or mills: Provided—

(a) that before any cane is so diverted the consent of the home mill, the receiving mill or mills, and the respective Mill Group Boards must be obtained; and

(b) that the Sugar Association shall determine the extent, if any, to which the additional cost of such diversion shall become an Industry obligation under the provisions of clause 51.

Condition of cane

40. Cane shall be reasonably topped and either trashed or burnt at the grower's option. Notwithstanding this, however, no cane shall be rejected except under the procedure outlined in paragraph 6 of Schedule C.

Rateable delivery

41. (1) Deliveries to the mill shall be made by the grower rateably over the crushing season unless otherwise agreed to by the Mill Group Board and the miller concerned.

Length of milling season

(2) Each mill shall provide the capacity requisite to crush a mass of cane equivalent to 95 per cent of the standard throughput of that mill during a normal crushing season.

Standard throughput

(3) "Standard throughput" shall mean—

(i) in respect of an existing mill, the mass of cane equivalent to the total sucrose quotas of all the growers attached to a mill in the Growers' Register, converted to cane by using the weighted average

van die geregistreerde kwotagrond van 'n kweker afkomstig is en wat meer is as sodanige kweker se jaarlikse leweringskwota, soos waarvoor ingevolge klousule 22 voorsiening gemaak word, aan te neem nie.

36. Riet gelewer of vir lewering aangebied soos voornoem, word behoudens die bepalings van klousule 50, beskou as aldus gelewer of vir lewering aangebied ingevolge 'n kontrak vir die verkoop en aankoop van die riet ooreenkomstig die bepalings en voorwaardes in hierdie Hoofstuk uiteengesit.

Lewering van riet

37. Die koste verbonde aan die lewering van riet aan die meule waaraan kwekers ingevolge bestaande kontrakte verplig is om riet te lewer of, by ontstentenis van 'n bestaande kontrak, aan die meule waaraan hulle vir kwotadoeleindes kragtens hierdie Ooreenkoms verbind is of later verbind word, moet deur kwekers en meulenaars bereken, toegedeel en verhaal word op so 'n wyse en ooreenkomstig sodanige reëls as wat deur die Suikervereniging met die goedkeuring van die Minister bepaal word.

Afwending deur meulenaars

38. Ondanks die bepalings van klousule 37, kan meulenaars, behoudens die kwotabepalings van hierdie Ooreenkoms, voorrade riet na enige meul afwend, met dien verstande dat die kweker wie se riet afgewend word, nie meer of minder mag ontvang as die prys wat ooreenkomstig klousule 42 aan hom verskuldig is nie.

Surplusriet, afwending deur nywerheid

39. Die Suikervereniging kan die nodige administratiewe masjinerie instel om surplusriet wat 'n meul nie in die vermoë is om te verwerk nie, na 'n ander meul of meule af te wend: Met dien verstande dat—

(a) voordat enige riet aldus afgewend word, die toestemming van die tuismeul, die ontvangende meul of meule en die onderskeie Meulgroeprade verkry moet word; en

(b) die Suikervereniging die mate, indien daar is, vasstel waarin die bykomende koste van sodanige afwending 'n nywerheidsverpligting ingevolge die bepalings van klousule 51 word.

Toestand van riet

40. Riet moet redelik getop en òf ontblaar òf skoon gebrand word, na gelang die kweker verkies. Desnieteenstaande word geen riet egter afgekeur nie, behalwe volgens die prosedure in paragraaf 6 van Bylae C uiteengesit.

Eweredige lewerings

41. (1) Tensy anders deur die betrokke Meulgroepraad en meulenaar ooreengekom word, moet lewerings aan die meul deur die kweker eweredig oor die persseisoen versprei word.

Duur van meulseisoen

(2) Elke meul moet hom in die vermoë stel wat nodig is om 'n massa riet gelyk aan 95 persent van die standaarddeurvoer van die meul gedurende 'n normale persseisoen, te pers.

Standaarddeurvoer

(3) "Standaarddeurvoer" beteken—

(i) ten opsigte van 'n bestaande meul, die massa riet gelyk aan die totale sukrosekwotas van alle kwekers verbonde aan 'n meul soos in die Kwekersregister genoem, in riet omgereken deur die [illegible] by the mill in respect [illegible] during the five immediately preceding years plus, in cases where not more than five years have elapsed since permission was granted in terms of this Agreement for specific [illegible] to be planted [illegible] without specific [illegible] initially attributing thereto the appropriate [illegible] determined by the Central Board [illegible] be taken into account to assess the [illegible] put in respect of such specific areas of land for the mill [illegible] concerned;

(ii) in respect of a new mill, the mass of cane determined for the purpose of this clause when such mill is established.

Normal crushing season

(4) "Normal crushing season" shall mean the period of 40 weeks following the date on which a mill commences crushing, or 15 June, in each calendar year, whichever is the earlier. The period of 40 weeks shall include time lost [illegible] normal mill stoppages as determined by the miller and Mill Group Board concerned, or in the event of a dispute, by the Central Board.

(5) Each Mill Group Board and the miller concerned shall determine progressively during each crushing season—

(i) the period required to crush the mass of cane, based on yearly estimates of production, [illegible] the assumption that the mill has the requisite capacity referred to in subclause (2) and taking into account the milling rate previously agreed between the miller and the Mill Group Board during the year concerned;

(ii) the period required to crush the same mass of cane based on the mill's actual capacity.

(6) Should a mill, during two consecutive years, fail to crush the mass of cane finally estimated within the period finally determined in terms of subclause (5)(ii) or such longer period as may be agreed between the miller and the Mill Group Board concerned, growers adversely affected thereby shall be entitled to claim from the miller concerned compensation for any loss sustained [illegible] as a result of the prolongation of the crushing season in respect of the second and subsequent years [illegible] in which the mill shall be in default: Provided, however, that should a mill prove by [illegible] in two consecutive years that it has the capacity referred to in subclause (2), it shall not be subject to further penalty unless it shall again be in default in terms of this subclause and provided further that no claim shall be lodged unless the period as determined in terms of subclause (5)(ii) exceeds the period of (4) weeks.

(7) Should the crushing season of a mill be prolonged beyond the final period determined in terms of subclause (5)(ii) or a normal crushing season, whichever is the longer, by reason of cane diverted from another mill to the convenience of the miller concerned, growers adversely affected thereby shall be entitled to claim from the miller receiving the diverted cane compensation equivalent to twice the sucrose loss, if any, resulting from the prolongation of the crushing season beyond the final period determined for the receiving mill in terms of subclause (5)(ii): Provided, however,

[illegible]

(ii) [illegible] the mass of cane [illegible]

Harvest permission

(4) "[illegible] permission" [illegible] Mill Group Board [illegible]

(5) [illegible]

(i) [illegible]

(ii) [illegible]

(6) [illegible]

(7) [illegible] subclause (5)(ii) [illegible]

that no claims shall be founded unless the period as determined for that mill in terms of subclause (5) (ii) exceeds a period of 40 weeks.

Sucrose loss

(8) "Sucrose loss", if any, shall mean the amount, if any, by which the sucrose mass attributable to a grower's total cane deliveries made after the period finally determined in terms of subclause (5) (i), or agreed, as the case may be [for the purpose of subclause (6)], or made after the period finally determined in terms of subclause (5) (i), or, a normal crushing season, whichever is the longer [for the purpose of subclause (7)] based on such grower's average sucrose per cent cane during the appropriate period, exceeds the sucrose mass actually accorded to him in respect of the same deliveries. Any dispute concerning the amount of compensation claimed in terms of subclauses (6) and (7) shall be referred to arbitration in terms of clause 12.

(9) Any other dispute arising from the interpretation or application of this clause, shall be referred to the Central Board for adjudication and its decision shall be final.

(10) Before coming to a decision upon any dispute the Central Board shall give all interested parties the opportunity of being heard before it, and in arriving at its decision it shall take into account, *inter alia*, the following:

(i) A miller is obliged to have the requisite capacity referred to in subclause (2);

(ii) a grower is obliged to deliver his estimate or delivery quota or adjusted delivery quota rateably over each crushing season, in terms of subclause (1); and

(iii) all relevant circumstances including in particular, factors influencing milling capacity, available cane supplies, and the relevant methods of farming and organisation usually adopted at the relevant time in the industry.

Determination of cane price

42. All cane delivered by a grower to a miller during a year shall be paid for, and the price shall be determined—

(a) by a payment for sucrose in the cane by the miller in accordance with the sucrose price as determined in Schedule B hereto and the metric tons of sucrose in such cane as determined under the provisions of clause 48 and Schedule C hereto; and

(b) in the case of all growers, other than miller-cum-planters, in accordance with the provisions of Schedule D hereto.

Financing Regulations Schedule D

43. For the purpose of financing the Fund referred to in the Schedule mentioned in clause 42 (b), the Sugar Association shall impose a levy of the sum of R4 000 000 rateably upon the whole sugar output each year under the provisions of clauses 56 and 57, and the total of such levy shall be disbursed as provided in Schedule D.

Rejected cane

44. Notwithstanding the provisions of clause 42, no cane duly returned by the Mill Group Board in accordance with Schedule C shall be paid for and it shall be excluded from the grower's quota.

bepaal is: Met dien verstande egter dat geen eis gegrond is nie tensy die tydperk soos ingevolge subklousule (5) (ii) bepaal, langer as 40 weke is.

Sukroseverlies

(8) "Sukroseverlies", indien daar is, beteken die hoeveelheid, indien daar is, waarmee die sukrosemassa toe te skryf aan 'n kweker se totale rietlewerings wat geskied het na die tydperk wat ingevolge subklousule (5) (i) finaal bepaal is, of waarvoor ooreengekom is, na gelang van die geval [vir die doel van subklousule (6)], of wat geskied het na die tydperk wat ingevolge subklousule (5) (i) finaal bepaal is, of, 'n normale persseisoen, watter ook al die langste is [vir die doel van subklousule (7)], gebaseer op sodanige kweker se gemiddelde persentasie sukrose in riet gedurende die toepaslike tydperk, die sukrosemassa wat werklik aan hom ten opsigte van dieselfde lewerings toegestaan is, te bowe gaan. Enige geskil betreffende die vergoedingsbedrag wat ingevolge subklousules (6) en (7) geëis word, moet ingevolge klousule 12 vir arbitrasie verwys word.

(9) Enige ander geskil wat uit die vertolking of toepassing van hierdie klousule ontstaan, moet na die Sentrale Raad vir beslissing verwys word en sy beslissing is finaal.

(10) Voordat tot 'n beslissing oor 'n geskil geraak word, moet die Sentrale Raad alle belanghebbende partye die geleentheid gee om deur hom aangehoor te word, en by die neem van sy beslissing moet hy onder andere die volgende in aanmerking neem:

(i) 'n Meulenaar is verplig om oor die vereiste vermoë vermeld in subklousule (2) te beskik;

(ii) 'n kweker is verplig om sy skatting of leweringskwota of aangepaste leweringskwota eweredig oor elke persseisoen ingevolge subklousule (1) te lewer; en

(iii) alle verbandhebbende omstandighede, met inbegrip van veral faktore wat die verwerkingsvermoë beïnvloed, beskikbare rietvoorrade, en die toepaslike boerdery- en organisasiemetodes wat normaalweg op die betrokke tydstip in die Nywerheid aangewend word.

Vasstelling van rietprys

42. Vir alle riet wat gedurende 'n jaar deur 'n kweker aan 'n meulenaar gelewer word, moet betaal word, en die pryse word vasgestel—

(a) deur betaling vir sukrose in die riet deur die meulenaar volgens die sukroseprys soos vasgestel in Bylae B hiervan en die metrieke ton sukrose in sodanige riet soos vasgestel ingevolge die bepalings van klousule 48 en Bylae C hiervan, en

(b) in die geval van alle kwekers, behalwe meulenaar-cum-planters, ooreenkomstig die bepalings van Bylae D hiervan.

Finansieringsregulasies Bylae D

43. Met die doel om die fonds waarna verwys word in die Bylae wat in klousule 42 (b) genoem word, te finansier, moet die Suikervereniging elke jaar ingevolge die bepalings van klousules 56 en 57, 'n heffing ten bedrae van R4 000 000 eweredig oplê op die hele suikerproduksie, en die totaal van sodanige heffing moet uitbetaal word soos in Bylae D bepaal.

Afgekeurde riet

44. Ondanks die bepalings van klousule 42, word geen betaling gedoen vir riet wat ooreenkomstig Bylae C deur die Meulgroepraad behoorlik teruggestuur is nie, en hierdie riet word van die kwota van die betrokke kweker uitgesluit.

Relative sucrose

45. Notwithstanding anything to the contrary contained in this Agreement, whenever any mill advises the Sugar Association that, after consulting with its Mill Group Board, it agrees to adopt the relative payment system in respect of any year or years or indefinitely, then the following provisions shall apply during the applicable period:

(a) "sucrose" shall refer to relative sucrose for all the purposes of this Agreement, with the exception of Schedule X;

(b) cane shall be paid for, and the percentage of relative sucrose in cane shall be calculated, in such manner and subject to such rules as shall be laid down by the Sugar Association from time to time.

Payment for cane

46. (1) Payments by millers to growers due under the provisions of clause 45(1)(a) shall be made on the following basis:

(i) Subject to subparagraph (iii) provisional payments shall be made 30 days after the last day of the month in which cane is delivered. The amount of such provisional payment shall be not less than the product determined by multiplying 90 per cent of the estimated price per ton of sucrose in cane, as determined under the provisions of paragraph 3 of Schedule B, by the tonnage of sucrose in cane delivered by the grower from the commencement of the season up to and including the last day of the month in respect of which the payment is due, less the total of all provisional payments previously made to him in respect of the season concerned in terms of this subclause.

(ii) A final payment shall be made on 30 April in each year. The amount of a final payment shall be the product determined by multiplying the price per ton of sucrose in cane as finally determined under the provisions of paragraph 8 of Schedule B for that year by the total sucrose delivered by each grower during such year less the total of all provisional payments previously made to such grower in respect of the year concerned. The final payments by each miller shall include interest calculated in terms of subparagraph (iii).

(iii) At each mill there shall be calculated an interest rate per ton of sucrose, which shall be the summation of the following calculation for each month during the year in which cane was delivered, divided by the total tons of sucrose delivered to that mill during the season. The calculation will be—

$$V \times (W - M) \times \frac{P}{12} \times Z, \text{ where—}$$

V = total cumulative metric tons sucrose delivered from the commencement of the year up to and including the last day of the month concerned;

W = price per metric ton of sucrose in cane as finally determined under the provisions of paragraph 8 of Schedule B for that year;

M = estimated price per metric ton of sucrose in cane as used as basis in determining the provisional payment for the month concerned, less the retention deducted by millers;

P = period of time in months and fractions of months from the date of the following payment (normally one month except for period between last provisional payment and 30 April);

Z = the weighted average of the daily minimum bank overdraft rates charged by the Sugar Association's bankers from 1 April in the preceding year to 31 March in the year concerned, less 0,5 per cent.

The retention interest payment to each grower shall be the tonnage of sucrose delivered by each grower multiplied by the retention interest rate per ton of sucrose for the mill to which his cane is delivered.

Relatiewe sukrose

45. Ondanks andersluidende bepalings in hierdie Ooreenkoms, wanneer 'n meul die Suikervereniging in kennis stel dat hy, na oorlegpleging met sy Meulgroepraad, ingestem het om die relatiewe betalingstelsel ten opsigte van enige jaar of jare of onbepaald aan te neem, geld die volgende bepalings gedurende die toepaslike tydperk:

(a) [illegible];

(b) [illegible].

Betaling vir riet

46. (1) Betalings wat meulenaars aan kwekers ingevolge klousule 45(1)(a) moet doen, moet op die volgende basis gedoen word:

(i) Behoudens subparagraaf (iii) moet voorlopige betalings [illegible] maand ten opsigte waarvan die betaling verskuldig is, min die totaal van alle voorlopige betalings wat reeds aan hom ten opsigte van die betrokke seisoen ingevolge hierdie subklousule gedoen is.

(ii) 'n Finale betaling moet op 30 April in elke jaar gedoen word. Die bedrag van 'n finale betaling is die produk wat verkry word deur die prys per ton sukrose in riet, soos ingevolge paragraaf 8 van Bylae B vir daardie jaar finaal bepaal, te vermenigvuldig met die totale sukroselewerings van elke kweker gedurende sodanige jaar min die totaal van alle voorlopige betalings wat voorheen aan sodanige kweker ten opsigte van die betrokke jaar gedoen is. Die finale betalings wat elke meulenaar doen, moet rente ingevolge subparagraaf (iii) bereken, insluit.

(iii) By elke meul moet 'n retensierentekoers per ton sukrose bereken word, wat die totaal is van die volgende berekening vir elke maand gedurende die jaar waarin riet gelewer is, gedeel deur die totale tonnemaat sukrose wat gedurende die seisoen by daardie meul gelewer is. Die berekening is—

$$V \times (W - M) \times \frac{P}{12} \times Z, \text{ waar—}$$

V = totale kumulatiewe metrieke ton sukrose gelewer vanaf die begin van die jaar tot en met die laaste dag van die betrokke maand;

W = prys per metrieke ton sukrose in riet soos ingevolge paragraaf 8 van Bylae B finaal vir die jaar bepaal;

M = geskatte prys per metrieke ton sukrose in riet wat gebruik is as basis by die bepaling van die voorlopige betaling vir die betrokke maand min die retensiegeld deur meulenaars afgetrek;

P = tydperk in maande en breuke van maande vanaf die datum van die volgende betaling (normaalweg een maand behalwe vir die tydperk tussen die laaste voorlopige betaling en 30 April);

Z = die geweegde gemiddelde van die daaglikse minimum oortrekkingskoerse wat deur die Suikervereniging se bankiers gehef word vanaf 1 April in die voorafgaande jaar tot 31 Maart in die betrokke jaar, min 0,5 persent.

Die retensierentebetaling aan elke kweker is die tonnemaat sukrose deur elke kweker gelewer, vermenigvuldig met die retensierentekoers per ton sukrose vir die meul waar sy riet gelewer is.

For the purpose of this subclause, 'deliveries' shall mean the deliveries made by growers in respect of quotas attached to the mill concerned.

(2) Payments to growers due under the provisions of clause 42 (b) shall be made in accordance with Schedule D.

Share of filter press cake

47. Growers shall have the right to participate in filter press cake residual from milling process in accordance with such arrangements as may be made in that behalf between individual mills and their respective Mill Group Boards, and failing that, such arrangements as may be decided by the Central Board. If millers should load, rail or deliver such cake, the cost of such service shall be paid by growers and delivery shall be in accordance with arrangements to be made to suit the convenience of the parties.

Cane testing service

48. (1) A cane testing service shall be maintained by the Central Board at every mill for the purpose of determining the sucrose content of cane supplied by individual growers in terms of Schedule C hereto: Provided—

(a) that where at any mill a majority of 70 per cent of the supplying growers (other than miller-cum-planter) representing more than 50 per cent of the total quotas of such growers, do not desire such central control, a locally arranged system of cane testing may be established by agreement between the growers and the miller concerned for the same purpose as indicated above;

(b) that where at any mill no cane testing service is maintained by the Central Board, the terms of proviso (a) shall be deemed to have been complied with and the locally arranged system of cane testing shall continue until central control is desired by the growers and the miller concerned; and

(c) that where at any mill a majority of 70 per cent of the supplying growers (other than miller-cum-planter) do not desire any testing of cane supplied by individual growers, such other arrangements as may be agreed upon by the growers and the miller concerned may be made for the purpose of assessing the sucrose content of growers' cane.

Determination of sucrose content

(2) The determination of the sucrose content of all cane crushed at every mill at which the cane testing service operates as well as the distribution of such sucrose among the suppliers concerned shall be subject to such checking and inspection as may be required by the Central Board: Provided—

(a) that where the cane testing service is not in operation the growers and the miller concerned may arrange with the Central Board for any required checking or inspection of operations; and

(b) that where cane is diverted from a mill where the cane testing service is in operation to one with a locally controlled system of cane testing, the Central Board shall have power to inspect the testing of such cane whenever deemed necessary.

Access to data

(3) The Cane Testing Service staff, the Central Board head office staff, or any person duly authorised thereto by the Central Board, shall have reasonable access to

Vir die toepassing van hierdie subklousule beteken "lewerings" die lewerings deur kwekers gedoen ten opsigte van kwotas verbonde aan die betrokke meul.

(2) Betalings aan kwekers verskuldig ingevolge klousule 42 (b), moet ooreenkomstig Bylae D gedoen word.

Aandeel in filterperskoek

47. Kwekers is geregtig op 'n aandeel in die filterperskoek as byproduk van die meulproses, en wel ooreenkomstig die reëlings wat in verband daarmee getref is tussen die individuele meule en hulle onderskeie Meulgroeprade en, by ontstentenis van sodanige reëlings, soos deur die Sentrale Raad bepaal word. Indien meulenaars die koek laai, per trein stuur, of aflewer, moet die koste van hierdie diens deur die kwekers gedra word, en aflewerings moet geskied ooreenkomstig die reëlings wat ten geriewe van die partye getref word.

Riettoetsdiens

48. (1) 'n Riettoetsdiens word by elke meul deur die Sentrale Raad in stand gehou om die sukrose-inhoud van riet wat ingevolge Bylae C hiervan deur individuele kwekers verskaf word, vas te stel: Met dien verstande—

(a) dat, waar by 'n meul 'n meerderheid van 70 persent van die lewerende kwekers (uitgesonderd meulenaar-cum-planter) wat meer as 50 persent van die totale kwotas van sulke kwekers verteenwoordig, nie sodanige sentrale beheer verlang nie, 'n plaaslike gereëlde riettoetsstelsel deur onderlinge ooreenkoms tussen die betrokke kwekers en meulenaar ingestel kan word vir dieselfde doel as wat hierbo uiteengesit is;

(b) dat, waar by 'n meul geen riettoetsdiens deur die Sentrale Raad in stand gehou word nie, daar geag word aan die bepalings van voorbehoud (a) voldoen te gewees het, en dat die plaaslike gereëlde riettoetsstelsel voortduur tot tyd en wyl sentrale beheer deur die betrokke kwekers en meulenaar verlang word; en

(c) dat, waar by 'n meul 'n meerderheid van 70 persent van die lewerende kwekers (uitgesonderd meulenaar-cum-planter) geen toetsing van riet wat deur individuele kwekers gelewer word, verlang nie, sodanige ander reëlings as waartoe die betrokke kwekers en meulenaars mag besluit, getref kan word om die sukrose-inhoud van kwekers se riet te bepaal.

Bepaling van sukrose-inhoud

(2) Die bepaling van die sukrose-inhoud van alle riet wat gepers word by elke meul waar die riettoetsdiens in werking is, asook die verdeling van die sukrose onder die betrokke leweransiers, is onderworpe aan sodanige kontrole en inspeksie as wat deur die Sentrale Raad vereis word: Met dien verstande—

(a) dat, waar die riettoetsdiens nie in werking is nie, die betrokke kwekers en meulenaar reëlings met die Sentrale Raad kan tref vir enige vereiste kontrole en inspeksie van werksaamhede; en

(b) dat, waar riet van 'n meul waar die riettoetsdiens in werking is, afgewend word na 'n meul met 'n plaaslik beheerde riettoetsstelsel, die Sentrale Raad bevoeg is om die toets van sulke riet te inspekteer wanneer dit ook al nodig geag word.

Toegang tot gegewens

(3) Die personeel van die Riettoetsdiens, die personeel van die Sentrale Raad se hoofkantoor, of enige persoon wat behoorlik deur die Sentrale Raad daartoe gemagtig

mills and their records in the course of performing their duties or carrying out any authorised inspection or investigation. The mill management and mill staff and any person duly authorised thereto by the management shall have reasonable access to the Central Board laboratory and its records in the course of performing their duties or carrying out any authorised inspection or investigation.

The Millers' and the Growers' Associations as well as the Sugar Association shall at all times have access to the books in possession of the Central Board.

Financing of cane testing service

(2) (a) The Central Board shall administer the "Cane Testing Service Fund", which shall be charged with the payment of all costs and expenses of operating the cane testing service at all mills other than Umfolozi and Union Co-op.

The costs of management and supervision of the cane testing service, however, shall be paid by the Central Board from the Central Fund.

Umfolozi and Union Co-op. shall operate and be responsible for the expenses of their own cane testing services, and in addition each shall be obliged to pay for any services rendered to it by the Central Board Cane Testing Service.

(b) The amount required for the Cane Testing Service Fund shall be collected each year by way of a levy per metric ton of sugar output which levy shall be calculated by dividing the costs and expenses with which such Fund is charged in terms of subclause (2) (a) by the total of the sugar outputs (as defined in clause 75) of all mills excluding Umfolozi and Union Co-op.

To facilitate the collection of such amount by the Sugar Association, the levy shall initially be applied to the outputs of all millers and through them all growers (including Umfolozi and Union Co-op. but the Sugar Association shall thereafter refund to Umfolozi and Union Co-op. the amounts so levied on their respective sugar outputs.

Accommodation

(2) Accommodation for chemists and testers and other staff employed in the cane testing service, and testing laboratory buildings with fixed equipment, shall be supplied and maintained by the millers in consultation with the Central Board. The charges to be levied in respect thereof shall be assessed by the millers in consultation with the Central Board and be payable either monthly or in full, as the case may be.

Technical Advisory Committee

29. The Central Board may appoint a Technical Advisory Committee for the purpose of investigating any matter which may be referred to such committee by the Central Board.

Cane supply agreements

30. Existing cane supply agreements at the commencement of this Agreement shall be suspended during the operation of this Agreement in so far as they are inconsistent with the provisions thereof, but otherwise they shall remain in full force and effect.

is, het die reg van toegang tot die meule en sy rekords ten einde hul pligte uit te voer of enige inspeksie of ondersoek in te stel. Die meulbestuur en [illegible] moet redelike toegang tot die Sentrale Raad se laboratorium en sy rekords hê ten einde hul pligte uit te voer of enige gemagtigde inspeksie of ondersoek in te stel.

Die Meulenaarsvereniging en die Kwekersvereniging asook die Suikervereniging het te alle tye toegang tot die boeke in besit van die Sentrale Raad.

Finansiering van rietontledingsdiens

(2) (a) Die Sentrale Raad administreer die "Rietontledingsdiensfonds", wat gedebiteer word met alle koste en uitgawes vir die bedryf van die rietontledingsdiens by alle meulens behalwe Umfolozi en Union Co-op.

Die koste van bestuur en toesig oor die rietontledingsdiens word egter deur die Sentrale Raad uit die Sentrale Fonds betaal.

Umfolozi en Union Co-op. moet hulle eie rietontledingsdiens bedryf en is verantwoordelik vir die uitgawes daarvan, en is boonop verplig om te betaal vir enige dienste aan hulle gelewer deur die Sentrale Raad se rietontledingsdiens.

(b) Die bedrag wat vir die Rietontledingsdiensfonds benodig word, word elke jaar ingevorder by wyse van 'n heffing per metrieke ton suikeruitset, welke heffing bereken word deur die koste en uitgawes waarmee die fonds ingevolge subklousule (2) (a) belas word, te deel deur die totale suikeruitset (soos in klousule 75 omskryf) van alle meulens uitgesonderd Umfolozi en Union Co-op.

Ten einde die invordering van sodanige bedrag te vergemaklik, word die heffing deur die Suikervereniging aanvanklik gehef op die produksie van alle meulens en deur hulle op alle kwekers (insluitende Umfolozi en Union Co-op.), maar die Suikervereniging moet aan Umfolozi en Union Co-op. die bedrae terugbetaal wat ten opsigte van hul onderskeie suikeruitsette gehef is.

Huisvesting

(2) Huisvesting vir skeikundiges en toetsers en ander personeel wat in die Rietontledingsdiens werksaam is, asook toetslaboratoriumgeboue met vaste toerusting, word deur die meulens in oorleg met die Sentrale Raad voorsien en in stand gehou. Die koste wat ten opsigte daarvan gevorder word, moet deur die meulens in oorleg met die Sentrale Raad bepaal word en moet óf maandeliks óf in een keer betaal word, na gelang van die geval.

Tegniese Adviseurskomitee

29. Die Sentrale Raad kan 'n Tegniese Adviseurskomitee aanstel vir die ondersoek van enige saak wat deur die Sentrale Raad na die komitee verwys word.

Bestaande rietleweringsooreenkomste

30. Bestaande rietleweringsooreenkomste by die inwerkingtreding van hierdie Ooreenkoms word gedurende die tydperk van die werking van hierdie Ooreenkoms opgeskort in soverre hulle onbestaanbaar is met die bepalings daarvan, maar bly origens ten volle van krag.

CHAPTER 4

SOUTH AFRICAN SUGAR ASSOCIATION AND DISPOSAL OF CROP

General obligations

51. All expenditure approved by the Sugar Association from time to time in accordance with the powers granted to it under the Constitution of the Sugar Association shall be known as Industry obligations.

The burden of all such Industry obligations shall, save as is otherwise specifically provided in this Agreement, be borne rateably by all millers (and through them all growers), the intent and meaning of these presents being that the incidence of such obligations shall be determined upon the basis of proportionate participation herein by the whole Industry.

Sugar quotas and exports

52. (1) The Sugar Association shall control and regulate, year by year, the disposal of the total quantity of sugar manufactured yearly by millers, and to this end, shall determine the quantity of sugar required for the South African market, including carry-over stocks, and the quantity of sugar to be exported each year and each mill's quota of that quantity.

(2) Every miller shall retain for purchase by the Sugar Association as provided in paragraph 9 (3) of Schedule B a proportionate quantity of the total quantity of sugar estimated by the Sugar Association to be required as carry-over stocks for the South African market at the end of each year equal to the proportion which each miller's total production bears to the total production of all millers year by year.

(3) Millers shall export in the manner provided in Schedule A, year by year that part of their respective quotas of sugar manufactured in the Republic which is in excess of the requirements of the South African market as determined by the Sugar Association.

(4) For the purpose of this Agreement the expression "South African market" shall mean and include the Republic of South Africa, the territory of South-West Africa, Lesotho, Botswana, Transkei, Bophuthatswana, and other independent states, formerly parts of the Republic of South Africa, as and when they are established.

Carry-over and export obligations

53. The quantity of carry-over stocks required for the South African market and the quantity of sugar to be exported in each year and each mill's carry-over stock and export obligations, shall be determined in accordance with the Constitution of the Sugar Association and the provisions of this Agreement: Provided—

(a) that no miller shall be treated less favourably than any other miller; and

(b) that in the event of any miller arranging with another miller to carry out either or both of the latter's obligations, the Sugar Association and members of the Industry excluding the contracting parties shall not have to bear any additional financial burden as a result of such arrangements.

HOOFSTUK 4

SUID-AFRIKAANSE SUIKERVERENIGING EN BESKIKKING OOR DIE OES

Algemene verpligtings

51. Alle uitgawes wat die Suikervereniging van tyd tot tyd goedkeur kragtens die bevoedheid wat ingevolge die Grondwet van die Suikervereniging aan hom verleen is, staan as Nywerheidsverpligtings bekend. Behoudens uitdruklike bepalings tot die teendeel in hierdie Ooreenkoms vervat, moet die las van sodanige nywerheidsverpligtings eweredig deur alle meulenaars (en deur hulle, ook alle kwekers) gedra word, daar dit die bedoeling en betekenis hiervan is dat die druk van sodanige verpligtings bepaal moet word op die basis van eweredige deelname hierin deur die hele Nywerheid.

Suikerkwotas en uitvoer

52. (1) Die Suikervereniging moet jaar vir jaar die beskikking oor die totale hoeveelheid suiker wat jaarliks deur meulenaars vervaardig word, beheer en reël, en moet vir hierdie doel die hoeveelheid suiker bepaal wat vir die Suid-Afrikaanse mark nodig is, met inbegrip van oordragvoorrade, en moet ook die hoeveelheid suiker bepaal wat elke jaar uitgevoer gaan word, en elke meul se kwota van daardie hoeveelheid.

(2) Elke meulenaar moet vir aankoop deur die Suikervereniging soos in paragraaf 9 (3) van Bylae B bepaal, 'n eweredige hoeveelheid terughou van die totale hoeveelheid suiker wat volgens die Suikervereniging se skatting aan die einde van elke jaar as oordragvoorrade vir die Suid-Afrikaanse mark nodig sal wees, gelyk aan die verhouding, jaar vir jaar, waarin elke meulenaar se totale produksie tot die totale produksie van alle meulenaars staan.

(3) Meulenaars moet jaar vir jaar, op die wyse in Bylae A bepaal, daardie deel van hulle onderskeie kwotas suiker wat in die Republiek vervaardig is en meer is as die behoeftes van die Suid-Afrikaanse mark soos deur die Suikervereniging bepaal, uitvoer.

(4) Vir die doel van hierdie Ooreenkoms beteken en omvat die uitdrukking "Suid-Afrikaanse mark" die Republiek van Suid-Afrika, die gebied Suidwes-Afrika, Lesotho, Botswana, Transkei, Bophuthatswana, en ander onafhanklike state wat voorheen deel van die Republiek van Suid-Afrika was, na gelang hulle tot stand kom.

Oordragvoorrade en uitvoerverpligtings

53. Die hoeveelheid oordragvoorrade wat vir die Suid-Afrikaanse mark nodig is, die hoeveelheid suiker wat elke jaar uitgevoer gaan word, en elke meul se oordragvoorraad en uitvoerverpligtings word bepaal ooreenkomstig die Grondwet van die Suikervereniging en die bepalings van hierdie Ooreenkoms: Met dien verstande dat—

(a) geen meulenaar minder gunstig as 'n ander meulenaar behandel mag word nie; en

(b) ingeval 'n meulenaar met 'n ander meulenaar reël om een of beide van laasgenoemde se verpligtings na te kom, die Suikervereniging en lede van die Nywerheid, met uitsondering van die kontrakterende partye, nie enige bykomende finansiële las as gevolg van sodanige reëlings sal moet dra nie.

Non-fulfilment of obligations

24. (1) The export obligations undertaken by each miller under this Agreement shall be enforceable against him by the Sugar Association and the remedy for non-fulfilment shall be by way of specific performance or damages or both.

Such damages shall be recoverable in the name of the Sugar Association, but for the benefit of the Millers who have fulfilled their obligations, and the measure of the damage shall be the loss suffered by such millers by reason of the breach. The net amount of any damages recovered by the Sugar Association after deducting all expenses incurred shall be divided among the millers concerned in such proportions as the Sugar Association shall decide.

It is specially agreed that the mere award of damages will not adequately compensate such millers and that the defaulting miller may be ordered [illegible] specific performance at the suit of the Sugar Association.

(2) The provisions of subclause (1) shall apply mutatis mutandis to the carry-over stock obligations undertaken by each miller, save that any damages recovered by reason of additional railage charges [illegible] in terms of clause 25 (2) [illegible] the Sugar Association towards the payment of the railage deemed to be an industry obligation in terms of clause 25 (1).

Railage charges

25. (1) The railage incurred and paid by millers, refiners or their agents on sugar consigned from mills or refineries to Durban, Point, Maydon Wharf, Hulett's Refinery at Rossburgh, Hulett's Sugar Stores at Congella or any other railway station or siding in the municipal area of Durban, including transport costs on sugar from mill to the nearest railway station, as may be approved from time to time by the Sugar Association, and to the extent approved by the Sugar Association, and any other railage charges incurred and paid by millers, refiners or their agents in respect of consignments of sugar by rail from mills or refineries to other destinations, up to but not exceeding the amount the railage on such sugar would have been if it had been consigned to Durban and [illegible] from Durban to such other destination, shall be deemed to be an industry obligation as referred to in clause 15.

(2) Millers, refiners or their agents shall, subject to such rules of procedure as may be laid down by the Sugar Association, be entitled to refund from the Sugar Association in respect of the said industry obligation.

(3) That part of all moneys collected by millers, refiners or their agents from customers in respect of railage charges which constitutes a charge on sugar sold to such customers and which is included in the price of such sugar in respect of railage thereon, shall be paid to the Sugar Association subject to such rules of procedure as may be laid down by the Sugar Association.

Nie-nakoming van verpligtinge

24. (1) Elke meulenaar is teenoor die Suikervereniging gebonde om die uitvoerverpligtinge wat hy ingevolge hierdie Ooreenkoms aangaan, na te kom, en die regsmiddel vir nie-nakoming is by wyse van spesifieke nakoming of skadevergoeding of albei.

Die skadevergoeding word in die naam van die Suikervereniging verhaal, maar ten voordele van die meulenaars wat hul verpligtinge nagekom het, en die maatstaf van die skade is die verlies wat sodanige meulenaars as gevolg van die verbreking gely het. Die netto bedrag van skadevergoeding wat deur die Suikervereniging verhaal is, word na aftrekking van alle koste wat aangegaan is, onder die betrokke meulenaars verdeel in die verhoudings wat die Suikervereniging besluit.

Dit word uitdruklik ooreengekom dat die blote toekenning van skadevergoeding sodanige meulenaars nie voldoende sal vergoed nie en dat die nalatige meulenaar [illegible] tot spesifieke nakoming op aansoek van die Suikervereniging gedwing word.

(2) Die bepalings van subklousule (1) is mutatis mutandis van toepassing op die oordragvoorraadverpligtinge wat elke meulenaar aangaan, behalwe dat [illegible] ingevolge klousule 25 (2) [illegible] spoorvrag wat ingevolge klousule 25 (1) geag word 'n nywerheidsverpligting te wees.

Spoorvrag

25. (1) Die spoorvrag wat deur meulenaars, raffineerders of hulle agente aangegaan en betaal word op suiker wat van meulens of raffinaderye na Durban, Punt, Maydonwerf, Hulett se raffinadery te Rossburgh, Hulett se suikerpakhuise te Congella of enige ander spoorwegstasie of sylyn in die Durbanse munisipale gebied, met inbegrip van vervoerkoste op suiker van die meul na die naaste spoorwegstasie, gestuur word, soos deur die Suikervereniging van tyd tot tyd goedgekeur word, en in die mate wat dit aldus goedgekeur word, en enige ander spoorvrag wat deur meulenaars, raffineerders of hulle agente aangegaan en betaal word ten opsigte van versendings suiker per spoor van meulens of raffinaderye na ander bestemmings, tot maar nie meer nie as die bedrag wat die spoorvrag op sodanige suiker sou gewees het indien dit na Durban versend en van Durban na sodanige ander bestemming [illegible], word geag 'n nywerheidsverpligting te wees soos bedoel in klousule 15.

(2) Meulenaars, raffineerders of hulle agente is, behoudens sodanige prosedurereëls as wat deur die Suikervereniging neergelê mag word, geregtig op terugbetaling deur die Suikervereniging ten opsigte van genoemde nywerheidsverpligting.

(3) Daardie gedeelte van alle gelde wat deur meulenaars, raffineerders of hulle agente van klante ingevorder word ten opsigte van spoorvrag wat 'n heffing op suiker uitmaak wat aan sodanige klante verkoop word en wat by die prys van sodanige suiker ten opsigte van spoorvrag daarop ingesluit is, moet aan die Suikervereniging betaal word, behoudens sodanige prosedurereëls as wat deur die Suikervereniging [illegible]

Association, and shall be used by the Sugar Association towards the payment of the railage deemed to be an Industry obligation in subclause (1).

(4) The Sugar Association may apply the provisions of subclauses (1), (2) and (3), *mutatis mutandis*, in respect of charges made by millers, refiners or their agents for the transport of sugar by any means other than rail, in such manner and subject to such procedure as may be laid down by the Sugar Association.

Imposition of levies

56. Financial Industry obligations shall be met by means of a levy or levies imposed upon sugar from time to time by the Sugar Association in terms of its Constitution.

Levies, upon whom made, and definition of 'output'

57. Such levy or levies shall be made upon all refineries and millers upon and pro rata to output, which shall include estimated output as defined hereinafter, and for the purpose of this clause, "output" is defined as follows:

(a) "output" in relation to a refinery, shall mean the metric tonnage of sugar of its own manufacture sold by it, together with the metric tonnage of other sugar acquired and sold by it;

(b) "output" in relation to a mill, shall mean the metric tonnage of sugar of its own manufacture sold by it under deduction of the metric tonnage thereof sold to a refinery; and

(c) it is understood that the phrase 'sold by it' shall include any sugar sold or disposed of by a refinery or a mill, and that the metric tonnage of sugar sold by a refinery to a mill or by one mill to another mill, for whatever purpose, shall be leviable upon such sale: Provided that this shall not preclude the pooling of the production of any grade of sugar and the levying thereof upon sale, as may be approved by the Sugar Association.

Each refinery and each miller shall within 14 days notify the Sugar Association in writing when called upon to do so, of its respective output of sugar during a stated period. In the event of any refinery or any miller declining or failing to make any accurate written declaration of its output for the said period on being called upon to do so, the Sugar Association is hereby empowered to estimate the output of such refinery or miller, on such information as is available to the Sugar Association. The output so estimated shall be known as the 'estimated output'.

Such levy or levies shall be a debt due to the Sugar Association and recoverable by it on such date in each month as the Sugar Association shall determine.

Exemptions

58. (1) Umfolozi and all quota growers attached to it in the Growers' Register who are members of the Company shall be exempted from—

(a) clauses 40 and 48;

(b) clause 46 in so far as the provisions of clause 42 (a) are concerned;

voorgeskryf mag word, en moet deur die Suikervereniging gebruik word om die spoorvrag te betaal wat in subklousule (1) geag word 'n nywerheidsverpligting te wees.

(4) Die Suikervereniging kan die bepalings van subklousules (1), (2) en (3) hiervan *mutatis mutandis* toegepas ten opsigte van koste wat meulenaars, raffineerders of hulle agente in rekening bring vir die vervoer van suiker op enige ander manier as per spoor, op dié wyse en behoudens dié prosedure soos deur die Suikervereniging voorgeskryf.

Oplê van heffings

56. Finansiële nywerheidsverpligtings moet nagekom word deur middel van 'n heffing of heffings wat van tyd tot tyd deur die Suikervereniging ingevolge sy Grondwet op suiker opgelê word.

Heffings, van wie gevorder en omskrywing van "produksie"

57. Die heffing of heffings word gevorder van alle raffinaderye en meulenaars ten opsigte van en na verhouding van produksie, wat geskatte produksie soos hieronder omskryf insluit, en vir die toepassing van hierdie klousule word "produksie" as volg omskryf:

(a) "produksie", in verband met 'n raffinadery, beteken die metrieke tonnemaat suiker deur hom vervaardig en verkoop, tesame met die metrieke tonnemaat ander suiker deur hom verkry en verkoop;

(b) "produksie", in verband met 'n meul, beteken die metrieke tonnemaat suiker deur hom vervaardig en verkoop na aftrekking van die metrieke tonnemaat daarvan aan 'n raffinadery verkoop; en

(c) onder die sinsnede "deur hom verkoop" moet ook verstaan word enige suiker deur 'n raffinadery of 'n meul verkoop of oor beskik, en dat daar ten opsigte van die metrieke tonnemaat suiker deur 'n raffinadery aan 'n meul of deur een meul aan 'n ander meul verkoop, vir watter doel ook al by sodanige verkoping 'n heffing gevorder kan word: Met dien verstande dat die verpoeling van die produksie van enige graad suiker en die vordering van heffings ten opsigte daarvan by verkoping, soos deur die Suikervereniging goedgekeur, nie hierdeur belet word nie.

Elke raffinadery en elke meulenaar moet, wanneer hy daartoe versoek word, die Suikervereniging binne 14 dae skriftelik in kennis stel van sy onderskeie produksie suiker gedurende 'n vermelde tydperk. Die Suikervereniging word hierby gemagtig om, indien 'n raffinadery of 'n meulenaar weier of versuim om 'n juiste skriftelike verklaring van sy produksie vir genoemde tydperk te verstrek, nadat hy versoek is om so 'n verklaring te verstrek, die produksie van sodanige raffinadery of meulenaar te skat volgens die inligting wat vir die Suikervereniging beskikbaar is. Die produksie wat aldus geskat word, staan bekend as die 'geskatte produksie'.

Hierdie heffing of heffings is verskuldig aan die Suikervereniging en deur hom invorderbaar op sodanige datum in elke maand as wat die Suikervereniging bepaal.

Vrystellings

58. (1) Umfolozi en alle kwotakwekers in die Kwekersregister daaraan verbonde wat lede is van die Maatskappy, word vrygestel van—

(a) klousules 40 en 48;

(b) klousule 46 vir sover dit die bepalings van klousule 42 (a) raak;

Advisory Board for Black Growers

63. In order to facilitate the representation and promotion of the affairs of Black growers in the industry, there shall be established, in accordance with a constitution approved by the Minister an advisory board to be known as the 'Advisory Board for Black Growers'.

Transitional provisions

64. All determinations, decisions and actions lawfully made, taken or done by any person, body or authority constituted or authorised under the provisions of the Sugar Industry Agreement, 1943, rescinded by the Act, shall be deemed, in all cases not specifically provided for in any other provision of this Agreement, to have been made, taken or done by the corresponding person, body or authority constituted or authorised under this Agreement, and shall continue to be of full force and effect until rescinded or varied by reason of competent action taken according to the provisions of this Agreement.

SCHEDULE A

OPERATION OF SASEXCOR

Whereas the Sugar Association has caused to be formed and registered a company, which it will at all times own and control, under the style of The S.A. Sugar Export Corporation (Proprietary) Limited (hereinafter called 'Sasexcor'), the following provisions shall apply notwithstanding anything to the contrary contained in the Agreement, in respect of the exportation of export sugar manufactured in the Republic of South Africa through the medium of the said Sasexcor and referred to in clauses 52 and 53 of the Agreement:

1. Millers shall in each year ensure the sale to Sasexcor, and the Sugar Association shall procure that Sasexcor shall purchase, all sugar which millers are obliged to export in terms of clauses 52 and 53 of the Agreement.

2. The price or prices payable by Sasexcor shall be determined by the Sugar Association from time to time with a view to implementing the provisions of Schedule B.

3. Payment for all sugar purchased by Sasexcor shall be made to millers or their agents when the proceeds of each sale are received by Sasexcor.

4. (a) Notwithstanding the provisions of paragraph 3, all export sugar manufactured in any one month, the proceeds of which have not been received during the succeeding ninety days from the end of that month, shall, on the expiry of the said ninety days be financed by Sasexcor on the basis of 90 per cent of the estimated value at which such export sugar is to be paid for by Sasexcor.

(b) The Sugar Association shall at the same time finance Sasexcor to the extent of 90 per cent of the estimated value at which Sasexcor will eventually receive proceeds in respect of such sugars. The cost of the latter finance shall be debited to the Export Equalisation Account referred to in paragraph 2 (5) (b) of Schedule B. In the case of sugar sold in respect of which the proceeds have not been received by 30 April in each year, Sasexcor shall finance millers and the Sugar Association shall finance Sasexcor in the aforesaid manner to the full extent of the amounts payable until payment is received.

Adviesraad vir Swart kwekers

63. Met die doel om die verteenwoordiging en die behartiging van die belange van Swart kwekers in die Nywerheid te vergemaklik, word daar ooreenkomstig statute wat deur die Minister goedgekeur moet wees, 'n adviserende raad gestig, wat as "Adviserende Raad vir Swart Kwekers" bekend staan.

Oorgangsbepalings

64. Alle vasstellings, besluite en handelinge wettiglik gedoen, geneem of verrig deur enige persoon, liggaam of gesag daartoe gemagtig of ingestel kragtens die bepalings van die Suikernywerheidooreenkoms, 1943, wat deur die Wet herroep is, word in alle gevalle waarvoor nie uitdruklik in enige ander bepaling van hierdie Ooreenkoms voorsiening gemaak is nie, beskou as gedoen, geneem of verrig deur die ooreenstemmende persoon, liggaam of gesag wat kragtens hierdie Ooreenkoms ingestel of gemagtig is, en bly van krag totdat hulle herroep of gewysig word uit hoofde van geldige stappe kragtens die bepalings van hierdie Ooreenkoms gedoen.

BYLAE A

WERKING VAN SASEXCOR

Nademaal die Suikervereniging 'n Maatskappy laat saamstel en registreer het, wat bogenoemde Vereniging te alle tye in eiendom sal hê en sal beheer, onder die titel "The S.A. Sugar Export Corporation (Proprietary) Limited" (hieronder Sasexcor genoem), is ondanks andersluidende bepalings in hierdie Ooreenkoms vervat, die volgende bepalings van toepassing ten opsigte van die uitvoer van uitvoersuiker wat deur die bemiddeling van die gemelde Sasexcor in die Republiek van Suid-Afrika vervaardig word en wat in klousules 52 en 53 van die Ooreenkoms bedoel word:

1. Meulenaars waarborg in elke jaar die verkoop aan Sasexcor, en die Suikervereniging verseker die aankoop deur Sasexcor, van alle suiker wat meulenaars verplig is om ingevolge klousules 52 en 53 van die Ooreenkoms uit te voer.

2. Die prys of pryse betaalbaar deur Sasexcor word van tyd tot tyd deur die Suikervereniging bepaal ten einde aan die bepalings van Bylae B uitvoering te gee.

3. Betaling vir alle suiker wat deur Sasexcor gekoop word, geskied aan meulenaars of hul agente wanneer die opbrengs van elke verkoping deur Sasexcor ontvang word.

4. (a) Ondanks die bepalings van paragraaf 3, word alle uitvoersuiker wat in enige maand vervaardig is en waarvan die opbrengs nie gedurende die daaropvolgende 90 dae vanaf die einde van daardie maand ontvang word nie, by die verstryking van gemelde 90 dae, deur Sasexcor gefinansier op die basis van 90 persent van die geskatte waarde waarteen Sasexcor vir sodanige uitvoersuiker moet betaal.

(b) Die Suikervereniging finansier terselfdertyd Sasexcor tot die bedrag van 90 persent van die geskatte waarde waarteen Sasexcor uiteindelik vergoeding ten opsigte van sodanige suiker sal ontvang. Die Uitvoergelykmakingsrekening in paragraaf 2 (5) (b) van Bylae B genoem, word met die koste van laasgenoemde finansiering gedebiteer. In die geval van verkoopte suiker ten opsigte waarvan die opbrengs nie teen 30 April in elke jaar ontvang is nie, finansier Sasexcor die meulenaars en finansier die Suikervereniging Sasexcor op die voorgemelde wyse tot die volle omvang van die bedrae betaalbaar, en wel totdat betaling ontvang word.

5. The sale and delivery to [illegible] of sugar in terms of the provisions contained in this Schedule shall be deemed to be effected imme- diately [illegible] 30 April in any year shall be [illegible]. The Sugar Associa- tion shall [illegible] 30 April [illegible] at that date.

6. It is the intention that [illegible] shall incur no risks or other liabilities or obligations in respect of any of the sugar purchased by it, and the Sugar Association shall accordingly indemnify [illegible] and hold it harmless against any claim which [illegible] may be compelled in law to meet, subject always to any right of recovery which the Sugar Association may have against any miller.

7. The sale by millers to [illegible] in terms of the provisions contained in this Schedule shall be deemed to be compliance by millers with their export obliga- tions under clause 25 of the Agreement.

8. The Sugar Association shall be responsible for ensuring that [illegible] shall carry out all its functions under the provisions contained in this Schedule.

SCHEDULE B

SUGAR PRICES

1. The price per metric ton of sugar in any year shall be determined on the basis set out in this Schedule.

2. Gross proceeds from the sale of production during any year shall be the total proceeds of local market sugar, export sugar, high-test molasses and final molasses, and shall be determined as follows:

(1) Proceeds of local market refined sugar shall be calculated by multiplying the total quantity of such refined sugar produced for local consumption during the year by the maximum price at Durban per metric ton of such sugar packed in 2 kg bags as prescribed by the Minister from time to time in terms of section 6(1) of the Act.

(2) Proceeds of local market brown sugar shall be calculated by multiplying the total quantity of such brown sugar produced for local consumption during the year by the maximum price at Durban per metric ton of brown sugar packed in 2 kg bags as prescribed by the Minister from time to time in terms of section 6(1) of the Act.

(3) From the commencement of this Agreement the industry's maximum prices per metric ton of the grades of sugar referred to above at Durban for sale in the local market, as determined by the Minister, shall be—

refined sugar: R229;
brown sugar: R[illegible].

(4) Proceeds of high-test molasses and final molasses [illegible] in the local market shall be the net proceeds [illegible] from such sales.

(5)(a)(i) Proceeds of export sugar shall be the net proceeds [illegible] sugar and high-test molasses [illegible] during the year [illegible] proceeds of export sugar and high-test molasses [illegible]

[illegible]

BIJLAGE B

SUIKERPRIJZEN

1. De prijs per metrieke ton suiker in enig jaar [illegible] in deze Bijlage uiteengezet.

2. De bruto-opbrengst uit de verkoop van de productie gedurende enig jaar [illegible] bepaald:

(1) De opbrengst van geraffineerde suiker voor de lokale markt [illegible] maximumprijs te Durban [illegible] in zakken van 2 kg [illegible] de Minister [illegible] artikel 6(1) van die Wet [illegible].

(2) De opbrengst van bruine suiker voor de lokale markt [illegible] maximumprijs te Durban [illegible] in zakken van 2 kg [illegible] de Minister [illegible] artikel 6(1) van de Wet [illegible].

(3) Vanaf die inwerkingtreding van hierdie Overeenkomst [illegible] maximumprijs te Durban [illegible] de Minister [illegible]:

Geraffineerde suiker: R229;
bruine suiker: R[illegible].

(4) De opbrengst van [illegible]

(5)(a)(i) De opbrengst van uitvoersuiker [illegible] penalties, to which shall be added other income applicable to export sugar such as *inter alia* address commission, despatch money and interest, and from which proceeds shall be deducted any other costs or charges applicable to export sugar, including *inter alia* the cost of operating the bulk sugar terminal, but excluding Industrial levy expenses referred to in paragraph 3 (1) (b).

(b) The net prices realised for export sugar and export high test molasses throughout the year shall be equalised by means of an Export Equalisation Account, the intention being that all exporting mills shall receive an average and not an individual price.

(c) Only raw sugar will be exported by refiners or millers unless the export of other sugar is authorised by the Sugar Association. All sugar exported shall be subject to terms and conditions laid down by the Sugar Association.

(6) Proceeds of final molasses shall represent the estimated net proceeds derived from the sale of final molasses (including refinery molasses) during the year, as determined by the Sugar Association.

3. (1) From the total gross proceeds established in paragraph 2 there shall be deducted the following:

(a) Selling commission on local market sugar sold by agents appointed by millers and refiners, calculated in the manner approved by the Minister from time to time.

(b) Industrial levy expenses referred to in clause 56 and costs and expenses of operating the cane testing service referred to in clause 48 (4) (b) but excluding the levy expenses for the Fund referred to in clause 43.

(c) Fixed and variable costs of refining, calculated in the manner approved by the Minister from time to time.

(d) The absolute amount of return on capital for refining, calculated in the manner approved by the Minister from time to time.

(e) The difference between the prepacking premiums included in the Industry's selling prices of prepacked sugar and the prepacking margins, calculated in the manner approved by the Minister from time to time.

(2) The items referred to in paragraph 3 (1) (a), (b), (c), (d) and (e), shall at all times constitute a first charge against gross proceeds.

(3) The resulting balance after deduction of the items set out in paragraph 3 (1), shall be termed the net divisible proceeds.

4. (1) The first charge against net divisible proceeds shall be the fixed and variable costs of milling and growing, calculated in the manner approved by the Minister from time to time.

(2) In the event of the net divisible proceeds not being sufficient to meet milling and growing costs in full, such proceeds shall be apportioned pro rata to the said milling and growing costs.

5. To the extent approved by the Minister, any resulting balance of net divisible proceeds after deducting the costs referred to in paragraph 4 (1), shall be divided between milling and growing in the ratio existing between the absolute amounts of their respective returns on capital, calculated in the manner approved by the Minister from time to time.

inkomste van toepassing op uitvoersuiker soos onder andere adreskommissie, versendingsgelde en -rente getel moet word en waarvan enige ander koste of vorderings van toepassing op uitvoersuiker afgetrek moet word, met inbegrip van onder meer die bedryfskoste van die massasuikereindpunt, maar uitgesonderd nywerheidsheffingsuitgawes vermeld in paragraaf 3 (1) (b).

(b) Die netto pryse wat vir uitvoersuiker en uitvoerhoëgraadse melasse deur die jaar behaal is, moet gelykgemaak word deur middel van die Uitvoergelykmakingsrekening; die bedoeling is dat alle meule wat uitvoer, 'n gemiddelde prys moet ontvang en nie 'n individuele prys nie.

(c) Slegs ru-suiker mag deur raffineerders of meulenaars uitgevoer word tensy die uitvoer van ander suiker deur die Suikervereniging gemagtig word. Alle suiker wat uitgevoer word, is onderworpe aan die bepalings en voorwaardes deur die Suikervereniging vasgestel.

(6) Die opbrengs van eindmelasse moet die geskatte netto opbrengs verteenwoordig wat verkry is uit die verkoop van eindmelasse (met inbegrip van raffinaderymelasse) gedurende die jaar, soos deur die Suikervereniging bepaal.

3. (1) Van die totale bruto opbrengs soos in paragraaf 2 bepaal, moet afgetrek word:

(a) Verkoopkommissie op suiker vir die binnelandse mark wat verkoop word deur agente aangestel deur meulenaars en raffineerders, bereken op die wyse van tyd tot tyd deur die Minister goedgekeur.

(b) Nywerheidsheffingsuitgawes vermeld in klousule 56, en die koste en uitgawes verbonde aan die lewering van die riettoetsdiens vermeld in klousule 48 (4) (b), maar uitgesonderd die heffingsuitgawes vir die Fonds vermeld in klousule 43.

(c) Vaste en veranderlike raffineerkoste, bereken op die wyse van tyd tot tyd deur die Minister goedgekeur.

(d) Die absolute rendement op kapitaal vir raffinering, bereken op die wyse van tyd tot tyd deur die Minister goedgekeur.

(e) Die verskil tussen die voorafverpakkingspremies wat in die Nywerheid se verkooppryse van voorafverpakte suiker ingesluit is en die voorafverpakkingsmarges, bereken op die wyse van tyd tot tyd deur die Minister goedgekeur.

(2) Die items vermeld in paragraaf 3 (1) (a), (b), (c), (d) en (e) maak te alle tye 'n voorkeureis teen bruto opbrengs uit.

(3) Die saldo wat oorbly na aftrekking van die items uiteengesit in paragraaf 3 (1) word die netto verdeelbare opbrengs genoem.

4. (1) Die voorkeureis teen die netto verdeelbare opbrengs is die vaste en veranderlike meul- en kweekkoste, bereken op die wyse van tyd tot tyd deur die Minister goedgekeur.

(2) Ingeval die netto verdeelbare opbrengs nie voldoende is om die meul- en kweekkoste ten volle te dek nie, moet sodanige opbrengs pro rata aan genoemde meul- ~~en~~ kweekkoste toegewys word.

5. Enige saldo van netto verdeelbare opbrengs wat oorbly na aftrekking van die koste genoem in paragraaf 4 (1), word, in die mate deur die Minister goedgekeur, tussen die meul- en die kweeksektor verdeel in die verhouding wat daar bestaan tussen die absolute bedrae van hulle onderskeie kapitaalrendemente, bereken op die wyse van tyd tot tyd deur die Minister goedgekeur.

6. The total proceeds payable by millers to the total [illegible] —of all sugar sold during any crop year in excess—

(a) fixed and variable costs of growing and processing referred to in paragraph 4(1)(c), or the actual amount if the provisions of paragraph 4(2) apply; and

(b) the proportion of any balance in paragraph 5 allocated to growers; less

(c) an amount representing the total sum of the Fund referred to in section 34.

7. The price per metric tonne of sucrose shall be calculated by dividing the total metric tonnes of sucrose in all cane delivered during the year into the total proceeds determined as payable to growers in accordance with paragraph 6.

8. All elements of the determination of the sucrose price as set out in this Schedule shall be estimated by the Sugar Association at the commencement of each year, and thereafter monthly during the year, for the purpose of making provisional payments to growers in accordance with the provisions of clause 46.

9. The final determination of the sucrose price shall be made by the Sugar Association not later than 30 April in each year for the year then past. If certain components of the price require to be estimated in order that the final price may be so determined, then any differences between the actual and the estimated components shall be carried forward as an adjustment to the price in the calculations for the following year.

10. The following financing arrangements shall be carried out by the Sugar Association:

(a) All export sugar and export high test molasses manufactured in any one month, the proceeds of which have not been received during the succeeding 90 days from the end of that month, shall on the expiry of the said 90 days, be financed by the Sugar Association on the basis of 90 per cent of the estimated export value thereof. The costs of such financing shall be debited to the Export Equalization Account referred to in paragraph 25(3)(b).

(b) All export sugar and export high test molasses sold as at 30 April of each year, the proceeds of which have not been received at that date, shall be financed by the Sugar Association on the basis of 100 per cent of the estimated export value thereof. The costs of such financing shall be debited to the Carry-over Account.

(c) Any stocks of sugar and high test molasses remaining as at 30 April of each year shall be purchased by the Sugar Association on such a basis as [illegible] in order that the total output of each year may be regarded as sold during that year and the year's sucrose price truly determined with the least possible delay. The purchase price of sugar packed in 25 kg bags for sale in the local market shall be the maximum selling price at Durban referred to in paragraph 25(3)(a) as in force for similar quality sugar on 30 April of the year. The purchase price of sugar in pre-packed form for sale in the local market shall be the maximum selling price at Durban referred to in paragraph 25(3)(a) as in force for similar quality sugar on 30 April of the year, plus the prepackaging margins calculated in the manner approved by the Minister.

6. Die totale opbrengs betaalbaar aan meulenaars vir [illegible] is soos volg:

(a) Die vaste en veranderlike koste van kweek en prosessering [illegible] in subparagraaf 4(1)(c), of die werklike bedrag indien die bepalings van subparagraaf 4(2) van toepassing is; plus—

(b) die deel van enige saldo soos in paragraaf 5 aan kwekers toegedeel; min—

(c) 'n bedrag wat die totale som verteenwoordig van die Fonds in klousule 34 bedoel.

7. Die prys per metrieke ton sukrose word bereken deur die totale metrieke ton sukrose in alle riet wat gedurende die jaar gelewer is, te deel in die totale opbrengs wat ooreenkomstig paragraaf 6 bepaal is as betaalbaar aan kwekers.

8. Alle elemente van die bepaling van die sukroseprys soos in hierdie Bylae uiteengesit, moet deur die Suikervereniging aan die begin van elke jaar en daarna maandeliks gedurende die jaar geskat word, vir die doel om voorlopige betalings aan kwekers ooreenkomstig klousule 46 moontlik te maak.

9. Die finale bepaling van die sukroseprys moet uiterlik op 30 April in elke jaar vir die vorige jaar deur die Suikervereniging gedoen word. Indien sekere komponente van die prys geskat moet word ten einde die finale prys aldus te bepaal, moet enige verskille tussen die werklike en die geskatte komponente oorgedra word as 'n aanpassing van die prys in die berekening vir die volgende jaar.

10. Die volgende finansieringsreëlings moet deur die Suikervereniging getref word:

(a) Alle uitvoersuiker en uitvoer-hoëgraadse melasse wat in enige maand vervaardig word en waarvan die opbrengs nie binne die daaropvolgende 90 dae vanaf die einde van daardie maand ontvang is nie, moet by verstryking van genoemde 90 dae deur die Suikervereniging op die basis van 90 persent van die geskatte uitvoerwaarde daarvan gefinansier word. Die koste van sodanige finansiering moet teen die Uitvoergelykmakingsrekening in paragraaf 25(3)(b) genoem, gedebiteer word.

(b) Alle uitvoersuiker en uitvoer-hoëgraadse melasse wat op 30 April van elke jaar verkoop is, waarvan die opbrengs nie op daardie datum ontvang is nie, moet deur die Suikervereniging op die basis van 100 persent van die geskatte uitvoerwaarde daarvan gefinansier word. Die koste van sodanige finansiering moet teen die Oordragrekening gedebiteer word.

(c) Enige voorrade suiker en hoëgraadse melasse wat op 30 April van elke jaar onverkoop is, moet deur die Suikervereniging op so 'n basis aangekoop word dat die totale opbrengs van elke jaar as verkoop gedurende daardie jaar beskou kan word en die sukroseprys van die jaar met die minste moontlike vertraging werklik bepaal kan word. Die koopprys van suiker verpak in 25 kg-sakke vir verkoop in die plaaslike mark is die maksimum verkoopprys in Durban, genoem in paragraaf 25(3)(a), wat geld vir suiker van soortgelyke gehalte op 30 April van die jaar. Die koopprys van voorafverpakte suiker vir verkoop in die plaaslike mark is die maksimum verkoopprys in Durban, genoem in paragraaf 25(3)(a), wat geld vir suiker van soortgelyke gehalte op 30 April van die jaar, plus die voorafverpakkingsmarges bereken op die wyse deur die Minister goedgekeur.

from time to time. The purchase price of export sugar and high test molasses shall be based on the estimated prices thereof as determined by the Sugar Association. The Sugar Association shall proceed to realise such stocks on behalf of the Industry at its discretion to the best advantage.

(4) Any final molasses sold as at 30 April of each year, the proceeds of which have not been received at that date, and any stocks of final molasses unsold as at 30 April of each year, shall be financed by the Sugar Association on the basis of 100 per cent of the estimated net value thereof. The costs of such finances shall be debited to the Carry-over Account.

10. Any matter connected with the application of the purpose of this Schedule, whether of principle or detail, may be determined by the Sugar Association.

SCHEDULE C

DETERMINATION AND DISTRIBUTION OF TOTAL SUCROSE IN CANE

Interpretation

1. In this Schedule, the "OFFICIAL METHODS" shall mean the "Official Methods for the Determination and Distribution of Total Sucrose in Cane" as published by the Central Board and approved by the Sugar Association; and

"Sucrose" shall mean the apparent sucrose content as determined by the single polarisation analysis.

Determination of total sucrose entering mill

Mass determination of mill products

2 (1) The miller shall provide mass meters [permitted by or under the Trade Metrology Act, 1973 (Act 77 of 1973), as amended] for measurement of the mass of cane, mixed juice, and where applicable, press water mud. The mass determination shall be conducted in conformity with the procedures detailed in Chapter II of the "OFFICIAL METHODS".

Sampling of mill products

(2) (a) The Central Board shall provide sampling devices for sampling mixed juice, final bagasse and where applicable, press water mud; these samplers shall conform in principle to the specifications given in Chapter IV of the "OFFICIAL METHODS".

(b) The Central Board Cane Testing Service shall conduct the sampling of mixed juice, final bagasse and where applicable, press water mud in accordance with the procedures given in Chapter VII of the "OFFICIAL METHODS".

Analysis of mill products

(3) (a) The Central Board shall provide the analytical equipment (as specified in Chapter V of the "OFFICIAL METHODS") together with ancillary chemicals and glassware required for the analysis of mixed juice, final bagasse and press water mud.

(b) The Central Board Cane Testing Service shall conduct the analysis of mixed juice, final bagasse and press water mud in accordance with the analytical procedures given in Chapter VIII of the "OFFICIAL METHODS".

tot tyd deur die Minister goedgekeur. Die koopprys van uitvoersuiker en hoëgraadse melasse moet gebaseer word op die geskatte pryse daarvan soos deur die Suikervereniging bepaal. Die Suikervereniging moet voortgaan om sodanige voorrade na goeddunke so voordelig moontlik ten behoewe van die Nywerheid te verkoop.

(4) Enige eindmelasse soos op 30 April van elke jaar verkoop, waarvan die opbrengs nog nie op dié datum ontvang is nie, en enige voorrade eindmelasse wat op 30 April van elke jaar onverkoop is, moet deur die Suikervereniging op die basis van 100 persent van die geskatte netto waarde daarvan gefinansier word. Die Oordragrekening moet met sodanige finansieringskoste gedebiteer word.

10. Enige aangeleentheid, hetsy beginsel of detail, wat met die toepassing van hierdie Bylae in verband staan, kan deur die Suikervereniging bepaal word.

BYLAE C

BEPALING EN VERSPREIDING VAN TOTALE SUKROSE IN RIET

Vertolking

1. In hierdie Bylae beteken die "Amptelike Metodes" die "Amptelike Metodes vir die Bepaling en Verspreiding van Totale Sukrose in Riet" soos deur die Sentrale Raad gepubliseer en deur die Suikervereniging goedgekeur is; en beteken "sukrose" die klaarblyklike sukrose-inhoud soos met die enkelpolarisasie-ontleding bepaal.

Bepaling van totale sukrose wat die meul ingaan

Massabepaling van meulprodukte

2. (1) Die meulenaar moet massameters voorsien [toegelaat by of ingevolge die Wet op Handelsmetrologie, 1973 (Wet 77 van 1973), soos gewysig], vir die meet van die massa van die riet, gemengde sap, en waar van toepassing, perswatermodder. Die massabepaling moet gedoen word in ooreenstemming met die prosedures wat in Hoofstuk II van die "Amptelike Metodes" uiteengesit is.

Bemonstering van meulprodukte

(2) (a) Die Sentrale Raad moet bemonsteringtoestelle voorsien vir die neem van monsters van gemengde sap, eindbegasse en, waar van toepassing, perswatermodder; hierdie monstersnemers moet in beginsel voldoen aan die spesifikasies aangegee in Hoofstuk IV van die "Amptelike Metodes."

(b) Die Sentrale Raad se Riettoetsdiens moet die bemonstering onderneem van gemengde sap, eindbegasse en, waar van toepassing, perswatermodder, ooreenkomstig die prosedures aangegee in Hoofstuk VII van die "Amptelike Metodes".

Ontleding van meulprodukte

(3) (a) Die Sentrale Raad moet die ontledingstoerusting (soos voorgeskryf in Hoofstuk V van die "Amptelike Metodes") voorsien tesame met bykomstige chemikalieë en glasware wat nodig is vir die ontleding van die gemengde sap, eindbegasse en perswatermodder.

(b) Die Sentrale Raad se Riettoetsdiens moet die ontleding van gemengde sap, eindbegasse en perswatermodder onderneem in ooreenstemming met die ontledingsprosedures aangegee in Hoofstuk VIII van die "Amptelike Metodes".

Calculation of sucrose in cane

(4) The total sucrose content of cane entering the mill shall be equal to the sum of the sucrose contained in mixed juice, final bagasse and where applicable, press water mud.

(5) Central Board

The Central Board Cane Testing Service shall calculate the total sucrose in cane entering the mill and shall record the data pertaining thereto in accordance with the calculation procedures and record format specified in Chapter III of the "OFFICIAL METHODS".

(6) Co-operative mills

(7) At mills where the Central Board does not operate a cane testing service the provisions of this Schedule applicable to the determination of total sucrose entering the mill shall apply, save that the Central Board shall not be responsible for the provision of equipment and analysis of products.

Sampling and analysis of individual cane consignments

Cane sampling specifications

8.(1)(a)(i) The Central Board Cane Testing Service shall endeavour to sample and analyse every individual cane consignment and the miller shall in consultation with the Central Board, design and operate the mill cane yard and cane carrier systems in order to enable the Central Board to give effect thereto.

Where it is not possible to sample and analyse every individual cane consignment, then the Central Board Cane Testing Service shall ensure that the sampling and testing of cane supplies is in accordance with procedures in operation as at the date of commencement of this Agreement, or such alternative procedures as may be approved by the Sugar Association from time to time.

(ii) Whenever cane is stockpiled in the mill cane yard the cane shall be sampled so as to ensure that the cane may separately be provided to the suppliers with their own test. Similarly, where cane is delivered to a reloading site the cane shall be sampled on delivery to the reloading site in a manner which will retain supplier individuality.

(iii) Notwithstanding the provisions of paragraphs (b) and (c), where consignments of cane from a number of growers are, in the opinion of the Central Board, consistently too small for separate sampling or [illegible] for good and sufficient reason, such consignments, with the prior approval of the Central Board, may be grouped or stockpiled for combined sampling and testing and the combined test so obtained shall apply to all the cane delivered by the growers concerned.

(b) As far as practicable and bearing in mind the application of paragraphs (b) and (c), cane consignments shall be sampled in the order of their delivery to a mill and similarly on a first in first out basis at reloading sites. The storage time periods shall be kept to a minimum and shall be monitored at the mill by the Central Board and at the reloading sites by the party responsible for the reloading.

(c) The Cane Testing Service shall monitor the delay of all consignments stored in the mill yard, and [illegible] in excess of 36 hours shall be [illegible] reported each week to the Mill Group Board.

[illegible]

(4) [illegible]

Mill Growers' Board

[illegible] Central Board [illegible] Chapter III of the "Official Methods".

Mill Group Board

(7) [illegible] Central Board [illegible]

[illegible]

8.(1)(a) [illegible]

[illegible]

(b) [illegible]

(c) [illegible]

(d) [illegible]

(e) [illegible]

Cane sampling equipment and procedures

(2) (a) The Central Board shall provide and maintain the cane sampling equipment together with cane tracking aids and other cane sample preparation and sub-sampling devices as specified in Chapter IV of the "OFFICIAL METHODS".

(b) Cane consignment identification and sampling procedures shall be conducted by the Central Board Cane Testing Service in accordance with the procedures given in Chapter VII of the "OFFICIAL METHODS".

Analysis of cane samples

(3) (a) The Central Board shall provide and maintain the analytical equipment (as specified in Chapter V of the "OFFICIAL METHODS") together with ancillary chemicals and glassware required for the measurement of moisture, brix and sucrose content of cane samples.

(b) The Central Board Cane Testing Service shall conduct the analysis of cane samples for the determinations of moisture, brix and sucrose in accordance with the analytical procedures defined in Chapter VIII of the "OFFICIAL METHODS".

(c) The Central Board Cane Testing Service shall compute the brix % extract, sucrose % extract, moisture % cane, fibre % cane, brix % cane, sucrose % cane, non sucrose % cane and purity of cane juice in accordance with the calculation formulae given in Chapter III of the "OFFICIAL METHODS".

(d) The Central Board may annul or adjust any test results which it considers to be irrational.

Non test consignments

(4) Consignments which for any reason cannot be tested shall be credited with the average of all test results obtained (but from not less than three separate tests) from the consignments of the same grower tested during the then current distribution period fixed in terms of paragraph 4 (2), failing which, the average of all test results for all cane crushed at the mill concerned during the then current distribution period fixed in terms of paragraph 4 (2) shall be used.

Distribution of total sucrose entering mill

Determination and application of sucrose factor

4. (1) The sucrose % cane test results determined in accordance with paragraph 3, shall be adjusted in each distribution period by the Central Board Cane Testing Service by the application of a Sucrose Factor which shall be derived for each distribution period in accordance with the procedure defined in Chapter III of the "OFFICIAL METHODS".

Duration of distribution period

(2) The distribution period shall normally be one week but this may be varied by mutual agreement between the Mill Manager and the Technical Manager of the Central Board Cane Testing Service.

Variations

5. At any particular mill should circumstances arise which warrant a variation from the strict interpretation of any of paragraphs 2, 3 or 4, then the Central Board may authorise such variation on a temporary basis. All such variations shall be reported weekly to the Growers' Association and to the Millers' Association.

Rietbemonsteringtoerusting en prosedures

(2) (a) Die Sentrale Raad moet die rietbemonsteringtoerusting voorsien en onderhou tesame met die hulpmiddels vir die nasporing van riet en ander toestelle vir die voorbereiding van die rietmonsters en die neem van submonsters soos voorgeskryf in Hoofstuk IV van die "Amptelike Metodes".

(b) Die identifikasie en bemonstering van rietbesendings moet deur die Sentrale Raad se Riettoetsdiens uitgevoer word ooreenkomstig die prosedures aangegee in Hoofstuk VII van die "Amptelike Metodes".

Ontleding van rietmonster

(3) (a) Die Sentrale Raad moet die ontledingstoerusting voorsien en onderhou (soos voorgeskryf in Hoofstuk V van die "Amptelike Metodes") tesame met die bykomstige chemikalieë en glasware wat nodig is vir die meting van die vog, brix en sukrose-inhoud van rietmonsters.

(b) Die Sentrale Raad se Riettoetsdiens moet die ontleding van rietmonsters ter bepaling van die vog, brix en sukrose uitvoer ooreenkomstig die ontledingsprosedures omskryf in Hoofstuk VIII van die "Amptelike Metodes".

(c) Die Sentrale Raad se Riettoetsdiens moet die brix-%-ekstrak, sukrose-%-ekstrak, vog-%-riet, vesel-%-riet, brix-%-riet, sukrose-%-riet, nie-sukrose-%-riet en suiwerheid van rietsap bepaal volgens die berekeningsformules aangegee in Hoofstuk III van die "Amptelike Metodes".

(d) Die Sentrale Raad kan enige toetsresultate wat hy as ongerymd beskou, nietig verklaar of aanpas.

Besendings nie getoets nie

(4) Besendings wat om die een of ander rede nie getoets kan word nie, word gekrediteer met die gemiddelde van alle toetsresultate (maar nie van minder as drie afsonderlike toetse nie) wat verkry is van dieselfde kwekers se besendings wat getoets is gedurende die dan lopende verspreidingstydperk vasgestel ingevolge paragraaf 4 (2); by gebreke hiervan, moet die besendings gekrediteer word met die gemiddelde van alle toetsresultate vir alle riet gepers by die betrokke meul gedurende die dan lopende verspreidingstydperk, soos vasgestel volgens paragraaf 4 (2).

Verspreiding van totale sukrose wat die meul ingaan

Bepaling en toepassing van die sukrosefaktor

4. (1) Die toetsresultate van die sukrose-%-riet bepaal volgens paragraaf 3, moet in elke verspreidingstydperk deur die Sentrale Raad se Riettoetsdiens aangepas word deur die toepassing van 'n sukrosefaktor wat vir elke verspreidingstydperk verkry moet word ooreenkomstig die prosedure omskryf in Hoofstuk III van die "Amptelike Metodes".

Duur van verspreidingstydperk

(2) Die verspreidingstydperk is normaalweg een week maar kan verander word deur onderlinge ooreenkoms tussen die Meulbestuurder en die Tegniese Bestuurder van die Sentrale Raad se Riettoetsdiens.

Afwykings

5. Indien omstandighede by 'n bepaalde meul ontstaan wat 'n afwyking van die strenge vertolking van enige van paragrawe 2, 3 of 4 regverdig, dan kan die Sentrale Raad sodanige afwyking op 'n tydelike grondslag magtig. Alle sodanige afwykings moet weekliks aan die Kwekersvereniging en die Meulenaarsvereniging gerapporteer word.

Toestand van riet

6. [illegible]

[illegible]

[illegible]

7. [illegible]

[illegible]

8. [illegible]

BYLAE D

[illegible]

1. [illegible]

2. [illegible]

3. [illegible]

4. (1) [illegible]

(a) [illegible]

Condition of cane

6. Whenever a mill considers that cane being delivered to it is being delivered in such a condition that it will detrimentally affect the efficiency of the mill or cause a substantial diminution of the sucrose extracted therefrom, [illegible] between the mill and the supplier, the mill may refer the matter to the Mill Group Board, [illegible] grower. Such committee may rule that the condition of the cane [illegible] or may order [illegible] the cane [illegible] or alternatively, may determine the percentage by which the mass of the delivery shall be reduced. He shall not, however, impose the foregoing penalty until he has sent at least one warning to the supplier.

If so requested by the miller concerned, the supplying growers shall appoint a Cane Supply Committee of not more than three growers to collaborate with the mill management in improving the condition of the cane supply.

Monthly cane and sucrose delivery statements

7. The Central Board shall report monthly to the milling company and to the Growers' Association the total mass of cane and the total mass of sucrose delivered by each grower to the mill during the preceding monthly period. Mills at which cane testing is conducted shall furnish the Central Board with a similar monthly statement of cane and sucrose deliveries.

Availability of records

8. The Central Board chemist and the miller shall make accessible to each other all books and records which are in any way relevant to the determination and distribution of the total sucrose in cane.

SCHEDULE D

THE EQUALISATION FUND

1. There shall be established under the administration of the Central Board a fund to be known as the Equalisation Fund for the purpose of making payments to be made to growers in pursuance of clause 24 of the Agreement.

2. The Equalisation Fund shall be financed by the Sugar Association as provided in clause 34 of the Agreement and as the levy is received it shall be reflected in separate books of account in the name of the Fund and shall be paid into such banking accounts or fixed or building society savings accounts or may be otherwise invested in such manner as the Central Board may determine from time to time.

3. All expenses of administering the Fund shall be borne by the Fund and in order to facilitate its administration such reserves as may be determined by the Central Board shall be raised annually.

4. (1) The Central Board shall calculate the payments to be made each year and prepare the necessary schedules in the manner following:

(a) The mass of cane supplied by a grower in that year, who has delivered 3 500 metric tons of cane or less, shall qualify for payment at a flat rate of 50 cents per metric ton;

(b) the mass of cane supplied by a grower in that year, who has delivered more than 3 500 metric tons but less than 13 500 metric tons of cane, shall qualify for payment in accordance with the following formula:

$$\frac{13\,500-Y}{6\,750} \times 40{,}5c = \text{rate of payment per metric ton of Y where}$$

Y represents the metric tons of cane supplied by such grower;

(c) the mass of cane supplied by a grower in that year shall qualify for payment at a flat rate of Z cents per metric ton, where Z equals the balance of the Fund, after deduction of the amounts required for the purposes of (a) and (b) and paragraph 3, divided by the total number of metric tons of cane qualifying for participation in the Fund.

(2) After deducting the amount required for the purposes of paragraph 3, should the balance of the Fund be insufficient to meet the total of the payments prescribed in paragraphs 4 (1) (a) and (b), the full amount of each such payment shall be reduced by multiplying it by the fraction represented by the proportion which the balance of the Fund bears to the total of the prescribed payments.

5. (1) For the purposes of paragraph 4 "mass of cane supplied by a grower" means the total quantity of cane to the nearest metric ton supplied by a grower to a miller or millers during that year for the purpose of the manufacture of sugar, as recorded by the Central Board: Provided, however, that—

(a) where cane is supplied as aforesaid by different persons from the same land, during the same year whether by reason of a transfer or new allotment of the relevant quota or the reinstatement of a grower, or for any other cause, the payment in question shall be calculated as if all the cane supplied from the said land had been supplied by the grower who first supplied cane from the land during the year, and the division of the payment (if any) between the persons concerned shall be made pro rata to the mass of cane supplied by them;

(b) when cane is supplied by one or more growers from one or more farming enterprises, the payments shall be calculated at separate rates of payment only if the cane is supplied from entirely separate farming enterprises.

(2) The Central Board shall in each case determine whether a grower or growers conducts or conduct farming enterprises which are entirely separate, and may, in so determining, decide that none of several farming enterprises is separate, or that one or more of the enterprises is separate, from one or more of the others, which are not separate. In making its determination the Central Board shall take into account all relevant circumstances including in particular the methods of farming and organisation usually adopted at the relevant time in the Industry, and the extent to which the grower or growers in question or any person having a financial interest, direct or indirect, in the enterprise of the grower in question, has or have a financial interest, direct or indirect, in any other sugar cane farming enterprise.

In making its determination the Central Board shall at all times bear in mind that the object of this Equalisation Fund is to assist the bona fide small grower and shall discourage all attempts by other persons to obtain larger payments by the adoption of schemes or devices to that end.

(b) die massa riet in daardie jaar gelewer deur 'n kweker wat meer as 3 500 metrieke ton maar minder as 13 500 metrieke ton riet gelewer het, kwalifiseer vir betaling ooreenkomstig die volgende formule:

$$\frac{13\,500-Y}{6\,750} \times 40{,}5c = \text{tarief van betaling per metrieke ton Y}$$

waar Y die metrieke ton riet wat deur sodanige kweker gelewer is, verteenwoordig;

(c) die massa riet wat in daardie jaar deur 'n kweker gelewer is, kwalifiseer vir betaling teen 'n vaste tarief van Z sent per metrieke ton, waar Z gelyk is aan die saldo in die Fonds na aftrekking van die bedrae wat nodig is vir die doeleindes van (a) en (b) en paragraaf 3, gedeel deur die totaal van die metrieke ton riet wat vir deelname aan die Fonds kwalifiseer.

(2) Indien na aftrekking van die bedrag benodig vir die doeleindes van paragraaf 3, die saldo van die Fonds onvoldoende is om die totale betalings voorgeskryf in paragrawe 4 (1) (a) en (b) te dek, moet die volle bedrag van elke sodanige betaling verminder word deur dit te vermenigvuldig met die breuk verteenwoordig deur die verhouding waarin die saldo van die Fonds tot die totale voorgeskrewe betalings staan.

5. (1) Vir doeleindes van paragraaf 4 beteken 'massa riet gelewer deur 'n kweker' die totale hoeveelheid riet tot die naaste metrieke ton gedurende daardie jaar deur 'n kweker aan 'n meulenaar of meulenaars gelewer vir die vervaardiging van suiker, soos deur die Sentrale Raad opgeteken: Met dien verstande egter dat—

(a) waar riet soos voornoemd gelewer word deur verskillende persone vanaf dieselfde grond gedurende dieselfde jaar, hetsy as gevolg van 'n oordrag of 'n nuwe toekenning van die betrokke kwota of die herinstelling van 'n kweker, of om enige ander rede, die betrokke betaling bereken moet word asof al die riet wat vanaf genoemde grond gelewer is, deur die kweker gelewer is wat eerste riet vanaf die grond gedurende die jaar gelewer het, en die verdeling van die betaling (as daar is) tussen die betrokke persone pro rata moet geskied tot die massa riet deur hulle gelewer;

(b) wanneer riet deur een of meer kwekers vanaf een of meer boerdery-ondernemings gelewer word, die betalings teen afsonderlike betalingstariewe bereken moet word net indien die riet van geheel en al afsonderlike boerdery-ondernemings gelewer word.

(2) Die Sentrale Raad moet in elke geval bepaal of 'n kweker of kwekers boerdery-ondernemings dryf wat geheel en al afsonderlik is, en by so 'n bepaling kan hy besluit dat geeneen van die verskillende ondernemings afsonderlik is nie of dat een of meer van die ondernemings afsonderlik is van een of meer van die ander wat nie afsonderlik is nie. By sy bepaling moet die Sentrale Raad alle verbandhebbende omstandighede in ag neem met inbegrip van veral die boerdery- en organisasiemetodes wat normaalweg op die betrokke tydstip in die Nywerheid toegepas word en die mate waarin die betrokke kweker of kwekers of iemand wat 'n finansiële belang, regstreeks of onregstreeks, by die onderneming van die betrokke kweker het, 'n finansiële belang, regstreeks of onregstreeks, by enige ander suikerrietboerderyonderneming het.

By sy bepaling moet die Sentrale Raad te alle tye in gedagte hou dat dit die doel van die Gelykmakingsfonds is om die bona fide-kleinkweker te help en moet hy alle pogings van die kant van ander persone om groter betalings te verkry deur die aanvaarding van skemas of planne te dien einde, ontmoedig.

5. (1) Every grower to whom this Schedule applies who [illegible] shall, whenever he may be required to do so in terms of this paragraph, lodge in the office of the Central Board an application for payment of moneys accruing to him under the provisions of this Schedule in a form prescribed by the Central Board and verified by affidavit.

(2) Every grower who is required to lodge an application shall do so—

(a) in the case of such growers who are registered in the Growers' Register under the provisions of the [illegible] Agreement, [illegible], immediately prior to the commencement of this Agreement: Between 1 June and 31 October [illegible] and between 1 June and 31 October of every [illegible] year thereafter; or

(b) in the case of such growers who are registered in the Growers' Register after the commencement of this Agreement: Between 1 June and 31 October of the year following that in which they are so registered, and thereafter as provided in subparagraph (a) above; and

(c) whenever otherwise required to do so by the Central Board.

(3) [illegible]

(4) (a) The Central Board shall distribute the prescribed application form [illegible]

(b) [illegible]

(5) If a grower should fail to notify the Central Board as [illegible] in subparagraph (3), and as [illegible] of such omission, receive payment or payments in any year or years in excess of the amount which he would otherwise have been qualified to receive, the amount of such excess shall be set off automatically against any subsequent sum or sums payable to such

5. (1) Elke kweker van wie hierdie Bylae [illegible]

(2) Elke kweker wat 'n aansoek moet indien, moet dit doen—

(a) in die geval van sodanige kwekers wat in die Kwekersregister [illegible]

(b) in die geval van sodanige kwekers wat in die Kwekersregister geregistreer is na die inwerkingtreding van hierdie Ooreenkoms: Tussen 1 Junie en 31 Oktober van die jaar wat volg op dié waarin hulle aldus geregistreer is, en daarna soos in subparagraaf (a) hierbo bepaal; en

(c) wanneer andersins deur die Sentrale Raad daartoe verplig.

(3) [illegible]

(4) (a) Die Sentrale Raad moet die voorgeskrewe [illegible]

(b) [illegible]

(5) Indien 'n kweker versuim om die Sentrale Raad [illegible]

grower from the Fund, failing which, it may be recovered by the Central Board as a debt due by such grower to the Fund.

(5) Notwithstanding anything to the contrary in this paragraph contained—

(a) a grower to whom this paragraph refers who fails to lodge an application in the form, manner and time provided herein may do so during the period from 1 June to 31 October in the following or any succeeding year and the provisions of paragraph 6 (4) (b) shall apply during the period of his default;

(b) every grower registered in the Growers' Register shall furnish the Central Board when called upon to do so with any information which the Central Board may reasonably require for the purpose of administering the Fund and the Central Board may require such information to be verified by affidavit, and in the event of a grower failing to furnish the Central Board with any information when called upon to do so, the Central Board may refuse to sanction any payments to him from the Fund until he has remedied his default to the reasonable satisfaction of the Central Board;

(c) the Central Board may condone the late filing of any application required to be made in terms hereof for such reasons as it may in its discretion consider adequate, provided that an application for condonation is lodged, in writing, in the office of the Central Board by not later than 15 December in the year in question. The decision of the Central Board upon any such application for condonation shall be final.

7. Payments to growers shall be made as soon as possible after the close of the crushing season and (unless payment at a later date is in any particular case decided upon by the Central Board) before 30 April each year: Provided that—

(a) interim payments may be authorised by the Central Board, if feasible, to any grower whose basic quota amounts to not less than 100 metric tons sucrose, and in the event of interim payments being authorised, they shall be made in every year on 15 August in respect of cane delivered up to the end of June of that year and on 15 December in respect of cane delivered in July, August, September and October of that year; all such payments shall be based on the amounts estimated by the Central Board to acrue to each grower in respect of such cane, less an amount determined by the Central Board to avoid overpayments, but, should an overpayment to a grower occur, such excess shall be set off automatically against any future sum or sums payable to such grower from the Fund, failing which it may be recovered by the Central Board as a debt due by such grower to the Fund;

(b) payment to growers shall be made by the Central Board itself or through agents approved by the Central Board from time to time; any agent so appointed shall furnish the Central Board with an auditor's certificate that the scheduled payments have been made.

aan sodanige kweker uit die Fonds betaalbaar is, en by gebreke hiervan kan die Sentrale Raad dit verhaal as 'n bedrag aan die Fonds deur sodanige kweker verskuldig.

(5) Ondanks andersluidende bepalings in hierdie paragraaf vervat—

(a) kan 'n kweker in hierdie paragraaf bedoel, wat in gebreke bly om 'n aansoek op die vorm, wyse en tyd soos hierin bepaal, in te dien, dit doen gedurende die tydperk 1 Junie tot 31 Oktober van die volgende of enige daaropvolgende jaar en is die bepalings van paragraaf 6 (4) (b) van toepassing gedurende die tydperk van sy versuim;

(b) moet 'n kweker wat in die Kwekersregister geregistreer is, wanneer hy versoek word om dit te doen, die Sentrale Raad voorsien van enige inligting wat die Sentrale Raad redelikerwys nodig het om die Fonds te administreer, en die Sentrale Raad kan vereis dat sodanige inligting deur 'n beëdigde verklaring gestaaf word en ingeval 'n kweker nalaat om die Sentrale Raad van inligting te voorsien wanneer hy versoek word om dit te doen, kan die Sentrale Raad weier om enige betalings uit die Fonds aan hom goed te keur totdat hy sy versuim tot redelike tevredenheid van die Sentrale Raad reggestel het;

(c) kan die Sentrale Raad die laat indiening van enige aansoek wat ingevolge die bepalings hiervan gedoen moet word om sodanige redes as wat hy volgens sy oordeel as voldoende beskou, kondoneer, op voorwaarde dat 'n aansoek om kondonering nie later nie as 15 Desember van die betrokke jaar skriftelik by die kantoor van die Sentrale Raad, ingedien word. Die besluit van die Sentrale Raad oor enige sodanige aansoek om kondonering, is finaal.

7. Betalings aan kwekers word so gou moontlik na die sluiting van die persseisoen gedoen en (tensy die Sentrale Raad tot oorbetaling op 'n later datum in 'n besondere geval besluit) voor 30 April van elke jaar: Met dien verstande dat—

(a) tussentydse betalings aan enige kweker wie se basiese kwota nie minder as 100 metrieke ton sukrose beloop nie, deur die Sentrale Raad gemagtig kan word indien doenlik en ingeval tussentydse betalings gemagtig word, hulle gedoen moet word op 15 Augustus van elke jaar ten opsigte van riet gelewer tot die einde Junie van daardie jaar en op 15 Desember ten opsigte van riet gelewer in Julie, Augustus, September en Oktober van daardie jaar; alle sodanige betalings word gebaseer op die bedrae wat volgens die Sentrale Raad se skatting aan elke kweker sal toeval ten opsigte van sodanige riet, min 'n bedrag bepaal deur die Sentrale Raad om oorbetalings te vermy, maar indien 'n oorbetaling aan 'n kweker gedoen word, moet sodanige oorbetaling outomaties verreken word teen enige toekomstige bedrag of bedrae betaalbaar aan sodanige kweker uit die Fonds; by gebreke hiervan kan die Sentrale Raad dit verhaal as 'n bedrag aan die Fonds deur sodanige kweker verskuldig;

(b) betaling aan kwekers gedoen word deur die Sentrale Raad self of deur agente wat van tyd tot tyd deur die Sentrale Raad goedgekeur word; enige agente wat aldus aangestel is, moet die Sentrale Raad van 'n ouditeursertifikaat voorsien ten effekte dat die gelyste betalings gedoen is.

8. Any person wishing to appeal against a decision taken in terms of this Schedule may, in writing, [illegible] to the Central Board, whose decision shall be final.

SCHEDULE E

DETERMINATION OF THE BASIC QUOTA OF GROWERS ATTACHED TO THE [illegible] MILL (CLAUSE 22)

In this Schedule "basic quota" means a quota which was determined by the Central Board for each grower attached to the TSB Mill as at 1 May 1978, by means of the following formula:

Basic quota = [illegible]

Where:

A ... = a grower's total area of registered quota land;

B ... = the yield per hectare of such grower over his highest two consecutive years' average deliveries over the 1969/70 to [illegible] seasons;

C ... = such grower's basic quota at the commencement of the 1975/76 season.

PART I

The application of the provisions of this Agreement to growers attached to the TSB Mill shall be subject to clause 22(1)(a) to modification as follows:

1. Clause 22 shall not apply to such growers in respect of [illegible] taken before the commencement of this Act during the period of [illegible] development which was terminated on 31 August 1977.

2. (1) For any such grower who holds a basic quota, the maximum peak shall equal such quota [illegible].

(2) For any such grower who does not hold a basic quota, the maximum peak shall equal [illegible].

3. Notional quotas shall be subject to performance by such growers before they can be translated into basic quotas on the same basis as contingency quotas are translated, and all the provisions of clause 15 relating to contingency quotas shall apply mutatis mutandis to notional quotas.

PART II

The application of the provisions of this Agreement to growers in the TSB Mill area shall be modified as follows for the year commencing 1 May 1979 only:

1. Notional quotas shall be cancelled and replaced by contingency quotas determined by the Central Board according to the provisions of clause 15.

2. (1) In addition to the industrial restriction factor referred to in clause 22(3), which is determined [illegible], a second industrial restriction factor shall be determined [illegible].

(2) The second industrial restriction factor shall be determined upon the basis of—

(a) the industrial sucrose quota less the sucrose [illegible]—

(i) the estimates of growers referred to in clause 22(2)(b)(i); and

8. Enige persoon wat wens om teen 'n besluit [illegible] hierdie Bylae [illegible] is finaal.

BYLAE E

[illegible]

[illegible]

Waar:

[illegible]

DEEL I

[illegible]

DEEL II

[illegible]

(ii) the estimates, not exceeding 200 metric tons sucrose each, of growers whose farm mean peaks reduced by an estimated restriction factor do not exceed 200 metric tons sucrose, and

(iii) cane permitted to be delivered in terms of clause 35, and

(b) the industrial total of all farm mean peaks which exceed 200 metric tons sucrose.

3. (1) In addition to the preparation of the delivery quota schedule in terms of the provisions of clause 22 (4), (the first schedule) there shall be prepared a second delivery quota schedule (the second schedule). The second schedule shall be prepared upon the basis of—

(a) growers' farm mean peaks and the application thereto of the second restriction factor determined in paragraph 2 (2), and

(b) the distribution of—

(i) the shortfalls between growers' delivery quotas and their sucrose estimates for the year, and

(ii) quota referred to in clause 33 held in suspense or in trust in the name of the Central Board;

industrially *pro rata* to the farm mean peaks of growers whose farm mean peaks exceed 200 metric tons sucrose and who have cane surplus to their delivery quotas.

(2) In giving effect to the provisions of sub-paragraph (1) the provisions of clause 33 will be superseded and the provisions of clause 22 (5) and (6), and the method of control of production referred to in clause 23 (3) and the relevant provisions of clause 23 (5), shall be suspended.

4. (1) The second schedule shall be growers' effective delivery and effective adjusted delivery quotas for the year. Their cane and sucrose deliveries in terms of the second schedule shall be called A Pool cane and sucrose, which shall be paid for and dealt with in all respects according to the provisions of the Agreement in the normal way.

(2) Mills at which the total of all their growers' adjusted delivery, quotas as reflected in the second schedule is greater than the total of all their growers' adjusted delivery quotas as reflected in the first schedule are herinafter referred to as A Pool mills. Sugar manufactured by A Pool mills will be paid for and dealt with according to the provisions of paragraph 6.

(3) Mills at which the total of all their growers' adjusted delivery quotas as reflected in the first schedule is greater than the total of all their growers' adjusted delivery quotas as reflected in the second schedule are referred to hereinafter as B Pool mills entitled to manufacture B Pool sugar from deliveries of B Pool cane and sucrose, payment for which will be made according to the provisions of paragraph 7 (1). All sugar manufactured by B Pool mills shall be paid for in terms of the provisions of paragraph 6.

5. (1) The quantity of B Pool sugar entitled to be manufactured by a B Pool mill and the quantity of B Pool cane and sucrose which may be delivered to such mill for that purpose shall not exceed the quantity of sucrose equal to the difference between its growers' adjusted delivery quotas as reflected in the first and second schedules or the quantity of B Pool cane available from its own growers as determined by the Mill Group Board concerned and approved by the Central Board, whichever is the lesser.

(ii) die skattings, wat elk nie 200 metrieke ton sukrose oorskry nie, van kwekers wie se gemiddelde plaasmaksima, verminder met 'n geskatte beperkingsfaktor, nie 200 metrieke ton sukrose oorskry nie; en

(iii) riet waarvan die lewering ingevolge klousule 35 toegelaat word; en

(b) die nywerheidstotaal van alle gemiddelde plaasmaksima wat 200 metrieke ton sukrose oorskry.

3. (1) Benewens die opstelling van die staat van leweringskwotas ingevolge die bepalings van klousule 22 (4), (die eerste staat), moet daar 'n tweede staat van leweringskwotas opgestel word (die tweede staat). Die tweede staat moet opgestel word op die basis van—

(a) kwekers se gemiddelde plaasmaksima en die toepassing daarop van die tweede beperkingsfaktor bepaal volgens paragraaf 2 (2), en

(b) die verdeling van—

(i) die tekorte tussen kwekers se leweringskwotas en hulle sukroseskattings vir die jaar; en

(ii) kwotas in klousule 33 bedoel, wat opgeskort is of in trust gehou word op naam van die Sentrale Raad;

op 'n nywerheidsgrondslag na verhouding van die gemiddelde plaasmaksima van kwekers wie se gemiddelde plaasmaksima 200 metrieke ton sukrose oorskry en wat surplusriet bo hulle leweringskwotas het.

(2) By die uitvoering van die bepalings van subparagraaf (1) word die bepalings van klousule 33 vervang en word die bepalings van klousule 22 (5) en (6) en die produksiebeheermetode in klousule 23 (3) bedoel, en die toepaslike bepalings van klousule 23 (5), opgeskort.

4. (1) Die tweede staat is die kwekers se effektiewe lewerings- en effektiewe aangepaste leweringskwotas vir die jaar. Hulle riet- en sukroselewerings ingevolge die tweede staat, word A-poel-riet en -sukrose genoem, waarvoor betaal word en waarmee in alle opsigte gehandel word ooreenkomstig die bepalings van die Ooreenkoms, op die gewone wyse.

(2) Meule waar die totaal van al hul kwekers se aangepaste leweringskwotas soos in die tweede staat aangegee, groter is as die totaal van al hul kwekers se aangepaste leweringskwotas soos in die eerste staat aangegee, word hierna A-poel-meule genoem. Vir suiker wat deur A-poel-meule vervaardig word, word betaal en daarmee word gehandel ooreenkomstig die bepalings van paragraaf 6.

(3) Meule waar die totaal van al hul kwekers se aangepaste leweringskwotas soos in die eerste staat aangegee, groter is as die totaal van al hul kwekers se aangepaste leweringskwotas soos in die tweede staat aangegee, word hierna B- poel-meule genoem wat geregtig is om B-poel-suiker te vervaardig van lewerings van B-poelriet en -sukrose, waarvoor betaling ooreenkomstig die bepalings van paragraaf 7 (1) gedoen word. Vir alle suiker wat deur B-poel-meule vervaardig word, moet ingevolge die bepalings van paragraaf 6 betaal word.

5. (1) Die hoeveelheid B-poel-suiker wat 'n B-poelmeul geregtig is om te vervaardig en die hoeveelheid B-poel-riet en -sukrose wat aan sodanige meul vir daardie doel gelewer mag word, moet nie die hoeveelheid sukrose gelyk aan die verskil tussen sy kwekers se aangepaste leweringskwotas soos in die eerste en die tweede staat aangegee, of die hoeveelheid B-poel-riet beskikbaar van sy eie kwekers soos deur die betrokke Meulgroepraad vasgestel en deur die Sentrale Raad goedgekeur, watter ook al die minste is, oorskry nie.

(b) Such A Pool mill shall be paid for the quantity of cane crushed by it equivalent to the difference between its growers' effective adjusted delivery quotas and their adjusted delivery quotas as reflected in the first delivery quota schedule at the marginal rate of R3,50 per ton of cane plus the sucrose price payable therefor.

(2) (a) A B Pool mill shall receive the full sugar price for cane crushed equivalent to the total of its growers' effective adjusted delivery quotas, and the provisions of the Agreement relating thereto shall apply in all respects in the ordinary way.

(b) Such B Pool mill shall be paid for the quantity of cane crushed by it equivalent to the difference between its growers' adjusted delivery quotas as reflected in the first schedule and their effective adjusted delivery quotas at the full sugar price less the sucrose price.

(3) A mill which crushes cane by an arrangement made in terms of the provisions of paragraph 5 (5) shall be paid the full sugar price therefor excluding the cost of sucrose, which sum shall be shared between it and the B Pool mill concerned on the basis that the difference between the said sugar price and the marginal milling rate of R3,50 per ton of cane so crushed shall be paid to the B Pool mill.

(4) An A Pool mill which is permitted in terms of paragraph 5 (6) to convert a quantity of cane for which it was entitled to be paid in terms of subpargraph (1) (b) of this paragraph, shall be paid the full sugar price therefor including the price of sucrose, which sum shall be shared between it and the B Pool mill concerned. The A Pool mill shall retain the price of sucrose plus the marginal milling rate of R3,50 per ton of cane and the balance shall be paid to the B Pool mill.

7. (1) B Pool cane delivered to B Pool mills or to A Pool mills in terms of the provisions of pragraph 5 (5), shall be paid for at the marginal rate of R6 per ton of cane.

(2) B Pool cane shall not at any time and under any circumstances qualify for payments from the Equalisation Fund established in Schedule D to the Agreement.

(3) The sucrose equivalent of B Pool cane shall qualify as a grower's delivery for the purpose of clause 15 (4) (b) of the Agreement.

8. The cost of transporting cane not covered by the rules referred to in clause 37 of the Agreement shall be paid for in terms of rules which shall be determined by the Sugar Association, and shall be additional to the sums payable to millers and growers in terms of paragraphs 6 (1) (b) and 7 (1) respectively.

9. (1) Should a grower who has delivered B Pool sucrose in excess of his effective adjusted delivery quota be unable for that reason to fulfil his delivery or adjusted delivery quota in the year commencing 1 May 1980, he shall be paid for the deficit in that year to the maximum extent of such excess delivery the full sucrose price determined for the year commencing 1 May 1979 less the sum paid to him for the equivalent quantity of cane in terms of paragraphs 7 (1) and 8.

(2) Should restrictive control of production be suspended in terms of clause 22 (1) (a) of the Agreement for the year commencing 1 May 1980, a grower referred to in subparagraph (1) shall be paid in that year

(b) Sodanige A-poel-meul word vir die hoeveelheid riet deur hom gepers wat gelyk is aan die verskil tussen sy kwekers se effektiewe aangepaste leweringskwotas en hul aangepaste leweringskwotas soos in die eerste staat van leweringskwotas aangegee, betaal teen die grenstarief van R3,50 per ton riet plus die sukroseprys wat daarvoor betaalbaar is.

(2) (a) 'n B-poel-meul ontvang die volle suikerprys vir geperste riet gelyk aan die totaal van sy kwekers se effektiewe aangepaste leweringskwotas, en die bepalings van die Ooreenkoms wat daarop betrekking het, geld in alle opsigte op die gewone wyse.

(b) Sodanige B-poel-meul word vir die hoeveelheid riet deur hom gepers wat gelyk is aan die verskil tussen sy kwekers se aangepaste leweringskwotas soos in die eerste staat aangegee en hul effektiewe aangepaste leweringskwotas betaal teen die volle suikerprys min die sukroseprys.

(3) 'n Meul wat riet pers volgens 'n reëling getref ingevolge die bepalings van paragraaf 5 (5) word die volle suikerprys daarvoor betaal uitgesonderd die koste van sukrose, welke bedrag tussen dié meul en die betrokke B-poel-meul verdeel word op die basis dat die verskil tussen genoemde suikerprys en die grensmeultarief van R3,50 per ton riet wat aldus gepers is, aan die B-poel-meul betaal word.

(4) Aan 'n A-poel-meul wat ingevolge paragraaf 5 (6) toegelaat is om 'n hoeveelheid riet waarvoor dit geregtig was om ingevolge subparagraaf (1) (b) van hierdie paragraaf betaal te word, om te reken, word die volle suikerprys daarvoor betaal, insluitende die prys van sukrose, welke bedrag tussen dié meul en die betrokke B-poel-meul verdeel word. Die A-poel-meul behou die prys van die sukrose plus die grensmeultarief van R3,50 per ton riet en die saldo word aan die B-poel-meul betaal.

7. (1) Vir B-poel-riet wat aan B-poel-meule of aan A-poel-meule ingevolge die bepalings van paragraaf 5 (5) gelewer is, word betaal teen die grenstarief van R6 per ton riet.

(2) B-poel-riet kom nie te eniger tyd of onder enige omstandighede in aanmerking vir betalings uit die Gelykmakingsfonds wat ingevolge Bylae D van die Ooreenkoms gestig is nie.

(3) Die sukrose-ekwivalent van B-poel-riet kwalifiseer as 'n kweker se lewering vir die doel van klousule 15 (4) (b) van die Ooreenkoms.

8. Vir die vervoerkoste van riet wat nie gedek word deur die reëls bedoel in klousule 37 van die Ooreenkoms nie moet betaal word ingevolge reëls wat deur die Suikervereniging vasgestel word, en die koste is bykomend by die bedrae wat onderskeidelik aan meulenaars en kwekers betaalbaar is ingevolge paragrawe 6 (1) (b) en 7 (1).

9. (1) Indien 'n kweker wat meer B-poel-sukrose as sy effektiewe aangepaste leweringskwota gelewer het om daardie rede nie in staat is om sy lewerings- of aangepaste leweringskwota in die jaar beginnende 1 Mei 1980 te vervul nie, word hy vir die tekort in daardie jaar tot die maksimum omvang van sodanige oormaatlewering die volle sukroseprys wat vir die jaar beginnende 1 Mei 1979 bepaal is, betaal, min die bedrag wat aan hom vir die gelyke hoeveelheid riet ingevolge paragrawe 7 (1) en 8 betaal is.

(2) Indien beperkende produksiebeheer ingevolge klousule 22 (1) (a) van die Ooreenkoms vir die jaar beginnende 1 Mei 1980 opgeskort sou word, word 'n kweker in subparagraaf (1) bedoel, in daardie jaar die

[illegible] in the year commencing 1 May 1980 [illegible] quantity [illegible] paragraph 8.

10. (1) Notwithstanding the provisions of paragraph [illegible] —

(a) [illegible] in the year commencing 1 May 1980 [illegible] its growers' delivered [illegible] in excess of [illegible] the adjusted delivery quotas [illegible];

(b) [illegible] in the year commencing 1 May 1980 [illegible] in excess of [illegible] the effective adjusted delivery quotas [illegible];

(c) [illegible] the levy [illegible] its growers' adjusted delivery quotas and the quantity of sugar delivered in that year [illegible] commencing 1 May 1979 [illegible] quantity of [illegible] its growers [illegible] adjusted delivery quotas [illegible] in the first [illegible] respectively, less the [illegible] in terms of subparagraph 8.

(2) Notwithstanding the provisions of paragraph 6 [illegible] for the year commencing 1 May 1980—

(a) [illegible] that year the [illegible] commencing 1 May 1979 [illegible] in terms of subparagraph 5 and 8 [illegible];

(b) [illegible] in terms of [illegible] subparagraph (5) [illegible] the quantity of [illegible] provided in (a).

11. (1) All payments due to mills and growers in terms of the provisions of this Schedule, save those payable in terms of the Agreement, shall be made in terms of rules which shall be determined by the Sugar Association.

(2) The Sugar Association may determine any matter not specifically provided for in this Schedule and generally frame rules of procedure necessary to give effect to subparagraph (1) and the other paragraphs of this Part which affect the financial relationship between mills.

[illegible] vir die jaar beginnende 1 Mei 1980 [illegible]

(b) [illegible] vir die jaar beginnende 1 Mei 1980 [illegible] die totaal van [illegible] aangepaste leweringskwotas [illegible]

(c) [illegible] die jaar beginnende 1 Mei 1979 [illegible] paragraaf 8.

(2) Ondanks die bepalings van paragraaf [illegible] vir die jaar beginnende 1 Mei 1980—

(a) [illegible] die jaar beginnende 1 Mei 1979 [illegible] paragrawe 5 en 8 [illegible]

(b) [illegible] paragraaf (5) [illegible]

11. (1) Alle betalings verskuldig aan meules en kwekers ingevolge die bepalings van hierdie Bylae, uitgesonderd die ingevolge die Ooreenkoms betaalbaar, moet gedoen word ingevolge reëls wat deur die Suikervereniging bepaal word.

(2) Die Suikervereniging kan enige saak wat nie uitdruklik in hierdie Bylae voorsien word nie, bepaal en in die algemeen prosedurereëls opstel wat nodig is om gevolg te gee aan subparagraaf (1) en die ander paragrawe van hierdie Deel wat die finansiële verhouding tussen meules raak.

No. R. 860 27 April 1979

AMENDMENT OF THE CONSTITUTION OF THE SOUTH AFRICAN SUGAR ASSOCIATION

I, Jan Christiaan Heunis, Minister of Economic Affairs, hereby publish in terms of section 2 (1) of the Sugar Act, 1978 (Act 9 of 1978), the amendment of the Constitution of the South African Sugar Association as set forth in the Schedule hereto.

J. C. HEUNIS, Minister of Economic Affairs.

No. R. 860 27 April 1979

WYSIGING VAN DIE KONSTITUSIE VAN DIE SUID-AFRIKAANSE SUIKERVERENIGING

Ek, Jan Christiaan Heunis, Minister van Ekonomiese Sake, publiseer hierby kragtens artikel 2 (1) van die Suikerwet, 1978 (Wet 9 van 1978), die wysiging van die Konstitusie van die Suid-Afrikaanse Suikervereniging soos in die Bylae hiervan uiteengesit.

J. C. HEUNIS, Minister van Ekonomiese Sake.

SCHEDULE

CONSTITUTION OF THE SOUTH AFRICAN SUGAR ASSOCIATION

1. *Name and registered office.*

(1) *Name.*—The name of the Association shall be the "South African Sugar Association".

(2) *Registered Office.*—The registered office of the Association shall be situated in the Province of Natal.

2. *Membership and representation.*

(1) *Membership.*—The members of the Association shall be the South African Sugar Millers' Association Limited and the South African Cane Growers' Association. They are hereinafter referred to as the Millers' Section and the Growers' Section respectively.

(2) *Representation.*—Each Section shall be represented in the Association by 18 delegates appointed by it. In addition Huletts Refineries Limited shall have one representative, who shall, however, not be entitled to vote at meetings of the Association.

3. *Administration.*

(1) An Honorary President and Honorary Vice-President may be elected annually. They need not be delegates nor members of either Section.

(2) The affairs of the Association shall be administered by a Council consisting of a Chairman, a Vice-Chairman, and 14 Councillors elected annually at the general meeting, of whom seven shall be nominated by the delegates of the Millers' Section from among their number and seven shall be nominated by the delegates of the Growers' Section from among their number. The delegates of each Section may also nominate alternates to their elected Councillors from among their number, such alternates being elected annually at the general meeting. Any member failing by himself or his alternate to attend three consecutive meetings without leave of absence from the Council shall vacate office. Casual vacancies shall be filled by the Section which nominated the retired Councillor or alternate, subject to the approval of Council.

(3) The officers of the Association shall consist of a Chairman, Vice-Chairman, and Manager/s and/or Secretary. The Chairman and Vice-Chairman shall be elected annually at the general meeting of the Association on such terms as the Association may deem fit. They need not be delegates or members of either Section. Casual vacancies occurring in the offices of Chairman or Vice-Chairman shall be filled by Council, such appointees to hold office until the following general meeting. The Manager/s and/or Secretary shall be appointed on such terms and conditions as the Council may approve.

(4) The Council may elect an executive committee from its own members consisting of such number as the Council may decide, and shall also elect such committees as it may consider necessary. The Council shall determine the duties of any committee appointed by it and shall have the right to alter such duties from time to time. Committees shall without undue delay report to the Council. All committees shall be subject to the directions, and under the control, of the Council. Unless otherwise agreed both the Growers' Section and Millers' Section shall be equally represented upon every committee. The Chairman and Vice-Chairman of the Association shall be ex-officio members of all committees if not actually appointed thereto.

BYLAE

GRONDWET VAN DIE SUID-AFRIKAANSE SUIKERVERENIGING

1. *Naam en geregistreerde kantoor.*

(1) *Naam.*—Die naam van die Vereniging is die "Suid-Afrikaanse Suikervereniging".

(2) *Geregistreerde kantoor.*—Die geregistreerde kantoor van die Vereniging is in die provinsie Natal geleë.

2. *Lidmaatskap en verteenwoordiging.*

(1) *Lidmaatskap.*—Die lede van die Vereniging is die Suid-Afrikaanse Suikermeulenaarsvereniging Beperk en die Suid-Afrikaanse Rietkwekersvereniging. Hulle word hierna onderskeidelik die Meulenaarsafdeling en die Kwekersafdeling genoem.

(2) *Verteenwoordiging.*—Elke afdeling word in die Vereniging verteenwoordig deur 18 afgevaardigdes, deur die betrokke afdeling benoem. Daarbenewens het Huletts Refineries Beperk een verteenwoordiger, wat egter nie geregtig is om op die vergaderings van die Vereniging te stem nie.

3. *Administrasie.*

(1) 'n Erepresident en 'n Ere-vise-president kan jaarliks verkies word. Hulle hoef nie afgevaardigdes of lede van een van die twee afdelings te wees nie.

(2) Die sake van die Vereniging word bestuur deur 'n Raad wat bestaan uit 'n Voorsitter, 'n Vise-voorsitter, en 14 raadslede wat jaarliks op die algemene vergadering verkies word, van wie sewe deur die afgevaardigdes van die Meulenaarsafdeling uit hulle geledere benoem word, en sewe deur die afgevaardigdes van die Kwekersafdeling uit hulle geledere benoem word. Die afgevaardigdes van elke afdeling kan ook plaasvervangers vir hulle verkose raadslede uit hulle geledere benoem, welke plaasvervangers jaarliks op die algemene vergadering verkies word. 'n Lid wat versuim om self, of deur sy plaasvervanger, drie agtereenvolgende vergaderings by te woon sonder verlof tot afwesigheid van die Raad, moet sy amp neerlê. Toevallige vakatures moet gevul word deur die afdeling wat die gewese lid of plaasvervanger benoem het, behoudens die goedkeuring van die Raad.

(3) Die ampsdraers van die Vereniging bestaan uit 'n Voorsitter, Vise-voorsitter, en Bestuurder/s en/of Sekretaris. Die Voorsitter en Vise-voorsitter word jaarliks op die algemene vergadering van die Vereniging verkies op sodanige voorwaardes as wat die Vereniging goed ag. Hulle hoef nie afgevaardigdes of lede van een van die twee Afdelings te wees nie. Toevallige vakatures wat in die amp van Voorsitter of van Vise-voorsitter ontstaan, moet deur die Raad gevul word, en so 'n aangestelde beklee die amp tot die volgende algemene vergadering. Die Bestuurder/s en/of Sekretaris word aangestel behoudens sodanige bepalings en voorwaardes as wat die Raad goedkeur.

(4) Die Raad kan 'n uitvoerende komitee uit sy eie lede kies, bestaande uit soveel lede as wat die Raad besluit, en kies ook sodanige komitees as wat hy nodig ag. Die Raad bepaal die pligte van enige komitee wat deur hom aangestel is, en het die reg om sodanige pligte van tyd tot tyd te verander. Komitees moet sonder onnodige vertraging aan die Raad verslag doen. Alle komitees is onderworpe aan die voorskrifte en staan onder die beheer van die Raad. Tensy anders ooreengekom is, moet die Kwekersafdeling en die Meulenaarsafdeling deur dieselfde getal lede in elke komitee verteenwoordig wees. Die Voorsitter en Vise-voorsitter van die Vereniging is ex officio lede van alle komitees indien hulle nie werklik daarin aangestel is nie.

(4) Minutes shall be kept of the general meeting and of the meetings of the Council and all committees, in a minute book. The minutes shall be read at the next meeting and, after confirmation, shall be signed by the chairman. The minutes shall be open to inspection by members at the head office of the Association and the Council shall decide in which manner and at what times copies thereof may be made available to members.

4. Objects.

The objects for which the Association is established are:

(1) To promote, foster, protect, co-ordinate and control the interests of transport operators within the road freight industry.

(2) To represent the views of the Road Freight Industry to the State and to government, provincial and local authorities in the Republic of South Africa, and elsewhere, in such a manner as the Council may deem fit. Within the limits of such policy, to make representations to the Government of the Republic of South Africa, or any Government Department, or any other authority, organisation or person and to any body, in respect of matters affecting the road freight industry, and to do all things which in the opinion of the Council are in the interests of the road freight industry.

(3) To encourage and maintain a high standard of efficiency and service among members of the industry.

(4) To promote and foster good relations and co-operation between organisations dealing with road transport and the marketing and distributing of the road freight industry in South Africa.

(5) To take steps to promote the improvement of the road transport industry and to acquire and disseminate all information relating to the road freight industry in the interests of members.

(6) To take steps for the improvement of the standard of knowledge of persons engaged in the road freight industry.

(7) To establish, maintain and support, or to assist in the establishment, maintenance and support of, institutions, associations, funds, trusts and organisations calculated to benefit members or the persons employed by them, and to subscribe or contribute to or otherwise assist such bodies.

(8) To maintain a relationship with all other organisations and bodies with objects similar to those of the Association.

(9) To hold property and to acquire and alienate it.

(10) To take such steps as may be deemed necessary by the Council from time to time for the purpose of protecting the interests of its members and to oppose any measure or scheme which may be detrimental to the road freight industry or to any section thereof.

(11) To promote and assist in the establishment of branches or divisions in the Republic of South Africa, or elsewhere.

(12) To collect and disseminate statistical and other information relating to all matters of interest to the road freight industry.

(13) To negotiate wage agreements and conditions of employment and to act as an employers' organisation.

(5) Notules moet op die algemene vergadering elke jaar gelees word en indien bekragtig, moet deur die voorsitter van die vergadering geteken word. Notules is beskikbaar, maar geen afskrifte daarvan mag aan lede verskaf word nie. Die notules behels die verrigtinge van die Raad en is beskikbaar vir insae van die Vereniging op die kantoor van die Vereniging en by die vergadering wat deur die Raad bepaal word.

4. Doelstellings.

Die doelstellings van die Vereniging is soos volg:

(1) Om die belange van vervoer-operateurs in die padvrag-nywerheid te bevorder, beskerm, koördineer en beheer.

(2) Om die sienswyse van die Padvragnywerheid aan die Staat en die Regering en sy departemente en ander owerhede in die Republiek van Suid-Afrika en elders, op die wyse wat die Raad goed ag, voor te lê. Binne die beleid van die Regering, vertoë te rig aan die Regering van die Republiek van Suid-Afrika of enige Staatsdepartement of enige ander liggaam, organisasie of persoon ten opsigte van sake wat die Padvragnywerheid raak, en om alles te doen wat na die oordeel van die Raad in belang van die Padvragnywerheid is.

(3) Om 'n hoë standaard van doeltreffendheid en diens onder lede van die nywerheid te bevorder en te handhaaf.

(4) Om goeie verhoudinge en samewerking tussen organisasies wat met padvervoer en die bemarking en verspreiding van die Padvragnywerheid in Suid-Afrika te doen het, te bevorder en te versterk.

(5) Om die stappe te doen wat nodig is vir die verbetering van die padvervoernywerheid en om alle inligting met betrekking tot die padvragnywerheid in belang van lede in te win en te versprei.

(6) Om stappe te doen vir die verbetering van die standaard van kennis van persone wat in die Padvragnywerheid werksaam is.

(7) Om instellings, verenigings, fondse, trusts en organisasies wat lede of persone deur hulle in diens geneem, tot voordeel strek, te stig, in stand te hou en te steun, of om te help met die stigting, instandhouding en steun daarvan, en om tot sodanige liggame by te dra of hulle op ander wyse te help.

(8) Om 'n verhouding met alle ander organisasies en liggame met soortgelyke oogmerke as dié van die Vereniging te handhaaf.

(9) Om eiendom te hou en te verkry en te vervreem.

(10) Om sodanige stappe te doen as wat die Raad van tyd tot tyd nodig ag vir die beskerming van die belange van sy lede en om enige maatreël of skema wat nadelig vir die Padvragnywerheid of enige deel daarvan is, teen te staan.

(11) Om die stigting van takke of afdelings in die Republiek van Suid-Afrika of elders te bevorder en daarmee te help.

(12) Om statistiese en ander inligting oor alle sake van belang vir die Padvragnywerheid in te samel en te versprei.

(13) Om loonooreenkomste en diensvoorwaardes te beding en as 'n werkgewersorganisasie op te tree.

(14) To carry out all functions assigned to the Council or the Association in terms of the Sugar Act, 1978 (Act 9 of 1978—hereinafter referred to as the "Act") or the Sugar Industry Agreement, 1979 (hereinafter referred to as the "Agreement") determined thereunder.

(15) To exercise all such powers as are hereinafter conferred upon the Council of the Association or any committee thereof.

(16) To form any company, body or fund in order to implement any of the objects thereinbefore set out or to perform any functions ancillary or complementary thereto, and to hold the shares in any company formed to implement such objects and perform such functions.

(17) To do all such things as are in the opinion of the Association necessary, proper or advisable for the advancement generally of the industry, or which are incidental or conducive to the attainment of all or any of the above objects.

5. *Powers of Council.*

Without prejudice to the general power conferred upon the Council by Clause 3 (2) hereof it shall have and exercise the following powers and functions, namely:

(1) To control and regulate, year by year, the disposal of the total quantity of sugar manufactured by millers and refiners, and, to this end, to determine, the quantity of sugar required for the local market, the quantity of carry-over stocks, the quantity of sugar to be exported each year, and each mill's quota of those quantities, subject only to the provisions of the Agreement and any regulation published under Section 10 of the Act or any section amending or replacing the same.

(2) To incur such expenditure as it may think necessary or desirable in carrying out the powers granted to it hereunder and in order to enable the Association to attain the objects thereinbefore set out and to fulfil the functions ascribed to the Association under the Act, and the Agreement published thereunder.

(3) To determine the price per metric ton of sucrose in cane and any other designated agricultural product in respect of each year not later than the end thereof, and to estimate such price at the commencement of each year and thereafter monthly during the year for the purpose of enabling payments to be made to growers in accordance with the provisions of the Agreement.

(4) To make levies upon growers, millers or refiners, or upon any one or other of or upon any group of growers, millers or refiners for the purpose of carrying out the terms of the Agreement and for the purpose of enabling the Association to fulfil obligations incurred by it in accordance with this Constitution.

(5) To decide on the policy to be followed from time to time in connection with the promotion and sale of sugar industry products in the local market and the export market.

(6) To originate, carry on, direct and control publicity and propaganda in connection with the promotion and sale of sugar industry products in the local market and the export market.

(7) To consider and decide on the persons or classes of persons to whom, or the trades to which rebates shall be made in relation to the purchase of any sugar industry products, and to fix the amount or amounts of such rebates.

(14) Om alle funksies wat aan die Raad of die Vereniging opgedra is kragtens die Suikerwet, 1978 (Wet 9 van 1978—hierna die "Wet" genoem), of die Suikernywerheidooreenkoms, 1979 (hierna die "Ooreenkoms" genoem), uit te voer.

(15) Om alle sodanige bevoegdhede as wat hieronder aan die Raad of die Vereniging of enige komitee daarvan verleen is, uit te oefen.

(16) Om enige maatskappy, liggaam of fonds te stig ten einde enige van die doelstellings hiervoor in uiteengesit, te bereik of enige funksies bykomstig daarby of aanvullend daartoe uit te oefen, en om die aandele te besit in enige maatskappy wat gestig is om sodanige doelstellings te bereik en sodanige funksies uit te oefen.

(17) Om alle sodanige dinge te doen as wat na die mening van die Vereniging nodig, behoorlik of raadsaam is, vir die algemene vooruitgang van die Nywerheid, of wat gepaard gaan met of bevorderlik is vir die bereiking van alle of enige van bostaande doelstellings.

5. *Bevoegdhede van die Raad.*

Sonder om afbreuk te doen aan die algemene bevoegdheid aan hom by klousule 3 (2) hiervan verleen, word die Raad beklee met onderstaande bevoegdhede en funksies naamlik:

(1) Om jaar vir jaar die beskikking oor die totale hoeveelheid suiker wat deur meulenaars en raffineerders vervaardig word te beheer en te reguleer en om, vir dié doel, die hoeveelheid suiker benodig vir die binnelandse mark, die hoeveelheid oordragvoorrade, die hoeveelheid suiker wat elke jaar uitgevoer moet word en elke meul se kwota van hierdie hoeveelhede, te bepaal behoudens die bepalings van die Ooreenkoms of enige regulasie uitgevaardig kragtens artikel 10 van die Wet of enige artikel wat daardie artikel wysig of vervang.

(2) Om sodanige koste aan te gaan as wat hy nodig of wenslik ag vir die uitoefening van die bevoegdhede wat hierby aan hom verleen word en om die Vereniging in staat te stel om die doelstellings te bereik wat hierbo uiteengesit is en om die funksies te verul wat by die Wet en by die Ooreenkoms wat ingevolge daarvan gepubliseer is, aan die Vereniging toegewys is.

(3) Om die prys per metrieke ton sukrose in riet en enige ander aangewese landbouproduk ten opsigte van elke jaar nie later nie as die einde van die jaar te bepaal, en om sodanige prys in die begin van elke jaar en daarna maandeliks gedurende die jaar te skat ten einde betalings aan kwekers ooreenkomtig die bepalings van die Ooreenkoms moontlik te maak.

(4) Om heffings op te lê aan kwekers, meulenaars en raffineerders, of aan die een of ander van die kwekers, meulenaars of raffineerders of aan enige groep kwekers, meulenaars of raffineerders met die doel om die bepalings van die Ooreenkoms uit te voer en met die doel om die Vereniging in staat te stel om verpligtings wat hy ooreenkomstig hierdie Grondwet aangegaan het, na te kom.

(5) Om te besluit op die beleid wat van tyd tot tyd gevolg gaan word in verband met die promosie en verkoop van suikernywerheidprodukte in die binnelandse mark en die uitvoermark.

(6) Om reklame en propaganda in verband met die promosie en verkoop van suikernywerheidprodukte in die binnelandse mark en die uitvoermark te onderneem, vol te hou, te bestuur en te beheer.

(7) Om te oorweeg en te besluit aan welke persone of klasse persone of handelsinstansies kortings toegestaan gaan word in verband met die aankoop van enige suikernywerheidprodukte en om die bedrag of bedrae van sodanige kortings te bepaal.

(8) To purchase, sell or deal in any sugar industry products, or to form any companies or bodies to purchase, sell or deal in any sugar industry products.

(9) In furtherance of the objects of the Association to promote and assist in the cause of education in the Republic of South Africa, or elsewhere; to create one or more Trusts upon such terms and conditions in all respects as the Council shall from time to time decide, to contribute to any such Trust such sum or sums of money as the Council shall from time to time decide; [illegible]

(10) [illegible]

(11) [illegible]

(12) [illegible]

(13) [illegible]

(14) [illegible]

(15) [illegible]

(16) [illegible]

(17) [illegible]

(18) [illegible]

(19) [illegible]

(20) [illegible]

(21) [illegible]

(22) [illegible]

(8) Om enige suikernywerheidsprodukte te koop, te verkoop of handel daarin te dryf of om maatskappye of liggame te stig om enige suikernywerheidsprodukte te koop, te verkoop of handel daarin te dryf.

(9) Om ter bevordering van die doelstellings van die Vereniging, onderwys in die Republiek van Suid-Afrika of elders te bevorder en aan te help; een of meer Trusts te stig [illegible]

(10) [illegible]

(11) [illegible]

(12) [illegible]

(13) [illegible]

(14) [illegible]

(15) [illegible]

(16) [illegible]

(17) [illegible]

(18) [illegible]

(19) [illegible]

(20) [illegible]

(21) [illegible]

(22) [illegible]

6. *Finance.*

(1) The funds of the Association shall be banked in the name of the "South African Sugar Association", or in the name of any committee, fund, division or department of the Association duly appointed or established in terms hereof. Every sum above R100 paid on behalf of the Association or any such committee, fund, division or department thereof shall be paid by cheque signed in such manner as the Council from time to time determine.

(2) No profits or gains of the Association may be distributed to the members of the Association or any other persons and the funds of the Association shall be utilised solely for investment or the objects set out in Clause 4 above.

(3) The provisions of subclause (2) above shall not be interpreted to prevent the Association from authorising or empowering any Company, the operations of which are ancillary or complementary to the objects of the Association and all the shares of which are held by the Association, to pay profits or gains made by such Company into any stabilisation or similar fund, established in terms of the Agreement.

7. *Meetings.*

(1) All meetings of the Association and of the Council shall be presided over by the Chairman of the Association and in his absence by the Vice-Chairman, whom failing, by a Chairman elected by the meeting.

(2) A general meeting of the delegates of the Association shall be held once in every year within six months after the close of the financial year at such time and place as may be fixed by the Council. The business of this meeting shall be to consider the report by the Council on the year's working of the Association and the duly audited balance sheet and statement of revenue and expenditure for the past year, to appoint auditors and fix their remuneration for the past audit, to elect a Chairman and Vice-Chairman, to elect a Council and alternates, and to do such other business as it is competent to transact at an annual general meeting. The meeting may also transact any special business.

(3) The Council may call a special meeting of delegates of the Association whenever it deems fit and the Chairman, or in his absence the Vice-Chairman, shall call a special meeting of delegates of the Association whenever requested by either Section to do so. Particulars of the special business to be transacted at a general or special meeting of the Association shall be given in the notice calling the meeting.

(4) Not less than seven (7) days' nor more than twenty-one (21) days' notice shall be given to all delegates of every general and/or special meeting of the Association, provided that—

(a) the Chairman, or in his absence the Vice-Chairman may convene a special meeting on less than seven (7) days' notice in the case of an emergency;

(b) in the case of any meeting, whether special or general, it shall not be competent to deal with any alteration of or addition to the Constitution of the Association unless twenty-one (21) days' notice

6. *Finansies.*

(1) Die fondse van die Vereniging moet op naam van die "Suid-Afrikaanse Suikervereniging" gebank word, of op naam van enige komitee, fonds, afdeling of departement van die Vereniging wat behoorlik ingevolge hiervan aangestel of gestig is. Elke bedrag oor R100 wat namens die Vereniging of enige sodanige komitee, fonds, afdeling of departement daarvan betaal word, moet per tjek betaal word, geteken op sodanige manier as wat van tyd tot tyd deur die Raad bepaal word.

(2) Geen winste of voordele van die Vereniging mag tussen die lede van die Vereniging of tussen of onder enige ander persone verdeel word nie en die fondse van die Vereniging mag slegs vir belegging of vir die doelstellings uiteengesit in klousule 4 hierbo, gebruik word.

(3) Die bepalings van subklousule (2) hierbo moet nie vertolk word as sou dit die Vereniging verhoed om enige maatskappy waarvan die aktiwiteite bykomstig by of aanvullend tot die doelstellings van die Vereniging is, en waarvan al die aandele deur die Vereniging besit word, te magtig of in staat te stel om winste of voordele wat deur sodanige maatskappy gemaak en bewerkstellig is, in 'n stabilisasie- of soortgelyke fonds wat kragtens die Ooreenkoms ingestel is, te stort nie.

7. *Vergaderings.*

(1) Alle vergaderings van die Vereniging en van die Raad moet gelei word deur die Voorsitter van die Vereniging en, in sy afwesigheid, deur die Vise-voorsitter, en in sy afwesigheid, deur 'n voorsitter gekies deur die vergadering.

(2) 'n Algemene vergadering van die afgevaardigdes van die Vereniging moet een keer elke jaar binne ses maande na die sluiting van die boekjaar gehou word op sodanige tyd en plek as wat die Raad bepaal. Die werksaamhede van hierdie vergadering behels die oorweging van die verslag deur die Raad oor die werk van die Vereniging gedurende die afgelope jaar en die behoorlik geouditeerde balansstaat en staat van inkomste en uitgawes vir die afgelope jaar, die aanstelling van ouditeurs en die vasstelling van hulle besoldiging vir die afgelope oudit, die verkiesing van 'n Voorsitter en Vise-voorsitter, die verkiesing van 'n Raad en plaasvervangers, en die behandeling van sodanige ander sake as wat op 'n algemene jaarvergadering afgehandel kan word. Die vergadering kan ook enige spesiale sake behandel.

(3) Die Raad kan na goeddunke 'n spesiale vergadering van afgevaardigdes van die Vereniging byeenroep, en die Voorsitter, of in sy afwesigheid, die Visevoorsitter moet 'n spesiale vergadering van afgevaardigdes van die Vereniging byeenroep wanneer hy ook al deur een van die twee afdelings versoek word om dit te doen. Besonderhede van die spesiale sake wat op 'n algemene of spesiale vergadering van die Vereniging behandel moet word, moet verstrek word in die kennisgewing wat die vergadering belê.

(4) Minstens sewe (7) dae maar hoogstens een-en-twintig (21) dae kennis moet aan alle afgevaardigdes gegee word van elke algemene en/of spesiale vergadering van die Vereniging: Met dien verstande dat—

(a) die Voorsitter, of in sy afwesigheid, die Visevoorsitter, 'n spesiale vergadering met minder as sewe (7) dae kennisgewing in 'n noodgeval kan belê;

(b) in die geval van enige vergadering, hetsy spesiaal of algemeen, dit nie toelaatbaar is om enige wysiging van of byvoeging by die Grondwet van die Vereniging te behandel nie tensy een-en-twintig (21) of such meeting shall have been given. The period of notice shall be calculated from the day of the posting or delivery of the notice, whichever is the earlier.

(5) The quorum for the general meeting of the Association shall be twenty (20) delegates personally present, of whom at least eight (8) shall be delegates from each Section. The quorum for any special meeting of the Association shall be ten (10) delegates personally present, of whom at least four (4) shall be delegates from each Section. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or, if that day be a public holiday, to the next succeeding day which is not a public holiday, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall form a quorum.

(6) Meetings of the Council shall be held as occasion may require, but at least once a quarter. At meetings of the Council six members personally present shall form a quorum provided that there are at least two representatives of each Section. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or, if that day be a public holiday, to the next succeeding day which is not a public holiday, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall form a quorum.

(7) Any member of either Section or any other person may by consent of the meeting attend as an observer any meeting of the Council or of any committee or subcommittee appointed by the Association or the Council.

33. Voting.

(1) At general and special meetings of the Association each delegate shall be entitled to one vote. All questions arising at such meetings shall be determined by a majority representing two-thirds of the votes of the delegates present at the meeting provided that such majority includes votes from both Sections. The Standing Chairman and Vice-Chairman shall not exercise a vote at such meetings. This shall not apply, however, to any delegate who may be appointed to take the chair at such meetings in the absence of the Standing Chairman or Vice-Chairman.

(2) At all meetings of the Council each Councillor or, in his absence, his alternate, shall be entitled to one vote. All questions arising at such meetings shall be determined by a majority of votes, provided that such majority includes the votes of at least one member of each Section (or in their absence, their alternates) appointed by the Sections. The Standing Chairman and Vice-Chairman shall not vote at such meetings. This shall not apply, however, to any person who may be appointed to take the chair at such meetings in the absence of the Standing Chairman or Vice-Chairman.

die kennis van sodanige vergadering gegee is. Die kennisgewingtydperk word bereken vanaf die dag wat die kennisgewing gepos of afgelewer is, watter ook al die vroegste is.

(5) Die kworum vir die algemene vergadering van die Vereniging is twintig (20) afgevaardigdes wat persoonlik teenwoordig is, van wie ten minste agt (8) afgevaardigdes van elke Afdeling moet wees. Die kworum vir 'n spesiale vergadering van die Vereniging is tien (10) afgevaardigdes wat persoonlik teenwoordig is, van wie ten minste vier (4) afgevaardigdes van elke Afdeling moet wees. Indien 'n kworum nie teenwoordig is binne 'n half uur na die tyd wat vir die vergadering bepaal is nie, word die vergadering uitgestel tot dieselfde dag in die volgende week op dieselfde tyd en plek, of indien daardie dag 'n openbare vakansiedag is, tot die eersvolgende dag wat nie 'n openbare vakansiedag is nie, en indien 'n kworum nie teenwoordig is binne 'n half uur na die tyd wat vir sodanige uitgestelde vergadering bepaal is nie, maak die lede wat teenwoordig is 'n kworum uit.

(6) Vergaderings van die Raad moet gehou word so dikwels as wat nodig is, maar ten minste een keer per kwartaal. Op vergaderings van die Raad maak ses lede wat persoonlik teenwoordig is 'n kworum uit, mits daar ten minste twee lede van elke Afdeling is. Indien 'n kworum nie teenwoordig is binne 'n half uur na die tyd wat vir die vergadering bepaal is nie, word die vergadering uitgestel tot dieselfde dag in die volgende week op dieselfde tyd en plek, of indien daardie dag 'n openbare vakansiedag is, tot die eersvolgende dag wat nie 'n openbare vakansiedag is nie, en indien 'n kworum nie teenwoordig is binne 'n half uur na die tyd wat vir sodanige uitgestelde vergadering bepaal is nie, maak die lede wat teenwoordig is 'n kworum uit.

(7) Enige lid van een van die twee Afdelings of enige ander persoon kan met instemming van die vergadering as 'n waarnemer 'n vergadering van die Raad of van enige komitee of subkomitee deur die Vereniging of die Raad aangestel, bywoon.

33. Stemming.

(1) Op algemene en spesiale vergaderings van die Vereniging is elke afgevaardigde geregtig op een stem. Alle sake wat op sodanige vergaderings ter sprake kom, word beslis by 'n meerderheid wat twee-derdes van die stemme van die afgevaardigdes wat teenwoordig is, verteenwoordig, met dien verstande dat sodanige meerderheid stemme van albei Afdelings moet insluit. Die vaste Voorsitter en Vise-voorsitter mag nie op sodanige vergaderings stem nie. Dit geld egter nie vir 'n afgevaardigde wat in die afwesigheid van die vaste Voorsitter of Vise-voorsitter aangestel is om die stoel te beklee nie.

(2) Op alle vergaderings van die Raad is elke Raadslid of, in sy afwesigheid, sy plaasvervanger, geregtig op een stem. Alle sake wat op sodanige vergaderings ter sprake kom, word beslis by meerderheid van stemme, met dien verstande dat sodanige meerderheid die stemme moet insluit van minstens een lid van elke Afdeling (of in hul afwesigheid, hul plaasvervangers) wat deur die Afdelings aangestel is. Die vaste Voorsitter en Vise-voorsitter mag nie op sodanige vergaderings stem nie. Dit geld egter nie vir 'n persoon wat in die afwesigheid van die Voorsitter of Vise-voorsitter aangestel is om die stoel te beklee nie.

(3) The proviso to subclauses (1) and (2) of this clause shall not apply if the meeting be one which has stood adjourned for lack of a quorum. At such adjourned meetings questions shall be determined by the required majority of votes of those present whether the majority includes votes from both Sections or not.

(4) Unless otherwise determined by the Council—

(a) at all meetings of committees appointed in terms of clause 3 (4), each member or in his absence his alternate, shall be entitled to one vote;

(b) all questions arising at such meetings shall be determined by a majority of votes, provided such majority includes votes of members (or in their absence their alternates) representing both Sections;

(c) the Chairman and Vice-Chairman of the Association, whether appointed to or as *ex officio* members of such committees, shall not exercise a vote at such meetings.

9. *Third parties.*

In the event of the Association or Council refusing or neglecting to make any levy which is required for the purpose of meeting any obligation or liability duly incurred by them to any third party, such party shall be entitled to make application to the Court to compel the making of such levy to such extent as may be required in accordance with the powers conferred in this Constitution, failing which, for an order authorising and directing that such levy shall be made by some person or persons duly appointed thereto and in that behalf by the Court, and to that extent the levy provisions of this Constitution shall be deemed to be an agreement between the Association and the members thereof for the benefit of such third party, of which such third party may avail himself by making such application as hereinbefore provided. The deletion or alteration of this Clause shall not affect any such third party in respect of any liability or obligation incurred prior thereto.

10. *Indemnity.*

Every member of the Council or of any committee appointed by it (and every employee of the Association) is hereby indemnified and held harmless by the Association against any personal liability incurred by him arising out of or in connection with the due exercise or performance by the Council or by any such committee of any of the powers and functions which are or may be conferred upon it by or pursuant to these presents. Any liability imposed upon the Association by this Clause may be met by means of a levy made under Clause 5 and shall for that purpose be deemed to be an industry obligation.

11. *Alteration of Constitution.*

No alteration or addition to this Constitution shall be made unless decided upon by a vote at a general or special meeting of which twenty-one (21) days' notice in writing has been given. Any such alteration or amendment shall be conditional upon the consent of the Minister (as defined in section 2 of the Act or any Section amending or replacing the same) being obtained to such alteration or amendment and the publication

(3) Die voorbehoudsbepaling in subklousules (1) en (2) van hierdie klousule is nie van toepassing indien die vergadering een is wat weens gebrek aan 'n kworum uitgestel was nie. Op sodanige uitgestelde vergaderings word alle sake met die vereiste meerderheid van stemme van die aanwesiges beslis hetsy die meerderheid stemme insluit uit albei afdelings al dan nie.

(4) Tensy anders deur die Raad bepaal—

(a) is, op alle vergaderings van komitees wat ingevolge klousule 3 (4) aangestel is, elke lid, of in sy afwesigheid sy plaasvervanger, geregtig op een stem;

(b) moet alle sake wat op sodanige vergaderings te berde gebring word, by meerderheid van stemme beslis word, met dien verstande dat sodanige meerderheid stemme insluit van lede (of in hulle afwesigheid, hul plaasvervangers) wat beide Afdelings verteenwoordig;

(c) mag die Voorsitter en Vise-voorsitter van die Vereniging, hetsy aangestel in, of *ex officio*-lede van, sodanige komitees, nie 'n stem op sodanige vergaderings uitbring nie.

9. *Derde partye.*

Ingeval die Vereniging of Raad weier of nalaat om 'n heffing op te lê wat nodig is om aan 'n verpligting behoorlik deur hulle aangegaan, of aanspreeklikheid behoorlik deur hulle opgeloop ten opsigte van enige derde party, te voldoen, is sodanige derde party geregtig om by die Hof aansoek te doen om die oplegging van die nodige heffing kragtens die bevoegdhede in hierdie Grondwet verleen, af te dwing, of, by gebreke daarvan, om 'n bevel waarby magtiging verleen en las gegee word dat sodanige heffing opgelê moet word deur die een of ander persoon of deur persone deur die Hof behoorlik daartoe en ten opsigte daarvan aangestel, en in daardie mate word die heffingsbepalings van hierdie Grondwet beskou as 'n ooreenkoms tussen die Vereniging en die lede daarvan ten gunste van sodanige derde party, waarvan sodanige derde party gebruik kan maak deur sodanige aansoek te doen soos hierbo bepaal. Die skrapping of wysiging van hierdie klousule raak nie enige sodanige derde party wat betref enige aanspreeklikheid of verpligting wat tevore ontstaan het nie.

10. *Vrywaring.*

Enige lid van die Raad of van enige komitee deur hom aangestel (en elke werknemer van die Vereniging) word hierby deur die Vereniging gevrywaar en skadeloos gestel ten opsigte van enige persoonlike aanspreeklikheid hom ten laste gelê ingevolge of in verband met die behoorlike uitoefening of uitvoering deur die Raad of enige sodanige komitee, van enige bevoegdhede of funksies wat kragtens of ingevolge hierdie Ooreenkoms aan hom verleen is of verleen mag word. Enige verpligting wat by hierdie klousule die Vereniging opgelê word, kan nagekom word deur middel van 'n heffing kragtens klousule 5, en word vir daardie doel as 'n nywerheidsverpligting beskou.

11. *Wysiging van Grondwet.*

Geen wysiging van of toevoeging aan hierdie Grondwet mag gemaak word nie tensy daartoe besluit is deur stemming op 'n algemene of spesiale vergadering waarvan een-en-twintig (21) dae skriftelik kennis gegee is.

Enige sodanige verandering of wysiging is onderworpe aan die verkryging van die Minister se toestemming (soos omskryf in artikel 2 van die Wet of enige artikel wat gemelde artikel wysig of vervang) tot sodanige verandering of wysiging, en die afkondiging such alteration or amendment in terms of section 2 (2) of the said Act or any section which amends or replaces the same. The publication of such alteration or amendment in terms of such section shall be conclusive proof of the consent of the said Minister thereto.

22. Interpretation.

Any term which is defined in the Sugar Act, 1978 (Act 9 of 1978), or the Sugar Industry Agreement, 1979, published under the Act shall, wherever used in this Constitution, unless the context otherwise indicates, bear the meaning assigned thereto from time to time in such Act or Agreement.

van sodanige verandering of wysiging, ingevolge artikel 2 (2) van genoemde Wet of enige artikel wat dit wysig of vervang. Die afkondiging van sodanige verandering of wysiging ingevolge sodanige artikel is afdoende bewys van genoemde Minister se toestemming daartoe.

22. Woordbepaling.

Enige uitdrukking omskryf in die Suikerwet, 1978 (Wet 9 van 1978), of in die Suikernywerheidsooreenkoms, 1979, wat kragtens die Wet afgekondig is, het, waar dit in hierdie Konstitusie gebruik word, die betekenis wat van tyd tot tyd in sodanige Wet of Ooreenkoms daaraan geheg word, tensy uit die samehang anders blyk.

No. R. 858   27 April 1979

CONTROL OVER THE EXPORT OF SUGAR AND SUGAR INDUSTRY PRODUCTS

The Minister of Economic Affairs has, in terms of section 10 (1) of the Sugar Act, 1978 (Act 9 of 1978), made the regulations set out in the Schedule, after consultation with the South African Sugar Association.

SCHEDULE

1. In these regulations—

"the Act" means the Sugar Act, 1978 (Act 9 of 1978);

"the Agreement" means the Sugar Industry Agreement published under section 4 (1) of the Act;

and any other word or expression defined in the Act shall, unless the context otherwise indicates, have the meaning so defined.

2. No person shall export sugar or any sugar industry product from the Republic of South Africa to any other country or territory other than those countries and territories referred to in clause 52 (4) of the Agreement, namely the territory of South-West Africa, Lesotho, Botswana, Swaziland, Bophuthatswana, and other independent states formerly part of the Republic of South Africa, as and when they are established, except under a permit issued by the Secretary for Industries.

3. Any person wishing to obtain a permit referred to in regulation 2 shall apply to the Secretary for Industries, Pretoria.

4. Any person who contravenes any provision of regulation 2 shall be guilty of an offence and liable upon conviction to a fine not exceeding R500 or to imprisonment not exceeding a period of six months, or to both such fine and such imprisonment.

No. R. 858   27 April 1979

BEHEER OOR DIE UITVOER VAN SUIKER EN SUIKERNYWERHEIDSPRODUKTE

Die Minister van Ekonomiese Sake het kragtens artikel 10 (1) van die Suikerwet, 1978 (Wet 9 van 1978), die regulasies in die Bylae uiteengesit, gemaak na oorlegpleging met die Suid-Afrikaanse Suikervereniging.

BYLAE

1. In hierdie regulasies beteken—

"die Wet" die Suikerwet, 1978 (Wet 9 van 1978);

"die Ooreenkoms" die Suikernywerheidsooreenkoms wat kragtens artikel 4 (1) van die Wet afgekondig is;

en het enige ander woord of uitdrukking wat in die Wet omskryf is, die betekenis wat aldus daaraan geheg word, tensy uit die samehang anders blyk.

2. Niemand mag suiker of 'n suikernywerheidsproduk uit die Republiek van Suid-Afrika na enige ander land of gebied, uitgesonderd daardie lande en gebiede wat in klousule 52 (4) van die Ooreenkoms genoem word, naamlik die gebied Suidwes-Afrika, Lesotho, Botswana, Swaziland, Bophuthatswana, en ander onafhanklike state wat voorheen deel van die Republiek van Suid-Afrika uitgemaak het, na gelang hulle tot stand kom, uitvoer nie, behalwe kragtens 'n permit deur die Sekretaris van Nywerhede uitgereik.

3. 'n Persoon wat 'n permit in regulasie 2 vermeld, verlang, moet by die Sekretaris van Nywerhede, Pretoria, daarom aansoek doen.

4. Enigiemand wat enige bepaling van regulasie 2 oortree, begaan 'n misdryf en is by skuldigbevinding strafbaar met 'n boete van hoogstens R500 of met gevangenisstraf vir 'n tydperk van hoogstens ses maande of met sodanige boete sowel as sodanige gevangenisstraf.

AGROPLANTAE

This publication is a continuation of the South African Journal of Agricultural Science Vol. 1 to 11, 1958–1968 and deals with Agronomy, Ecology, Agrostology, Genetics, Agricultural Botany, Landscape Management, Herbicides, Plant Physiology, Plant Production and Technology, Pomology, Horticulture, Pasture Science and Viticulture. Four parts of the journal are published annually.

Contributions of scientific merit on agricultural research are invited for publication in this journal. Directions for the preparation of such contributions are obtainable from the Director, Agricultural Information, Private Bag X144, Pretoria, to whom all communications in connection with the journal should be addressed.

The journal is obtainable from the above-mentioned address at R1,50 per copy or R6 per annum, post free (Other countries R1,75 per copy or R7 per annum).

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Verdienstelike landboukundige bydraes van oorspronklike wetenskaplike navorsing word vir plasing in hierdie tydskrif verwelkom. Voorskrifte vir die opstel van sulke bydraes is verkrygbaar van die Direkteur, Landbou-inligting, Privaatsak X144, Pretoria, aan wie ook alle navrae in verband met die tydskrif gerig moet word.

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THE ONDERSTEPOORT JOURNAL OF VETERINARY RESEARCH

The Onderstepoort Journal of Veterinary Research is printed by the Government Printer, Pretoria, and is obtainable from the Director, Division of Agricultural Information, Department of Agricultural Technical Services, Private Bag X144, Pretoria, 0001, to whom all communications should be addressed.

This publication is a continuation of the Reports of the Government Veterinary Bacteriologist of the Transvaal which date back to 1903 and of which 18 have appeared up to 1932. These were followed by 40 volumes of the Onderstepoort Journal. At present each volume comprises four numbers which are obtainable at R2, other countries R2,50 per number from the above address.

Directors of laboratories etc. desiring to exchange publications are invited to communicate with the Director, Veterinary Research Institute, P.O. Onderstepoort, 0110, Republic of South Africa.

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THE ONDERSTEPOORT JOURNAL OF VETERINARY RESEARCH

Die "Onderstepoort Journal of Veterinary Research" word deur die Staatsdrukker, Pretoria, gedruk en is verkrygbaar van die Direkteur, Afdeling Landbou-inligting, Departement van Landbou-tegniese Dienste, Privaatsak X144, Pretoria, 0001, aan wie ook alle navrae in verband met die tydskrif gerig moet word.

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AGROANIMALIA

This publication is a continuation of the South African Journal of Agricultural Science Vol. 1 to 11, 1958–1968 and deals with Animal Production and Technology, Livestock Management and Ecology, Physiology, Genetics and Breeding, Dairy Science and Nutrition. Four parts of the journal are published annually.

Contributions of scientific merit on agricultural research are invited for publication in this journal. Directions for the preparation of such contributions are obtainable from the Director, Agricultural Information, Private Bag X144, Pretoria, to whom all communications in connection with the journal should be addressed.

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This publication is a continuation of the South African Journal of Agricultural Science Vol. 1 to 11, 1958–1968 and deals with Entomology, Zoology, Plant Pests, Nematology, Plant Pathology, Microbiology, Mycology, Taxonomic Studies, Biology and Control. Four parts of the journal are published annually.

Contributions of scientific merit on agricultural research are invited for publication in this journal. Directions for the preparation of such contributions are obtainable from the Director, Agricultural Information, Private Bag X144, Pretoria, to whom all communications in connection with the journal should be addressed.

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THE FLOWERING PLANTS OF AFRICA

This publication is issued as an illustrated serial, much on the same lines as Curtis's Botanical Magazine, and for imitating which no apology need be tendered.

The desire and object of the promoters of the publication will be achieved if it stimulates further interest in the study and cultivation of our indigenous plants.

The illustrations are prepared mainly by the artists at the Botanical Research Institute, but the Editor welcomes contributions of suitable artistic and scientific merit from kindred institutions.

Each part contains 10 plates and costs R5 per part (other countries R5,25 per part). Two, three or four parts may be published annually, depending on the availability of illustrations. A volume consists of four parts. From Volume 27, the price per volume is: Cloth binding, R30; morocco binding, R35 (other countries, cloth binding R31; morocco binding R36).

Obtainable from the Director, Division of Agricultural Information, Private Bag X144, Pretoria.

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DIE BLOMPLANTE VAN AFRIKA

Hierdie publikasie word uitgegee as 'n geïllustreerde reeks, baie na die aard van Curtis se "Botanical Magazine". Die doel van die werk is om die skoonheid en variasie van vorm van die flora van Afrika aan die leser bekend te stel, om belangstelling in die studie en kweek van die inheemse plante op te wek, en om plantkunde in die algemeen te bevorder.

Die meeste van die illustrasies word deur kunstenaars van die Navorsingsinstituut vir Plantkunde gemaak, dog die redakteur verwelkom geskikte bydraes van 'n wetenskaplike en kunsstandaard afkomstig van verwante inrigtings.

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MEMOIRS OF THE BOTANICAL SURVEY OF SOUTH AFRICA

The memoirs are individual treatises usually of an ecological nature, but sometimes dealing with taxonomic or economic botany. Thirty-nine numbers have been published, some of which are out of print.

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MEMOIRS VAN DIE BOTANIESE OPNAME VAN SUID-AFRIKA

Die memoirs is individuele verhandelinge, gewoonlik van 'n ekologiese aard, maar soms handel dit oor taksonomiese of ekonomiese plantkunde. Nege-en-dertig nommers is reeds gepubliseer, waarvan sommige uit druk is.

Verkrygbaar van die Direkteur, Afdeling Landbou-inligting, Privaatsak X144, Pretoria.

Verkoopbelasting moet by binnelandse bestellings ingesluit word.

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SUGAR

③ Sugar

Sticky situation

FM 11/5/79

The sugar industry's unfortunate plight is due to circumstances largely beyond its control. Nor is there any immediate prospect of escape. Exports are restricted under ISA quotes by roughly a third and local market sales are being inhibited by price increases.

This was particularly noticeable in the 1977-78 season when local sales were almost 10% down after the price had risen from R108/t to R246/t over a mere two seasons. However, local market manager for the SA Sugar Association, Frans Oosthuizen, tells the *FM* that the position appears to have stabilised. In the season just ended, sales were marginally up by 2 676 t to 1 064 773 t and in the current season he is estimating a 20 000 t increase on the premise that price increases are unlikely.

A feature of last season's local market sales was a 10% increase in the take-off by mineral water manufacturers, whose sales had slumped after price increases the previous season. Recovery in this quarter is particularly welcome to the sugar industry, which was becoming increasingly concerned over competition through substitution by dextrose. The maize price increase has helped stave off this threat a while longer.

But it is the direct sale of sugar to consumers which accounts for three-quarters of domestic market sales, and is therefore far more important than the industrial use of sugar. Blacks account for over 70% of the market population, and, according to 1975 figures, bought over 60% of all household sugar. If black incomes increase by 10%, expenditure on sugar goes up by 3% — which is higher than corresponding spending by other race groups.

Hardly surprising therefore that 70% — 80% of the industry's advertising expenditure has been directed to selling sugar to blacks. Now a TV advertising campaign has been started to bolster the white market.

Oosthuizen is cautious in predicting the future. "Allowing for increases in the domestic price to keep it in line with production costs, a moderate increase in real disposable personal income; an increase in the CPI of 11% in 1978-79 declining to 9% in 1981-82; and allowing for a population growth of 2,5% a year, it is estimated that the total domestic demand for sugar will not reach the 1976-77 figure of 1 146 000 t before 1981-82.

"This will have a significant short-term effect on production capacity, refining capacity, pre-packing operations, and distribution patterns," Oosthuizen declares.

It also adds urgency to the need for a better world market. How this is to be obtained is another matter.

Canefields . . . lump in the throat

CG SMITH SUGAR

Needing a stir

CG Smith Sugar's interim profit forecast was 26% out. But the error was in the right direction and announcement of the 95c a share earnings (106c) added 25c to the share price, 630c, early this week after November's interim statement forecast an earnings fall to 70c.

Trading profit for the year to March 31 rose 8,8% to R23,8m (R21,8m). Dividend income, 2? ?% down to R2,2m, and a higher tax rate of 42,1% (36,7%), were the principle reasons for the earnings decline, say the directors.

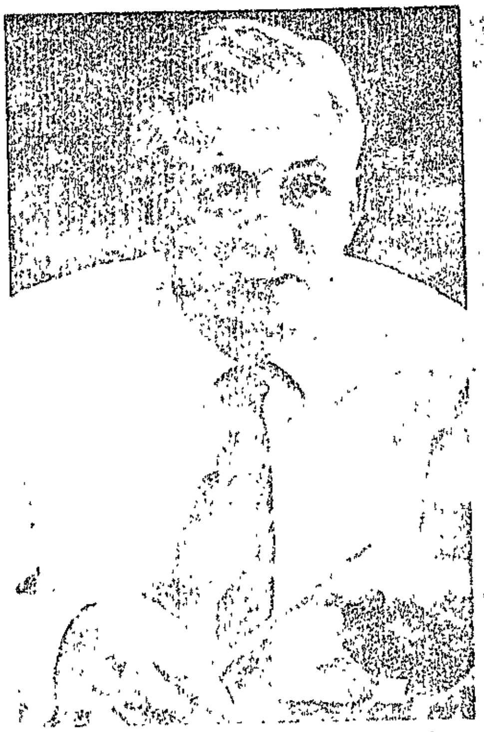
After covering dividends due on the 9,4m variable rate prefs, issued last year for the acquisition of the Illovo group, attributable profit is down to R14,1m (R15,2m). Total dividends were cut to 70c (75c) leaving cover almost unchanged at 1,36 (1,4).

Trading profit would have been higher than R23,7m, say the directors, had it not been for the R19,3m industry deficit which had to be financed by the sugar companies. The season's total deficit, R54m, was partly financed by a R25m loan raised overseas by the SA Sugar Association, and by the use of the price stabilisation fund's remaining R9,7m.

Revaluation of assets resulted in an additional depreciation charge which helped reduce trading profit though details of this have to await the annual report.

The price stabilisation fund, over R160m at end-1975, is now empty – clear evidence of the industry's plight. Any extra reminder of the need to improve returns is useful, however, and the depreciation charge could help to paint the type of picture needed for a revision of the domestic controlled sugar price.

World sugar prices (197? LDP) show no signs of improving, and SA's export allo-



Smith's Frank Jones . . . looking for more cash

cation remains fixed at 875 000 t. There is little chance of the domestic price being revised this year although consumption seems to be picking up. The industry, however, is gearing itself for another large deficit.

The SA Sugar Association is to borrow another R25m overseas, but a deficit of R54m would mean R29m funding by the sugar companies. Another earnings drop for CG Sugar is on the cards although the company, together with Tongaat, may gain from an estimated 25% cane shortfall predicted for Huletts as a result of the severe December/January drought, which mostly affected Huletts areas.

The current year, says chairman Frank Jones, is filled with many imponderables. The outlook is not hopeful, and there is little reason for the share's 11,1% dividend yield. The company is no better off than over the past two years when the yield averaged 12,1% in 1977 and 12,2% in 1978.

Ian Muil

Gedurende die verslagja
Sentrum die volgende be

A. Mobiliteit en Polit

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46/ Rhodesia Herald, 13 January 1976, Emphasis added. For a critique of this 'exploration' of the 'labour shortage' in agriculture see D.G. Clarke, Agricultural Workers, op.cit.

47/ D.G. Clarke, Contract Workers, op.cit.

48/ By unforeseen I mean that in Rhodesia it was not even considered a likely option until the announcement of the Agreement. In the source cited in the previous footnote I had argued that the structural tendencies in foreign African labour policy were leading to an 'internalisation' of labour supply mechanisms in Rhodesia. Whilst the case at the time, in retrospect this view should be qualified by the new fact of 'internalisation' and labour export.

49/ See C.S.O., African Employees By Country of Origin, DL/978/15, Salisbury, (mimeo).

50/ For data see Rhodesia, Monthly Digest of Statistics, C.S.O. Salisbury, 1976. The 1973 'inflow' of 3 950 comprised a large number of re-registrations of 'foreign adult African males' by the authorities.

51/ Part of the high 1975 exodus was occasioned by an outflow of Mocambiquan workers in the Eastern Districts leaving employment in the wake of the establishment of Frelimo control over Mocambique, See for example, Rhodesian Financial Gazette, 30 October 1975.

52/ See here details in RALSC, Chairman's Report for the Financial Y[...] Ended 31 December 1974, Salisbury, (mimeo). The 1975 Annual Report, due in March 1976, has been delayed, reportedly until May. It is understood this may be connected with the possible decision to close the RALSC and 'call it a day' as well as save monies for the excheque[...] Should this happen, one of the most damaging institutions in the econ[...] will have come to a formal end. The end it served, however, will remain unaltered by such an event - other means (e.g. the use of informal internal African labour mediating labour-scarce farms and labour-surplus reserves) having already been put into operation to supplant the 'parent' mechanism for the generation and 'canalising' of cheap labour supplies to plantations.

53/ See Rhodesia Herald, 5 May 1975.

54/ C.S.O., African Employers, op.cit.

55/ Rhodesia, Parliamentary Debates: House of Assembly, 4, 92, 17 Feb., 76.

56/ C.S.O., African Employees, op.cit.

57/ Based on discussions with the Wenela General Manager in Rhodesia, Mr. H. Plumb, February 1976.

58/ For some reasons why the labour content of gold production has been stressed see M. Williams; An Analysis of South African Capitalism: Neo-Ricardianism or Marxism, Bulletin of the Conference of Socialist Economists, IV, 1, February 1975.

59/ ....

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Business Mercury

Sugar loans 'inadequate'

Financial Editor

MR. FRANK Jones, executive chairman of C. G. Smith Sugar Ltd., gives a warning in his annual statement that the loans raised to help the sugar industry through its present period of low export prices and restricted production, will not be sufficient to meet the requirements of millers and growers.

Mr. Jones writes, however, that the industry has been through these conditions before.

"It has endured them and emerged better placed to exploit the opportunities which the world market presents to efficient producers like ourselves.

"In addition, our industry has the stability of a strong local market from which we are now recovering the full costs of production and margins in respect of more than one half of our total production."

Mr. Jones says he finds it difficult to forecast when world prices for sugar will recover.

However, he hoped that at the session of the International Sugar Council, due to commence on June 14, the USA would clarify its intentions regarding the ratification of the International Sugar Agreement and the Common Market might be persuaded to accept the same restraints on its exports as those of the member - exporting countries.

"This would have an immediate and favourable effect on the world sugar price."

SUGAR (3) Sugar

FM 1/6/79

Another low season

SA's **sugar industry** is unlikely to match last season's production of 2,08 Mt in the season which began on May 1, only because it is obliged to restrict production. True, severe drought, particularly in Zululand, has taken a toll. But this could be more than compensated for by good crops in other areas, and cane which had to be left standing last season.

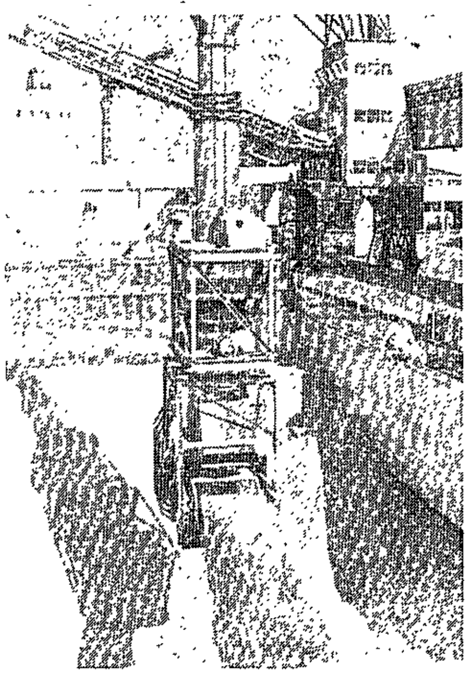
SA Cane Growers' general manager Ernie Morrison tells the *FM* that early estimates pointing to a record crop need re-checking, but it is clear that the crop will exceed demand. Currently a 19,5% cut is imposed on growers able to deliver full quotas and with cane to spare. As the season progresses, the figure is expected to come down as shortfalls are re-allocated. Local market sales are estimated at 1 080 000 t and the export quota is limited to 680 000 t.

The International Sugar Agreement's full stock requirement was put away last season so it looks as if the SA Sugar Association will end up by having to find a home for around 200 000 t of sugar. The only real possibility is to export sugar in a form not classified under ISA rules.

In the past, high test molasses has been one such avenue and Sugar Association GM Peter Sale says the industry is actively considering other products. Tongaat recently sold 4 000 t of sucrose (low-grade sugar) to Spain for use as animal feed.

Last season the industry incurred a R54m deficit. It was covered by using R9,7m left in the Price Stabilisation Fund, a loan of R25m raised on the international capital market and the balance of R19,3m was borne by the industry. In the circumstances, the industry is puzzled and not a little resentful that it is obliged to carry 20% of cost increases under the erstwhile anti-inflation campaign. In the current season, this could be about R5m. It seems clear that at least another R25m will have to be borrowed in the 1979-80 season to prevent undue hardship.

On the broader front, Morrison believes "the sugar market is not looking very healthy." Two major problems are the



Sugar exports . . . between the ISA and the deep blue sea

continued failure of the US to ratify the ISA and failure of EEC producers to limit production. Morrison reckons that some under-developed producer countries are finding it difficult to finance stocks and may withdraw from the ISA. Defections on any scale could lead to the agreement collapsing.

Even so, there would probably be some form of voluntary restraint as increasing world sugar stocks would clearly not be in producers' interests. Whatever happens, it looks as if the producers will have to take a caning for at least another season.

PROFESSIONAL ADVICE

Gedurende die verslagjaar het die navorsi
Sentrum die volgende behels:

A. Mobiliteit en Politieke Verandering i
Hierdie projek is 'n paar jaar gelede aang
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Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, baie vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switzerland, Swede, Israel en Zambië besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

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Hope for sugar farmers

3 Sugar 5/10/79 N.M.

Mercury Reporter

THE Minister of Agriculture, Mr. Hendrik Schoeman, yesterday described the plight of sugar farmers as "unenviable but temporary."

In a speech read in Durban by Dr. J. W. C. Mostert of the Department of Agricultural Technical Services on behalf of Mr. Schoeman — who was to have opened the annual congress of the South African Sugar Technologists' Association — Mr. Schoeman said sugar farmers had been placed in an unenviable position because of rising production costs and a surplus of sugar on world markets.

Growth

Mr. Schoeman said growth in annual consumption of sugar had dropped from 10 percent a few years ago to a current low of 2 percent.

He said farmers' incomes had dropped and "the industry is back to where it was five years ago".

In his presidential address to the congress, Dr. Gerald Thompson, director of the South African Sugar Association's experiment station at Mount Edgecombe, said many countries in the world were increasing spending on research especially on work that had a more immediate effect on industrial performance.

Spectacular

Outlining some of the more spectacular breakthroughs in agricultural research Dr. Thompson said American scientists had developed strains of wheat, barley and tomatoes which could grow in soils irrigated with sea water.

Mr. E. J. Buchanan, technical adviser to the S.A. Cane Growers' Association, said a careful evaluation of ethanol should be made, considering the local price of petrol had increased by 400 percent in the past two decades.

He was one of several speakers at a fuel-from-sugar cane session at the meeting.

A 20 percent ethanol-petrol blend did not differ markedly from petrol. Experience in Brazil and the United States confirmed there were no problems in standard car engines with this blend, he said.

Blends

"Such blends have a number of advantages over straight petrol including a higher anti-knock value, lower exhaust emissions, higher efficiency and possibly more kilometres per litre," said Mr. Buchanan.

Other speakers agreed in general with him.

"The technology for ethanol manufacture from sugar cane is well established and proven," said Mr. A. B. Ravno of the Sugar Milling Research Institute.

But since the State was committed to massive expenditure on the oil-from-coal Sasol development, the competitive position of ethanol — at present costing about the same as the retail price of petrol to produce — would not be determined by free enterprise.

C G SMITH SUGAR (3) Sugar Fm 15/6/79

Riding out the storm

Activities: *Integrated sugar group with an annual milling capacity of 750 000 t and 22 500 ha under cane on its own estates. Owns 42% of C G Smith & Co (which in turn owns 48% of Smith Sugar); 14% of Crookes; and 63% of SA Sugar Distributors, which handles 85% of domestic sales.*

Chairman: *F R Jones; managing director: R A Norton.*

Capital structure: *14,9m ordinaries of R1. 9,4m variable rate red cum prefs of R1. Market capitalisation: R90,9m.*

Financial: *Year to March 31 1979. Borrowings: long and medium term, R9,6m; net short term, R0,5m. Debt:equity ratio: 5,2%. Current ratio: 1,4. Net cash flow: R15,9m. Capital commitments: R8,5m.*

Share market: *Price: 610c (1978-79: high, 700c; low, 435c; trading volume last quarter, 128 000 shares). Yields: 15,2% on earnings; 11,5% on dividend. Cover: 1,3. PE ratio: 6,6.*

	'76	'77	'78	'79
Return on cap %	14,4	16,1	15,0	13,3
Turnover (Rm)	102	111	186	189
Gross profit (Rm)	20,3	21,6	25,8	28,3
Gross margin %	19,9	19,5	13,9	15,0
Earnings (c)	94	102	98	93
Dividends (c)	65	75	75	70
Net asset value (c)	1 006	957	1 042	1 245

C G Smith Sugar shareholders can thank the group's good financial management for a drop of only 5c in dividend payout to 70c a share. The results, and the future, could otherwise have supported a board decision to pay much less. Reviewing the year ended March 31 1979, outgoing chairman Frank Jones sees little chance in the short term of a recovery in world sugar prices, and forecasts a further fall in sugar proceeds which will not satisfy the industry's return on investment requirements.

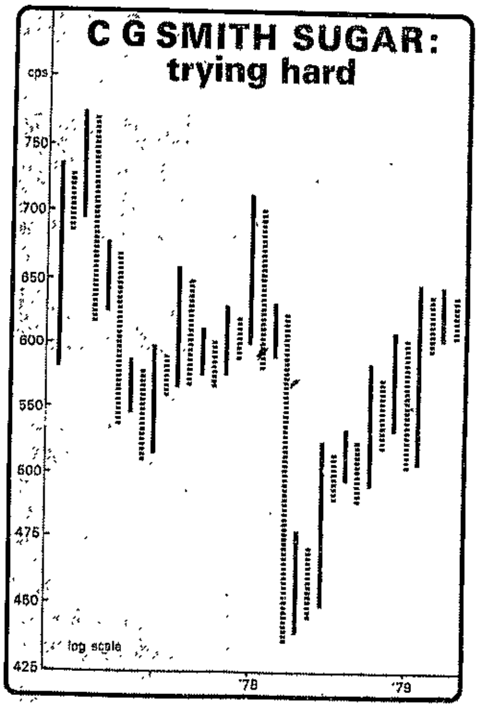
The industry's Price Stabilisation Fund, as high as R94,4m at the end of the 1974-75 season, is now depleted. Last year the industry borrowed R25m overseas to make up the shortfall — calculated on a return on capital basis differing for millers and growers. This year the industry will borrow another R25m, but the shortfall is expected to be more than double that.

Smith Sugar, expecting to produce 37% of the 1,95 Mt production requirement set for the industry for the current season, will thus be in for about R9,3m of the shortfall. Overall, sugar production during the 1978-79 season, restricted by International Sugar Agreement quota provisions, dropped by 42 500 t to 732 400 t, equivalent to 35,4% of the industry total.

The effects of the restrictions were buffered to some extent by the Melville acquisition, which diverted cane to the Gledhow mill and boosted production by 13 660 t to over 153 000 t. Noodsberg, in a "new grower" area, and therefore exempt from restrictions, increased production by over 11 000 t to 121 350 t, and "is not yet at full potential."

High milling recovery rates — only Pongola was below the industry average of 86,55% sugar-from-sucrose level — was another factor which helped keep the milling and refining contribution to taxed profit unchanged at 58%.

On a 97,6% milling utilisation and 95% cane growing utilisation, the company marginally increased turnover to R189m. On this, a trading profit of R23,8m



(R21,8m) was made. But the group is one of SA's pioneers on inflation accounting and a depreciation of R12,2m (R6,5m) has been charged. This is determined on a straight line depreciation basis and is adjusted upwards for the cost of asset replacement.

Good insurance, as shareholders have seen, is that all investment or capital surpluses are considered non-distributable. As such, non-distributable reserves rose by R26,9m, or 181c a share, to R104m.

The strength of Smith Sugar's equity base is further enhanced by the policy of writing off all intangibles. So the R2m paid for Melville's milling rights has already been written off. Nevertheless, the adjusted earnings figure of 93c (98c) does not tell the whole story. Net worth, for example, continues to grow, rising last year from 1 042c to 1 245c.

Immediate capital commitments total Smithchem furfuryl alcohol plant. This will be financed by a low-rate, long-term will be financed by a low-rate, long-term IDC loan. The rest will be internally funded. With a net cash flow of nearly R16m and cash and near-cash (sugar stocks) of R39m, this year's commitments are relatively insignificant.

The group appears to be restricted in terms of available capacity to meet anticipated future demand. Projections of a 30% increase to 4,5 Mt of cut cane a year in the South Coast area over the next five years have set in train plans for the expansion of milling facilities of the three South Coast mills. Other mills receiving immediate attention are Sezela, Illovo, and Umzimkulu.

Not all of Smith Sugar's earnings flow from milling and refining. In 1979, the Smithchem furfural operation, warehousing, and the CG Smith and Crookes investments contributed almost 30c a share to earnings. Both Smithchem and warehousing are likely to significantly increase contributions this year.

In general, the company is well placed to ride out the worldwide sugar glut and low prices. Eventually, all gluts end, but it will only be then that the efficient refiners/millers will reap their rewards.

At 610c the share yields 11,5%. But it is not only on dividends or earnings that the share should be rated. On net worth considerations, the group is strong enough to survive violent swings in the sugar industry — and on this basis it is undervalued. The share is on a 51% discount to nav. This compared with an average discount of 39,8% over the previous three years and 22% over the past six years.

Ian Mail

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of to the shares or stock therein the delivery of the share warrant.

If in the case of a company the shares, provision is made by the the rights attached to any class

3 Sugar

24/6/79

Stand Tribune

Sugar men may borrow another R25 million soon

By TONY HUDSON Finance Editor

THE SUGAR INDUSTRY is still in dire straits and indications are that another loan of R25 million will be needed to raise cane prices.

John Chance, chairman of the South African Cane Growers' Association said at the organisation's annual meeting this week: "However, present indications are that even wth the assistance there could be less proceeds available to the industry to meet returns on capital than was the case last season."

He said the incoming committee should look carefully at the wisdom of raising such a sum.

"At the end of the season," he said, "we will already owe R50 million and it may be considered unrealistic for the industry to get further into debt."

Chance said a number of ways and means had been considered to increase income to the industry and cut costs.

One was the entering into contracts with the South African Railways for the bulk transport of sugar by rail from the mills in Natal to Johannesburg which has resulted in significant savings in both money and fuel.

Chance told the meet that further discussions were underway to obtain cheaper rates for the bulk transport of sugar to the Witwatersrand.

If the talks were successful, the industry would build a bulk terminal in the Witwatersrand which would offer sugar to bulk customers in the Transvaal.

In addition to the savings on transport costs, there would be a major benefit in cost savings through the elimination of bags.

Another factor was the possibility of increased export sugar prices. Chance was fairly optimistic this was in sight, for the massive sugar surplus was slowly dwindling: the US would soon sign the International Sugar Agreement and European beet production could decrease because of possible adverse weather.

Another area to be looked at, said Chance, was the domestic market. While it was unlikely, the local price would increase any more than covering increased production costs; he felt the marketing effort could be considerably improved.

He said marketing of sugar, which at present is handled by two companies, should be brought under one umbrella orgainisation.

Star BUSINESS

SA's sugar industry is R50m in the red

3 Sugar 3 Sd. 28/6/79

Own Correspondent

DURBAN — The sugar industry is in debt to the tune of R50m, says Mr Frank Jones, chairman of the South African Sugar Millers Association.

In his chairman's statement to the association he said the price stabilisation fund was exhausted and a further increase in the domestic prices of sugar and molasses was one of the few avenues available to reduce the deficit which grew to R53,9m last year.

"Against the background of continuing high inflation, I believe regular and moderate price increases must continue to be made to meet increasing production costs and also to avoid the disruptive effects of large and infrequent price adjustments," he said.

Mr Jones found two reasons to be optimistic about the future of the international sugar markets:

- The world price of sugar would rise to the minimum 11 US cents a pound — about R208,80 a ton — set by the International Sugar Agreement before the end of the current season in February next year.
- The European Economic Community would be persuaded to curtail exports of heavily subsidised beet sugar under pressure from America after that country officially ratifies the ISA.

The current world price of sugar is 25 percent below the ISA minimum and compares with the R291 a ton for white and R267 a ton for brown now earned from local sales and which just cover the costs of production.

Focusing on the high price of crude oil and the national fuel crisis Mr Jones urged the Government to grant permisison for more cane areas to be opened up in the Eastern Transvaal, kwaZulu and on the Makitini Flats for the production of ethanol and for a change in the policy on duties and levies.

This would provide private enterprise with the security required to make the capital investment in ethanol plants adjacent to every sugar mill.

"As a prerequisite to any decision being taken, let alone in engaging in planning or negotiations, a positive statement by the Government is sought regarding the role of ethanol in the national energy strategy, he said.

RESTRICTION

Ethanol could make a "material contribution" to the country's energy supply, but not, said Mr Jones, at the expense of the sugar export market which under normal circumstances of one million tons a year brought in R250m in foreign exchange.

The export quota had now been cut to 680 593 tons but despite this restriction the foreign markets had to be maintained to ensure the future of the industry and future foreign exchange income

It would be ridiculous to convert one million tons of sugar a year to 600m litres of ethanol and additional cane was required to use the alcohol as a fuel extender for mixing with petrol and dieseline.

It was up to the Government to make its policy clear as soon as possible said Mr Jones.

Export of Natal sugar hampered

28/6/79 N.M 3(Sugar)

Deputy Financial Editor

SUGAR exports from Natal and Transvaal are being hampered because South Africa has signed the International Sugar Agreement. If this had not occurred the country would be able to sell all its sugar to established customers.

Mr. R. K. Ridgway, vice-chairman of the S.A. Sugar Millers' Association, said yesterday: "Recent contacts with our markets in Japan, Korea and Canada confirm that not only are our sugars very highly regarded from a quality point of view, but there is also a strong demand in these markets for quantities well in excess of those we are able to supply under the restrictions of the I.S.A."

He went on to say it was important that the high quality of sugar should be maintained because this was where the main marketing strength lay.

Possibilities

Mr. Ridgway said interesting possibilities existed for fuel from sugar and although caution must be exercised in regard to the sugar export market, the industry should examine the alcohol possibilities in the greatest of detail.

"On the one hand very considerable difficulties exist in examining the potential in the light of a Government fuel policy which is far from clear," Mr. Ridgway said.

Fuel supplies

Production of alcohol would require a substantial amount of investment capital and this could not be "realistically contemplated" until the Government clarified its long-term thinking on supplementary fuel supplies.

It was important that any venture should be considered as long-term and not on a stop-start basis.

Mr. Ridgway said there were many areas in KwaZulu, and perhaps Transkei, which had not been exploited because the return allowed to the sugar industry had not been adequate.

"Very substantial areas are available for sugar cane production in these territories."

Mr. Ridgway said: "I believe the time has come for the industry to take positive action in regard to examining the possibilities and potential of alcohol production in relation to its future development and that of the homelands, and to obtain clarity from the Government as to its long-term strategic and economic thinking on fuel as far as it effects us."

Meanwhile, states Sapa, a warning that the price of sugar would have to be increased again to help the industry overcome its financial deficit, was given here yesterday by Mr. Frank Jones, chairman of the South African Sugar Millers' Association.

Debt of R50m

In his chairman's statement to the association he said the industry was now in debt to the tune of R50 million, the price stablisation fund was exhausted and a further increase in the domestic prices of sugar and molasses was one of the few avenues available to reduce the deficit which grew to R53 million last year.

"Against the background of continuing high inflation, I believe that regular and moderate price increases must continue to be made to meet increasing production costs and also to avoid the disruptive effects of large and infrequent price adjustments."

WEDNESDAY 7 MARCH

Beattie Theatre	13.00 hours	Film: Historical Society 1) Alexander the Great & the Hellenistic World (13min) 2) The Roman World (23 min) 3) The Decline of the Roman Empire
A.202 (Arts)	13.00 hours	Film: A.F.C. - The Ascent of Man - "Beginning of Agriculture in the Nomadic Way of Life"
A.215 (Arts)	13.00 hours	Yoga classes: Yoga Society
Beattie Theatre	19.00 hours	Campus Capers Auditions
N.S.L.T.	19.30 hours	Film: RAG: "Taxi Driver"
Education A.A.	20.00 hours	Film: Film Society

THURSDAY 8 MARCH

B.114 (Beattie)	13.00 hours	Meeting: Conservative Students Alliance
A.202 (Arts)	13.00 hours	Meeting: Integrity Society
Rhodes Room	18.00 hours	Cheese & Wine: Historical Society
Beattie Theatre	19.00 hours	Campus Capers Auditions

Issued by the Central Booking Office, Students' Union
P.A.B.X. 758 010379

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Sugar to go up again

DURBAN — A warning that the price of sugar would have to be increased again to help the industry overcome its financial deficit was given here yesterday by the chairman of the South African Sugar Millers' Association, Mr Frank Jones.

In his chairman's statement, he said the industry was R50 million in debt. The price stabilisation fund was exhausted and a further increase in the domestic prices of sugar and molasses was one of the few avenues available to reduce the deficit.

"Against the background of continuing high inflation, I believe regular and moderate price increases must continue to be made to meet increasing production costs and also to avoid the disruptive effects of large and infrequent price adjustments," he said.

Mr Jones found two reasons to be optimistic about the future of the international sugar market:

"That the world price of sugar would rise to the minimum R208,80 a ton, set by the international sugar agreement before the end of the current season, and that the European Economic Community would be persuaded to curtail exports of heavily subsidised beet sugar under pressure from America."

The current world price of sugar is 25 per cent below the ISA minimum and compares with the R291 a ton for white and R267 a ton for brown now earned from local sales. This just covers production costs.

Mr Jones urged the government to grant permission for more cane areas to be opened up in the Eastern Transvaal, KwaZulu and on the Makitini Flats, for the production of ethanol and for a change in the policy on duties and levies. — SAPA.

29/6/79

CROOKES BROTHERS

Holding back

Activities: *Cane growing and investment holding company. Wholly owns Crookes Plantations (Swaziland). Has a 6,6% stake in C G Smith and 2,7% of C G Smith Sugar.*

Chairman and managing director: *T C B Crookes.*

Capital structure: *2,5m ordinaries of R1. Market capitalisation: R8,75m.*

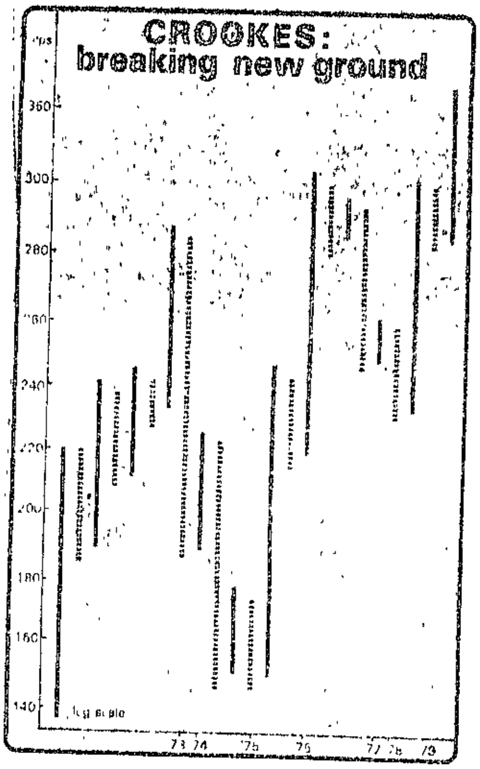
Financial: *Year to March 31 1979. Borrowings: long and medium term, nil. Net cash: R894 000. Debt:equity ratio nil. Current ratio 1,7. Net cash flow: R844 000. Capital commitments: R161 000.*

Share market: *Price: 350c (1978-79: high, 360c; low, 240c; trading volume last quarter, 31 300 shares). Yields: 15,1% on earnings; 8,3% on dividend. Cover: 1,8. PE ratio: 6,6.*

	'76	'77	'78	'79
Market and directors valuation of investments (Rm)	7,5	7,6	7,3	6,8
Investment income (R 000) ...	543	766	782	669
Return on cap %	11,8	9,8	10,5	10,2
Turnover (Rm)	2,8	3,8	4,3	5,3
Pre-tax profit (Rm)	1,7	1,4	1,5	1,6
Earnings (c)	51,3	46,7	49,2	52,6
Dividends (c)	26	29	29	29
Net asset value (c)	587	587	588	644

With the sale of its holdings in De Beers, Guardian, Amcoal, Unicorp, Unisec and Barclays, earnings for this Natal sugar group will now be split 50:50 between investment and agricultural income.

The shares were sold to finance the acquisition from C G Smith Sugar of the Langespruit farm in the Doornkop Estate.



These investments, which contributed 15% of dividends received by Crookes, were returning only 6% on directors' valuation. Though the return was higher on the purchase price (9,6%) it was not high enough and with improved results expected from cane growing operations, the funds realised will doubtless now show better returns.

Crookes' income in the year to March 31 1979 came from agriculture in South Africa (cane and coffee) — which contributed 32,5%; Swaziland (cane and citrus) provided 16,8%; and 50,7% from investments. The increase in agricultural income was due to an additional 54 000 t of cane from Langespruit while dividend income dropped largely as a result of a lower contribution from C G Smith.

Although restrictions were imposed on cane production (31 000 t were left unharvested) total group production was 24 000 t up at 250 000 t. But, although sucrose content was slightly lower in both Swaziland and SA, the average sucrose price was R104,05 (R93,45).

The inheritance of a coffee plantation in the Langespruit package added R33 000 to profits — and with coffee prices rising this venture could prove rewarding.

The R523 000 capital profit made on the sale of part of the share portfolio has been transferred to non-distributable reserves, which might just peeve some shareholders who have now had dividends pegged at 29c for the past three years. But the directors take pains to explain to shareholders who "might rightfully feel disappointed" that a high level of retention is necessitated by the current world imbalance between supply and demand for sugar. Nevertheless, the dividend cover at 1,8 times is not high. But in view of the company's clean borrowing slate this might be seen as more than adequate.

There are some areas with speculative appeal, such as the granting to Phelps Dodge of base metal exploration rights in the Umponbinyoni valley. And coffee might give results a further boost in the current year. For the rest, the group's future is unlikely to deviate much from the past year's performance.

The company's conservatism and the fragmented holding of the Crookes family, over 38% in small parcels, lend a touch of boredom to this stock. At 350c the share is fully priced but has potential for those whose portfolio has need of a mild yield sweetener.

FM 6/7/79 (3) Sugar

HULETTS

Room for expansion

Activities: *Investment holding company with interests largely in sugar and agriculture. The group has diversified into aluminium, paper, transport, property, engineering and timber. C G Sugar owns 33,5% of equity.*

Chairman: *C J Saunders; managing director: C van der Pol.*

Capital structure: *30,6m ordinaries of R1; 2,8m 6,5% red cum prefs of R1; 5,3m variable rate red cum prefs of R2. Market capitalisation: R106,2m.*

Financial: *Year to March 31 1979. Borrowings: long and medium term, R49,8m; net cash, R24,6m. Debt: equity ratio: 25,7%. Current ratio: 1,6. Group cash flow: R35,4m. Capital commitments, R10,2m.*

Share market: *Price: 347c (1978-79: high, 355c; low, 160c; trading volume last quarter, 260 000 shares). Yields: 15,6% on earnings; 10,7% on dividend. Cover: 1,5. PE ratio: 6,5.*

	'76	'77	'78	'79
Return on cap (%) ...	12,9	11,2	11,8	14,7
Turnover (Rm)	248	288	300	337
Pre-tax profit (Rm) ..	20,8	22,7	27,7	38,3
Gross margin (%)	10,9	10,1	11,5	13,9
Earnings (c)	51,4	45,6	42,6	54,2
Dividends (c)	33	31	28	37
Net asset value (c) .	483	521	548	658

Huletts' balance sheet suggests that a R150m expansion programme could be initiated if the right investment opportunities were to arise. With its current R62m in borrowings, debt:equity ratio is 25,6%, according to the *FM's* calculation. Now its policy is to limit its loan capital to 75% of shareholders' funds. To achieve its limit, Huletts would have to increase its borrowings by R118m. Then there is R36,8m in cash which could also be applied to further expansion, as cash flow adequately covers working capital requirements, interest and dividends.

Chairman Chris Saunders makes no secret of his group's intention of applying its excess capacity to new investments as opportunities arise. However, the opportunities within the existing group structure appear to be lacking. Last year's capex amounted to R14,9m

THE RADIOCARBON CHRONOLOGY

The rates derived from the simulations have shown that the fission model provided the fastest rates of expansion. The fission model was also characterised by a lower rate of expansion for a single culture than for the whole tradition. A comparison of the rates of expansion derived from the models with values derived from the radiocarbon chronology should provide a test of the appropriateness of the two models.

METHOD

Early Iron Age radiocarbon dates provide estimate of the period during which a site was occupied. Radiocarbon dates have an estimate of variability associated with them and it was decided therefore, that the rate of spread could not be calculated directly from the dates and a curve fitting technique was used. Linear regression analysis ... best fit straight line. derived

earliest ...

to other early sites was measured. The regression line was then calculated and rates of expansion were derived from the results.

The sites and associated dates used in the present study are shown in tables seven, eight, and nine.

RESULTS

The regression line for the Urewe culture had a slope of 0,54 with the origin at 92 years (Fig.4). This gave a rate of expansion of 0,57 Km/year. The slope for the Urewe to Silver Leaves expansion was 0,116 with the origin at 34 years. The overall expansion rate was 9,6 Km/year (Fig. 4). The overall rate of expansion corresponded fairly well with the values derived from the simulation (Table 2) with moderate to high rates of population growth (0,035; 0,040) and medium population densities (5-10/Km^2).

The slope of the regression for the Kwale to Silver Leaves route was 0,096 with the origin at 138 years (Fig.5). The expansion rate was 10,3 Km/year considerably slower than the values derived from the discontinuous spread model (Table 6).

The values for the rates of expansion derived from the radiocarbon chronology are considerably faster than the values for the wave of advance model (Table 1) and this coupled with the evidence for a difference between ... for a single culture and the whole tradition provided ... of the Early Iron Age expansion.

...SION

...ly Iron Age radiocarbon chronology ...ering in the flutted and bevelled ...nt analysis differed from the eastern ...lysis in no way supported the ...hillipson (1975; 1977). However the ...dicated a North to South spread and

...es associated with the simulations of ...that the wave model (Soper, 1971a) is ...f spread generated by the simulations of the discontinuous spread ... suggest that this was the most likely mechanism of dispersal. This mechanism mimics movements known from oral tradition (Kimambo, 1974; Legassick, 1969; Monnig, 1967; Turner, 1954; Were 1974). The groups that were hived off would have moved some distance and settled and they could have acted as nuclei for further expansion. Because more than one

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SUGAR SHARES

(3) Sugar

Ethanol sweetener

FM 6/7/79

Huletts, Tongaat and Transvaal Suiker are thinking along the lines of putting up ethanol plants. If they were to replace their entire sugar export entitlement with ethanol production, it is possible that earnings could be lifted 22%.

Last year the industry exported below 700 000 t of sugar and produced 1,4 Mt for the local market. The average export price was around £94/t, some £40 below the breakeven price, and R25m was borrowed and injected into the Price Stabilisation Fund. This enabled the sugar companies to show surprisingly good results, but increased the industry's total debt to some R50m. Had all the export sugar been used in ethanol production, they would have received the equivalent of R291/t. And the ethanol would have been produced at the 35c/l oil refinery cost of petrol. This way the entire industry would have hoisted its revenue by R90m.

With the oil price set to continue rising, and the world sugar price likely to stay flat, the question arises why the industry has not jumped at the opportunity of increasing its returns through ethanol production.

Huletts' MD Kees van der Pol tells the *FM* that his company would consider an ethanol plant, which would cost around R12m and annually produce some 70 Ml. Transvaal Suiker, in the Volkskas group, is busy with feasibility studies into a R15m plant to produce some 40 Ml. TSC is discussing the prospects with Sentrachem.

When asked whether Tongaat would establish a plant, MD Alan Hankinson said it definitely would, provided the industry agreed with the principle of using sugar for ethanol production. On this point there is general consensus within the industry. However, before any decision is taken, the government will have to give the assurance that ethanol will be considered an essential part of SA's liquid fuel pool.

CG Smith is known to be opposed to diverting export stocks to ethanol production because there is no telling what sugar prices will do, particularly as world stocks are susceptible to droughts and pests. According its calculations, the economics of ethanol do not add up to a viable proposition at this stage.

Other arguments against ethanol from sugar are well known. Briefly, they are that export market's cannot be switched on and off like a tap, and that cheap food should not be used for fuel.

Then there is ethanol's relative inefficiency in a conventional petrol engine. A normal car will travel 66% further on the same volume of petrol. Granted, it is miscible and can be mixed with petrol to lift octane rating, replacing tetra ethyl lead. Through dual injection ethanol could be used in the ratio 50:50 in diesel engines. Another criticism is the time factor required to set up a plant which would produce the magnitude envisaged by, say, Huletts, and require 25 000 ha of raw land which would have to be ploughed and treated, and cane planted. Sugar cane's maturation period is of the order of two years. So this would take too long to implement. However, industry sources indicate the sensible way of doing it would be to add plants to existing factories which could be turned on and off as the export price dictates. This would obviate the need to increase cane production, but would clash with the principle of keeping export markets supplied under all circumstances.

A more economical production method is to use molasses, but it is in short supply. Producing it from molasses would cost only 12c to 15c. CG Smith still produces a small quantity of Union Spirit, which is none other than ethanol from sugar.

With the oil price set to rise further and the sugar export price looking unexciting, the logical conclusion would be for the industry to go into ethanol production.

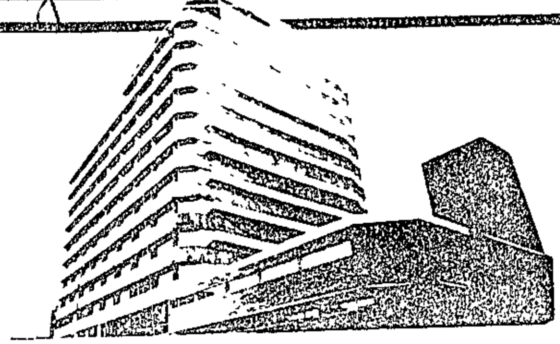
The sugar companies have not been optimistic about their sugar profit prospects this year, but this could add another dimension, which was not taken into account.

Peter Pittendrig

4. *The nature of a 'Language Family'*

A 'Language Family' is a group of languages all believed to be derived from a common ancestral language. In the absence

SUNDAY TIMES, Business Times, July 15, 1979 Sugar



Sugar men play it cool over ethanol

Diagonal Street

By DAVID CARTE

ETHANOL hopes have fuelled quite a revival in sugar shares and, despite a miserly London sugar price of only R190-odd, compared to SA production cost of R250 a ton, the JSE Actuaries sugar index has gained 40 points to 365 since mid May.

How realistic is the rise?

The sugar industry is "very excited" about ethanol, according to SA Sugar Association general manager, Peter Sale

But, he says, it will go ahead only "once Government gives a cast iron assurance that ethanol is a permanent part of the country's fuel pool and that certain levies will be waived".

Sugar companies will not build ethanol plants piecemeal at their own risk, facing present duties.

They will approach ethanol as an industry in the same oligopolistic way they have sugar, with growers and millers taking their cut after costs, according to a prescribed formula

This means that unless it goes in with a sugar company such as Transvaalse Suikerkorporasie, or plants new cane fields of its own, it will be hard for Sentrachem to muscle in on the action, at least in sugar country

The SA Sugar Association is not keen to turn potential sugar exports into ethanol

While export prices are below production costs today, this has been the case in only five years out of the past 33 and world prices are expected to improve soon, anyway

The export market was hard won and would not readily be sacrificed

Sugar exports, even at current bombed out prices, are worth R190-million in foreign exchange. It would need a lot of ethanol to reduce the crude oil bill that much, but experts say a crude oil price of $40 per barrel and sugar price of £100/t would justify the switch

But for the meantime, from the SASA's point of view, only surplus sugar and production from new fields would be available for ethanol production.

The cane growers, on the other hand, are understandably not so adamant that the export market should come first.

Existing sugar fields can produce 2,2-million tons a year of sugar against export and local demand of between 1,7-million tons and 2-million tons.

One ton of sugar produces 600 litres of ethanol and the molasses content another 100 litres, so a 200 000 ton assured excess would produced 140 megalitres — just over 1% of SA's total liquid fuel requirement.

Costs

The industry says it can make ethanol for 36c a litre at a new factory. This matches the ex-refinery price of petrol.

At a distillery appended to an existing sugar mill the cost would be 28c a litre.

The SASA estimates that sugar production could be stepped up by a maximum of 1-million tons a year if all sugar-arable ground were planted.

The capital cost, though, would be enormous and most of the additional sugar would be in KwaZulu — strategically questionable.

But this, added to the existing surplus of between 200 000 tons and 500 000 tons, would enable the production of between 840 and 1 050 megalitres of ethanol over and above present export and domestic sugar production

That may be as much as 9% of the country's liquid fuel requirements.

Government has said that the country has enough white fuel It also has methanol as an alternative, though, unlike ethanol this does not mix with diesel

A 10% to 15% mix of ethanol with petrol or diesel is possible without engine adjustment

While ethanol has a lower calorific content than petrol, at certain compression ratios, it converts to work on the wheel more efficiently.

A 10% mix results in a negligible fall off in km/l

With dual carburettors, the mix can go as high as 50%.

In Brazil diesel engines are being run on a mixture of 80% ethanol, 20% castor oil, while the CSIR has taken the ethanol mix as high as 15% with the addition of a little ethyl acetate, which is also easily derived from ethanol

It seems very likely that the initital step will be the construction of fairly big "pilot plants" behind existing sugar mills.

This would save the cost of new crushing facilities and would improve utilisation of existing ones.

At first, only surplus sugar and molasses would be treated, but if export prices and demand stayed low, the mills would have the option of switching from export sugar to ethanol.

Provided Government gives the go-ahead and waives levies, the first pilot plant, already on the Huletts' drawing board, will cost R12-million and produce 70 megalitres, 18 months after the first sod is turned. Tongaat and Transvaal Sugar Corp are also keen to build similar sized distilleries.

Sugar cane is the most energy-efficient plant in an energy-short era.

Not only does sugar convert into ethanol, so does its by-product, molasses. Sugar mills and ethanol plants can be fuelled with bagasse.

Double yield

More important, US researchers told a gasohol conference at Monterey, California, recently, that, within three years, it will be commercially viable to convert the cellulose content of sugar cane into ethanol as well. So the bagasse and leaves will also be convertible

This would virtually double the ethanol yield from 70 litres to 130 litres per ton of sugar.

It would also enable the planting of marginal lands and much easier and more frequent reaping

SA Cane Growing Association experts predict that once this has been achieved the sugar industry could continue exporting sugar on the present scale and producing ethanol enough for 50% of SA's liquid fuel needs.

But while long term ethanol is very promising, it is clear it will be years before the benefits reach the bottom line of company income statements

But even if nothing happens locally on the ethanol front, more and more sugar world-wide will be diverted into alcohol at present fuel prices

In addition, at present low prices, marginal producers in several countries are already switching to other crops

Subsidies to European beet farmers are hurting governments and Russian demand looks like rising

These factors should underpin world demand and prices for sugar despite today's historically large world stocks, which are equivalent to three months' consumption

The current London price looks like a low and is expected to gain between £5 and £10 when the US ratifies the ISA later this year

Still, it might take a long time for prices to recover to above SA production costs, which were pushed higher by increased fuel prices

Last year the industry produced 2-million tons, of which 800 000 tons was exported, 200 000 tons went into export stocks and 1-million tons was sold locally.

The PSF of R9,4-million at the beginning of the season, was depleted and a R25-million loan had to be arranged.

This year, SA's ISA quota is down to 680 000 tons and local demand is expected to be about 1-million tons again.

The industry hopes to achieve 2-million tons production again by selling more locally and by exporting more molasses and other sugar products not controlled by the ISA

The hope looks far fetched, especially considering that this year there will be no stock build up

So, all things considered, an even bigger deficit than last year's R19.3-million seems likely

The industry is arranging another R25-million loan.

The fact of the industry's being R50-million in the red is not as much a bear point as may appear The PSF hit a high of a R94,4m surplus in 1974-1975.

Historically, swings of R20-million to R30-million in the PSF are not unusual.

Had Government not actually reduced local sugar prices from 1967 to 1977, the industry would still be in the black.

It is a fair inference that, in future, it will be reluctant to go back into the black for fear of this happening again

This bodes well for earnings and dividends when sugar prices recover.

While the immediate future is not bright and sugar earnings and dividends look due for another fall across the board, the recent rise was off a low base and represents healthy long sightedness

Business Mercury

Sugar chief gives warning

3 Sug
19/9/79

Financial Editor

MR. Frank Jones, chairman of C. G. Smith Sugar, warned shareholders at the company's annual meeting in Durban yesterday that the current year would be a "most difficult one" for the industry.

But in spite of this, Smith Sugar was in a strong financial position.

"If at all possible the dividend will be determined at around last year's level."

Mr. Jones said that on present calculations there would be a substantial shortfall in the sugar industry's proceeds to meet its requirements this season.

"This is after bringing to account a further S.A. Sugar Association loan of R25 million.

"This situation has been aggravated by the recent fuel price rises and the impact that these have had on our costs of production.

Longer view

"Taking a longer view, however, there are grounds for cautious optimism towards a measure of recovery in the world price of sugar."

Mr. Jones made the following points in support of this opinion:

- The price of sugar had stabilised over the past few months although it was still well below the minimum price objective of the International Sugar Agreement;
- Although world stocks remained at an all time high level, there were indications of an improvement in the supply/demand position;
- It was probable that the USA would ratify its membership of the agreement before the end of the year.

Business Mercury

Sugar deficit may deepen

3 Sugar
26/7/79
N.M.

Deputy Financial Editor

AT THE end of the current sugar season the industry will owe R50 million in bank loans and "it is likely that the deficit will be greater than the R19,3 million of last season".

This is the view of Mr. I. G. B. Smeaton, chairman of the S.A. Sugar Association, who spoke at the annual meeting yesterday afternoon.

He outlined some of the bright spots on the horizon. One was the poor weather in Europe, which would reduce the Common Market beet crop. Another was the possibility that the Railways would lower their tariff to allow the industry to reduce its dependence on road transport and so save fuel.

A third was the re-affirmation of signatories to the International Sugar Agreement that they would not withdraw and that the United States had a firm intention to ratify the agreement.

Local market

Mr. Smeaton was highly critical of the policy of using a high export price for sugar to subsidise the local market. This had meant a loss of R80 million in the past seven years, which would have helped the industry in its current problems.

He pointed out that the industry was still absorbing 20 percent of cost increases in accordance with the Government's anti-inflation campaign.

Mr. Smeaton said that in the past seven years the industry had subsidised the local consumer by R249 million because of the "most unwise decision by the Government" to reduce the local sugar price — in spite of protests from the industry.

Commenting on the International Sugar Agreement Mr. Smeaton said that in the 18 months of its operation the price of sugar had not reached the minimum of the price range, which is 11 U.S. cents a pound or £124 a ton at current exchange rates.

"However, it must be accepted that in all probability the ISA has saved prices from falling to even lower levels than they have," Mr. Smeaton said.

Fuel costs

World sugar prices were not the only problem from the industry, which also had to contend with the rate of inflation remaining at a high level.

This had been aggravated by the substantial rise in fuel costs.

The sugar industry was a major user of fuel in every aspect from planting to delivery to the consumer. It had always been efficient, operating on a low cost structure, and the recent situation had led to further pruning.

"It is therefore difficult to see just how the industry can achieve the 20 percent saving in fuel consumption which has been requested by the Government when the industry is already starting off with a relatively low consumption base because of control of production last year," Mr. Smeaton said.

(3) Sugar FM 27/7/79

SUGAR

Europe tips the scale

The international sugar market continues to look sour and it seems that Western European producers will come in for an increasing share of the blame. In London early this week, the Daily Raw Sugar Price was fixed at £96,50/t in listless trading conditions which have characterised the market for months.

"Attention is going to be increasingly focused on Western Europe's crops," says one analyst with a leading London sugar house. At the moment the expectation is that the EEC will generate another massive disposable surplus in the 1979-80 season similar to the 3 Mt it hawked on to the world market at subsidised prices during the 1978-79 selling season just ended. Despite appalling world prices, the subsidised EEC Sugar Beet Regime enabled producers to increase their plantings this year to cover 1,77m ha, compared with 1,56m ha last year, yet another example of distortions caused when governments interfere with markets. The only slight let-off for the market is that the quality of this year's harvest seems likely to be lower because of bad weather during the planting period and this may therefore keep production at roughly last year's level, despite the increase in the area planted.

However, the first definite indications of yield will be received in early August when European growers begin the first of a series of "beet tests". If yields are better than expected, then the disposable surplus — currently estimated by some experts to be roughly equivalent to the annual on-going world surplus of production over consumption — could be higher still. And that, trade sources agree, would be very bad news.

The EEC's structural sugar surplus, apart from being caused by subsidised production, is also a product of the group's commitments to import 1,3 Mt of sugar cane annually from former colonial countries. The commitment is likely to continue for the foreseeable future. Additionally, although EEC countries are scheduled to re-appraise their Sugar Regime and adjust internal production quotas next year, the political power wielded by European beet producers may limit attempts to re-order the Community's sugar supply and demand balance.

This means that the EEC, the world's largest sugar producing region not to sign the International Sugar Agreement (ISA), looks set to continue to stay out in the cold. Membership of the ISA, which seeks to stabilise sugar prices between US 11c-21c/lb through a system of export cutbacks and reserve stock sales, remains out of the question until Europe can agree to reduce sales on to world markets to help prices upwards from their current levels well below the ISA floor. Ever since the agreement's inception in January 1978, producer members have been cutting back on their exports. In SA's case this has resulted in a cutback amounting to over 18%, which has so far caused a 5% reduction in production, extraneous supplies being stockpiled.

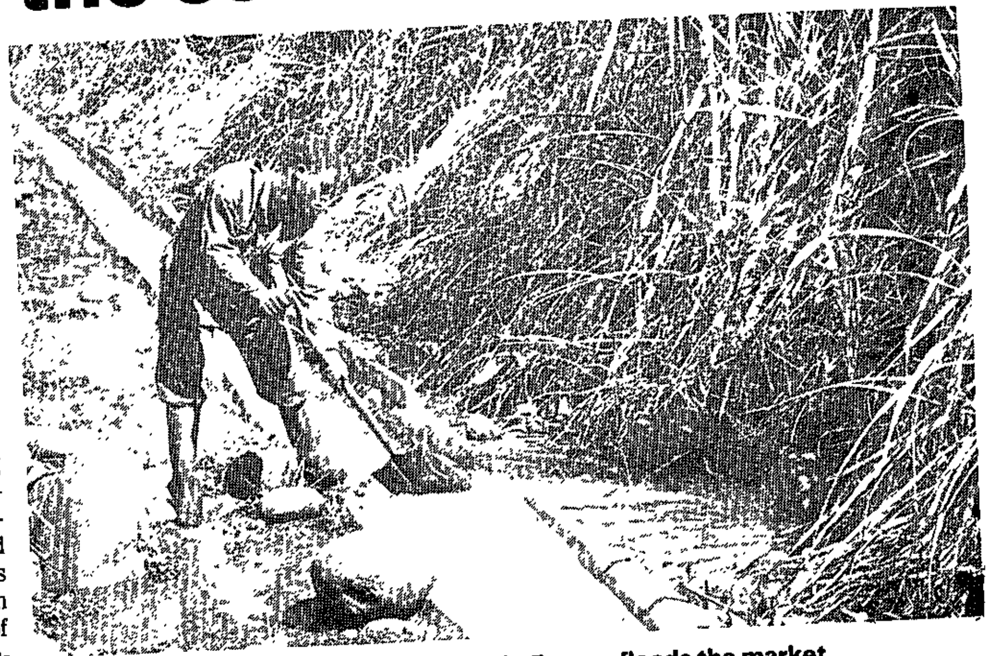
Meanwhile, the US is also doing its bit to unsettle further a market which is already deeply depressed. That country's ratification of the ISA has continued to be prevented by a domestic sugar dispute over support levels for US growers. There is a chance that legislation may be passed by Congress before that body recesses at the beginning of August, guaranteeing growers 15,8c/lb, but there is likely to be very stiff opposition as many still want 17c/lb.

If no legislation is passed, the Senate Foreign Relations Committee is likely to continue to block ratification as the chairman, Senator Church, is from sugar-growing Idaho. And ratification is needed not only to give the ISA a psychological boost, but also to enable the ISA's 2,5 Mt stocks acquisition scheme to be launched. This has been postponed several times and the latest introduction deadline is October 1.

Further, unless the US ups its domestic sugar price in the near future, existing sugar support legislation may entitle the country's Commodity Credit Corp, a body which in recent years has bought sugar to boost domestic prices, to sell off deteriorating stockpiled supplies. This would cut down imports and further depress world prices.

And the news is not much better from neighbouring Cuba where production is expected to top last year's massive 7,35 Mt by another 650 000 t.

The only — slight — bright hope on the horizon is that the Soviet Union's apparent grain production problems indicate that the country's sugar output has suffered as well. "When Russia is buying grain, it spills over into sugar," says one sugar trader. Though that still remains to be seen.



Watering cane in Natal while Europe floods the market

August 7, 1979 NM

3- Sugar

Analysts hope for sugar recovery

Mercury Correspondent

LONDON — Sugar analysts are hoping that the world's sugar mountain will soon disappear.

Mr. Chris Pack, a senior analyst of sugar brokers C. Czarnikow, has a chart which shows that sugar tends to shift in cycles of seven to eight years.

Peaks were seen around 1951, in 1957, in 1963, in 1970 and in 1974. The valleys in between were boring periods — but the brief year or two where sugar soared and slumped, were action periods, to say the least.

The last boom saw sugar rise from 5,5 cents to 57,2 cents a pound at the end of 1974. The subsequent collapse saw sugar crumbling to a low of 6,5 cents. In sterling terms, sugar jumped from £80 a ton to £640 and then fell to £80.

The London daily sugar price is around £95 and New York prices, 8,8 cents a pound, still well below the 11 cent minimum which the International Sugar Agreement hopes for.

Mr. Pack believes that the sugar price has bottomed, but does not share the enthusiasm of some commodity brokers that the market will be soon heading into a major bull phase.

He is cautious because of the huge sugar stockpile. Carryover stocks at the commencement of the new sugar season in August amount to 32 million tons, which represent 35 percent of last year's consumption. He says this ratio is far too high and that a normal stock position should represent about 24 percent of consumption.

Excess stocks thus amount to about 10 million tons of sugar. However, there is a bullish sign on the horizon. The Russian drought and the possibility of lower EEC output could lower production during the coming season. And while production is falling, Mr. Pack envisages that consumption will increase from 92,5 million tons to 94 million tons.

This means that world sugar inventories could fall to around 28 million tons. Yet this would still mean that the stock consumption ration would be around 30 percent compared with a norm of 24 percent.

NM (3-SUGAR) 7/8/79

Sugar mills may shut with R36m loss

Deputy Financial Editor

ZULULAND sugar farmers are starting to feel the effects of last summer's drought — probably the worst on record — and there is talk of mills in the area shutting down three months early.

The normally green canelands are a drought-striken brown.

The farmers are expected to lose at least R12 million from cane sales and the mills about R24 million. The loss could be about 100 000 tons, or 5 percent of total production.

Mr. Ernie Morrison, general manager of the Cane Growers' Association, said the closing down of the mills at Empangeni and Felixton three months early was being considered.

The mills would be closed once the cane supply had run out but it was planned to re-open next March to give another eight weeks to the season.

The area most affected by the drought is around Heatonville and inland from Empangeni.

The main losses appear to be at the Huletts mills.

A spokesman for the Entumeni mill, which last year produced about 29 500 tons of sugar, said they planned to mill until December.

He declined to disclose the expected output.

Umfolosi is expected to close down on schedule in December but the drought has affected the cane supply.

If the cane at these mills is in poor shape, and I understand that the quality has already started to fall off at some mills, the sugar output will also be cut from the available cane.

A spokesman for Huletts confirmed that the drought had brought about cane shortages.

He said further details were not available yet.

While the drought will affect individual farmers north of the Tugela the shortfalls can be met from other areas.

The industry has been told to cut back production this season and this is done simply by letting the cane stand in the fields.

Cane has a lengthy growing cycle.

A lot will depend on whether the industry decides to keep to its original target figures.

This would mean an allocation of Zululand shortfalls to other areas.

Alternatively sugar stocks might be run down to the lowest figure permitted in terms of the International Sugar Agreement's buffer stocks.

A decision will have to be taken once the Zululand mills decided to close.

'STUDIES
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Kaapstad

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INLEIDING

Gedurende die eerste nege jaar van sy bestaan het die Sentrum vir Intergroepstudies gereeld 'n jaarverslag oor sy werksaamhede gepubliseer. Om die Sentrum se 10de verjaarsdag op 1 April 1978 te vier is die jaarverslag in 1977 vervang deur 'n Oorsig oor die Eerste Tien Jaar.

DIE OORSPRONG EN DOELSTELLINGS VAN DIE SENTRUM

Die Sentrum word grootliks gefinansier deur die Abe Bailey-Trust wat ingevolge die testament van Sir Abe Bailey gestig is. Dit is geregistreer as The Abe Bailey Institute of Inter-Racial Studies Limited (Beperk deur Garansie) - 'n maatskappy beperk deur garansie en sonder 'n aandele-kapitaal kragtens die Maatskappywet 1973 (Wet Nr. 61 van 1973).

Business Mercury

8/8/79

3-Sugar

Mill closure move soon

Deputy Financial Editor

HULETTS will decide at the end of the month when milling at the Empangeni and Felixton sugar mills will stop.

A spokesman for Huletts Sugar said Amatikulu would mill until early in December. This was in line with the quota cuts. Cane supplies were affected by the drought.

It was estimated that Empangeni and Felixton mills would close down in the first week of November. This was about 10 weeks earlier than normal — but only seven weeks shorter than the reduced output date.

The three mills would reopen in March to give farmers a chance to get some benefit from the summer rains. But cane quality was likely to be low after the rains and a reduced sucrose return probable.

Mill workers will not be affected by the shutdowns, which will accelerate the off-season maintenance schedules, but it is likely that the farmer's seasonal labour will be laid off when it is no longer possible to cut and transport cane.

It is also possible that cane will be transported from other areas to make up shortfalls at the mills, the spokesman said.

Shortfall

Asked to comment on the anticipated shortfall the spokesman said it was almost impossible to know this now. The industry was operating under a restricted output which was based on farm mean peaks over a number of years.

There was no way of knowing exactly how much cane would be delivered on this basis and the drought was also responsible for a reduction.

Yesterday I estimated the industry would lose about R36 million in Zululand and that there would be a loss of about 100 000 tons of sugar.

HONEY CAKE Jan

1 cup flour
4 t baking powder
2 T butter
1 egg
½ cup sugar
¼ t salt
½ cup milk

3 T honey
1½ T butter

Sift dry ingredients. Heat milk and 2 tablespoons butter until melted. Beat egg and add to milk and butter. Mix with dry ingredients and bake in buttered fairly deep pie dish approximately 20 minutes at 350°F or 180°C.

Melt honey and 1½ tablespoons butter and pour over hot cake before serving. Serve with whipped cream.

NUT CAKE Margaret

4 eggs
¼ lb sugar
¼ lb ground almonds (or hazelnuts)
½ t ba
½ T fl
¼ grat

Beat yo
flour,
beaten

Serve w

SUGAR EXPORTS

Via the back door

3 Sugar
FM 10/8/79

SA is disposing of large quantities of sugar in forms not covered by the International Sugar Agreement. These include high-test molasses and animal feeds, the destination of which sugar men are unwilling to discuss for fear of tipping off competitors. Germany and Spain are known to be important markets.

This season's total sugar production target is a record 2,1 Mt. Local sales are estimated at 1,08 Mt or 1,4% higher than last year. On a seasonal basis — ISA restrictions refer to a calendar year — exports under the agreement are unlikely to be above last season's 775 406 t as quota restrictions are unaltered. That leaves around 240 000 t to be accounted for.

ISA stocks have already been accumulated in SA, though only partly declared. Some additional sugar may go into stock, but that still leaves a balance far in excess of last season's non-quota exports of 49 000 t.

Financial Mail August 10 1979

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

BEAN SOUP (Serves 8) Cat

1 pkt sugar beans
1 slice beef shin or soupmeat
1 Kassler rib or bacon bones
handful soup celery chopped
2 bay leaves
1 onion studded with 8 cloves
2 carrots, chopped
2½ litres water
salt & pepper to taste

Wash beans, cover with water, bring to boil. Boil for 2 minutes. Remove from heat and soak for 1 hour. Bring to boil again, add rest of ingredients. Simmer till beans are tender. Cool. Remove meat and 1 cup beans. Purée remaining soup in blender. Heat slowly. Put a few reserved beans in each serving bowl. Sprinkle with Worcester sauce. Cover with soup. Garnish with cream and crumbled bacon or croûtons.

PRESERVED BRINJALS Sue J

brinjals
white vinegar
olive oil
garlic
fresh marjoram

Peel brinjals and cut into Julienne strips. Put into enamelled pot and cover with white vinegar and bring to the boil. Cook for as short a time as

Result of drought, says Hulett's chief

NM

Drop in sugar output predicted

3. sugar

15/8/79

Deputy Financial Editor

HULETT'S sugar production should fall by about 97 500 tons (equal to R10-million at mill level) this season as a result of drought and the eldana borer.

Mr. Chris Saunders, chairman of Huletts, said at the annual meeting yesterday that not only would output fall but the share of industrial proceeds would be trimmed in spite of the second R25 million loan and the sale of non-quota sugars.

"The relative position of Huletts can improve only if the cane supplies of the rest of the industry fall significantly below present estimates. This I regard as unlikely.

"Industrial proceeds can improve only from an increase in sugar prices on either the export or the local market.

Current year

"But it is impossible for me to say whether this will take place soon enough to have a meaningful impact on our earnings from sugar for the current year."

Mr. Saunders does not expect that the earnings from non-sugar activities in the group will match the loss in the sugar division.

He expects that the earnings for the current year will be lower than for last year (74,4 cents). A 37 cent dividend was paid. "The position will be reviewed again in October, when the interim statement is published," Mr. Saunders said.

He said that the operations in the paper and aluminium divisions were expected to show an improvement on last year.

The summer drought in the Zululand and Mount Edgecombe areas "has been most severe" and this had resulted in cane supplies being well below those for last year.

Mr. Saunders expects that the Huletts share of the crop will be cut to 31 percent from 34 percent, which implies a fall, from the 702 000 tons of last year to 604 500 this year on a reduced industry output of 1 950 000 tons of sugar.

DIE OORSPRONG EN DOELSTELLINGS VAN DIE SENTRUM

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JAARVERSLAG
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Kantooradres:
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16/8/79 Star ~~34~~/ 3 - Sugar ~~244~~

Future for sugar prices looks sour

By Sally de Vasconcellos

The retail price of sugar has more than doubled in price over the past three years.

It has gone up from 40c for 2,5 kg to the present price of 93c — and there are rumblings in the sugar industry about a further price increase, but the South African Sugar Association will not confirm this.

The already hard-hit consumer may well ask what reasons there could be for a further increase.

The stabilisation fund is depleted. The sugar industry is facing a deficit again this season. By the end of the current season it will owe R50-million in bank loans and the deficit is expected to be greater than the R19 300 000 of last season.

LIMITED

According to the Sugar Association the answer lies in recovery of the export market. At the moment however, there is a worldwide surplus.

Sugar exports are at present limited to a certain tonnage in terms of the International Sugar Agreement. Under normal circumstances the association would export its production to the local market requirements.

South Africa's International Sugar Agreement quota for 1979 is 680 000 tons and it has been estimated that 400 000 tons have been exported so far this year.

"At this stage we get a lower price for exported sugar," a spokesman for the association told Fair Deal.

"Over the past few years, the export market was subsidising the local market to a major degree," he continued. He said they had achieved a situation where local market prices covered production but that they had to keep up with production costs.

FAIR DEAL

He pointed out that since the last sugar increase, there had been two fuel increases. "Although production costs are increasing all the time, one does not like to raise the price too often."

"TEMPORARY"

Despite the industry's ailing financial position, the Minister of Agriculture has been quoted as saying its troubles are only temporary and that bigger profits will be earned when better times arrive on the world economic scene.

Consumer spokesmen are convinced that a price increase is imminent.

"It will be grossly unjustified as it is detrimental to the black man — it will cause more misery as the cost of living will soar even higher," was the view expressed by Mrs Sally Motlana, president of the Black Housewives' League.

"We don't want another increase," Mrs Joy Hurwitz, president of the South African Housewives' League, said. "The South African public should not be made to subsidise the sugar industry with local prices."

REALISE

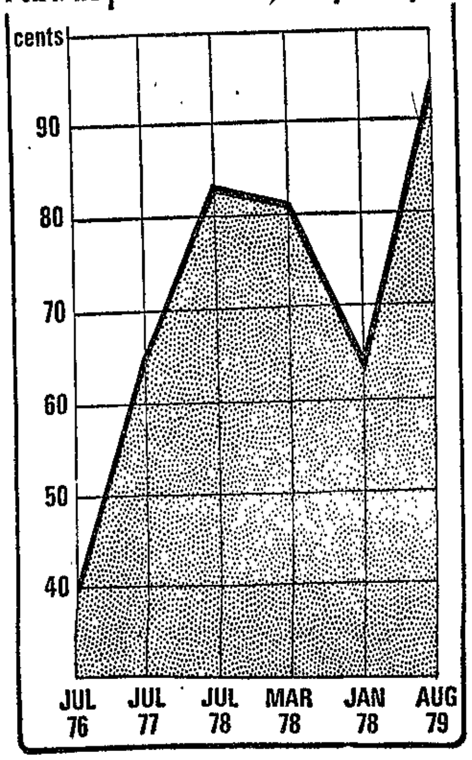
She pointed out that about 128 items would be affected. These include jams, puddings, certain tinned foods, carbonated drinks, confectionery, breakfast cereals and drinking chocolate.

"Hopefully, consumers will cut back on buying and realise that sugar is not good for them anyway," she said.

"All the signs point to an increase," a spokesman for a large supermarket chain told Fair Deal. "If General Sales Tax were abolished from basic foodstuffs, it would go a long way in helping the poor make ends meet," he said.

Mrs Betty Hirzel, chairman of the South African Consumer Union, felt that every single rise in price was depressing.

RETAIL PRICE OF 2,5KG SUGAR



City 'Save Caves'

Tuesday August 7	The Save Cave, Market Street	OK Bazaars, Eastgate	Pick 'n Pay, Bedford Centre	Checkers, Sandton City	Spar, Central Ave, Mayfair
Surf 1 kg	R1,18	R1,05*	R1,09	R1,18	R1,29
Sunlight Liquid, 400 ml	43	44	42*	45	—
Vim 99, 800 g	46	44	—	43*	—
Epic Sunflower Oil, 750 ml	92*	97	99	R1,04	—
Crosse & Blackwell Mayonnaise, 750 g	R1,29	R1,20*	R1,29	R1,33	R1,49
Lux Soap, 150 g	29	29	28*	29	—
Colgate Fluoro Gard Toothpaste, 100 ml	99	99	92	91*	R1,09
Buffalo Table Salt, 1 kg	19*	22	22	—	22
Carlton Toilet Paper, 15s	R2,89	R2,69*	R2,79	—	R3,79
Ricoffy Instant Coffee Granules, 750 g	R2,69	R2,49*	R2,55	R2,68	—
Pitco Tips Teabags (tagless), 250 g	R1,48	R1,42*	R1,49	R1,59	R1,85
Cremora Instant Creamer, 500 g	R1,38*	R1,42	R1,49	R1,62	R1,59
Gold Cross Condensed Milk, 397 g	44	43*	43*	43*	—
Lion Sugar Beans	43*	47	45	51	49
Lion Haricot Beans	39*	42	39*	40	45
Tastic Rice, 2 kg	R1,59	R1,55	R1,49*	R1,60	R1,59
Impala Special Maize Meal, 2,5 kg	52	49*	49*	53	55
Pro-Vita Crispbread, 500 g	89	R1,03	79*	84	85
Jungle Oats, 1 kg	65	67	57*	67	79
Eggs, Large, 1 dozen	56*	64	58	62	—
Kellogg's Corn Flakes, 500 g	49*	49*	51	55	55
Nestlé Milk Powder, 2 kg	R6 79	R6,59	R6,15*	R7,35	R6,35
Gross Methylated Spirits, 750 ml	47*	60	51	55	—
Romany Creams, 200 g	49	62	47*	56	57
	8*	8*	10*	3*	—

Fair Deal compared prices at the new supermarket "The Save Cave" with four well-established supermarkets. Pick 'n Pay topped the list. Both The Save Cave and OK Bazaars came second, with eight stars. Checkers had three stars and Spar none.

A "no frills" supermarket chain which hopes to give consumers the "cheapest prices in town" has recently been opened in Johannesburg.

Three "Save Caves" have already started operating and claim to give cut prices on essential groceries by 10 percent.

When they were opened, managing director Mr Taki Xenopoulos said their accent would be on general cost saving. They sell only well-known brands of mainly non-perishable food items and toiletries.

Fair Deal priced 24 items and found their prices compared favourably with those of other supermarkets.

Pick 'n Pay, Bedford Centre was the cheapest with 10 stars. Both OK Bazaars, Eastgate and The Save Cave, Market Street got eight stars. However, the total at OK Bazaars was 28c less on the 24 items than The Save Cave's total. Checkers, Sandton City got three stars and Spar, Mayfair, no stars.

How much cheaper were they on individual items?

The highest percentage difference was a 750 ml bottle of Gross methylated spirits. At The Save Cave it cost 47c, compared with 55c at Checkers.

A packet of Lion Sugar Be[illegible]s cost 43c at The Sa[illegible] Cave. At Spar it was 18 [illegible]ercent more — 49c. A 1 [illegible] packet of Buffalo tab[illegible] salt which was 19c at The Save Cave cost 15 percent more at all the other chains.

There were only two items which were more expensive than at the other stores. A 750 g tin of Ricoffy instant coffee granules cost R2,69 at The Save Cave. At OK Bazaars they were 8 percent cheaper. A 397 g tin of Gold Cross condensed milk cost 44c at The Save Cave, a cent more than at three other supermarkets.

All items excluded General Sales Tax.

Bitter days as sugar goes up

31/8/79

3 - Sugar

Deputy Financial Editor

A RIPPLE of price rises from sweet- and chocolate-makers, cool-drink bottlers and other users of sugar is expected following last night's 7 percent hike in the price of sugar.

Dr. Schalk van der Merwe, the Minister of Industries and of Commerce and Consumer Affairs, said the Government had decided to grant the increase to cover unavoidable increases in the production costs, particularly the sharp rise in the price of fuel.

He said the industry expected that the average production costs would rise by 18 percent in the current season which ends next May.

"The increases will have a moderate effect on retail prices, A 2,5kg packet of sugar in Durban would be increased by 6c — from 86c to 92c not including general sales tax."

Sugar prices in the shops are likely to rise by about 2,5c a kilogram and follow an 8c rise in February this year.

The industrial price of sugar rises by R20 a ton for white sugar to R311 and by R18 a ton for brown sugar to R285.

Ten years ago the price for white sugar was R132 a ton and for brown R126.

Sugar Association chairman Mr. I. G. B. Smeaton, said that in spite of stringent efforts to hold down fuel consumption the industry's costs had gone up by R15 million for fuel.

Just over 1 000 000 tons of sugar are consumed each year in homes and in products containing sugar. The balance of the crop is being exported at low prices.

Mr. Smeaton emphasised that the association's case to the Government for a price rise was tied to the cost of production.

The price was not being used to subsidise the low prices being received for export sugar.

Earlier this year the industry raised R50 million in two loans to meet the shortfall on export sugar and had for five years absorbed 20 percent of annual cost increases as part of its contribution to the Government's anti-inflation programme.

The industry loans are not expected to bridge the gap on export losses and Mr. Smeaton points out that the losses will have to be absorbed by growers and millers.

He expected that the "normal laws of supply and demand would ensure that world prices would, at some stage, get back to a level at which they were economic for world exporters".

Mr. Smeaton said that by linking the price in South Africa to the cost of production the consumer would be able to buy sugar on a stable basis which was not affected by fluctuations in world prices.

In November 1974 sugar reached an all-time high of £650 a ton compared with the current £105 on the London market.

Dr. van der Merwe said: "Although the Government is, in the application of price control, taking cognisance of the principle of a reasonable return on capital employed, applications for price increases by controlled business undertakings are being scrutinised very carefully."

Pro full text see GG 6645 Government Gazette: August (1-7) (3) Sugar

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Vol. 170] PRETORIA, 31 AUGUSTUS / AUGUST 1979 [No. 6645

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN NYWERHEIDSWESE

No. R. 1941 31 Augustus 1979

WYSIGING VAN DIE SUIKERNYWERHEID-OOREENKOMS, 1979

Ek, Schalk Willem van der Merwe, Minister van Nywerheidswese en van Handel en Verbruikersake publiseer hierby ingevolge artikel 4 (1) (c) van die Suikerwet, 1978 (Wet 9 van 1978), die wysigings soos in die Bylae hiervan uiteengesit wat deur my by en ooreenkomstig die bepalings van artikel 4 (1) (b), van genoemde Wet aan die bepalings van die Suikernywerheidooreenkoms, 1979, gepubliseer by Goewermentskennisgewing R. 858 van 27 April 1979, aangebring is.

S. W. VAN DER MERWE, Minister van Nywerheidswese en van Handel en Verbruikersake.

BYLAE

Paragraaf 2 (3) van Bylae B van die Suikernywerheidooreenkoms word hierby deur die onderstaande paragraaf vervang:

"2. (3) Die Nywerheid se maksimum pryse in Durban per metrieke ton van bovermelde tipes suiker vir verkoop in die plaaslike mark moet vanaf 31 Augustus 1979 as volg wees, soos deur die Minister bepaal:

Geraffineerde suiker: R311;
bruinsuiker: R285.".

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

No. R. 1942 31 Augustus 1979

PRYSBEHEER.—MAKSIMUM PRYSE VAN SUIKER

Ek, Elias George de Beer, Pryskontroleur, handelende kragtens die bevoegdheid my verleen by artikel 4 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), bepaal hierby, vanaf die datum van publikasie hiervan, soos volg:

1. Behoudens die bepalings van die Eerste Bylae hiervan is die maksimum pryse waarteen suiker gespesifiseer in die Tweede Bylae hiervan deur enigeen,

GOVERNMENT NOTICES

DEPARTMENT OF INDUSTRIES

No. R. 1941 31 August 1979

AMENDMENT OF THE SUGAR INDUSTRY AGREEMENT, 1979

I, Schalk Willem van der Merwe, Minister of Industries and of Commerce and Consumer Affairs, hereby publish in terms of section 4 (1) (c) of the Sugar Act, 1978 (Act 9 of 1978), the amendments as set out in the Schedule hereto, which have been effected by me under and in accordance with the provisions of section 4 (1) (b) of the said Act, to the provisions of the Sugar Industry Agreement, 1979, published under Government Notice R. 858 of 27 April 1979.

S. W. VAN DER MERWE, Minister of Industries and of Commerce and Consumer Affairs.

SCHEDULE

The following paragraph is hereby substituted for paragraph 2 (3) of Schedule B to the Sugar Industry Agreement:

"2. (3) From 31 August 1979 the Industry's maximum prices per metric ton of the types of sugar referred to above at Durban for sale in the local market, as determined by the Minister, shall be—

Refined sugar: R311;
brown sugar: R285.".

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

No. R. 1942 31 August 1979

PRICE CONTROL.—MAXIMUM PRICES OF SUGAR

I, Elias George de Beer, Price Controller, acting under the powers vested in me by section 4 of the Price Control Act, 1964 (Act 25 of 1964), do hereby prescribe, as from the date of publication hereof, as follows:

1. Subject to the provisions of the First Schedule hereto, the maximum prices at which sugar specified in the Second Schedule hereto may be sold to a dealer

SUGAR (3) Sugar 244

Some sweetening

FM 14/9/79

World sugar prices have staged a modest recovery in recent weeks but the attitude of most traders is that any further advance in values in coming weeks is likely to be limited. Moreover, if the rumoured severe damage to Caribbean crops by hurricane David turns out to be less expensive, the market could slide downwards several pounds sterling in the near future. Early this week the key London Daily Sugar Price for August/September shipments was fixed at £110/t, around £20 higher than prevailing levels at end-July.

It has primarily been hurricane David which has fueled the increase as it swept across a number of Caribbean sugar producing islands, including the Dominican Republic where officials claimed at one point that over 70% of the sugar crop had been destroyed. That island produces around 1,25Mt of sugar and under the terms of its membership of the London-based International Sugar Organisation is entitled to currently release around 1Mt onto the international market. There is some doubt in London trade circles that the damage is as extensive as officially claimed, especially as the harvesting of this year's crop was completed in June and therefore only stocks could be damaged, which is difficult. On the other hand, though the hurricane could have seriously affected the crop due to be harvested in the 1979/80 season.

Hurricane David aside there are one or two slightly encouraging factors emerging, though it seems unlikely that they will contribute to a significant strengthening of the market. It remains fundamentally beset by over-production and an end-1978/79 season stocks figure which influential sugar statistician F O Licht recently put at 31,3 Mt, slightly higher than previous forecasts and equivalent to roughly 35% of world consumption. Encouragingly Licht recently also confirmed mounting speculation that the EEC's exportable surplus, a product of over-production and contracted imports from former colonial countries — will amount to 2,7-2,8Mt, significantly lower than last year's 3,4 Mt. Nevertheless this amount will be delivered onto the international market at subsidised rates and is likely to be a further price depressant.

Another slight ray of hope for the sugar market comes from the Soviet Union and the Eastern bloc where, according to London sugar house C Czarnikow, "in general, weather conditions, especially during the sowing and germination period, were unsatisfactory and though there has been some improvement, yields will probably fall well below last season's figures." According to Licht the Soviet Union will produce around 8,8 Mt of sugar raw value, compared with 9,1Mt last year.

Meanwhile, on the negative side the International Sugar Organisation is still unable to launch its special 2,5Mt stock finance facility primarily due to the continued non-ratification of the new International Sugar Agreement by the US due to a continuing domestic sugar support price range. Ratification would give the agreement, which has helped keep some supplies away from the market through its export quota scheme, a major psychological boost. Although the House of Representatives has now reassembled after the summer break, action is not expected immediately and therefore, comments Czarnikow, "it would not be surprising if the ISA special stock plan is unable to commence on October 1 as hoped for, but revert to the fall-back date of December 1 before it starts."

In short, optimistic traders are hoping for a modest recovery in coming months, though this could be very limited and in the short-term there could be a downward reaction to the recent 20 % or so increase

	Current	Week ago	Month ago	Year ago
RDM 100	**356,7**	**347,2**	**331,9**	**265,0**
% change on	—	2 7	7 5	34 6
P/E ratio	5 4	5 3	5 1	5 1
Div yield	6 7	6,8	7 1	7,9
UK FT Ind	**477,4**	**468,6**	**475,1**	**526,4**
% change on	—	1 9	0 5	9,3
P/E ratio	6 9	7 3	7 3	9 0
Div yield	6 9	6 9	6 8	5 1
US Dow Jones	**869,7**	**872,6**	**876,7**	**906,4**
% change on	—	-0 3	0 8	-4 0
P/E ratio★	8,1	8 3	8 3	10 2
Div yield★	5,0	5 0	5 0	4 6
Gold price (in US $ on London)	**339,4**	**325,1**	**296,6**	**208,4**
% change on	—	4 4	14 4	62 9
Krugerrand (Rand)				
Public selling price	**324,3**	**311,2**	**281,4**	**207,6**
% change on		4 2	15 2	56 2

★ Standard & Poor index
Public buying price in 10% below, subject to negotiation

HONEY CAKE

1 cup flour
4 t baking powder

- 17 -

Jan

4 eggs
¼ lb sugar
¼ lb ground almonds (or hazelnuts)
½ t baking powder
½ T flour
¼ grated lemon (skin & lemon)

Beat yolks with sugar until creamy, then add nuts, flour, baking powder and lemon. Fold in stiffly-beaten egg-whites. Bake at 350°F for ½ hour. Serve with whipped cream.

PURCHASING OFFICE DATE ....

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Fixing an international sugar price

3 (Sugar)
2/10/79

Deputy Financial Editor

NEW YORK world and domestic market spot prices for sugar were started on August 20 after nearly two years of suspension. They will probably be used with the London Daily Price (LDP) to establish the ruling price for the International Sugar Agreement.

A complicated system will be used to establish the price and it is expected that it will be some time before the ISO accepts it.

In the meantime the LDP has been edging up but it would appear that this is due to currency factors rather than consumption catching up with the world surplus.

Swaziland has sold 35 000 tons of sugar to America for shipment in October-November. This is worth about R6,5 million. The price is believed to be about 10,35 American cents a pound.

American ratification of sugar legislation which is holding up their signing of the ISA is to be delayed further with the Senate debate likely in October.

The ISA stock fund was to start on October 1, the delay will put the date to December 1.

Recently available sugar data show interesting changes in export patterns. Cuba has replaced Australia as the main Canadian importer in the first quarter of 1979.

Indian domestic consumption has gone up in the periods October to June from 3,3m tons to 4,4m tons. Production has fallen back which with exports has brought the stocks situation down from 4,5m tons to just under 4m tons.

The Dominican Republic remains a major exporter to America with exports doubled in the January to April period to 260 000 tons. In the same period South African exports to Canada have fallen by half to 21 802 tons.

Heunis 'no' to subsidy for sugar

20/10/79 NIM 3 Sugar.

Mercury Reporter

GINGINDHLOVU — The Minister of Transport, Mr. Chris Heunis, said here this week that he was not in favour of a Government subsidy for the sugar industry because it would not increase productivity.

Addressing 48 people at a meeting in support of the National Party parliamentary and provincial candidates for the coming Eshowe by-election, Mr. Heunis, replying to a question, said the Government had no particular views with regards to a subsidy for the sugar industry because, as far as he knew, the sugar industry had never formally approached the Government for such a subsidy.

Mr. Heunis said the sugar industry was most important in South Africa because, in the past, more than 50 percent of local production was exported which earned the country a lot in foreign exchange.

Local price

"Because the overseas price of sugar was extremely high for so many years the local price was reduced to below production costs.

"It is easy to judge now, but if we had anticipated that there was going to be such a drastic drop in the sugar price internationally, we would not have reduced our domestic price to the consumer."

Mr. Heunis suggested to the farmers that their stabilisation fund should be built up to at least one year's crop.

Production costs

"I say this because I do not believe in your suggestion that the industry should be Government subsidised. A subsidy would not increase overall productivity and I do not think it would be in the interests of the industry to have such a subsidy.

"In fact, I suggest that if a subsidy was granted, productivity would be reduced.

"However, I do believe that farmers should be assisted in the production costs of their crops."

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TABLE I

MORTALITY RATES FOR THE 17 MAJOR DIVISIONS OF THE ICD (8th REVISION)

(Note: There are no tables for divisions V, XI, XII, XIII because of the small numbers in each of these categories).

I INFECTIVE AND PARASITIC DISEASES

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	1,99	2,2	9,81	6,60	55,55	51,04	29,36	27,05
1-4	0,16	0,13	0,76	0,79	8,27	7,48	3,56	3,42
5-24	0,02	0,02	0,07	0,08	0,21	0,21	0,20	0,22
25-44	0,06	0,03	0,17	0,20	1,14	0,78	0,36	0,45
45-64	0,25	0,13	0,75	0,45	3,30	1,37	2,15	1,27
65+	1,04	0,72	1,61	1,98	5,48	2,78	5,45	2,93
ALL	0,19	0,15	0,56	0,45	3,33	2,69	1,66	1,61
NO.	399	315	198	159	3792	3146	3472	2593

II NEOPLASMS

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,17	0,13	0,00	[illegible]				
					2,27	1,68	2,31	1,96
					1,27	1,08	1,02	1,29
					0,01	0,01	0,02	0,02
					0,08	0,05	0,06	0,07
					0,28	0,42	0,24	0,61
					0,81	1,28	1,04	1,44
					0,28	0,26	0,22	0,33
NO.	114	173	43	63	316	307	455	530

SUGAR (3) Sugar

Sweetener FM 26/10/79

The remarkable jump in the London daily price of sugar which has taken it from less than £100/t in August to the current level of around £140/t is causing great excitement in North American and European sugar circles but no one is entirely sure why it has happened. So says SA Sugar Association export manager David Hardy who returned from a visit to Canada, the US and Europe over the weekend.

"There is some doubt about the stability of the market at present levels. Some people feel that the rise is due to speculative activity. Commodity speculators look for a depressed commodity, get in and push the price up and then get out again with a profit. If this is so the price could come down again but naturally we're hoping like mad it doesn't."

Whether or not it holds, the current situation clearly presents the SA industry with a welcome opportunity to sell forward, which it will not be slow to grasp. It was hedging which mitigated the shortfall last season and now that the industry is borrowed to the hilt, every cent counts. For marketing reasons the industry is reluctant to disclose the extent to which it has been able to hedge.

In order to attain this season's target of a record 2,1 Mt, it seems inevitable that the milling season will be prolonged. But despite the earlier drought, the target is attainable because cane, subject to quota restrictions, could be called on if necessary.

processes is essential; and the division will have to be more fine the more discriminating public decisions can be. [10]

The results of programme budgeting may be valuable in themselves, although the mere procedure does not necessarily ensure that better decisions will be made. Their potential is realised only if there follows an assessment of the value of expenditure in each programme.

30/10/79

2.2 Programme Evaluation

Methods of evaluation range from simple procedures for looking at costs, where the conclusions are left largely to intuition, to highly complicated processes which present more or less clear-cut solutions. For these more precise methods, most of the value judgements have to be made explicitly in advance. Some points on the spectrum between these two extremes are analysed below.

3- Sugar

2.3 Looking at Expenditure

Warning on SA sugar industry

Star 30/10/79

Political Correspondent

DURBAN — South Africa's multi-million rands sugar industry could be placed in jeopardy if the Government went ahead with further homeland consolidation.

With background fears of the loss of thousands of jobs and substantial export earnings the warning is made in a report drawn up by the South African Sugar Association which was handed to the Government last week.

In the report the association, which represents the entire industry based mainly in Natal, states bluntly that it is opposed to further consolidation and that the Government must find other solutions.

ADVISE

The association maintains that the results of further consolidation will be as disastrous for white south Africa as it will be for the black homelands, particularly kwaZulu.

It advises the Government rather to spend money ear-marked for consolidation on the development of the existing homeland areas.

The industry, including the farms and milling section, represents a capital investment of R1 049m and employs more than 110 000 people with a yearly wage bill of about R107m.

"SEVERE BLOW"

But the report states the effects of damaging the industry would reach even further. A "severe blow" could be dealt to whole communities, it says.

In one brief paragraph the association summarises the situation, saying, "In the current uncertain economic and political climate we find it difficult to think of anything that could have a more disruptive impact on all concerned than further consolidation of black states involving sugar-producing areas."

... to formalise (see below). For example, if it can be shown that expenditure on preventive medicine constitutes approximately 2% of all expenditure on health, [11] it may be felt that the benefits from this kind of provision warrant an increase in the share of the budget allocated to it.

Unfortunately, such intuitive processes can pick out only the grossest incongruities which are recognised by all, whatever criteria of 'value' are used. The optimum level of expenditure on a particular objective is, from the point of view of intuitive judgement, highly uncertain, because of the wide variation in benefits attributable to a particular type of spend-

ing. This is partly due to a deficiency in information on the results of the programmes which can be resolved by recourse to appropriate data. Nevertheless, there will also be differences of judgement which cannot be resolved without prior agreement on the relative valuation of different benefits which have to be fed into the analysis; and in the intuitive process, these two factors may not be differentiated.

A very large proportion of decisions are now taken with no further analysis than this. Any further steps involve a way of systematically valuing the benefits of different programmes to render them comparable to one another.

2.4 An Informal Method for Setting Objectives

The following method for guiding the choice of priorities has been described by John Bryant. [12] It has been used by medical and nursing students in Thailand, and one of its advantages is that it can be used where no numerical data is available. It, therefore, lends itself to discussion, to draw on the experience of a group of people.

Potential health problems are ...

Inadequate ante-natal & obstetric care	++++	++	++	+++	48
Malnutrition	+++	+++	++	++	36
Need for medical care	++	++	++++	++	32
Specific diseases:					
V.D.	++	++	++	++	16
Dental problems	++++	+	++	++	16
TB	+++	+++	+++	++	54
Common cold*	++++	+	+	-	0
Yaws*	-	++	+++	++++	0

* Added to test scoring method

Sugar industry warns of financial collapse

Argus Correspondent

DURBAN. — South Africa's multi-million rand sugar industry could be jeopardised if the Government undertakes further homeland consolidation.

The warning is made in a report drawn up by the South African Sugar Association which was handed to the Government last week.

In the report the association states bluntly that it is opposed to further consolidation and that the Government must find other solutions.

The association maintains that the results of further consolidation will be as disastrous for white South Africa as it will be for the black homelands, particularly KwaZulu.

Spend money

It advises the Government to spend money earmarked for consolidation on excisting homeland areas.

The industry represents a capital investment of R1 049-million and employs more than 110 000 people with a yearly wage bill of about R107-million.

The report states that damaging the industry would deal a 'severe blow' to whole communities.

The association stated: 'In the current uncertain economic and political climate we find it difficult to think of anything that could have a more disruptive impact on all concerned than further consolidation involving sugar-producing areas'.

Main effects

The association said consolidation would have two main effects.

Firstly, productive land would become unproductive, as it did after the 1975 consolidation.

This would result in the closure of mills because of the reduced supply of cane.

The remaining productive farms would then be faced with the high costs of transporting cane to other mills.

The report said the industry was one of the most competitive and efficient in the world, and was 'already in jeopardy' because of fuel prices'.

The report said production levels in KwaZulu were about half of those in white areas, because:

- The tribal land tenure system made it impossible to concentrate land in efficient hands; and
- Small allotments made it impossible for the Zulu farmer to justify the purchase of tractors and equipment.

The association said that 'once it was known that an area was earmarked, for consolidation, farmers tended 'to run down their farms very seriously.'

It said none of the farms taken over was running at a profit.

A limited amount of cane land was available and expropriation would lead to competition for farms and inflated prices.

The report said the development of successful cane areas in homelands, particularly KwaZulu, depended on a healthy adjacent industry. If the existing industry were destroyed it would remove the springboard from which to develop all the land of high potential already in KwaZulu'.

Labour pool

The report warned that consolidation would affect economic development. It was likely that KwaZulu would become nothing more than a reservoir of labour for the Republic, and this would 'fan the fires of discontent.'

The report called for the following three-point strategy:

- The Government should divert the large sums of money for consolidation to existing black areas.
- The KwaZulu Government should change its land tenure system, to enable land to be farmed more efficiently.
- As consolidation was to the disadvantage of all concerned, 'a structure appropriate to the fragmented state,' should be devised.

HONEY CAKE

1 cup flour
4 t baking powder
2 T butter
1 eg...

3 T honey
1½ T butter

Jan

Melt honey and 1½ tablesp... ...and po... over hot cake before serving. Serve with whipped cream.

Margaret

NUT CAKE

4 eggs
¼ lb sugar
¼ lb ground almonds (or hazelnuts)
½ t baking powder
½ T flour
¼ grated lemon (skin & lemon)

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

Cat

BEAN SOUP (Serves 8)

...wash beans, cover with water, bring to boil. Boil for 2 minutes. Remove from heat and soak for 1 hour. Bring to boil again, add rest of ingredients. Simmer till beans are tender. Cool. Remove meat and 1 cup beans. Purée remaining soup in blender. Heat slowly. Put a few reserved beans in each serving bowl. Sprinkle with Worcester sauce. Cover with soup. Garnish with cream and crumbled bacon or croûtons.

the South African population from all causes of death. The proportional contribution of the seventeen major disease categories of the International Classification of Disease (8th revision) to the overall mortality of the various communities is summarised in Fig. 5. The whites show a typical 'developed' country spectrum of mortality with Infectious and Parasitic Diseases being of minor importance (2,0%) and Neoplasms (15,6%) and Diseases of the Circulatory system (50,5%) being of major importance. For urban Africans and 'coloureds', Infectious and Parasitic Diseases make an important contribution to the overall mortality (19,5% and 23,5% respectively), with diseases of the respiratory system and certain causes of perinatal mortality also being of importance. Within the category of Infectious and Parasitic Diseases, diarrhoeal diseases and tuberculosis are the most important causes of mortality. The 'coloureds' experience an interesting combination of 'developed' and 'underdeveloped' mortality with a high death rate from enteritis and diarrhoeal diseases in the young and circulatory diseases in later life. What is also of interest is the relatively large number of symptoms and ill-defined conditions, particularly in the African community (22,5%). This provides some indication of the provision and utilisation of medical services to Africans in the urban areas. In general, the Asians have a spectrum of mortality intermediate between the whites on the one hand and the 'coloureds' and Africans, on the other.

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Mortality rates greater than 5/1 000 appear in italics in Table I. For all of these major causes of mortality, the Asian and 'coloured' mortality rates exceed those of the whites.

However, in this context, what requires emphasis is that by using the major disease classification a certain amount of detail is lost. For example, despite the fact that the overall rates for diseases of the circulatory system are comparable for whites, Asians and 'coloureds', within this broad category the mortality rates for specific diseases vary markedly. Table II provides the proportional contribution of the major circulatory diseases for the whites, Asians, 'coloureds' and Africans. Whilst Ischaemic Heart Disease is the major Circulatory Disease in the white and Asian communities, Cerebrovascular Diseases are the major cause of Circulatory Diseases in the 'coloured' and African communities.

Similarly, if the Accidents, Poisoning and Violence category is examined in greater detail, motor vehicle accidents are the major cause of mortality in whites, 'coloureds' and Asians, the second most important cause in the white community is suicide, whilst that for the 'coloureds' is homicide. For Africans, the latter is the main cause in this category.

The expectation for life at birth and at age 45 for whites, Asians and 'coloureds' is summarised in Fig. 6. It is not meaningful to calculate
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infant mortality rate in this community. It i
Asian females have the worst expectation of lif
communities, which is in marked distinction fro
at e_o and males at e_{45}. The fact that for the
women have the highest mortality rates for resp
digestive, genito-urinary and ill-defined cause
contribute to this anomalous situation.

Fig. 7 summarises the percentage improvement i
at birth subsequent to the total elimination o

Sugar price takes off after a sour patch

Sr 1/11/79 (3) sugar

By Stephen Suckley

Sugar prices on world markets are moving sharply higher after a period of little movement reflecting crop situations in producing countries as well as "buying rumours" from two major nations.

Spot and future prices soared to levels attained more than three years ago encouraged by rumours of Russian and Chinese buying as well as support operations by Cuba.

Aiding sentiment was the fact that the market believed that there will be a deficit on world markets of more than 3 m tons in the 1979/80 season.

There were talks that China had bought between 50 000 and 60 000 tons of raws, and at one stage last week the price was boosted by £17 a ton.

The price received further stimulation on white sugar buying from end users in the Middle East as well as intentions to buy from other countries.

Flooding in Egypt has had a disastrous effect on the sugar crop which could increase the projected shortfall expected this season.

And as all these factors were weighed, the price for raws moved up to £150 a ton on Monday — its highest level since the first week of August 1976, while the price of whites at £168 was at its highest level since October 1976.

Sugar is not the only crop expected to be lower this year. American agriculture figures show that tea production excluding China will be slightly lower than last year's 1,48m tons.

The main factor surrounds lower production from India where dry weather conditions have affected production in the north-eastern producing areas.

Uganda and Mozambique, according to the USDA will also produce less with Sri-Lanka's output unchanged and Kenya's expected to reach a record 102 000 tons.

Mauritius is also expected to produce more but the country is having difficulty in securing markets.

A top delegation from South Africa is currently in Mauritius to try to sort out the problem. In the past, Mauritian tea has enjoyed premium prices on the South African market.

Lately, however, SA has not been taking tea from this source and Mauritius has had to be content with selling its production on the London market at below production costs.

If lucrative markets are not found, the country's tea industry has threatened action.

1/11/79 Post(3) Sugar

Consolidation will wreck Natal — NRP

CONSOLIDATION of the homelands for ideological reasons would wreck the economy of Natal and the warnings by the Sugar Association of the dangers facing the sugar industry provided the proof.

Mr Gert Claassen, New Public Party Parliamentary candidate in the Eshowe by-election, said this yesterday.

With the publication of the report by the Sugar Association and not by a political party, voters should now be shaken out of their sense of false security.

"The report proves what we have been saying, namely that consolidation will wreck Natal," he said.

Mr Claassen said the NRP policy of confederal government provided the answer.

"Why should there be a division of wealth in which everyone will be the loser when, under our policy, every one will share and create wealth to the benefit of all?

"If the Government goes ahead with its consolidation schemes thousands of jobs will be threatened, not only in the sugar industry but shopkeepers, railway workers and many others."

Mr Claassen said the Government was not creating viable states but "bankrupt nations that would hang like millstones around the neck of South Africa". — Sapa.

(Report by C Cameron, 85, Field Street, Durban).

Sugar industry foresees dangers

3/11/79 DD

3 Sugar

DURBAN — South Africa's multimillion rand sugar industry could be placed in jeopardy if the Government went ahead with futher homeland consolidation. The warning is made in a report handed to the Government last week by the South African Sugar Association.

In the report, the Association, which represents the entire industry based mainly in Natal, states bluntly that it is opposed to further consolidation and that the Government must find other solutions.

The Association maintains the results of further consolidation will be as disastrous for white South Africa as it will be for the black homelands, particularly KwaZulu.

It advises the Government to spend money earmarked for consolidation on the development of the existing homeland areas.

The Association says that in the current uncertain economic and political climate, it finds it difficult to think of anything that could have a more disruptive impact on all concerned than further consolidation of black states involving sugar-producing areas.

The Association says the industry is very delicately balanced and homelands consolidation would basically have two main effects.

First, productive land would become unproductive, as shown by land that was affected by the 1975 consolidation.

This in turn would result in the closing of some of the existing 17 remaining mills because of the reduced supply of cane. The remaining productive farms would then be faced with the high cost of transporting cane to another mill.

The industry itself is already one of the most competitive and efficient in the world and "this competitive position is already being placed in jeopardy by the rapid increases in fuel prices," says the report.

Further consolidation would be detrimental to the industry and its black employees as well as to KwaZulu. It calls for a three-point strategy:

The Government should divert the large sums of money required for consolidation to agricultural and industrial development of existing black areas.

The KwaZulu Government should implement changes to its land tenure system to enable land under its control to be farmed more efficiently.

As the effect of consolidating the existing fragmented state of Kwa Zulu was to the disadvantage of all parties concerned, "it would seem logical that the answer to the problem is to devise a structure appropriate to the fragmented state," the report says. — SAPA.

HULETTS (3) Sugar FM 16/11/74

Low profit growth

Despite a London sugar price which advanced through £165/t on Wednesday, Huletts expects the drought conditions experienced last summer in Zululand to impact adversely on sugar results.

However, the directors forecast improved performances by non-sugar subsidiaries, which are expected entirely to offset the decline in sugar results, leaving year-end earnings at around the same level as last year.

In the six months to end-September, group sales increased 7,5% to R179,2m (R166,7m) from which Huletts derived a 5,6% increased pre-tax profit of R20,1m (R19,0m). The net income does not include actual receipts from sugar and foreign investments, which are calculated on the basis of half the year's estimated total. With the drought, Huletts expects its share of SA's sugar milling proceeds to decline to 30,6% (33,9%) this year.

Sugar price advance

Sugar contributed 61,4% of consolidated gross profit last year, so despite non-sugar growth, any decline on the sugar side is likely to have a severe impact on consolidated results. However, if the sugar price's advance from £117 to £165 in the last three months is maintained, this should provide sufficient additional income to more than offset the decline in milling results. In the first half, Huletts branched out into packaging with the purchase of Containem for R1,5m, though the acquisition is unlikely to have any significant effect on earnings this year.

Further expansion is still being undertaken by the paper, aluminium and sugar divisions and the capital commitments at the end of the first half amounted to R5,9m.

The 3c rise in the interim to 12c was not apparently due to the profit improvement, but to the group's policy of reducing the differential between the interim and final. Last year a 28c final was paid. Earnings, after deducting an additional provision for the replacement of fixed assets, declined to 25,3c (26,2c). On an historic basis the figure would have been 38,8c (37,2c).

Assuming that the sugar price remains firm and the other divisions benefit from the expected continued upswing in the economy, year-end earnings could rise to 60c, from which a 40c total dividend is possible, putting the share at 485c on an 8,2% prospective yield.

Peter Pittendrigh

FINANCE

SUGAR (3)

Argus 4/12/79.

Sugar mills to expand

DURBAN. — In line with better prospects in the sugar industry, C G Smith Sugar has announced a R12,7-million expansion programme for its Illovo and Noodsberg mills.

The expansion, which will be funded intzernally by the group, has been announced at a time when the sugar company has boosted its share ot total South African production from 35,5 percent last year to 39,6 percent.

It has also lifted earning's per share by 10,6 percent and dividends by 10 percent for the six months ended September 30.

STRIKING

However most striking point of the Smith group's three sets of financial statements issued yesterday is a 67 percent lift in the interim dividend of C G Smith Investments — the investment holding company with interests in Romatex, C G Smith Sugar and indirectly, Huletts Corporation.

The better interim dividend — 10 cents aginst six cents for the equivalent period last year — flow from the improved results of Romatex and the better dividends received from Huletts and Smith sugar.

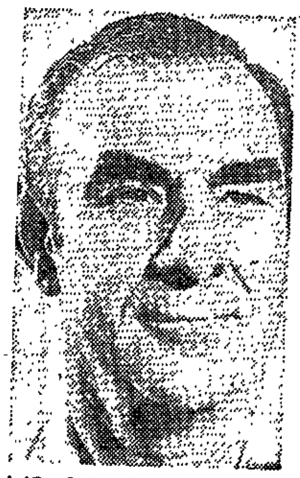
The investment company's before-tax profit was 22 percent up at R17,2-million while profit after tax was 26 percent better at R11,97-million. Attributable profits were 25 percent better at R7,5-million.

BENEFIT

On the sugar side, the group has benefited from re-allocation of quotas following drough on the north coast.

The C G Smith sugar mills will therefore have 39,6 percent of production compared wth the 38,6 percent forecast at the annual meeting in July. — Sapa.

MR C J ANDREW has been appointed manager of Murray and Stewart (Border), the Murray and Roberts contracting branch with headquarters in East London.



MR C J JOUBERT, has been appointed regional manager of the Cape Town office of the South African Bureau of Standards.

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

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VOL. 174] PRETORIA, 7 DECEMBER / DESEMBER 1979 [No. 6773

3 Sugar

GOVERNMENT NOTICE

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

No. R. 2754 7 December 1979

PRICE CONTROL.—MAXIMUM PRICES OF SUGAR

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

(1) in the First Schedule—

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

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

(2) in the Second Schedule—

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

(3) in the Third Schedule—

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

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

GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

No. R. 2754 7 Desember 1979

PRYSBEHEER.—MAKSIMUM PRYSE VAN SUIKER

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

(1) in die Eerste Bylae—

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

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

(2) in die Tweede Bylae—

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

(3) in die Derde Bylae—

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

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

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

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

E. G. DE BEER, Price Controller.

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

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

E. G. DE BEER, Pryskontroleur.

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6773—1

Natal sugar barons smile again

Sun. Tribune 9/12/79

3-Sugar

By JACK BRICKHILL

SOUTH AFRICAN sugar producers, in a massive turnaround of fortunes in the last four months, are looking for even better times next year with the relaxation of export quotas.

The International Sugar Organisation's quota for South Africa is to be raised from 81,5 percent of the basic quota to 85 percent on January 1. Other ISO trigger points raising the quotas to 95 percent have already been passed but there is likely to be a delay while the system is scrutinised at the next ISO meeting in London in March.

The ISO is likely to revise the trigger points upwards to take account of inflation in recent years. Nevertheless, producers can look forward probably to higher exports provided the international sugar prices are maintained.

Since August the price of sugar has risen from under £100 a ton to £173 and there are still signs of underlying strength with Russia coming in this week as a buyer of 115 000 tons off world markets.

The Russians have had to come in as buyers because of a likely drop in the diseased Cuban crop. There are still heavy stocks of about 30 million tons hanging over the market and the EEC and India are increasing exports.

Ian Smeaton, chairman of the South African Sugar Association, expects a correction fairly soon in the market with the price easing back. However, commodities generally have taken off and sugar is likely to sell at relatively high prices for the forseeable future.

Indeed Peter Sale, general manager of the Sugar Association, hopes it will be possible from next year to start building up the equalisation fund again.

The deficit budget for the year to April 1980 has been progressively scaled down from R94 million to R50 million and now the deficit is expected to be only R25 million which will be covered by the loan already raised by the industry.

The equalisation fund, at a peak in 1974 of R94 million, was whittled down during the years of depressed prices and last year the reserve dried up.

During this depressed period South Africa built up a sizeable trade in non-quota exports for animal feed. In the current season 250 000 tons out of the total crop of around two million tons was exported as animal feed. With higher ISO quotas in the offing it will be possible to divert sales from the lower priced animal feed market.

The higher prices are unlikely to result in expansion of the sugar crop because of the certainty that prices for this cyclical crop will plunge again in the future.

The major changes that will take place in the next few years will be plant replacement resulting in increased efficiency and capacity. The largest producer, C. G. Smith Sugar, has announced a R12,7 million mill rationalisation scheme and Huletts is considering plans for replacing old mills in Zululand.

Huletts managing director, Dr Kees van der Pol, says the company is waiting to see what developments take place in KwaZulu before plans can be finalised. Tongaat has recently completed a major expansion and has no plans at this stage for more expansion on a large scale.

While production controls remain on white farmers and estates, expansion of canelands is continuing at a rate of 3 000 hectare a year in KwaZulu where there are now 10 000 black farmers on 30 000 hectares.

The potential area for cane production is 65 000 hectares and at this stage KwaZulu will produce about 20 percent of the crop.

TABLE II

	WHITE Male	WHITE Female	ASIAN Male	ASIAN Female	COLOURED Male	COLOURED Female	BLACK Male	BLACK Female
[illegible]	[illegible]	[illegible]	[illegible]	15 1.9%	120 3.9%	139 4.4%	49 2.1%	56 2.9%
[illegible]	[illegible]	[illegible]	[illegible]	127 15.8%	190 6.1%	276 8.8%	273 11.4%	212 11.0%
[illegible]	24.6%	15.4%	12.6%	12.3%	3.9%	2.0%	4.1%	3.4%
Homicide (E960-E969)	59 3.0%	41 6.1%	41 12.3%	2 1.9%	680 31.3%	167 25.6%	806 43.1%	89 27.5%
Total Accidents, Poisoning and Violence (E800-E999)	1973 100%	677 100%	333 100%	104 100%	2175 100%	652 100%	1868 100%	324 100%

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

AGRIC - Sugar
1-1-80 - 31-12-80

SUGAR

3 sugar FM 4/1/80

A brighter outlook

Last year witnessed a sizeable turnaround in the international sugar market with nearby delivery prices in London increasing by around £85/t to just short of £190. Generally speaking, the improvement has been far greater than originally hoped for and has been generated by two key factors.

Firstly, forecasts suggest that the world sugar economy in 1979-80 should experience a significant production shortfall following a series of surpluses in recent years which have forced world stocks to record levels of over 30 Mt. Estimates of the size of this shortfall vary, but if a world consumption figure of around 92 Mt is assumed, the latest output forecast by sugar statisticians FO Licht of 87,7 Mt could suggest a deficit of 4,3 Mt and a useful reduction in world stocks by end-August 1980, the generally accepted stocks accounting date.

But secondly, sugar prices have been underpinned by another chief factor, which has nothing to do with the fundamentals of the market. Since mid-1979 it is generally accepted that speculation in sugar futures on the New York and London markets has increased. This has been partially a spin-off from the general flight from money during the continuing dollar-orientated international currency crisis.

Additionally, it was a response to the fact that in recent years sugar has not been a favourite with the speculators due to depressed market conditions, until suddenly brokers began to recommend piling into a commodity they considered had become undervalued.

There have been other favourable influences as well. President Carter has now patched up his quarrel with the Senate over domestic sugar support prices (largely due to the rise in the world price anyway) which had been, in turn, blocking his way to ratifying the International Sugar Agreement (ISA).

Congressional approval for the move is still not expected until the early months of 1980, but it now seems certain that the US will become a full member of the ISA, thus allowing it to make itself felt forcefully. This will be a welcome morale booster for the pact which, experts recognise, has also played a key role in underpinning prices through export restrictions in the past two years.

Moreover, when fully operative, it will begin financing a 2,5 Mt reserve stocks scheme via a system of levies on international trading.

In recent weeks, Russia has also given prices an extra upward twist as it became increasingly apparent that her domestic crop had been hit by bad weather, necessitating the importation of probably up to 2 Mt from the West in the current season. Experts feel that perhaps half that amount may have already been bought.

Looking ahead, though, there are some serious question marks hanging over the ability of the market to continue to perform as healthily during 1980, as it did in 1979. Stocks are still at record levels, experts note and, furthermore, should speculators suddenly decide enough is enough, the trend could experience a setback.

Moreover, some suspect that production, which seems likely to drop by about 3 Mt this year, may nevertheless be well back towards 90 Mt in 1980-81. According to Licht, for instance, the sharp decline in output this season compared with last has been largely an accident. Russian, Cuban and Indian crops have all been hit by unexpected events and all three countries can be expected to attempt to boost output next season.

signposts

	Current	Week ago	Month ago	Year ago
RDM 100	**451,2**	**441,0**	**429,5**	**270,5**
% change on	—	2,3	5,1	66,8
P/E ratio	6,2	6,1	6,1	5,0
Div yield	5,9	6,0	5,9	7,9
UK FT Ind	**414,2**	**420,0**	**423,3**	**473,0**
% change on	—	—1,4	—2,1	—12,4
P/E ratio	6,3	6,4	6,7	8,1
Div yield	7,8	7,7	7,6	6,1
US Dow Jones	**838,7**	**843,3**	**824,9**	**811,4**
% change on	—	—0,5	—1,7	3,4
P/E ratio★	7,7	7,7	7,9	8,7
Div yield★	5,3	5,2	5,3	5,1
Gold price (in US $ on London)	**526,5**	**469,0**	**429,0**	**225,4**
% change on	—	12,3	22,7	133,6
Krugerrand (Rand)				
Public selling price	**470,0**	**466,3**	**410,9**	**227,0**
% change on	—	0,8	14,4	107,0

★Standard & Poor index.
Public buying price is 10% below, subject to negotiation.

SUGAR (3) Sugar

Export quotas up

FM 11/1/80

It is too early to start throwing hats in the air over the international sugar council's decision to raise export quotas from 85% to 94.37%

In South Africa's case this ought to allow the sale of an extra 78 250t *tel quel* (a degree of purity) during the calendar year.

"However we don't know at this stage," says sugar association GM Peter Sale, "whether, if we sold this extra sugar now and export quotas were reduced later, we would be forced to cut back sales to our customers or whether we would be disqualified from consideration for shortfall allocations

"Until these points are cleared up, which I hope will be by the weekend, it's impossible to say what the effect will be The most one can say is that it's a good sign but one must also remember that releasing more sugar on to the market is likely to bring the price down "

Related to total seasonal production of 2,1m t the extra 78 250 t which becomes exportable over the calendar year (as opposed to the seasonal year from May to April) may not appear too significant but as it is likely to be sold at a profit, the additional proceeds will be more than welcome to an industry now about R50m in debt

Financial Mail January 11 1980

SA has more sugar for export

Rpm 3 (Sugar)
12-1-80

SOUTH Africa may have between 50 000 and 100 000 tons of excess sugar for export within the next 90 days following suspension of the International Sugar Organisation's 1980 export quotas, says the managing director of the SA Sugar Association, Mr Peter Sale.

He says figures are not yet available, but South African crop assessments are being carried out to determine the exact amount of sugar over the original ISO quota which could be exported.

South African sugar output for the 1979/80 season — May to April — is estimated at 2 050 000 tons compared with 2 070 000 tons for the previous season.

Domestic offtake has been conservatively put at 1 080 000 tons against about 1 060 000 in 1978/79.

Me Sale says South Africa has built up on schedule its proportion of ISO special stocks required under the sugar agreement to be completed by December 1981.

A major part of South African stocks is taken up by the ISO requirements.

South African exports of denatured sugar for animal feed will fall away following the suspension of ISO quotas.

South Africa has sold denatured sugar, which was not restricted under International Sugar Agreement quotas, to several European countries, including West Germany and Spain, and other destinations in the past year.

It is too early to assess the full implications of the suspension of quotas, but Mr Sale says that if a major amount of excess sugar comes on world markets, a sharp price decline can be expected.

The ISO executive director, Mr William Miller, says the ISO executive committee has scheduled a meeting of the price review committee for February 26 to begin a review of the current ISO price range of 11c to 21c a pound.

The committee will meet again on February 29.

The next meeting of the ISO councl, which alone is empowered to make any decisions on whether to raise the price range, is scheduled for mid-March.

An ISO spokesman says the decision to suspend export quotas in no way affects the holding of special ISO stocks under the sugar agreement. These must continue to beheld — unless the ISO 15-day average price rises and is maintained above 19c a lb, or the committee decides to release them.

Release of specal stocks takes place automatically — unless the executive committee decides otherwise — in three stages, with a third released at 19c and the remaining two-thirds at 20c and 21c a lb respectively.

Exporting members are obliged to build up special stocks to a total of 2 500 000 tons raw value by December 1981.

Of this total 40% had to be built up in both 1978 and 1979, but the council in November 1979 extended for one year the period for completing the final 20%.

ISO delegates say the decision to suspend quotas was taken because of the fact that automatic suspension looked inevitable on Tuesday at current price levels.

They say the agreement on a timetable to review the price range represented a compromise. — Reuter.

SA has plenty of sugar for export

Star 14/1/80

3 - Sugar

South Africa may have between 50 000 and 100 000 tons of excess sugar for export within the next 90 days following the suspension of the International Sugar Organisation's (ISO) 1980 export quotas, Sugar Association managing director Mr Peter Sale said.

Mr Sale said that definitive figures were not yet available but South African crop assessments were being carried out to determine the amount of sugar over the original ISO quota that could be exported.

Mr Sale said South African sugar output for the 1979/80 season, May to April, was estimated at about 2,05-million tons compared with about 2,07-million for the previous season.

Local offtake has been conservatively put at 1,08-million tons against about 1,06-million in 1978/79.

South Africa had built up on schedule its proportion of ISO special stocks required, under the sugar agreement, to be completed by December 1981, Mr Sale said.

A major part of South African stocks was taken up by the ISO requirements, he added.

Mr Sale said South African exports of denatured sugar for animal feed would fall away with the suspension of ISO quotas.

South Africa has sold denatured sugar, which was not restricted under international sugar agreement quotas, to several European countries, including West Germany and Spain in the past year.

Mr Sale said it was too early to assess the full implications of the suspension of quotas but if, as a result, a considerable amount of excess sugar came on to world markets a sharp decline in price could be expected. — Reuter.

US sales up

WASHINGTON — US retail sales rose a seasonally adjusted 1,1 percent in December after a revised 0,7 percent gain in November, the Commerce Department said.

November's increase was originally reported as 1,8 percent. — Reuter.

(7) Nothing in this section shall be construed as depriving a person removed thereunder of compensation or damages which may be payable to him in respect of the termination of his a...

(6) The Court may order the company's or the said other person's costs on an application under subsection (5) to be paid in whole or in part by the director concerned, notwithstanding that he is not a party to the application.

(5) No copy of such representations shall be sent out and the representations need not be read out at any meeting if, on the application of the company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter.

(4) If a copy of such representations is not sent as aforesaid because it was received too late or because of the company's default, the director concerned may (without prejudice to his right to be heard orally) require that the representations be read at the meeting.

(b) send a copy of the representations to every member of the company to whom notice of the meeting is sent, whether such notice is sent before or after receipt of the representations by the company.

South

Bonus on way for sugar men

25/1/80 3 Sugar Star

By John Cavill, Financial Correspondent

LONDON. — As world sugar prices frothed up by another £7 a ton to a new four-year high of £210 in London yesterday, traders here said the next three weeks could provide an additional bonus for South African cane growers.

On top of the suspension of 1980 export quotas by the International Sugar Agreement, the price has now moved above the 19 US cents a pound level.

If it averages this price over 15 trading days the ISA will release the first 33 percent of the "special stocks" held by producers in terms of the agreement.

The balance of these special stocks kick in at 20 US cents and 21c a pound — at which level the 2-m tons which should have been built up by ISA members by the end of last year will be freed.

Sugar traders C Czarnikow say that while the world price looks vulnerable because of the speculative swings in the gold market, there could be shortages in the first half of the year which will benefit the southern hemisphere harvests.

The Russians, who are believed to have bought up to 1,25m tons of sugar in November and December ahead of their push into Afghanistan, have gone "underground."

But rumours persist that they remain buyers of 500 000 to 750 000 tons and that sellers have been sworn to secrecy because the Russians fear United States pressure on shipments.

"NO FACTS"

"The trouble is that there are no hard facts to go on, and if the market knew it would be able to discount the Russian factor in the price because it is unlikely that the shortage will last for the whole of 1980," said an anayst at Czarnikow.

Any suggestion that Russia had "fitted up" would knock the sugar price but against this the market expects the United States to slash its import duty on sugar.

The US spot price of raw sugar stands at 21,50c a pound — against the "support" level of 15c for American producers. It is expected that the duty of 2,8125c a pound will be brought down to 0,625c.

If that happens, according to traders, there could be a resurgence of demand from US refiners.

TABLE I

F	M	F
51,04	29,36	27,05
7,48	3,56	3,42
0,21	0,20	0,22
0,78	0,36	0,45
1,37	2,15	1,27
2,78	5,45	2,93
2,69	1,66	1,61
3146	3472	2593

III

ENDOCRINE, NUTRITIONAL AND METABOLIC DISEASES

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,09	0,05	0,06	0,21	2,27	1,68	2,31	1,96
1-4	0,03	0,01	0,00	0,05	1,27	1,08	1,02	1,29
5-24	0,01	0,01	0,01	0,01	0,01	0,01	0,02	0,02
25-44	0,02	0,02	0,08	0,08	0,08	0,05	0,06	0,07
45-64	0,09	0,12	0,39	0,88	0,28	0,42	0,24	0,61
65+	0,39	0,59	1,61	2,59	0,81	1,28	1,04	1,44
ALL	0,05	0,08	0,12	0,18	0,28	0,26	0,22	0,33
No.	114	173	43	63	316	307	455	530

II

NEOPLASMS

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,17	0,13	0,00	0,21	0,06	0,16	0,04	0,06
							0,03	0,04
							0,05	0,04
							0,34	0,36
							2,32	1,91
							6,16	4,10
							0,58	0,45
							3472	715

SUGAR

(3) Sugar FM 9/5/80

Choked over costs

Sugar production costs are enough to give the industry nightmares. C G Smith Sugar MD Tony Norton made the point forcibly at this week's NDMF seminar on Natal in the Eighties held in Durban.

He pointed out that the industry was basically a cost recovery exercise "but our average costs and margins per ton, deflated at 10,5% a year compound, increased by 28% in real terms over the last seven years."

If consumption falls off — and it is doing so despite population increases and lack of competition from alternatives such as high fructose corn sweeteners — unit costs go up alarmingly. Fixed costs are already high.

To ensure SA remains a relatively low cost producer, Norton suggests better agricultural practices, better yields, more productive use of labour, mechanisation, better training of skilled workers and other measures to raise productivity.

Like other sugar industry captains, he expresses alarm over the possible disruption arising from homeland consolidation. 'Any large-scale social engineering always disrupts established systems as different parameters of land tenure, different norms of productivity, less ability or willingness to invest further in production potential and a host of other problems lead to real consequences."

These should be weighed against a critical need to minimise costs per ton. Nevertheless, Norton's personal snapshot of the sugar industry in January 1990 is fairly sanguine. He foresees:

- production of 2,6 mt (current 2,05 mt) under normal weather conditions;
- domestic consumption of 1,4m t (1,08m t);
- price stabilisation fund in credit, providing there's no major downward cycle in world prices in the previous two years;
- more black growers in the industry on a viable basis;
- and no new mills as the current margins do not support the capital costs involved. But existing sugar mills will become bigger and better, employing better trained blacks and Indians on an equal opportunity basis at all levels including senior management.

SUGAR (3) Sugar

Making a pile FM 15/2/80

When the sugar terminal's first storage silo was opened in 1965 a critic referred scornfully to "that white elephant at Maydon Wharf." He couldn't have been more wrong.

There are now three silos with a total storage capacity of 520 000 t and not only have they saved a fortune in handling costs but they have been a boon to South Africa's export trade.

The current situation proves the point. At mid-January the silos held 398 053 t — the build-up at the end of the milling season — of which 200 000 t was committed in export sales and 112 000 t was held in terms of ISA buffer stock requirements. Thus a useful balance was in hand to take advantage of higher export prices and suspension of quotas.

For most other sugar exporters, storage of buffer stocks presented a problem but South Africa already had the space.

"It is the best sugar terminal in the world," says manager Charles Holloway immodestly. "The whole project cost R14.5m and replacement cost today would be nearer R34m."

More than 10 Mt of sugar has been shipped through the terminal since the 1965/66 season and a ship which used to take 10 days to load can now be loaded in a single day.

"We can load at 700 t/hour which is not as fast as terminals at Barbados and in Australia but it would be uneconomical to alter our scale system to match them," says Holloway.

Averaged over five years, handling costs are R1.34/t for bulk sugar and losses are a fraction of one percent. In preterminal days the quayside was often reduced to a treacly mess. "The possibility of another terminal at Richards Bay has been examined," says Holloway, "but other factors must be considered.

"It would save about R2m a year in rail costs if sugar from some of the Zululand mills could be shipped through RB but the railways insist that they would have to operate any terminal built there."

One of the few people who is less than enthusiastic about the silos is the referee appointed by the international sugar council to ensure that the required buffer stocks are actually on the floor

Well how does one count up to 147 000 t of sugar from a pile on the floor? Exit Holloway, grinning.

Not so sweet for sugar industry

N. Mercury 16/2/80 (3 Sugar)

Serious drought sure to mean low yield

Deputy Financial Editor

SOUTH Africa's sugar industry is not facing a rosy future. It is in the grip, in certain areas, of a serious drought and there is a certainty that the crop will be significantly below last year's.

Mr Tony Ardington, chairman of the S A Cane Growers' Association, warned yesterday that there were various factors which tempered the optimistic outlook some investors were taking.

This week sugar shares were at new high points. Dividend yields varied between 3,2 and 5,9 percent, indicating that share prices have been bid up. Apart from the agricultural problems, the industry has borrowed R50 million which it will have to liquidate.

Mr Ardington said that the drought in certain areas had lasted for two seasons.

'Rainfall for the coming season's crop has been between 15 and 20 percent below the long-term average for much of the industry.

'Unless there are good rains within the next few weeks, the industry's total crop is likely to be significantly below last year's with certain areas in Zululand suffering even more than last year.'

Quotas

Mr Ardington said growers received less than the amount laid down by legislation last season and because they expected poor prices in the current season, they had cut back on fertilisers and replanting of their fields.

This would depress the crop further in the coming season, Mr Ardington said.

Huletts is 'invulnerable'

Sugar

3 - Sugar

Tribune 24/2/80

By TONY HUDSON, Finance Editor

HULETTS SUGAR remains invulnerable to a takeover bid despite strong rumours that Anglo American is about to gobble the company up.

Early last week there were stories that Tongaat had disposed of nearly 4 000 000 Huletts shares, representing about 12 percent of issued capital, in an off-the-floor deal.

However, Tongaat financial director Ted Garner told TRIBUNE FINANCE it had not sold either its direct or indirect holding in Huletts and, in the foreseeable future, would not be a seller.

In addition, market sources say the 3.9 million was in fact not the number of shares sold but was R3.9 million — the purchase price of a parcel of about 500 000 shares sold privately last Friday.

As Tongaat manages Huletts through S & T Holdings on a 50-50 basis with C. G. Smith (although it only has a 33 percent stake in the company) Tongaat's statement means that Huletts will remain inviolate until such time as minds are changed.

Meanwhile, the mystery remains why Anglo (if it was them) went into the market in such a hurry to buy around R9 million worth of Huletts shares at R9 a share.

Current thinking in the sugar industry is that Anglo want to give itself extra muscle on the S & T board just in case Barlows (which, through C. G. Smith, has a 66 percent stake in S & T) decides to push its weight around.

According to the 1979 Anglo annual report, the company has a three percent direct stake in Huletts to which it has added a further two percent by recent buying. However, there have been several flurries in Huletts counters this year so the figure could well be higher.

So, perhaps, the move could be to form a base for a raid sometime in the future.

Sugar men back from Manila congress

N. Mercury 27/2/80

3 Sugar

186

Science Correspondent

SUGAR is sweet — it can get some South Africans into parts of the world barred to others.

This is the case with sugarcane technologists, 60 of whom have just returned from a congress in Manila in the Philippines, a country forbidden in other circumstances to South African passport holders.

'No delegate of the International Society of Sugar Cane Technologists is ever refused entry to a host country on political grounds,' said Dr Gerald Thompson yesterday.

He is director of the sugar experimental station at Mt Edgecombe and has just returned from the congress of the society, which is held every three years.

'We are not discriminated against in any way. The next host country, chosen by secret ballot, is Cuba, where the same entry regulations apply. In 1983 we'll be there.'

The vice-chairman of the Cuba congress, elected by the Cubans themselves, will be a South African, Mr J L du Toit of Durban.

Organiser

'He is known to be an excellent congress organiser. This is the third successive time he has been vice-chairman,' said Dr Thompson.

In Manila, one of the subjects on the agenda was methods by which biomass from sugarcane could be boosted, with ethanol production in mind.

'South Africa could grow another 10 million tons of sugarcane. This could be used to make 750 million litres of fuel alcohol,' said Dr Thompson.

Industry giants battle it out for sugar riches

9/3/80
3 sugar. Business Times

By STEPHEN ORPEN

IN a classic battle of the giants, South Africa's largest industrial group, Barlows, and the country's largest mining house, the R7 000-million Anglo American Corporation group, appear to be locked in a wrangle over the key to control of the country's R1 000-plus million sugar industry, as well as for many vital industrial interests that go with it.

The bare bones of the complex story of how Barlows acquired control of the C G Smith empire, now calculated to be worth some R750-million, were revealed last month.

And there was also debate about how Anglo, with a useful slice of competing Tongaat, would react.

The secret lay in who could get control of Huletts, managed jointly by a company called Smith and Tongaat (S & T).

Huletts accounts for some 30% of the sugar business via S & T, compared with 40% for the C G Smith group, 10% for Tongaat itself and 20% for others.

Huletts also has substantial paper, packaging and metal interests (through the aluminium company, Hularn.in) which would fit well with either Barlow's or Anglo's similar interests in these fields.

Now S & T has just over 50% of Huletts. But although Smiths has two thirds of the S & T equity, and Tongaat only a third, the voting rights are divided equally between them.

Thus they would seem to be a blockage which Barlows cannot circumvent in any move to manage Hulletts.

Moreover, it is now openly claimed in the stock market that it was Anglo that pounced one week recently and bid Huletts shares up from something over 700c a share to no less than 900c exactly, at which level it bought for a week before suddenly withdrawing.

Fresh facts to emerge this week after I talked with Barlow's executive director, Warren Clewlow, who is in charge of the big drive into Natal, and with others, include:

- Barlows move into C G Smith was made possible by Standard Merchant Bank's decision to unload its 21% in Smiths, which Barlows snapped up before buying more shares.
- The potentially enormous impact on Barlows of its Smiths move has not yet been fully appreciated. Barlows total assets are now standing at some R1 800-million, but this becomes no less than some R2 600-million including all the Smith interests, like Nampak and the Romatex group.
- Barlows acquired its control of C G Smith through the purchase of some 233 000 Smiths shares at an effective R750 each, allowing for the carrot, Nampak, which Barlows first offered Smiths.

Thus it acquired control of, or influence over, assets worth some R750-million by laying out some R175-million, or R200-mil-

● To Page 3

Giants in sugar battle

(49) 9/3/80

● From Page 1

lion at today's stock market prices.

- The fate of the Natal economy is now strongly linked to the performance of Barlows interests there — so dominant is the group in the province now.

The group now employs some 66 000 people in Natal, in some 40 companies, of which the six or seven of the largest are within the Smiths stable.

- The shareholding in C G Smith is now some 264 000 of a total of 410 000. Some 93 000 are held by C G Smith Sugar, the Industrial Development Corporation has some 15 000, Crookes Bros 13 000, Smiths Pension Fund 5 000 and others 18 000.

Some 23% of the C G Smith Sugar shares are non-voting as it is a subsidiary of C G Smith.

- Barlow Rand has 84% of the voting power in C G Smith. C G Smith has a 66,3% holding in C G Smith Investments which has 50% control of S & T which has 53,5% of Huletts Corporation.

But S & T's holding in Huletts could be higher now, according to market talk.

- The key to the directoral strength mainly lies in the eight directors of S & T, who are also directors of Huletts.

The four directors from the Barlows-Smiths side are Warren Clewlow (chairman of S&T), Tony Norton, Alistair Macmillan and Bas Kardol, executive chairman of Nampak.

From the Tongaat side are Chris Saunders (also chairman of Huletts), Alan Hankinson and, representing the Anglo flag, Chris Griffith and David Strachan (vice-chairman of Tongaat).

AS AT 29 02 80 PAGE 1

13100

DESCRIPTION SYMBOL

~~PRACT SP I AFRIKAANS LOWER/ABS 3 162321L~~

PRACT ACT I AFRKIAANS LOWER/ABS

~~REGISTRAR (ACADEMIC)~~

STU1 1310 STUD 1623

NM 17/3/80 (3-Sugar)

DEVELOPING countries are concerned about the rising world price of sugar. They are afraid that high prices will mean an upsurge in production. African, Caribbean and Pacific (ACP) countries, which produce cane sugar, are particularly worried about the EEC's beet sugar output. Roy Laishley an economics writer reports . . .

EEC cane ACP sugar men

Growers of cane sugar, which accounts for some 60 percent of the world market, are afraid that high prices will mean an upsurge in production by rival beet farmers in Europe.

Concern centres on the European Economic Community (EEC), where African, Caribbean and Pacific (ACP) producers have a guaranteed market for some 1 400 000 tons of cane sugar. Ever since the sugar scarcity of 1974, when cane prices rocketed sky-high, the EEC has been expanding beet production.

It has been all too successful. By 1978, after a 33 percent rise in production the EEC had an embarrassing 3 000 000 ton surplus of sugar.

With an apparent surplus of sugar in the world earlier last year ACP producers hoped to convince EEC countries to cut back on their expansion of beet sugar. Late last year their arguments appeared to be heading for success when the European Commission, the administrative organ of the EEC, advocated cuts of some 10 percent in EEC sugar production over the next five years.

'It would result in a 30 percent cut in the United Kingdom's maximum quota, with grave results for British industry, compared with only 5 percent for the industries in a number of other member States,' he said.

Britain opposes proposals in the annual review of Community Agricultural Policy now underway.

The bone of contention lies in Britain's intention to expand its beet production. The British Sugar Corporation (BSC), which controls beet sugar, plans to expand beet production to about 1 250 000 tons a year. In the last half of the 70s average production was less than 800 000 tons.

It is this development which worries the ACP producers: 96 percent of their guaranteed sugar is refined and consumed in the U K by BSC's rival, Tate and Lyle. With the demand for sugar in the U K not expected to rise significantly the protagonists in the battle are faced with trying to pour a quart into a pint pot.

Britain's consumption of sugar stands at 2 400 000 a year. Under EEC and ACP expectations this would be met by 1 225-million tons of ACP sugar, 936 000 tons as the maximum U K quota and some 300 000 tonnes committed imports from other EEC members. BSC's plans would mean that something had to give in present arrangements.

The ACP countries are alarmed that it is their guaranteed supplies to the EEC which are mostly likely to be cut. In February, the Mauritius Ambassador to the EEC urged countries 'not to repeat the errors of 1974-5'. To expand beet production now, he said, would be to create 'utter chaos'.

Many of the major cane sugar producers are small island economies like the Dominican Republic, or Mauritius, and are very dependent on sugar for foreign exchange earnings. After years of stagnant prices in a world where import costs have risen alarmingly many sugar producers are in a parlous economic state.

For countries like Mauritius guaranteed access to the EEC market is an absolute necessity; 80 percent of its sugar is taken by the EEC.

However, the EEC's commitment to take in ACP sugar has been highly unpopular among some member countries, particularly France, which has a long-established beet industry.

The EEC's sugar surplus, they argue, is wholly the result of EEC policy to expand beet production. But they are alarmed that this move could be the first step on the road to a rescinding of present arrangements for sugar.

If present high prices for sugar do lead to a large increase in EEC production, particularly in the U K, the balance of opinion in the EEC, could shift heavily against the cane sugar suppliers.

Peter Walker's support of BSC's plans would give Britain little interest in maintaining cane supplies. Indeed, they would prove an embarrassment, only to be resolved by cutting or ending present quota arrangements. In this situation, ACP countries fear that the peculiar logic of EEC farm policy would overwhelm any external or moral commitments to developing country producers.

The irony is that, while demand for sugar is expected to slightly outstrip supply in 1980, most of the recent rise in price reflects speculative interest in commodities rather than genuine supply fears. This can disappear as fast as it appears.

In one day in February, R22 was knocked off sugar prices in London — more than a whole year's movement during the late 70s. In this situation, ACP producers would prefer lower but more stable prices which reflected the true need for cane sugar in the world's markets.

The developing country producers would like to see the EEC join the International Sugar Agreement, set up in 1977 to stabilise world sugar markets. Its failure to do this job has, in part, been the result of the absence of the EEC from the disciplines of this agreement.

For three years producers have had to endure costly quotas on their exports in an attempt to bolster world prices.

The EEC is unlikely to heed this request but ACP producers, at least, are imploring the Community's Farm Minister not to panic and flood the world with beet sugar. — GEMINI.

Drought could cost sugar industry R70m

Sun. Trib Finance 23/3/80

3 Sugar

By JACK BRICKHILL

EARLY estimates of the drought-hit sugar crop indicate a drop of 200 000 tons which will cost the country about R70 million in lost exports.

This is an improvement on the position a few weeks ago when gloomy industry sources talked of a drop in the region of 300 000 tons or 15 percent from last year's 2 080 000 tons, if the drought continued.

Recent rains have arrested the deterioration of the cane but the North Coast crop has been hard hit.

Huletts' managing director Dr Kees van der Pol says most areas in the north are still extremely dry and the rain has come too late to improve the crop.

"It has consolidated what cane there is and it has helped keep the water table up."

The sugar mills will open as usual in the third week of April but some of them may have to close earlier because of a shortage of cane.

A more accurate assessment of the crop will be made in the middle of April when growers' assessments are available.

Tony Norton, managing director of C. G. Smith Sugar, says early estimates are not particularly reliable and the forecast of a 10 percent drop in production may be a little pessimistic. There have been good crops inland and on irrigation schemes. The South Coast cane is quite good and only areas on the North Coast have been devastated.

The falling sugar price from a high of around £280 a ton to £210 is not worrying the producers who prefer a steady price rather than endure the sharp fluctuations experienced in the past.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

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REGISTRAR (ACADEMIC)

Sugar deal gives SA small bonus

Star
3 Sugar
2/4/80.

By John Cavill, Financial Correspondent

LONDON — The new basic export tonnages for 1980 worked out under the International Sugar Agreement (ISA) will give the South African industry a small extra bonus of R5m at current prices.

"But we are quite satisfied at the results of the ISA meeting and think it augurs well for the future," Mr David Gass, spokesman for the South African Sugar Association, said in London last night.

South Africa's basic export tonnage has been increased by application of the performance-linked formula to a preliminary figure of 884 570 tons for 1980 — about 9 500 tons up on its original total.

And Mr Gass confirmed that the 1 cent US per pound upward shift in the ISA price range, to a floor of 12 cents US and a "ceiling" of 22 cents, had been accepted.

"We did feel a 2 cents increase would have been more than justified," he said.

"There would, however, have been difficulties in getting acceptance by all the importers, especially the United States.

"The 1 cent increase has at least gone some of the way to bringing the 1977 price range into the 1980s and the ISA will be looking at it again in November," he said.

c 150
120

Sugar exports set for a sweet R200m

3-Sugar

NM 3/4/80

Mercury Correspondent

LONDON—South Africa's sugar exports could double to R200 million this year.

In an interview yesterday, Mr Anson Lloyd, who is now consultant to the South African Sugar Association on the international sugar agreement, said that the country could export nearly 1 000 000 tons of sugar this year.

Last year exports were restricted to about 730 000 tons, and because of low prices the value was in the region of R100 million.

In terms of the sugar support agreement it had a support price of 11 c a pound and a ceiling of 21 c.

When the price soared through the ceiling, South Africa was allowed to release 121 000 tons from a special stockpile.

This week the International Sugar Council ruled that there would be no change in basic export tonnages of members.

However, in terms of the agreement there is a fallback formula.

Benefit

Mr Lloyd said that South Africa would benefit marginally from the formula because the new tonnages were determined by performance.

Originally the South African delegation had thought that the basic export tonnage would be 885 000 tons this year, but Mr Lloyd said the International Sugar Organisation calculation was nearer 880 000 ton.

This compared with a basic export tonnage of 875 000 tons in 1979.

With sugar depressed for most of last year, South Africa and other member nations were restricted by export quotas as well.

South Africa's quota was 81,5 percent of the basic export tonnage. Exports were thus only 713 000 tons. However, allowance had been made for extra deliveries towards the end of last year, so exports were around 730 000 tons in 1979.

This year with the 121 000-ton sale from the special stocks and the full basic export tonnage of 880 000, the South African Sugar Association should sell 1 000 000 tons at a much higher price.

Mr Lloyd cautions, however, that the intervention range of the agreement has been increased from 11 c to 21 c to a band of 12 c to 22 c. Within that band 'trigger' points have also been raised. Thus if the world sugar price falls below 16 c for several days, then the International Sugar Association will impose quotas again.

But Mr Lloyd is confident that sugar will hold above that price and the daily International Sugar Organisation price is currently 18 c a pound.

Mr Lloyd is confident because there is 'a much better statistical situation in the market'. The supply and demand situation is much healthier and sugar stocks are falling.

Bitter sweet . . .

NM 4/4/80

3-Sugar

Sugar quota up but drought hits Zululand farmers

Deputy Financial Editor

DROUGHT is biting into the South African sugar crop. Early estimates are that 10 percent, or close on 200 000 tons, of the harvest will be lost.

Zululand growers say that they are in the grip of the worst drought in living memory. The prospects are grim as this is the second year of drought.

The sugar mills closed down early last year, and while it was anticipated that they might start milling again this month in advance of the season which starts on May 1, the cane shortage may dictate otherwise.

Mr Ernie Morrison, general manager of the South African Cane Growers' Association, expects to announce the crop quotas later this month. They are likely to be generous following the International Sugar Association's lifting of the South African export quota to 880 000 tons.

Extension officers from the South African Sugar Association say they have never seen the cane in such poor condition as it is at present in Zululand from Gingindhlovu to Empangeni.

'There are practically no green leaves, only vast areas of brown, dying cane,' their reports say.

In addition to the drought, farmers are having to cope with an outbreak of eldana borer which is ravaging the cane, especially in the Amatikulu area.

An industry spokesman said: 'It is a grim outlook for growers because even if there are good rains they are not likely to save the crop and the situation in Natal is such that when the sugar industry suffers and faces financial hardship so does the rest of the province.'

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Eastern Transvaal	378	5,1	7	53,3	766	10,6	31	24,8	1728	23,8	110	15,7	4367	60,0	5848	0,75	29,8	0,4	2822	10560	7267	100	8016	0,81	12,5	5,8
Natal	1035	11,3	14	73,9	4985	54,4	35	142,4	186	2,0	36	5,2	2787	30,4	5937	0,47	173	1,9	22287	7762	9166	100	29309	0,32	15,8	16,5
Rand and OFS	1119	3,3	2	560	8231	24,3	150	54,9	14908	44,0	103	144,8	9361	27,6	21329	0,44	296	0,9	16961	17452	33914	100	38545	0,83	58,6	25,1

Source: Escom

Zululand sugar hit by drought

(3) Sugar

Argus 7/4/80.

Argus Correspondent

DURBAN. — Zululand sugar farmers are experiencing one of the worst drought seasons and this is expected to have an effect on the production of the crop this year, says Mr Jan Smeaton, chairman of the South African Sugar Association.

Mr Smeaton said in a statement that although official and detailed crop estimates for the 1980-81 season had not yet been obtained, the effects of the drought appeared to be serious.

Certain areas, especially the north coast and Zululand, had been affected to a greater extent than the rest of the industry, and individual cane growers could encounter severe financial difficulties.

Drought hits sugar

(3) Sugar RDM 11/4/80

A DROUGHT affecting South African sugar producers for the past few months is said by many in the industry to be the worst ever, says the general manager of the Sugar Association, Mr Peter Sale.

Indications are that it is worse than the 1965 drought.

The 1980-1981 crop — May to April — could be about 20% down at 1 500 000 or 1 600 000 tons raw value from the 1979-1980 output of 2 080 000 tons.

Any shortfall in the 1980-81 crop would cut South Africa's export potential, he says.

Export production for 1980-1981 is estimated at 400 000 to 500 000 tons from the drought-hit crop, compared with last season's 990 000 tons.

SUGAR

Go-ahead for terminal

The South African Sugar Association has finally decided to go ahead with plans for a bulk sugar terminal at Germiston to supply bulk users of refined sugar in the PWV area.

Capital cost is estimated at R5m and the scheme should be operational by mid-1981. Initial annual capacity of the Germiston depot will be 40 000 t.

A conditioning plant — mainly to remove moisture — with a capacity of 60 000 t a year is to be built at the Huletts Durban refinery and the treated sugar will be railed from there to the Transvaal in 50 t trucks. The scheme only became economical when the railways agreed to carry bulk sugar at a lower rate.

Main advantage to the users will be lower handling and storage costs. In the long term, the scheme is designed to keep customers satisfied in the face of competition from alternative sweeteners.

SUGAR INDUSTRY 3(sugar)

Counting the costs

One of the most severe droughts in the sugar industry's history holds grim prospects for the new season, which officially starts in May. Among these prospects are:

- A loss of over R100m in potential export proceeds;
- Black unemployment;
- Reduced sugar company profits; and
- Bankruptcy among canegrowers

SA Sugar Association chairman Ian Smeaton predicts a fall of at least 20% from this season's crop of 2,08 Mt. If the drop is confined to 20% — some suggest it will be far worse — total output will be down to 1,6 Mt.

The local market takes 1,1 Mt, although higher consumer spending could boost the figure. That leaves a mere 500 000 t for export.

Fortunately for the industry, quotas under the International Sugar Agreement have been suspended. But, nevertheless, a fall of 300 000 t at, say £200/t, represents a conservative loss of over R100m in potential export proceeds.

One cannot compare this with the current season where average prices were lower, quotas applied, and sugar was sold in other forms. Export manager David Hardy assures the *FM* that it will be possible to meet commitments. With less cane in the fields less labour will be required.

In Zululand this may cause severe hardship as the labour force has been swollen by black farmers driven to seek work when their own crops failed in the drought.

For the sugar companies, the lower crop will mean less cane through the mills, and higher costs per unit. In short, sugar profits are likely to take a pounding.

Taking a longer-term view the outlook is not much better. A dry season limited cane plantings last year, and cane for the season after next should be planted now when conditions could scarcely be worse. All in all it is a grim tale for the coming winter.

MAIL

Tongaat lifts final

(3) Sugar RDM 17/4/80

By HAROLD FRIDJHON

TONGAAT (The Tongaat Group) has raised its final dividend to 21c a share from 16c, making a total of 30c for the year against 23,2c, after an increase of 31,8% in earnings from 60,7c to 80c a share.

Attributable taxed profit for the year to March 1980 rose from R12 567 000 to R16 950 000.

In his chairman's statement last June, Mr Chris Saunders said prospects for the year looked encouraging and he forecast earnings of 70c a share.

Factors which probably contributed to his forecast being understated were the marked improvement in the brick market and the building industry generally, improved overseas prices for sugar and the upturn in private consumption expenditure which must have had a beneficial effect on the consumer-orientated industries in the Tongaat Group.

This year's improvement in earning and dividends is the biggest in the past five years. The best previous year's gain was in 1976 when earning rose by 30,7% on the 1975 figures.

In 1976 the dividend was 16c a share. This means that the dividend has increased by 87,5% in five years.

Sugar men see R100m drop in drought

NM 30/4/80

3 sugar

NM 30/4/80

3 sugar

Financial Editor

THE South African sugar industry expects to suffer a loss of more than R100 million this year because of damage caused to cane by the drought.

Sugar production is estimated to be down by between 200 000 and 300 000 tons.

A spokesman for the South African Sugar Association said yesterday that the home market would have to be served first with the result that exports would take the full brunt of the shortfall.

In 1978/79 the local market absorbed 1 034 981 tons and 1 035 251 were exported.

The spokesman said that it was ironic that the industry had come through a long period of low world prices. Now that the export price had recovered to about £240 a ton, South Africa could not supply sugar.

The daily London price fell to £150 at the end of 1975 and did not show any real signs of a recovery until the end of last year.

The industry sold sugar at below the cost of production and underpinned its operations by calling on the price stabilisation fund. When the fund ran dry, the industry raised two R25 million loans last year.

The spokesman said he could not say what the exact amount of the shortfall would be.

"All we can say is that there will be a major drop in production."

Russians

Meanwhile, the Mercury's London correspondent reports that the Soviet Union had bought about 300 000 tons of sugar during the past few weeks.

There have also been rumours of a worsening position with sugar supplies from various parts of the world. India was seeking to import sugar. Poland and Brazil were overcommitted on exports.

The prospects were that supplies were going to be tighter in the medium- to long-term

R100m sugar loss expected

(3) Sugar RDM 1/5/80

Own Correspondent

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DO 1/5/80 3-Sugar

Sugar facing huge loss

DURBAN — The South African sugar industry expects to suffer a loss of more than R100 million this year because of damage caused to cane by the severe drought ravaging Natal.

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The prospects are supplies are going to be tighter in the medium to long term. — DDC

R1,04 a pack

3 sugar NM 2/5/80

That's what Durban will pay for sugar

Financial Editor

THE retail price of sugar will be increased by about 10 percent today.

In Durban a housewife will pay R1,04 for a 2,5 kg pack instead of 94c.

In Pretoria and Johannesburg the price for the same pack rises from R1,07 to R1,18 and in Cape Town from R1,06 to R1,17.

Mr I G B Smeaton, chairman of the South African Sugar Association, who announced the price rise yesterday, said that a policy had been adopted a few years ago of maintaining the domestic price of sugar at a level which was equated to the cost of production.

The industry had commenced a new season. The cost of production had risen because of the higher prices of goods and services. Nevertheless, the industry was continuing to maintain the price to consumers at as low a level as was economically possible.

The industry's portion of the increase would be 7 percent, he said. The balance would go to improve the trading margins of wholesalers and retailers.

Mr Smeaton emphasised that the increase was not being made because of the drought. The home market would be supplied in full and local consumers were not subsidising the export market.

Mr Michael Knowles, a director of Knowles Hyperstore, Pinetown, and food buyer for the group, said the increase in the sugar price would affect a wide range of other items such as biscuits, soft drinks, jams, cakes and sweets.

'This is a basic commodity. The rise will hit all consumers and manufacturers alike.

Serious

'A serious aspect of this increase has been that we have not been able to obtain supplies of sugar for a month. Our Cape Town stores are out of sugar and our sugar is running out in Natal. However, we hope to be able to hold the old price for a week.'

Mr Alan Gardiner, Natal director of Pick 'n Pay, said that it had been difficult to stockpile sugar because the mills were closed.

'This increase has come at the worst time of the year. We have been living from hand to mouth. I expect that there will be a run on sugar for the next few days.'

(3) SUGAR

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Vol. 179] PRETORIA, 2 MAY MEI 1980 [No. 6972

GOVERNMENT NOTICES

DEPARTMENT OF INDUSTRIES

No. R. 890 2 May 1980

MAXIMUM INDUSTRIAL PRICES OF SUGAR

I, Schalk Willem van der Merwe, Minister of Industries and of Commerce and Consumer Affairs, after consultation with the South African Sugar Association, hereby prescribe in terms of section 6 (1) of the Sugar Act, 1978 (Act 9 of 1978), that, with effect from 2 May 1980, the maximum industrial prices at which the sugar industry products mentioned in the Schedule hereto may be sold shall be as set out in the Schedule.

SCHEDULE

The maximum industrial prices at Durban per metric ton of refined and brown sugar packed in 25 kg pockets for sale in the local market shall be:

Refined sugar: R339.
Brown sugar: R306.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

No. R. 891 2 May 1980

PRICE CONTROL.—MAXIMUM PRICES OF SUGAR

I, Elias George de Beer, Price Controller, acting under the powers vested in me by section 4 of the Price Control Act, 1964 (Act 25 of 1964), do hereby prescribe, with effect from 2 May 1980, as follows:

1. Subject to the provisions of the First Schedule hereto, the maximum prices at which sugar specified in the Second Schedule hereto may be sold to a dealer by any person, excluding a manufacturer of such sugar, shall be the prices specified in or determinable in accordance with the relevant provisions of the said Second Schedule.

2. Subject to the provisions of the First Schedule, the maximum prices at which sugar specified in the Third Schedule hereto may be sold by any person to any other person, except in the case of a sale to which the provisions

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN NYWERHEIDSWESE

No. R. 890 2 Mei 1980

MAKSIMUM NYWERHEIDSPRYSE VAN SUIKER

Ek, Schalk Willem van der Merwe, Minister van Nywerheidswese en van Handel en Verbruikersake, na oorleg met die Suid-Afrikaanse Suikervereniging, skryf hierby ingevolge artikel 6 (1) van die Suikerwet, 1978 (Wet 9 van 1978), voor dat met ingang van 2 Mei 1980 die maksimum nywerheidspryse waarteen die suikernywerheidsprodukte wat in die Bylae hiervan vermeld word, verkoop mag word, is soos in die Bylae uiteengesit.

BYLAE

Die maksimum nywerheidspryse te Durban per metrieke ton geraffineerde en bruinsuiker verpak in sakkies van 25 kg elk vir verkoop in die plaaslike mark is:

Geraffineerde suiker: R339.
Bruinsuiker: R306.

DEPARTEMENT VAN HANDEL EN VERBRUIKERSAKE

No. R. 891 2 Mei 1980

PRYSBEHEER.—MAKSIMUM PRYSE VAN SUIKER

Ek, Elias George de Beer, Pryskontroleur, handelende kragtens die bevoegdheid my verleen by artikel 4 van die Wet op Prysbeheer, 1964 (Wet 25 van 1964), bepaal hierby, met ingang 2 Mei 1980, soos volg:

1. Behoudens die bepalings van die Eerste Bylae hiervan is die maksimum pryse waarteen suiker gespesifiseer in die Tweede Bylae hiervan deur enigeen, uitgesonderd 'n fabrikant van sodanige suiker, aan 'n handelaar verkoop kan word, die pryse wat gespesifiseer word in of berekenbaar is ooreenkomstig die betrokke bepalings van genoemde Tweede Bylae.

2. Behoudens die bepalings van die Eerste Bylae, is die maksimum pryse waarteen suiker gespesifiseer in die Derde Bylae hiervan, uitgesonderd in die geval van 'n

Sugar price up from today

DD 3/5/81

DURBAN — The retail price of sugar goes up by 10 per cent today.

This was announced by the chairman of the South African Sugar Association, Mr I. G. B. Smeaton.

He said about three per cent of the increase will go to improve the margins for wholesalers and retailers and the approximate seven per cent will go to the sugar industry.

Mr Smeaton said this followed an adjustment at the beginning of April when railage rates were raised and which resulted in the retail price outside Durban increasing.

The sugar industry was commencing a new season and the cost of production had risen because of higher costs of goods and services, he said.

It was reported from Pretoria that the milk price will rise at the end of the month by about 20 per cent.

If the Cabinet Food Committee authorises a 20 per cent increase, the price of a litre of milk will rise to about 42c, with GST added.

The price in cafes will rise to about 51c a litre. — DDC-SAPA.

RDM 6/5/80.

It's a sweetener from C G Smith

(3) Sugar (232)

Financial Editor

C G SMITH SUGAR has produced a sweet surprise for shareholders with profits for the year to March 31 above the level indicated in the interim report last December.

Net taxed profit is up from R14 086 000 to R20 130 000. The final dividend has been raised from 50c to 63c to give a total of 85c (70c).

Earnings a share jumped from 95c to 135,5c.

C G Sugar was taken over by Barlows at the end of last year in part of a wider Barlows bid to take a big slice of the sugar industry.

Because of the uneven trading pattern, C G Sugar presents its interim figures in the form of half the estimate of profits for the full year.

The estimate was on the low side this time, and had interim taxed profits of R7 746 000 and earnings of 52c — levels that have been comfortably exceeded.

The directors say: "The 1979/80 sugar season was a satisfactory one for the group.

"This was largely attributable to the increase in production of 104 414 tons of sugar and the improvement in the group's industrial share from 35,2% in 1979 to 40,3% in 1980.

"For the second consecutive year, industrial proceeds were supplemented by a R25-million medium-term loan raised by the South African Sugar Association.

"In addition, higher world and domestic sugar prices helped to reduce the deficit in proceeds from R19 300 000 in 1978/79 to R3 100 000 in the season under review.

"Improved contributions to earnings were also made by the group's sugar related activities."

They say prospects are that dividends this year will be at least maintained.

At 1040c C G Sugar yields 13% on earnings and 8,2% on dividend.

(3) Sugar RDM 8/5/80.

Drought canes sugar farmers

Own Correspondent

DURBAN. — The S A Cane Growers' Association and the Government are to meet next week to negotiate financial aid of about R30-million desperately needed by Natal sugar farmers, many of whom have been virtually ruined by the worst drought in living memory.

The Minister of Industry, Trade and Consumer Affairs, Dr S W van der Merwe, flew over the worst-hit areas on Monday and was left "speechless" by the devastation.

Mr Ernest Morrison, general manager of the S A Cane Growers' Association, said yesterday his staff were presently compiling facts and figures to present to the Minister next week.

"We haven't come to an exact figure yet but our delegation is expected to negotiate for at least R30-million The Minister has expressed his sympathy and his willingness to help," he said.

Mr Morrison estimated the majority of sugar farmers had been affected, many of whom had been left with less than 30% of their normal crop.

Black growers were among the worst hit. In KwaZulu, especially, many had lost their entire crop.

"The tragedy is that it can only get worse. We are facing a winter which is normally dry and unless there is a freak flood we could be in serious trouble," said Mr Morrison.

He felt the chances of rain, however, were extremely unlikely.

Mr Alwyn Bisschoff, secretary of the Natal Agricultural Union, also felt the situation at present was serious, but not critical "But it's certainly going to get a lot worse," he said.

His department was trying to obtain an overall picture of drought-stricken areas and were waiting for questionnaires sent out to farmers to be returned

CG SMITH SUGAR

(186) 15180
3 (Sugar)

Drying out

Good growing conditions in the sugar industry in the 1979-80 season enabled CG Sugar to hike attributable profits by 43% to R20,1m in the year to March 31. However, many of Natal's cane growing areas are currently experiencing one of the worst droughts in memory, with the result that overall production is expected to drop by as much as 20% this season. Despite the industry deficit that will arise, CG Sugar may benefit from the dry conditions as its major producing regions are not among the worst hit.

As a result, say the directors, the group is expected to increase its share of the industry's operations from last year's 40,3% (35,2%). This increased share along with rising income from other sources should enable the group to at least maintain dividends, according to the board. But they are hedging their bets at the moment.

Last year, income from investments rose only 9% to R2,4m. If trading profit from sugar operations slows this year, further diversification or rationalisation could be indicated by the directors' comments. This makes sense in the light of the recent moves within the industry to tighten up holdings under the control of Barlows, giving more scope for diversification.

High world sugar prices could also take the edge off the drought. The London raws price rose by 6% on Tuesday alone to reach £282/t, with indications that the upward trend is not yet finished. Last season's rise enabled the local industry to reduce its deficit from R19m to R3m. Although a deficit is bound to be maintained this year, its effects will almost certainly be minimised.

At the same time the expansion of milling capacity at Noodsberg and Illovo, despite the currently uninspiring local situation, seems to have been particularly well-timed in the light of growing international demand and prices.

Satisfactory performance by income contributors such as Crookes and CG Smith Investments led to solid though modest growth in earnings in the first half. But the second half beat most expectations and dividends rose 21,4% to 35c, covered 1,6 times (1,4 times) by earnings. The historic yield, at a price of 1 060c, is 8% which is probably adequate as some of the uncertainty of the sugar market now seems to be evaporating. But until the likely effects of the drought are known, the share price could be stodgy.

E TOWN
'ER BOOK

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

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Examiners' Initials		

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book (s) are used.

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FM 16/5/80
3 (Sugar)

SUGAR

Deficit fears

The price of sugar shot to five-year highs on the London Sugar Futures Terminal late last week and continued to climb impressively in early trading this week to around £369/t for nearby delivery. The main motivating market force was talk of further Russian purchases, triggered by reductions in Cuban imports, a lower-than-expected harvest in 1979/80 and delayed planting for the new season.

Reports that bad weather has hit new planting was especially significant, as many expect Moscow to cultivate less sugar anyway this year in order to make more acreage available for grain, in view of the US embargo on deliveries to Russia beyond the 8 Mt guaranteed under the terms of the five-year grain treaty signed in 1975.

Market estimates of the amount purchased by Moscow vary, but a common figure is well in excess of 2 Mt in the past few months. Some feel the level of purchases could easily rise to 3 Mt in coming months, especially if Moscow decides to make further "security" purchases on top of immediate requirements ahead of further possible steep rises in the sugar price and given the chance of a further deterioration in the country's harvest prospects.

Sugar is the only major commodity to have returned to, let alone exceeded, price peaks established earlier in the year at the height of the speculative drive into raw materials in the wake of the Iranian and Afghan crises.

Once again, the hand of the speculator has been partially responsible, though the market's fundamental strength reflects forecasts of an increasing production shortfall in 1979/80. With the Russian, Indian, Cuban and Dominican Republic crops all down on original expectations, leading London Sugar House ED & F Man now suspects that the deficit could be as high as 7 Mt.

The deterioration of the Indian crop is particularly significant as it turned the country into a temporary net importer. India is normally a sugar exporter and is currently engaged in a long-term programme aimed at boosting sugar revenue.

Not surprisingly, an announcement last week in New Delhi that the government had purchased 200 000 t of sugar for delivery in May and June further fuelled the sugar price rise, especially as it coincided with news of further Chinese purchases taking that country's overall imports this year to almost 300 000 t.

And prices have been given a further bullish twist by an official Cuban statement saying that this year's crop is likely to amount to 6.7 Mt, the lowest level for three years.

Drought takes its toll on sugar crop

(3) Sugar RDM 20/5/80

SOUTH AFRICA'S 1980/81, May to April sugar crop is estimated to be about 380 000 tons lower at around 1 700 000 tons compared with actual output of 2 080 000 tons raw value in 1979/80, says Sugar Association export manager, Mr David Hardy.

He says this first official estimate has been made very early in the season and a more accurate assessment will be available only in August after about two months' cane milling.

At this stage, no indication of cane quality can be given, Mr Hardy said. He noted first crop estimates are usually more optimistic than those made as the season progresses.

The drought, which has been hitting South African producers for many months, has shown no signs of lifting, he added.

Mr Hardy said no rain of a nature that would change the association's view of the seriousness of the drought had fallen. The northern Natal coast and Zululand continue to be the worst affected sugar growing areas.

Last month, Sugar Association general manager, Mr Peter Sale, said the drought was now classified by many in the industry as the worst ever in South Africa.

He said the 1980/81 crop could be cut by about 20% to 1 500 000 or 1 600 000 tons.

Earlier, Mr Hardy said the association was confident there would be no re-scheduling of sugar exports despite the drought.

Meanwhile, South African Cane Growers Association general manager, Mr Ernie Morrison, said 260 of the 890 white sugar farmers on the north Natal coast and in Zululand have lost more than 40% of their crop because of the drought.

The Government had assured a Cane Growers Association delegation in Cape Town that it would do all in its power to provide State assistance to cane farmers in drought-stricken areas, he added. — Reuter

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

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Examiners' Initials		

25/05/80 SUN TRIB

Those forward sales are another blow to sugar barons

sugar

By JACK BRICKHILL

NEXT YEAR should be better. It can hardly be worse than this year's disastrous sugar season which will leave the industry once more in deficit.

As farmers count the cost of the severe drought, which has cut the crop by up to 30 percent this year, hopes are being pinned on the soaring export prices.

But South Africa has missed the boat with an unusually large proportion of the crop sold forward at relatively low prices.

Forward sales started in August and September last year with the price wallowing around £110 a ton. More sales took place later leaving only a portion of the crop still to be sold at the current booming price of more than £300 a ton.

The policy of averaging the crop proceeds over a period is sensible enough. Unfortunately for sugar officials they could not foresee that the drought would severely cut the total crop and make forward sales look disproportionately large.

They also could not forecast a drought that hit many other sugar producing countries forcing up the price. However there were signals that the price would rise. Tribune's Chartist, Tony Henfrey, forecast last November a price of £275 and in February this year he charted R355 this year — a figure that has already been reached.

Forward sales can be made 15 to 18 months ahead and sugar officials must be seriously considering hedging some sales at the present high price for next year's crop.

The Sugar Association forecasts exports of around 650 000 tons this year compared with last year's one million tons earning R178 million. On paper, next year's proceeds should be worth nearly double the 1978 figure and pull the industry out of the red.

However, the effects of the drought will carry over to the next season as yields will be lower because of the cutting of young cane.

The general shortfall of sugar is expected to send prices much higher — perhaps even above the previous high levels around £650 a ton. This will hardly please producers because high prices lead to a drop in consumption and attract more growers into the sector, leading to another phase of overproduction.

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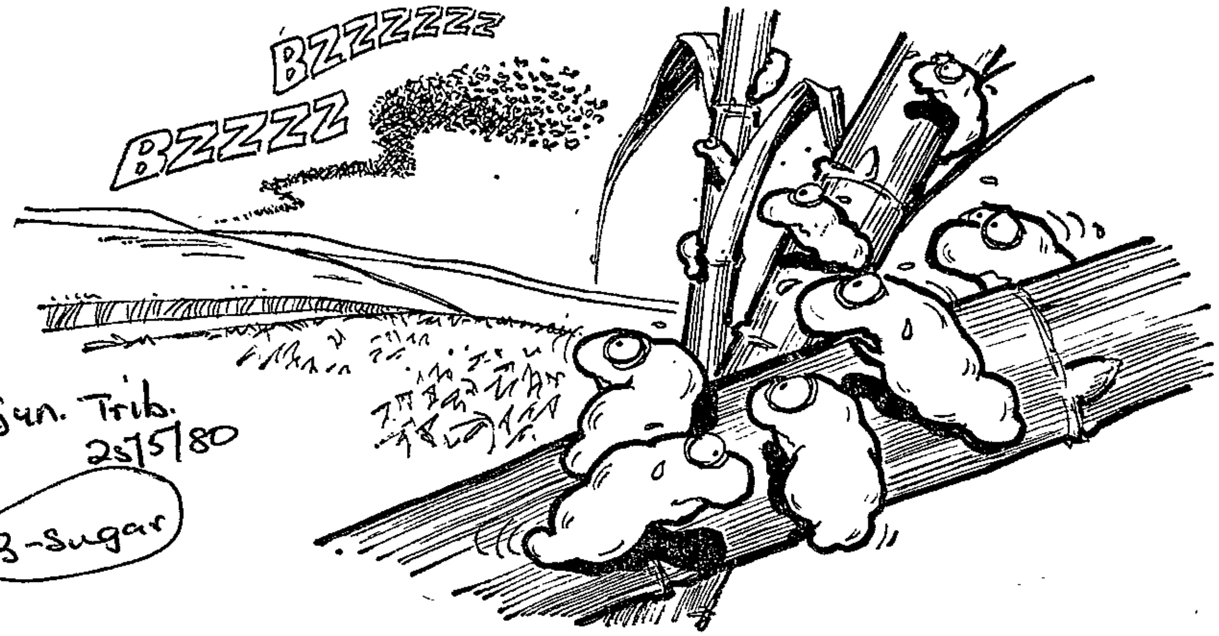
It's coming . . . a full-scale invasion from West Africa



Sun. Trib.
25/5/80

3-Sugar

. . . and the target is a little bug that bugs the sugar men

By JACK BRICKHILL

A FULL-SCALE invasion of the Natal North Coast is on the cards.

The invaders from West Africa, who are capable of delivering a nasty sting on the present occupying force of the rolling sugar canefields, are only part of a many-pronged attack on a pernicious enemy.

All the stops are being pulled out by the back-room boys to wage biological war against the all-conquering Eldana Borer which has damaged cane worth millions of rands so far.

The word has come from the top to get the Eldana. Research has been stepped up and teams have been put in the field at all the key points.

Farmers in many areas stretching from Amatikulu to Tongaat watch helplessly as the borers rip through the cane stalks.

At Amatikulu, infestation of stalks in most fields is 100 percent and at Darnall, in the last three years, the infestation has grown from 10 percent to 90 percent.

The movement of cane from the North to the South Coast is strictly controlled to try and blunt the southern spearhead of the Eldana invasion. Cane is monitored at mills to check the degree of infestation of the fields and early thrashing of cane is helping to stem the tide.

The Sugar Association research team has more in store for the Eldana in its dirty tricks department.

There is the ant Dorylis which is a fairly consistent feeder on the Eldana hordes but entomologists do not think the ant population can be increased sufficiently to deliver the coup de grace.

A more promising fellow is a tiny wasp from West Africa Trichograma, which lays eggs in the Eldana larvae. The eggs hatch and feed off the Eldana larvae.

The Department of Agriculture in Pretoria has three cultures of the wasp in quarantine and later this year hundreds of thousands can be put into the field. Temporary buildings are to be put up at Mount Edgecombe to cope with the extra work.

Dr Gerald Thompson, director of the Sugar Association research team, says the programme is going as fast as possible. The Eldana, which normally feeds on giant water grass, is now established in canefields where the potential for multiplication is unlimited.

The problem becomes worse as the Eldana moves south where cane takes longer to grow. At Empangeni in the north the Eldana infestation has stabilised at under 10 percent stalk damage because the favourable climate allows cane to be cut at a relatively younger age.

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

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All answer books must be numbered

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25/05/80 SUN TRIB

Cane fire threatens homes

3 sugar

Tribune Reporter

A partly-built shed was burned and several houses threatened by an uncontrollable cane fire that swept through part of Umhlanga Rocks near Durban last night.

The blaze started about 4.30 on land owned by Huletts Sugar Limited.

The first Mimi Raath knew of the fire was when she looked out of her bedroom window and saw a wall of flame coming towards her.

"I never want to go through that again," she said. "It was a terrible experience. I looked through the bedroom window and saw red flames.

"My husband tried to get the cars out but the heat was too much. If the garage caught alight, the whole house would have gone.

"The wind made it worse. The fire was going towards the sea when the wind changed and it came straight for us.

"I tried to get the hose but it was on the other side of the house. I do not know what stopped the fire."

She said she had intended telephoning Huletts to complain about the cane 10 days ago. Now she said she would do something.

The fire travelled almost a kilometre and a half, destroying trees, telephone cables and poles while beaters tried to stop the 10-metre high flames. Umhlanga Rocks does not have a fire brigade.

One bystander said he was fed up with cane fires because his swimming pool was covered in cinders. "It has never been as bad as this," he said.

Lynne Campbell was hosing down her home while others moved their cars and one unfortunate family found their Saturday night braai had suddenly been overshadowed.

Anxious Umhlanga Rocks residents watch the fire sweep through the cane field near their homes.

ion Paper)

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Sugar imports denied

(3) Sugar ~~24~~ 27/5/80

THE SOUTH African Sugar Association still expects no rescheduling of exports in spite of the drought which threatens to cut the 1980 81 crop by up to 20%, says the export manager, Mr David Hardy

He was commenting on London market rumours that South Africa might have to import sugar to meet domestic and export commitments.

He says there is no possibility of South Africa having to import sugar, and export marketing policy has been tailored to take account of the most gloomy estimates of the drought's effects.

Earlier this week the first official estimate of this season's crop put output at around 1 700 000 tons.

Export production for the season is estimated at 400 000 tons to 500 000 tons against last season's 990 000 tons.

About 60% of sugar exports are taken by Japan, about 30% by Canada and around 10% by the US and other countries

Mr Hardy says there has been no sign of the drought lifting and the Northern Natal coast and Zululand continue to be the worst affected areas. — Reuter

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(3) Sugar

C G Sugar blames EEC intransigence

RDM 30/5/80.

THE EEC's intransigence in remaining a non-member of the International Sugar Organisation (ISO) is blocking the setting up of a truly international sugar agreement, says Mr Frank Jones, chairman of C G Smith Sugar.

He says in his chairman's review that the EEC also continues to produce a surplus of more than 3-million tons of heavily subsidised sugar which it sells on the free market.

In spite of this, the International Sugar Agreement is working and is likely to see out its five-year term. It survived what might have been a major setback when quotas were due for re-negotiation in the first quarter of 1980.

The March session of the ISO reviewed the price range and increased each of the various trigger points by 1c US a pound to bring them more closely into line with today's values as compared with those prevailing in 1977.

Reviewing the prospects of C G Smith Sugar, Mr Jones says the company expects a larger industrial share of South Africa's sugar production this year in spite of the severe drought in the Natal cane belt.

The industry's first estimate of sugar production for the current season, May 1980 to April 1981, is 1 750 000 tons raw value against 2 080 000 tons actual output last year, of which 723 000 tons will be attributable to the group, making its share 41,3% of production, up from 40,3 % last year.

In the year to March 1980, the company earned just under R37-million pre-tax profit, against R26-million in the previous year. Earnings a share rose from 95c to 136c.

Mr Jones says the main reason for the profit improvement was the company's increased share in sugar production because cane supply centres were relatively unaffected by dry conditions in Natal in 1979, and also because of the large tonnage delivered from new lands.

Diversification plans, concentrated on products from bagasse, are encouraging and the company will undoubtedly commit greater resources to these projects in future.

SUGAR FM 30/5/80 3 sugar

Supply squeeze

The plight of Natal's sugar crop is helping to fuel further price increases on the London sugar market, where some analysts believe a continuing rise may be on the cards. According to a recently released technical study by US brokerage house Thomson McKinnon, "analysis of the longer-term weekly charts suggests a challenge of the 1974 high." In that year sugar hit £650/t. At the beginning of this week it was priced at around £378/t for nearby delivery, its highest level for over five years and £200/t above levels ruling at the beginning of this year.

Aside from technical chart considerations, brokers Bache, Halsey Stuart note that "physical news is still of a constructive, bullish nature." Although the company points out that there is a reasonable amount of sugar around at the moment, it adds, in its latest commodity review, "we do not expect this situation to continue for very long and foresee higher prices in the medium and longer term."

Most dealers are expecting conditions to become more volatile as prices rise, especially as the market is continuing to prove increasingly attractive to speculators. "At these higher levels we are, rather naturally, experiencing sometimes savage reactions," comments Bache.

The market's bullish tone continues to stem essentially from a likely production shortfall this season amounting to well over 7 Mt, which should reduce stocks well down towards 22 Mt-23 Mt by end-August, the usual annual stocks accounting date in the world sugar market.

In particular, pressure has been put on the market by the Soviet Union, whose steady acquisition of sugar may have involved imports well in excess of 2,5 Mt so far this year. A key reason for this is lower deliveries from Cuba due to rust disease hitting the country's crop, the factor which probably forced Mexico to buy up sizeable quantities of US refined sugar last week, thus underpinning prices further. Another bullish factor in recent days, has been a Thai declaration of *force majeure* on exports totalling some 50 000 t due to drought damage to domestic crops. Moreover, some dealers suspect that the Thai's may well have to suspend deliveries on a further 150 000 t.

The 20%-odd shortfall in Natal's likely output this season is additionally having a jack-up effect on the market, although most dealers see no reason to doubt the SA Sugar Association's statement that it will be able to meet all its contracted export commitments this year. However, according to one leading London sugar source, it could cause some supply tightness during the first half of 1981, and additionally, as SA will not want to draw down stocks too far, the country "may now no longer be in a position to take full advantage of prices at the top of the market — wherever they occur."

HULETTS FM 6/6/80 3 sugar

Drought damage

The 25% increase in Huletts' attributabl profits for the year to end-March is a littl disappointing after the results of C G Sugar (up 43%) and Tongaat (up 32%)

However, it is not entirely unexpected in view of the problems this company has been having with drought and the spreading incidence of a cane pest

As usual, the preliminary profit statement does not comment on results. But in the interim report the company estimated that its share of the milling proceeds from the sugar industry would decline to 30,6% from 33,9% previously. The drop may, in fact, have been larger, as the recent C G Sugar announcement noted an increase in that group's share from 35,2% to 40,3%.

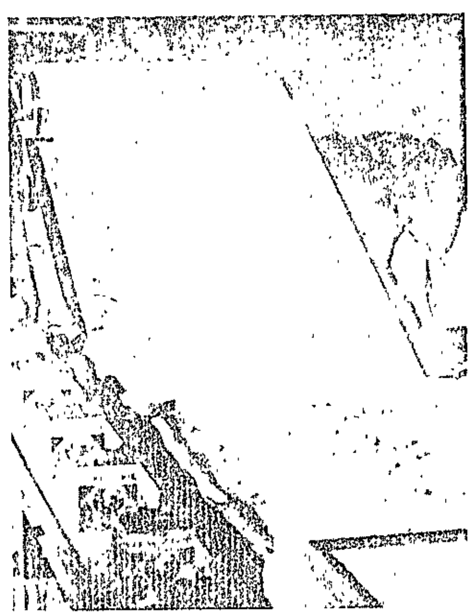
Whatever the final figures, the reduced share must have diluted the benefits of the considerably higher export prices which the industry received The annual report is therefore likely to show a further decline in the proportion of group earnings attributable to sugar In 1979, sugar accounted for 61% of trading profits (before tax and interest) against 68% in 1978.

The probability that non-sugar interests provided the major portion of the profit increase is reinforced by last week's results from Huletts Aluminium, where pre-tax profits were up R2,9m (39%), accounting for almost one-quarter of the overall improvement in group profits During the year, Huletts also bought the 51% controlling interest in Hypack Products from its immediate holding company S & T Investments, thereby making Hypack a wholly owned subsidiary. And judging by the results of other packaging companies, it would be surprising if Hypack has not exceeded its taxed profit estimate of R2,7m

The results show a 24% increase in group turnover, and an even larger 31% improvement in pre-tax income excluding dividends from foreign investments (mainly Huletts' Zimbabwean subsidiaries). But the tax rate was higher at 37% (33%), as was the proportion of profits attributable to outside shareholders, with the result that the net income attributable to ordinary shareholders from SA operations showed an increase of only 22%.

Earnings were 16,5% higher at 86,7c (74,4c) after taking into account foreign dividends (up 73%) and an increase in the issued share capital to pay for the Hypack acquisition.

With a 32c (28c) final declaration making a 44c (37c) total, the share yields 7% at Wednesday's 630c. This is about midrange for the sugar sector at the moment and reflects uncertainties over the drought which, according to some estimates, could reduce SA's sugar production by as much as 20% this season.



Huletts . . . production slow-down

FH 6/6/80
3 sugar

C G SUGAR

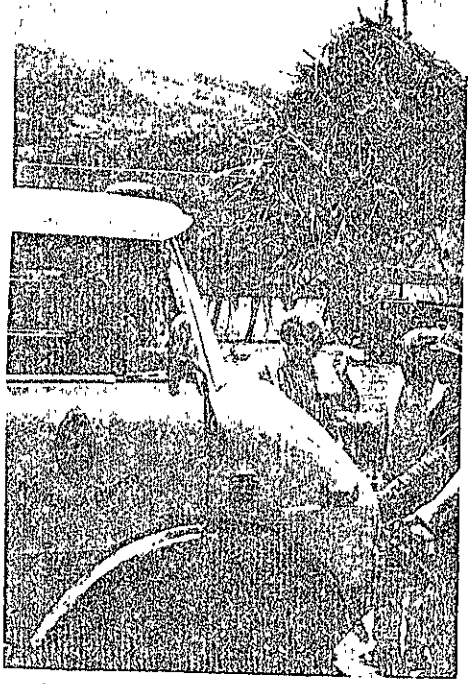
Near-term doubts

Activities: *The largest sugar producer in SA with interests ranging from cane growing to sugar milling and refining. Group annual production in excess of 800 000t. Owns 14% of Crookes and 63% of SA Sugar Distributors. Is a subsidiary of Barlow Rand*
Chairman: *F R Jones.*
Capital structure: *14,9m ordinaries of R1. Market capitalisation: R163,9.*
Financial: *Year to March 31 1980. Borrowings, long- and medium-term, R11m. Net cash, R17m. Debt:equity ratio: 4,4%. Current ratio 1,4. Group cash flow: R29,1m Capital commitments R28,8m.*
Share market: *Price: 1 100c. (1979-80: high, 1 350c; low, 500c; trading volume last quarter, 131 000 shares). Yields: 12,4% on earnings; 7,7% on dividend. Cover: 1,6. PE ratio: 8,1.*

	'77	'78	'79	'80
Return on cap %	16,1	15,0	13,5	14,0
Turnover (Rm)	111	186	192	249
Gross profit (Rm)	21,6	25,8	28,3	39,0
Gross margin %	19,5	13,9	14,7	16,3
Earnings (c)	102	98	93	136
Dividends (c)	75	75	70	85
Net asset value (c)	957	1 042	1 245	1 751

Last year the sugar sector increased 116% while C G Sugar, which is, perhaps, less diversified than other majors, doubled before settling at 72% above the year ago level. The strong advance was related to firming world sugar prices and diversification within the industry, and in C G Sugar's case by an increasing share of industry total production.

As a result of increased contributions from all profit centres the company earned a record pre-tax profit of R37m (R25,9m). However, chairman Frank Jones says the major factor in this advance was the rising share of the total industry production. This occurred as C G Sugar's cane supply areas were not as badly affected by the drought in certain parts of Natal and as additional tonnages were delivered from new lands. Group production last year was 837 897t (733 483t), representing 40,3% (35,2%) of total industry figures, and this year there is scope for a further increase in the group's share as the drought appears to be hitting other production areas more severely than those used by the C G Sugar mills.



C G Sugar . . . loading less cane this year

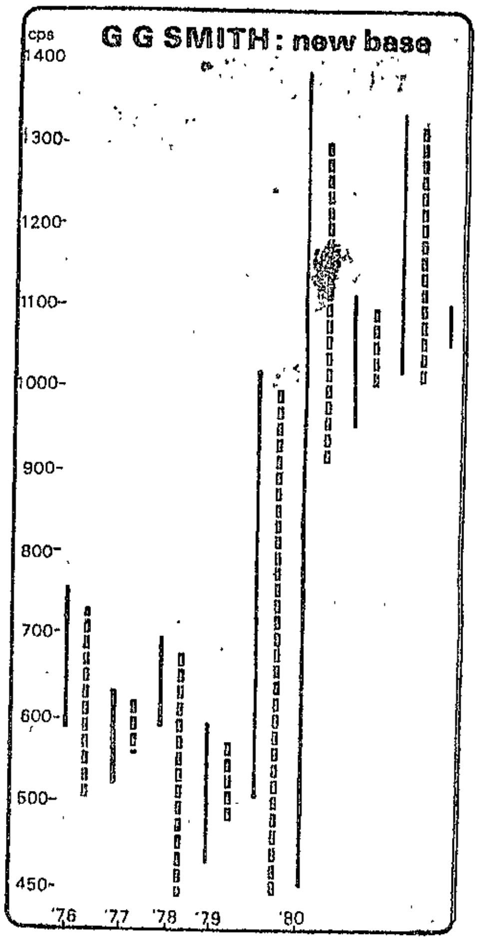
The sugar industry is expected to record a production fall this year of about 15% to some 1,8Mt (2,1Mt) because of the drought. This points to the worst production season in some 10 years. C G Sugar expects its production will amount to 723 000t of sugar — 41,3% of the industry total.

But with lower production elsewhere as well as in SA the outlook for sugar prices is much improved. The London raws prices rose over £100 to £287 in the first two months of 1980 before moving strongly to over £300 a ton — through all the ISA trigger points. The result was the industry Special Stocks under the ISA fell from 112 800t to 24 000t. Total industry proceeds last year amounted to R518m which fell short of production costs and the returns allowed to producers by R28,1m of which R25m was financed through a loan to the SA Sugar Association. The R3,1m resultant deficit was absorbed by millers and growers.

While near-term prices look reasonably good and C G Sugar is expected to increase its share of national production, total industrial proceeds are more important. The crop shortfall this year could mean that the industry will have to finance a deficit for the third consecutive year. However with expected production of 723 000t and increased income from other sources C G Sugar expects to at least maintain its dividend. This is despite some heavy capex to expand milling capacity over the next five year.

Jones says though the industry has the capability to produce more than 2Mt sugar annually, the time has come when production should be expanded, bearing in mind the lag before new cane growing areas can make a contribution. The group has embarked on a major expansion programme focusing mainly on Sezela where milling capacity is to be increased by some 29% over the 2-3 years. Sizeable increases are also planned at Noodsberg and Illovo. The total cost of the expansion will be about R33m which will be financed internally. A further R10m could be earmarked for expanded refining capacity.

Other profit centres should continue to prosper. The Smithchem chemical-from-bagasse operation increased earnings to R844 000 (R397 000) last year. With new products and the start up of the furfural alcohol plant in May, higher earnings are on the cards. The Illovo syrup range reported a 22% sales increase last year and pre-tax profit of R412 000 (R198 000). Further growth is expected this year.



Investment income is derived from the 14% interest in Crookes and 23% held in the unlisted C G Smith, through which Barlows exercises its control of C G Sugar. Last year investment income amounted to R2,4m (R2,2m).

C G Sugar's dividend policy is based on cash needs rather than the declaration of a fixed percentage of earnings. Capital commitments amount to R28,8m, which is to be financed internally. The group avoids borrowings, having a low debt: equity ratio of 4,4% and total borrowings of R11,4m (R10,1m). Last year the R9,4m prefs were redeemed ahead of time.

The share, at 1 100c, stands at a 37% discount to assets and yields an historic 7,7%. Given that the dividend should at least be maintained and the group is financially sound, the price appears somewhat low. One of C G Sugar's corporate goals is to apply funds to diversification in related fields, which adds further to the attraction of the country's largest sugar producer.

Des Kilalea

Huletts 31% up before tax

(3) Sugar

RDM 6/6/80.

DURBAN — In spite of drought gripping large parts of Natal, Huletts Corporation increased turnover by 24% and South African pre-tax income by 31% in the year to March 31.

However, as the third of Natal's big trio of sugar companies to report, Huletts also recorded the lowest percentage increases in earnings and dividends.

Total dividends for the ye[illegible] have been increased to 4[illegible] (19% up) compared w[illegible] [illegible]gaat's 29% and C G S[illegible] Sugar's 21%.

Earnings a share are up 16,5% to 86,7c on a 7% increased equity base, compared with 74,4c on the old capital Earnings a share were 18% better at 62,2c after adjusting for lifo stock valuation and additional depreciation.

For the same period C G Smith Sugar's fifo-based earnings a share were up 43% and Tongaat's 32%.

Foreign income received increased from R1 200 000 to R2 200 000 (73%).

The group takes income from those sources into account only on the basis of dividends actually received.

Foreign income constituted 11,8% of total attributable income of R20 460 000 (on a replacement cost basis) compared with only 7,7% last year.

On turnover of R413-million (R333-million) in South Africa, the group produced pre-tax profits of R50-million (R38-million). The effective tax rate was 37% against last year's 33%, reducing taxed income to R31 500 000 — 24% up on last year.

Smiths pays 42c on 36% profit rise

3) Sugar RDM 9/6/80.

Deputy Financial Editor

AFTER GOOD results from its main investments, Romatex, CG Smith Sugar and Huletts, CG Smith Investments, now a Barlows company, pushed up profits before tax by 41% and after tax by 36% in the year to March 31.

The second interim published today shows pre-tax profit up from R27 636 000 to R39 061 000 and earnings up from R14 640 000 to R19 441 000. Earnings a share also rose 33% to 61,3c (46,1c) and the dividend was raised 27% to 42c (33c).

Best-performing investment was Romatex, which increased taxed profit 44,7% to R19 087 000 and the dividend 46% to 24c. CG Sugar increased taxed profit 43% to R20 130 000 and the dividend 21% to 70c, and Huletts pushed up taxed profit 27% to R20 460 000 and the dividend 19% to 44c. Romatex contributed an attributable R10 478 000, CG Sugar R6 240 000 and Huletts R7 284 000.

Romatex benefited from buoyant consumer spending in the semi-durables area and spent R28 300 000 replacing plant, expanding and on acquisitions. Romatex is looking for a further increase in profits in the next six months to the end of the new financial year.

CG Sugar increased sugar production and curtailed costs and was thus able to improve sugar profits in spite of the drought, which hit production. Income from other sources should enable it to maintain its dividend, even if earnings are not maintained. The sugar price continues to run in the industry's favour.

The second interim dividend of 32c was paid on the same basis as finals in the past. A final dividend taking into account the results for the 18 months to the end of September will be paid in February 1981.

Smiths yields 6,6% on the new dividend compared with CG Sugar's 7,6%, Romatex's 6%, Huletts 6,3%, Barlows 4,4% and the sugar average of 5,6%. There is no obvious value in the stock.

Tongaat aims for 100c a share

③ Sugar

RDM 14/6/80.

By DAVID CARTE
Deputy Financial Editor

TONGAAT GROUP is aiming at earnings of 100c a share in the current year — a 25% improvement on the 80c earned in the year to March 31 — says Mr Chris Saunders in his chairman's report.

The report is generally optimistic for all branches of the group except electrical engineering and electronics

Mr Saunders says the group aims at growth in earnings a share of 25% a year until 1983 — the end of the current planning period.

On turnover of R308-million (R231-million) in the past financial year, Tongaat lifted taxed attributable profits 34% to R16 91 000 (R12 567 000). Earnings grew 32% to 80,1c, while the total dividend of 30c (23,2c) was a 29% improvement. Profits are stated after additional depreciation of R3-862 000.

Reporting on the divisions, Mr Saunders said the sugar division performed highly commendably, contributing R7 084 000, or 31%, of group earnings. In 1979, sugar profits were R6 117 000 — 34% — of the total.

Because of drought, the industry will not be able to take advantage of current high world sugar prices and there will be a "material reduction" in sugar profits in the current year.

The building materials division, which last year contributed R6 500 000 or 28% of earnings (1979: R3 632 000 or 20%), is expected to achieve "even better results" in the year ahead. Transvaal brick-making capacity is being stepped up by 200-million bricks a year.

Mr Saunders takes a bullish view of the textile division. Without any benefit of the Hebox acquisition, textiles last year brought in R4 271 000 or 19% of group taxed profit, compared with R3 991 000 or 22% in 1979. Mr Saunders is looking for "substantially increased profits" in the current year.

The purchase of Hebox Textiles will be of "immediate benefit" to the division and there is significant scope for rationalisation of the product range.

Investment income of R3 543 000 (R2 590 000), representing mainly dividends from the 26,7% stake in Huletts, contributed an unchanged 15% of the total.

The foods and feeds division contributed R1 916 000 — 8,4% — of earnings, compared to R1 109 000 or 6% in 1979. The purchase of H Lewis will have "a major effect on both turnover and profitability". Lewis will make the division more self-reliant in protein supplies.

Capital expensiture last year was R21 402 000, an increase of R9-million. The acquisitions of Hebox, H Lewis and Isando Milling will cost R33 800 000. In addition the building materials division plans to spend R11 500 000, food and feeds R6 700 000 and textiles R6 500 000. Capex will be funded from reserves and the proceeds of the issue of preference shares and will not stretch a balance sheet in which debt is only 22% of capital employed.

Tongaat raised R3-million through privately placed prefs last year and plans to place a further R9 500 000 of these in the current financial year

Fiona Halse

CROOKES BROTHERS

3 (Sugar)

Drought offsets

fm. 20/6/80

Activities: *Cane growing and investment holding company. Has sugar and agricultural interests in Swaziland. Owns 6,6% of CG Smith & Co and 2,9% of CG Sugar. CG Sugar owns 14% of the equity.*
Chairman: *T C B Crookes.*
Capital structure: *2,5m ordinaries of R1 Market capitalisation. R15,3m.*
Financial: *Year to March 31 1980. Net cash: R780 000. Current ratio: 1,1. Net cash flow. R1,0m. Capital commitments. R269 000.*
Share market: *Price: 610c (1979-80: high, 800c, low, 290c; trading volume last quarter, 29 000 shares). Yields 9,1% on earnings, 5,7% on dividend. Cover. 1,9 PE ratio: 9,1.*

	'77	'78	'79	'80
Market/directors value of investments (Rm)	7,6	7,3	6,8	16,0
Investment income (R'000)	766	782	669	705
Return on cap % ...	9,8	10,5	10,2	9,3
Turnover (Rm)	3,8	4,3	5,3	6,5
Pre-tax profit (Rm)	1,4	1,5	1,6	2,3
Earnings (c)	46,7	49,2	52,6	66,9
Dividends (c)	29	29	29	35
Net asset value (c)	587	588	644	998

Earnings growth last year was 27,2%, and would have been higher but for lower contribution from Swazi agricultural operations and a change in timing of the CG Smith & Co dividend. This year, despite the drought affecting the Natal canelands, Crookes expects to pay at least an unchanged 35c (29c) dividend.

In the year to end-March, the bulk of income came from SA agricultural activities, especially sugar, as the sucrose price increased and cane deliveries rose, despite restrictions on the crop in line with the International Sugar Agreement. This was because of the sale by the local sugar industry of non-quota products such as high-test molasses and de-natured sugars for animal feeds, which allowed the company to exceed its quota by 4%.

Total cane deliveries amounted to 243 000 t (203 400 t) from the Langespruit and Renishaw areas with sucrose content at 13,4% and 13,2% respectively. This higher content gave 32 200 t (26 200 t) sucrose on which the average price rose to R120,10/t (R104,05/t). The high sugar price is expected to result in a continued high sucrose price which Crookes hopes will offset the 14% lower cane deliveries of 208 200 t. Corporate budgets are calculated on a R142/t sucrose price.

Swazi operations produced 49 015 t (47 237 t) cane but, with another fall in sucrose content to 12,8% (12,9%) this yielded 6 285 t (6 104 t) sucrose. This year 50 500 t cane is estimated yielding 6 565 t at R167/t. The Swazi citrus operation was harmed by hail damage resulting in R15 500 loss. Improvements are expected this year though labour costs are rising steadily. The dividend from Crookes Plantations this year is forecast at R150 000 (R145 000)

In 1979 the bulk of Crookes income was in the form of dividends received on its listed and non-listed investments.

	Pre-tax profit R'000	
	1979	1980
SA agriculture	631	1 339
Swazi agriculture	336	279
Dividend income	669	705

The situation was however reversed last year with the high sucrose price and output, plus the change in timing of the dividend from CG Smith & Co This company paid a third interim dividend of R6 a share on April 1 instead of March 31 thereby reducing Crookes investment income by R79 164.

Changes to the portfolio during the year included the purchase of additional shares in CG Sugar, Tongaat and Metamin, as well as a new holding in Safmarine With the revaluation of the Smith shares to R650 (R270) each after the declined Barlow offer, and the higher prices on listed investments, there was a 136% rise in the total portfolio value. The yield on the total value was 4,4% (9,9%).

Though this year's national sugar crop could fall by about 25% as a result of the severe drought in the canelands, Crookes' crop is expected to suffer less in view of its geographic location And in conjunction with the drought, cane prices should rise.

The forecast of at least the same dividend takes into account a 14% crop reduction, though until around August the full effect of the drought will be difficult to ascertain. The receipt of the CG Smith dividend in April will mean a one-off increase in investment income, which, if agricultural estimates prove accurate, indicates the dividend forecast should easily be met. At 610c the share yields an historic 5,7% which is fair value in view of the non-sugar agricultural and investment income buffer of the group.

Des Kilalea

Doubts over drought

FM 20/6/80 3(Sugar) (185)

"Critical fundamental factors with increased investment and speculative demand will drive the sugar price to record highs in the region of £750/t this year," says London commodity trader Wallace Brothers. After five years of lacklustre international prices, the recent firmness in the sugar market is welcome relief to the local industry, but ironically the severe drought in the Natal canelands may offset most of this boom.

SA ranks as the seventh largest sugar exporter in the world. As such, the revenue of the industry is largely determined by the London sugar price. This price peaked at over £650 in November 1974, allowing the industry to build up a R94,5m kitty in the form of the Price Stabilisation Fund. But from then until September 1979, the trend was down.

By end-1977 the sugar price had bottomed at around £85/t and it did not recover from a £95-£105 range until weather conditions and the general speculative boom of 1979-80 lit the fuse. Within three months, the London price had jumped from £110 to £175, and four months later reached a five-year high of £360. Now sugar is trading around £280. But all the signs point to a big improvement before the year end, and forecasts such as that of Wallace Brothers may not be improbable, particularly in view of a forecast drop in world production to 84,6Mt (90,9Mt).

The decline in prices from the 1974 peak followed rising international production and an increasing world surplus. Efforts to re-introduce an International Sugar Agreement (ISA) to create a more stable market were major factors in halting the decline. But until the US ratified the agreement in 1979, combined with rising consumption, the weather and an increasing production deficit, prices stayed low.

When the US ratified the ISA the market began moving. At the same time, news of a poor 1980-81 season started filtering through to a speculation conscious market. For example, the largest sugar exporter, Cuba, suffered from cane rust and smaller deliveries saw increased Soviet buying elsewhere. Some suggest Russia may have bought up to 300 000 t in April.

Other bullish factors were Thailand's drought and its recent declaration of *force majeure* on exports of 55 000 t. There was also speculation that Thailand (the fifth largest exporter) might have to suspend deliveries of another 150 000 t. India, Pakistan and Peru added to the price rise and speculative fever when they turned importers, and market talk suggests Brazil is over-committed on exports.

(2)

The SA sugar industry is tightly controlled by government, the SA Sugar Association and the ISA — when it operates. Production is restricted to the amounts required to satisfy the domestic market and the export quota granted when the ISA operates during a sugar price range of US12c-22c. Returns to growers, millers and refiners are calculated in terms of a rigid cost/return formula.

In terms of this formula, the cane growers are allowed a 7,5% return on the historical book value of capital, while millers get 14%. The scheme allows for a full recovery of costs, though for the past four years 20% of cost increases have been absorbed in an effort to curtail inflation

The formula, when applied to the season's crop and production, offsets total proceeds against total costs and the laid down returns. This decides whether any money is credited to the Price Stabilisation Fund or borrowings are raised In the past two seasons the industry has raised loans of R50m to finance the deficit. This compares with the R95m surplus of 1974. The current drought means another deficit is virtually certain In 1979-80, the industry had to bear some R3m of the deficit itself which actually meant a shortfall on the returns allowed on capital employed.

Generally, the industry grumbles that permitted return is insufficient Certainly, it does not justify new mills, which would suffer on the average remuneration basis. CG Sugar MD Tony Norton says the return formula "is the reason why cost effectiveness is the name of the game."

Cost competitive

"Though it is price controlled the industry is viciously competitive in holding down costs. Building a new mill at this stage on shareholders' money is not viable. Rather we take the industry to its logical conclusion — the marginal business which is the most profitable."

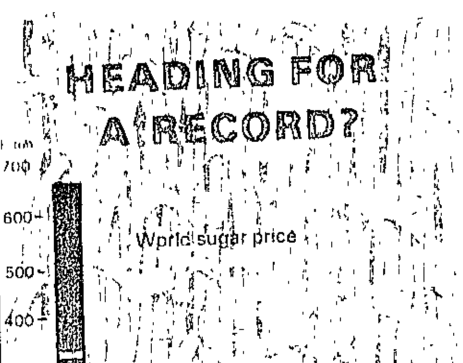
The Board of Trade stated a similar view in 1976 when it recommended a return of 19.9% on book value of capital or 12% on replacement values. And this was four years ago.

This is why the drought is so serious. With high fixed costs, a reduction in throughput means a more than proportionate rise in unit costs. Thus those with mills in the worst affected areas suffer the most as their unit costs will almost certainly gallop ahead while earnings will be squeezed by the remuneration package.

On this basis Huletts' sugar operations look set to suffer the most. The group, jointly controlled through S & T Investments by Tongaat and the Smith (Barlows) group, operates five mills — all of them in the north coast/Zululand area which has been pummelled by poor weather conditions for two seasons.

SA Cane Growers Association general manager Ernest Morrison says about 250 000 ha of the total 410 000 ha under cane have been affected by the drought. From Durban north to Hluhluwe about 261 of the 890 white farmers and 1 012 of the 1 661 Indian and coloured farmers have lost more than 40% of their crop. This situation led the Cane Growers Association to approach government for some loan assistance to enable farmers, particularly the smaller growers in Zululand, to survive the drought and have the funds to replant. Without these funds the national crop could suffer for some years. This week government responded by granting loan assistance along the basis originally suggested

The original estimate of national sugar production was 1,75 Mt - a 17% fall over the previous season's 2,1 Mt. However, SA Sugar Association GM Peter Sale says a figure around 1,65 Mt is now possible, which would make 1980-81 the worst season since 1970-71, when 1,4 Mt was produced. Last year the local market consumed 1,1 Mt of sugar and some 5% growth is expected this year, he says. This would leave only 500 000 t available for exports. When the ISA was in force last year SA had a basic quota of 844 000 t and exported over 1 Mt, including non-quota products. On the basis of "at least £300 t" this would mean a loss in export revenue of some R150m. In fact, the figure will be larger as a big proportion of this year's export crop has been sold forward at prices lower than those presently ruling.



However, while SA would not be able to take advantage of the lifting of ISA restrictions, it would certainly be able to supply the minimum contractual commitments to major buyers in Japan and Canada, Sale adds.

It has, in fact, been suggested that the 1,65 Mt estimated total sugar production this season is optimistic But even at 1,65 Mt the deficit which will have to be financed to meet industrial requirements for cost recoveries, and the returns allowed could approach some R50m this year, says Sale. Tongaat chairman Chris Saunders says some 400 000 t of this season's export production has been sold forward at prices pertaining early in the year — which appeared attractive and prudent at that time, but were below current levels Normally hedging is considered a sound economic principle, though this year, with the strength in the sugar price, the industry will suffer.

Marginally profitable

The recent 11% local price increase will only help to the extent of keeping the local market on a marginally profitable basis. Only some 7% of the increase was allocated to the industry, the rest went to higher trade margins, says Sale.

"A normal crop would enable us to repay our R50m loans this season and put some back in the kitty." The rapid elimination of the Price Stabilisation Fund from its 1974 peak arose out of declining export prices at a time when the local market was being subsidised. From 1967 to 1975 there was no local price increase, and in fact there were two reductions. At one stage the domestic price was half production cost, which meant SA consumers were subsidised to the tune of R250m by the industry over a five year period, says Sale.

Tongaat expects lower earnings from its sugar operations, but its diversification will more than offset the shortfall. The largest miller, C G Smith Sugar, is not widely diversified, but has given a clear signal in its annual report (*Companies* June 6) that the dividend will be at least maintained this year. The reason for optimism is that the group has only one mill, "its sacrificial lamb," in the drought stricken area. The rest are on the south coast, the Natal Midlands and the Eastern Transvaal.

Huletts MD Dr Kees Van Der Pol says he cannot visualise the national production falling below 1,6 Mt. But even at the original 1,7 Mt estimate, Huletts expected a lower market share. Last year the group's share of the market fell to around 31% and this year could be less than 30%. Van der Pol says Huletts considered closing down one of its mills "from a quantum point of view," but decided rather to keep it running "This provides some employment for the blacks in the hard hit areas whose own crops have been devastated." On the world price, Van der Pol says: "if the average for the year is less than £300, I would be very disappointed." He adds that the position would have to deteriorate significantly before the group dividend was affected. No major capex is planned on the mills in the near future, though some thought is being given to consolidating the Felixton and Empangeni mills. Non-sugar interests continue to prosper, with Hulamin yielding good returns. This

New expansion ahead for SA sugar

③ Sugar RDM 26/6/80

DURBAN. — The sugar industry is poised for another major expansion programme to meet expected increases in demand and to increase profitability.

Mr Frank Jones, chairman of the SA Sugar Millers Association, said at the annual meeting in Durban that conservative estimates put SA demand up by at least 200 000 tons a year within the next five years. The domestic market currently consumed about 1-million tons of sugar a year.

Export potential was likely to grow by a corresponding figure — and even if export quotas were reintroduced, South Africa had a relatively high allocation of 844 000 tons, with the prospect of being allowed to meet shortfalls occasionally.

These market opportunities, coupled with the fact that cane growing involved high fixed costs of production throughout, meant the time had arrived for the industry to embark on another expansion programme.

There was land suitable for cane growing within economic transport distance of the mills. He believed the cane grown on these lands should be for the production of sugar instead of ethanol.

A reason for this was that the displacement cost of sugar for ethanol in today's world market was over £300 a ton.

"The Government appears to favour the methanol route to meet the country's liquid fuel problems. It is debateable whether a food should be used for fuel."

Turning to prospects for the coming season, Mr Jones said the drought would reduce industrial production to below the present estimate of 1 700 000 tons of sugar, lowering considerably the normal surplus available for export.

In addition, 400 000 tons of sugar had been priced forward in export markets at much lower price levels than were now prevailing.

"These factors will result in the industry facing a sizeable shortfall in proceeds to meet its requirements."

In the past season there was a shortfall of R28-million, which was reduced by a loan of R25-million. Millers absorbed R1 300 000 of the deficit and growers absorbed the remainder. — Sapa.

XL

SUGAR INDUSTRY 3 (Sugar) FM 27/6/80

Is enough enough?

The sugar industry is at odds over expansion — the millers are in favour and the growers are against. These differences surfaced in annual reviews presented in the past 10 days.

The millers' tale, as told by its chairman Frank Jones, is that "the domestic market consumes 1,1m tons of sugar a year and will, by conservative expectations, be requiring at least another 200 000t within the next five years. During this period there is no reason why we should not be able to increase our exports by a corresponding figure."

Jones argues further that there has never been any difficulty in disposing of export sugar. "In times of quota restrictions the industry has been able to sell non-quota sugars and as a last resort, we have a bulk terminal capable of storing several hundred thousand tons to tide up over periods when we might have surplus export sugar," he says.

The growers' chairman Tony Ardington is against expansion because it means that an unstable world market will have to take half the industry's output. He contends that productivity increases at 1,6% or more per annum. "This almost keeps pace with increased local market offtake so that by 1985 the industry could still be exporting 47% of its average production without bringing any more land under cane," he says.

Ardington also doubts that the industry will maintain its position in the local market in competition with alternative sweeteners.

Cane transport recovery costs is another controversial subject at present and the growers' vice-chairman, John Chance, maintains that some producers can beat the allowed formula and thus make a profit. "In such cases there is no incentive to improve efficiency," he says. "There are cases where the building of new roads would considerably shorten the distance vehicles have to travel from the mills. In some cases the savings would pay in one year for the capital costs involved in this road construction."

He argues that in any new expansion programme high transport costs due to planting cane far from the mills should be carefully considered. Indirectly Jones counters this by pointing out that capacity of existing mills can be increased, "at infinitely less cost than establishing new mills with all the necessary infrastructure, like employee housing."

Another sore point in the industry concerns molasses. Ardington contends that had the government raised the price from R18,50/t to R40/t as requested "the industry would have received its full requirements this season and would have been able to repay the R50m borrowed in full over four years." As it happened an increase to only R28,50 was allowed.

Other sugar news is:

- A black trade union called the National Union of Sugar Manufacturing and Refining Employees is in the course of being registered and will replace the existing works and liaison committees.
- Growers bore the brunt of last season's R3m deficit and absorbed R1,7m. The millers carried the balance.
- Direct consumption of sugar increased by 2,6% last season.
- The price for cane this season containing 13% sucrose should be about R19/t.

CDM 28/6/80

Crookes to buy farms

(3) Sugar

Own Correspondent

DURBAN. — Crookes Brothers expects to make a substantial investment in further cane farms as part "of a policy to increase our stake in the cane-growing sector", says the chairman, Mr T C B Crookes.

He told the company's annual meeting he expected that the increase in dividend income would offset the decrease in operating income and that the dividend (last year 35c) should be maintained.

Updating his statement in the annual report, he said the Natal cane crop was expected to fall by about 16%.

The loss would be offset by the higher sucrose content and price. Content was 1% up and the sucrose price was R154,81 against R120,15 last season.

The Swaziland cane crop was expected to rise by 1 500 tons to 52 000 tons with a sucrose price of R174,39 (last season R154,23).

The grapefruit crop at 54 815 export cartoons was substantially improved on last season.

Mr Crookes said investment income was expected to improve and match the loss expected from cane growing. Increased dividends had been received from C G Smith and Smith Sugar.

Drought bad for Huletts

ROM 28/6/80

(3) Sugar

DURBAN. — Huletts Corporation does not expect any profit growth this year because of the drought in cane areas, says the chairman, Mr Chris Saunders, in the annual report. If the drought persists, group earnings may well be less than in 1979-80.

In the year to last March the group had a pre-tax profit of R49 990 000 against R38 280 000 the previous year. Earnings a share rose to 86,7c on an increased capital from 74,4c and dividends totalled 44c against 37c.

Mr Saunders hopes dividends can be maintained in 1980-81. Only in November, when the interim dividend will be announced, will the company be able to be more specific.

All economic indicators predict the South African economy will grow in excess of 5% in real terms this year and this will have a beneficial effect on the group's earnings, at least in industrial activities.

Present estimates for Huletts industrial division include contributions of recent acquisitions for a full year, and presage substantial growth in earnings in the aluminium, paper, packaging and engineering operations.

Turnover of the industrial division is expected to rise 50% with a commensurate increase in distributable earnings from that division.

The transport operation is adversely affected by the drought in the sugar industry and the impact of tax will marginally reduce earnings from timber plantations although this could be offset by acquisition of additional plantations, says Mr Saunders. — Reuter.

Huletts faces drop in earnings

(3) Sugar RDM 2/7/80.

By DAVID CARTE
Deputy Financial Editor

IF THE drought in sugar country persists, Huletts earnings in 1981 could well decline, says the chairman, Mr Chris Saunders.

Mr Saunders says he hopes the 44c dividend can be maintained, even though sugar contributed less than 46% of group profits last year and he expects better profits in aluminium, paper, packaging and engineering this year.

Because of the continuing drought and to the Eldana cane pest, Huletts contribution to total domestic sugar production fell from 34% to 30%. Gross sugar profits fell 10% to R22 328 000 (R24 752 000), but improved industrial profits more than compensated and group taxed profit on historic cost rose 18% to R18 100 000.

Earnings on historic cost were 16% better at 86,7c, while on replacement cost they were 62,2c — an 18% improvement. The dividend rose from 37c to 44c.

Mr Saunders says it is a "tragedy" that the industry is unable to take full advantage of the improved world sugar price. Although he is encouraged that world production today is more in line with demand, he warns against excessive optimism for the world price, as competition from high fructose corn syrup became "a serious threat" at higher price levels.

Mr Saunders says it is difficult to predict sugar earnings as the drought has not yet broken and production estimates continue to decline.

In a corporate restructuring, Huletts has separated its sugar and industrial interests, putting the industrial interests into a new company called Huletts Industries Ltd. Mr N E Duncan, formerly managing director of Hulamin, will head Huletts Industries.

After the 44% contribution of sugar, Huletts Aluminium was the second biggest contributor to gross profit bringing in 22%, or R11 454 000 (R8 943 000). Ngoye Paper Mills contributed R7 325 000 (R3 882 000), or 14,3%, of the total, while Hypack yielded a maiden R4 657 000, or 9%.

The "foreign", mainly Zimbabwean, contribution rose to R2 245 000 (R1 323 000). Mr Saunders expects a lower contribution from Zimbabwe this year in spite of the expectation of a record crop and "substantial earnings". The Zimbabwean interest is not consolidated, which makes already conservatively stated earnings of high quality.

The acquisitions, including Hypack, bought for 2 300 000 shares, added R2 500 000 to earnings.

With debt equivalent to only 23% of shareholders' funds and deferred tax, the balance sheet is strong, but return on total capital employed on replacement value basis was only 8,5%.

Mr Saunders makes no reference to the control situation in Huletts, following Barlows acquisition of control of CG Smith and Co and Anglo's purchase of 1-million shares recently.

But Anglo's Mr Chris Griffiths and Barlows Mr Warren Clewlow and Barpak's Mr Bas Kardol have joined the board with Mr N A Bury and Mr D W Strachan. Mr Jack McGough retired as chairman during the year. Mr L G Abrahamse also retired from the board.

The bearish tone of the report could well set back the share price, which has fallen since the prelim. But with the world sugar price looking better all the time and cane being an energy-efficient crop compared with sugar beet, it is hard to avoid the feeling that Mr Saunders, like other sugar men before him, is being a little too cautious on sugar prospects. With drought a temporary phenomenon, Huletts is a buy on significant weakness and a long-term hold.

Huletts faces drop in earnings

(3) Sugar RDM 2/7/80.

By DAVID CARTE
Deputy Financial Editor

IF THE drought in sugar country persists, Huletts earnings in 1981 could well decline, says the chairman, Mr Chris Saunders.

Mr Saunders says he hopes the 44c dividend can be maintained, even though sugar contributed less than 46% of group profits last year and he expects better profits in aluminium, paper, packaging and engineering this year.

Because of the continuing drought and to the Eldana cane pest, Huletts contribution to total domestic sugar production fell from 34% to 30%. Gross sugar profits fell 10% to R22 328 000 (R24 752 000), but improved industrial profits more than compensated and group taxed profit on historic cost rose 18% to R18 100 000

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T = d/W

M=dL

Still hope for dying sugar cane

③ Sugar RDM 16/7/80.

Own Correspondent

DURBAN. — Sugar cane is dying and the standing cane has not grown as fast as it normally does by this time of the year, says the chairman of Smith Sugar, Mr Frank Jones.

The drought means that there will have to be more replanting and these stalks will not be ready for harvesting by next season.

His crop estimate for the whole industry is about 1 680 000 tons — down from the earlier figure of 1 750 000 tons.

But Mr Jones told the annual meeting there was a positive side — cane was exceptionally resilient and responded quickly to a favourable change in growing conditions.

If there was normal weather from August and through the summer, he believed that next year's crop could be higher than the present one, but it would not reach the record of 2 100 000 tons.

Smith Sugar expects a crop of 694 000 tons — down from 837 900 last season — and expects to at least maintain its dividend, says Mr Joners.

There will be a drop in taxed earnings for the group. But the contribution from Smith & Company is expected to increase by at least R1-million for the current year.

Mr Jones said there would be another "sizeable shortfall in industrial proceeds", and although no decision had been taken on how this shortage would be met, he believed that as a price-controlled industry it was entitled to costs and margins in good years as well as bad.

The industry should, therefore, not be averse to the SA Sugar Association adding to the R50-million already borrowed to fund the shortfalls.

"Once it has recovered from the drought there is no reason why the industry should not be in a position to repay its borrowings and to start making renewed contributions to the stabilisation fund," he said.

Reporting on Smithchem, Mr Jones said that the R2 750 000 plant had been comissioned and it was planned to export three-quarters of the 4 000-ton output.

"The outlook for Smithchem in the long term is encouraging due mainly to the fact that it is a low-cost and efficient producer. Within the next five years it is envisaged that we will double our production capacity and and be able to meet the increased demand for furfuryl alchohol and diacetyl.

"There are prospects of expanding the product range and research in this regard is being undertaken.

"Smith'chem's contribution to group earnings is expected to continue to show healthy growth," Mr Jones said.

He confirmed that 400 000 tons of sugar had been sold forward by the industry "at prices which at the time met the industry's terminal market hedging criteria, but which were much lower than the levels now prevailing".

Tongaat sees 100c earnings

Sugar (3) 233

RDM 26/7/80

THANKS to a combination of internal growth and contributions from its latest acquisitions, earnings of the Tongaat Group "will exceed our initial target of 100c a share" in the year to March 1981, the chairman, Mr Chris Saunders, told the company's annual meeting at Tongaat yesterday.

This forecast — which means earnings growth of more than 25% in the current year — was made after taking into account the expected major reduction in the contribution from the sugar division, which last year produced 30% of group profit.

Earnings of the 100c minimum would give Tongaat its 12th consecutive year of record profits, and raise the compound growth rate over this period to an average of 21% a year.

Mr Saunders he told the meeting: "the sugar division, in keeping with the rest of the industry, is suffering a severe setback as a result of the prolonged drought which has devastated the cane crop.

"Total industrial production is now estimated at 1 667 000 tons of sugar, a decrease of approximately 20% on last year.

"The group's latest sugar production estimate reflects a decrease of 28% over last year, and our share of total industrial sugar production will therefore be slightly down on last year. This will mean a major reduction in the profit contribution from this division.

"The building materials division continues to benefit from the high level of construction activity in the Transvaal and Free State, and is proceeding with its plans to increase production facilities so as to alleviate delivery delays.

"Trading conditions in the Western Cape have improved and demand in Natal is increasing rapidly. Budgeted sales levels are accordingly being exceeded in all areas, and the division's contribution to overall group profits will reflect a satisfactory increase over last year.

"Acquisition of Hebox Textiles as a wholly owned subsidiary of the group has been concluded, with 58% of its former shareholders electing to receive cash amounting to approximately R8-million, and the remainder exchanging their shares for 832 000 Tongaat ordinary shares.

"The integration of Hebox into the group's textiles division is proceeding according to plan, and the division has been reorganised under a new divisional holding company known as Tongaat Textiles.

"Satisfactory trading conditions have been experienced in all areas of operation during the first quarter and this, together with the additional profits which will flow from the Hebox acquisition and the Whiteheads expansion programme as it comes on stream, will result in a significant increase in the division's contribution to overall group profits.

"Proposals for H Lewis & Company to become a wholly owned subsidiary of the group are under consideration by Lewis shareholders representing approximately 75% of the equity of H Lewis have indicated that they will support the proposals and the final outcome of our offer will be known early in August.

"This acquisition will have a favourable impact on the foods and feeds division, but the full benefit will only be felt in the years ahead.

"Other operations within that division are experiencing satisfactory trading conditions, so that together with the additional profits flowing from the Lewis acquisition, the division is expected to again increase its contribution towards overall group profits," he said.

DM 29/7/80 (3) Sugar

Fires rip through Natal canefields

DURBAN. — Runaway fires ripped through large sections of farmland in the Eshowe district at the weekend, destroying hundreds of tons of young cane and laying waste several hectares of wattle plantation.

Within minutes of the first alert, flames fanned by a strong wind had devastated an entire canefield. Firefighters were able to contain the blaze before it could leap the main road to Eshowe.

"If we hadn't, I shudder to think what could have happened," said Mr B Hilarius, manager of the farms. "It would certainly have laid bare thousands of hectares of sugar cane."

However, no sooner had the 30 firefighters stamped out the last smouldering cinders, when another fire started in a nearby wattle plantation.

"There was just nothing we could do to stop it. The whole place is tinder dry," said Mr Hilarius.

Farmers in the drought-stricken areas of Amatikulu, Gingindhlovu and Eshowe fear that the windy season, which has just started, could develop into the worst fire hazard period this century.

The situation has been made worse because the rivers — once natural fire breaks — are now mere trickles.

Mr Hilarius, who runs the farms for the KwaZulu Agricultural Company, said it could not be ruled out that at least one of the fires had been started deliberately. "An act of extreme carelessness" might also have been a cause. — Sapa.

30/7/80 ARU85

Big drop in sugar output hits Huletts

3 SUGAR

A 'DEVASTATING' drop in sugar production will mean lower earnings for Huletts Corporation, says the chairman, Mr Chris Saunders.

Additional earnings from non-sugar business could compensate for the reduction in profits from raw sugar operations.

The group's estimate for the current season is only 437 000 tons of sugar, which is 26 percent of total production and down from 30 percent last year and 34 percent in 1978.

Huletts will have the shortest crushing season ever recorded.

The directors have decided against any reduction in staff as this would impose serious financial hardship on many employees.

● Reduced tax liability and improved cash flow enabled the **Sterns Diamond Organisation** to distribute more of its profits, says the chairman, Mr S F J Barnett.

Dividends of 15c were up by 36 percent in the year to February after a R59 000 rise in taxed profit to R814 000.

Turnover for the first four months of the current year is 48 percent above a year ago.

● **African Eagle Life's** premium income has exceeded R100-million for the first time in 75 years. Total group income increased 12 percent to R191-million in its latest year.

● **LTA (Ciskei)** had a net profit of R2 273 for its first full year compared with a R20,8-million loss last year. Turnover was almost R7-million and a 10c dividend is being paid.

The accumulated loss at the March year-end was reduced to R18,5-million from R20,8-million.

Kruger rand

KRUGER RAND today: Reserve Bank, buy R490,03 (R487,95); Cape Gold Coin Exchange, sell R660 (R660); buy R645 (R650).

Devastating sugar drop for Huletts

(3) Sugar 30/7/80 TODM

DURBAN. — Huletts Corporation expected earnings for the 1980-81 year to be lower than those for the previous year, the chairman, Mr Chris Saunders, said at the annual meeting.

Non-sugar activities were performing well and results were on or ahead of budget — the only exception being Hultrans, which depended on the sugar industry.

However, he did not believe the additional earnings from industrial sources could compensate for the reduction in profits from raw sugar operations.

The industry's estimates for the current season had fallen to less than 1 700 000 tons of sugar.

"As the group's cane supply areas have been affected for two years in succession, the result is nothing less than devastating and the group's present estimate is only 437 000 tons of sugar, which represent 26% of the industrial total."

Last year Hulett's percentage of industrial production fell from 34% to just over 30%.

Mr Saunders said Huletts would have the shortest crushing season ever recorded. However, the directors had decided against any reduction in staff as this would have imposed serious financial hardships on many of its employees. — Sapa.

Mystery buyer in sugar farms bid

Own Correspondent

A big "mystery buyer" has been taking up hard-cash options on sugar farms in the Umfolozi, Hluhluwe and Mtubatuba areas — leading to speculation on a new bid for control of Umfolozi Co-operative Sugar Planters.

Huletts Corporation made an unsuccessful bid for the Umfolozi Co-operative — which has its mill at Mtubatuba — last year. However, Huletts denies it is in the market again.

Farmers in the area say they are being offered between R40 and R45 for options over each ton of their cane quotas. At least nine farmers in Hluhluwe are said to have granted options, while another eight to 10 options have been granted in the other two areas.

LONRHO

The option offers are being made through a nominee company which, farmers claim, is called Jerremy Timbers (Pty).

However, nobody seems to know which organisation controls it, nor what price it would put on their land if the options are exercised.

Most likely power behind the takeover bids is said to be Lonrho.

A spokesman for Lonrho's Glendale Mill, however, said he had no knowledge of options being taken out over additional canelands. "My portfolio is Glendale only," he said.

Mr T A Wilkinson, financial manager of Lonrho South Africa, said from Johannesburg that sugar was the one commodity over which the local company did not exercise control and he, therefore, was unaware of any new developments in that direction.

Despite these comments, it would be logical for Lonrho to attempt to gain control of Umfolozi, since it failed in an attempt to strengthen its hand in the sugar industry three years ago.

The group planned to build a new mill near Melmoth at a then estimated cost of R20m but was said at the time to have been refused permission by the Government.

Huletts to build R120m mill

③ Sugar

RDM 1/8/80.

Own Correspondent

DURBAN. — The largest sugar mill in South Africa, which is expected to produce about 520 000 tons of sugar a year and cost R120-million, has been planned for Felixton, says Mr R K Ridgway, managing director of Huletts Sugar.

The North Coast mill will be built in two stages — coming into operation from April 1983 with a rated capacity of 600 tons of cane an hour.

The two biggest mills now are Amatikulu and Tongaat both of which produce about 200 000 tons of sugar a year.

Mr Ridgway said the mill would replace the ageing Felixton and Empangeni mills.

The last cane will pass through the Empangeni mill in December 1982. The second phase starts a year later when the old Felixton mill will be shut down.

No decision has been taken on the design of the mill, but it is likely that the successful diffusion technique will be chosen.

Building of the mill will depend on financing arrangements and this involves certain matters being negotiated with the Goverment.

The capacity of the mill will be 50% higher than the combined totals of the mills to be replaced. This indicates that the company expects more cane from the area.

Mr Ridgway said it was a major project designed to have built-in capacity and facilities for easy expansion to cope with the potential large-scale development of cane growing in KwaZulu.

There would be staff rationalisation when the mills were closed, but Huletts "intends to ensure the continued employment within the group of as many people as possible".

3/8/80

Dramatic spurt from sugar

3 sugar

Index outperforms industrial average

THE RDM sugar index has appreciated by 300 percent during the current bull market — rising from 230 to 920.

To match this performance the RDM 100 industrial index ought to have risen to 680. It has managed an advance to 580 which just shows how sugars have outperformed the average.

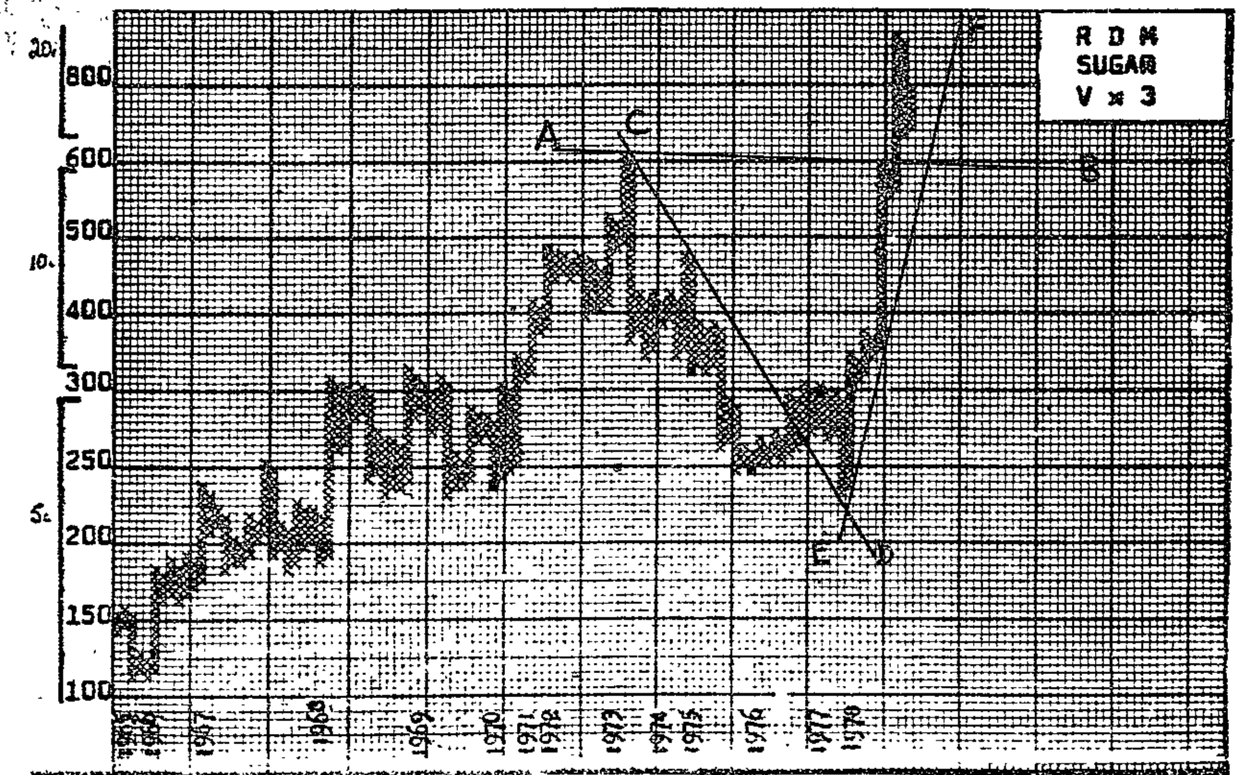
The accompanying chart of the sugar index clearly shows the steepness of this move, marked by line EF, which cannot be indefinitely sustained. Line AB appears to be a valid support level which would likely contain any weakness around 600.

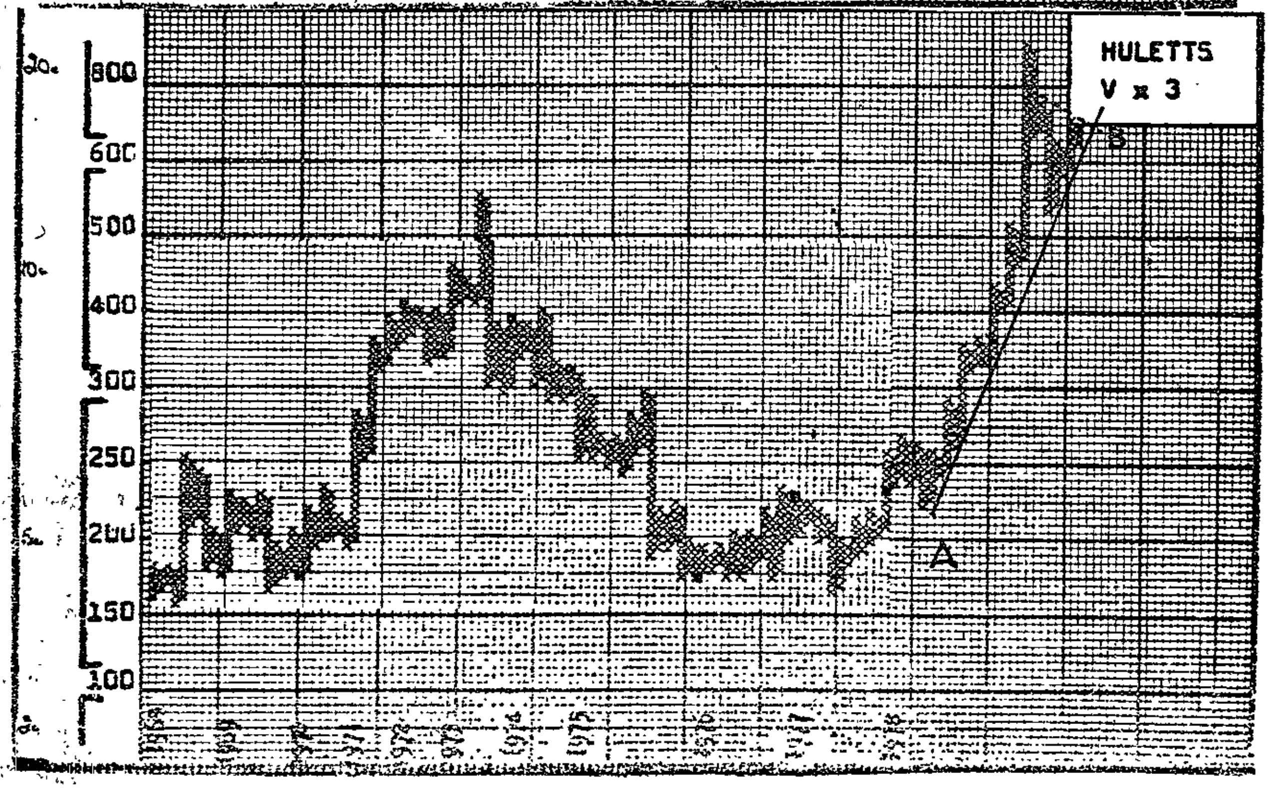
Currently the sugar sector is trading in a relatively low risk situation which should limit any short term weakness.

The sugar price in London looks as if it is about to rally upwards again which is a positive factor. Huletts, trading around the 640 level, is the company we are looking at this week.

Here you can see the steep up-trend marked by line AB. It is interesting to note that the share price has risen by 462 percent far exceeding the performance of the sugar sector as a whole. Recent weakness has taken the shares down to encounter line AB.

Hopefully the shares will find support and react upwards. A break above the broken line at 700 would validate a run to 860. Provided line AB remains intact, the outlook will continue positive.





Barlows sells its Huletts stake to Anglo for R97,6m

(3) Sugar

RDM 5/8/80.

By DAVID CARTE
Deputy Financial Editor

IN A major sugar industry shake-up, Barlows has agreed to sell its joint control of Huletts Corporation to Anglo American Corporation for R97 600 000.

Joint control of Huletts will pass through the sale of 50% of S&T Investments to Anglo by Barlows subsidiaries, CG Smith and Co and CG Smith Investments.

After the complicated deal, involving four large listed and one unlisted company, Anglo American will share control of Huletts, through S&T Investments, with Tongaat.

The deal was consummated at the weekend and announced last night by Barlows, Anglo American, the three CG Smith companies and Standard Merchant Bank.

Another major implication of the deal is that all the CG Smith interests, apart from S&T Investments, are to be put together in a reconstituted CG Smith Sugar.

Following an offer to CG Smith Investments and CG Smith and Co minorities, this company will end up owning 100% of CG Smith Investments, 100% of CG Smith and Co, 55% of Nampak, 55% of Romatex, all of Hypack Products and Containem, R60-million in cash and all CG Smith sugar's other interests.

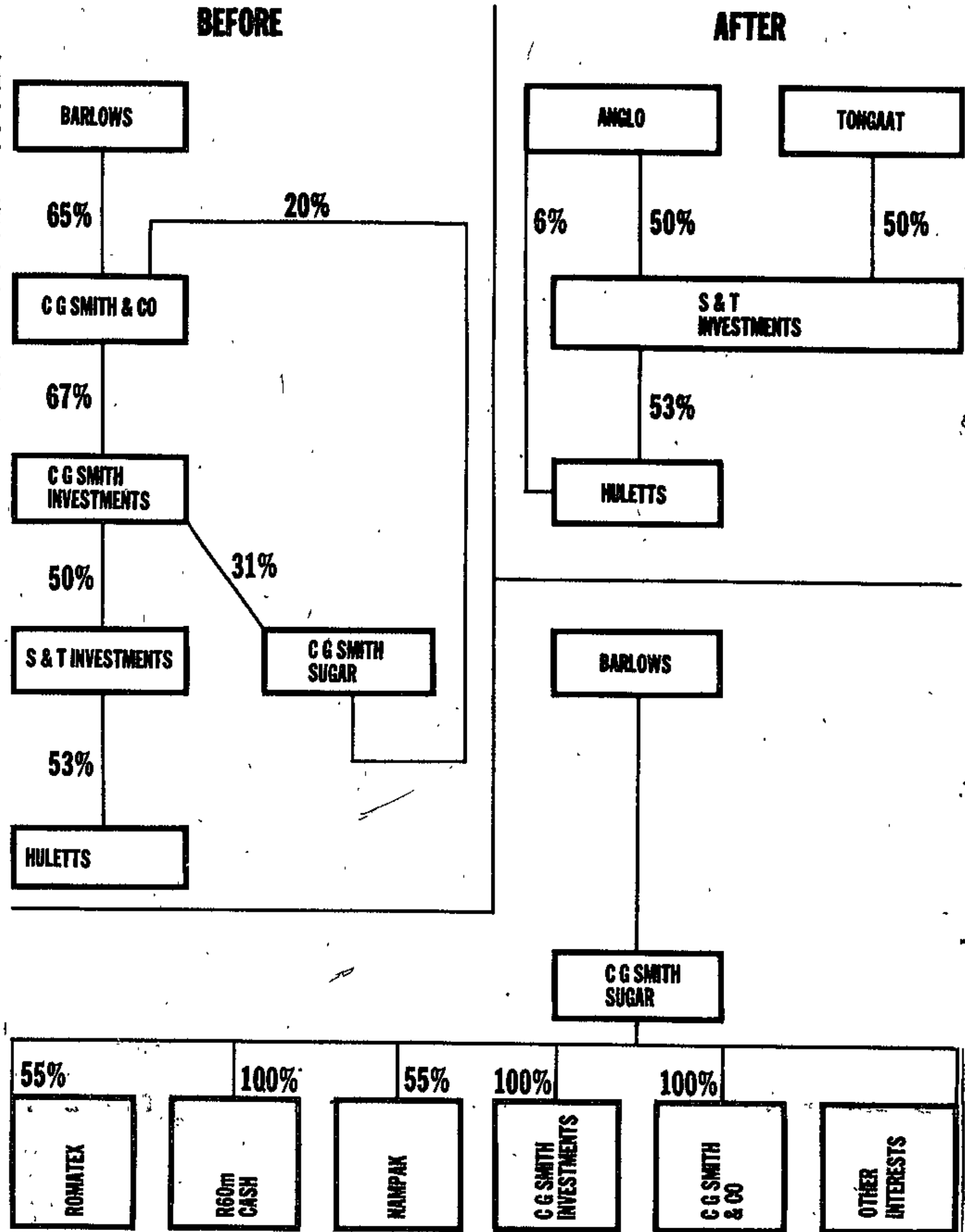
In addition, CG Smith Sugar has been given the right to acquire from Huletts sucrose equal to 50% of the quota of the Mount Edgecombe mill for a price still to be negotiated.

Before the deal, Barlows held 65% of unlisted CG Smith and Co, which held 67% of CG Smith Investments. CG Smith Investments, held, among other interests, 50% of S&T Investments, which shared control with Tongaat of Huletts.

This now goes to Anglo.

After buying 1-million Huletts shares last year, Anglo held just over 2-million Huletts shares at its last year end. This was equivalent to 6% of the equity but because S&T, with 53,5% of the equity, is the controller of Huletts, Anglo will have to share control with Tongaat even though it has the bigger total stake.

Anglo owns 18% of Tongaat, so there is unlikely to be disagreement between Anglo and Tongaat on Huletts' future direction.



CG Smith Investments minorities are to be offered 55 shares in the reconstituted CG Smith Sugar or 770c in cash. This is a 10% premium on the share price of 700c before suspension yesterday.

Minorities in the unlisted CG Smith and Co, mainly individuals in Natal, are being offered R840 cash per share.

The deal will increase earnings of all the CG Smith companies. Reconstituted CG Smith Sugar's earnings will rise 30c per share to 166c. Earnings of CG Smith Investments will rise 16c to 92c, while those of CG Smith and Co will rise R6 to R100 per share.

Following reconstitution and asset revaluations, CG Sugar's asset value will decline 530c to 1 220c per share. The net asset value of CG Smith Investments will rise 12c to 676c, while that of CG Smith and Co will decline by R26 per share.

Huletts will sell its packaging interests Hypack and Containem to the Smith Group for R39-million and has given the reconstituted CG Smith Sugar company the option to acquire 35% of Huletts' interest in Triangle Ltd of Zimbabwe.

Mr Warren Clewlow, a director of Barlow Rand and chief executive of the Smith Group, said Barlows had sold out of Huletts as it felt there was "not much point in joint control".

Barlows' policy was to control and manage its subsidiaries. It was "not Barlows' style" to be batting on the same Huletts pitch as the other sugar majors.

Even after the deal CG Smith retained 45% of the sugar industry, he said. Mr Clewlow said CG Smith Sugar had not decided what to do with the R60-million of cash it would have after the deal.

Report pleases the sugar industry

3(sugar) STAR 6/6/80

DURBAN — The Lombard report had provided constructive alternatives to the consolidation of kwaZulu and did not have adverse economic implications for the sugar industry, according to a statement by the South African Sugar Association in Durban yesterday.

Reacting to the report by Professor Jan Lombard and leading academics, sponsored by the Sugar Association and other business interests in Natal, the statement said the association was pleased with the "depth and thoroughness with which the whole report has been researched and compiled."

The association agreed with Professor Lombard's view that "land transfers cannot serve as the main currency of political bargaining" and that "there is not enough of this commodity to satisfy the conflicting demands."

"It should also be noted that the transfer of additional land to kwaZulu would in no way ensure the economic viability of kwaZulu."

The statement said that the future stability and investment in economic growth and employment did not depend only on a high degree of interdependence of all sections and groups of both Natal and kwaZulu. It also depended on the continued confidence of all regarding their legitimate economic rights.

"The threat of consolidation undermines this confidence. The face of consolidation destroys this inter-dependence."

The association said it could operate within the basic principles laid down in the report which did not bring the "adverse economic implications for the industry which had been identified with consolidation.

"With regard to the specific proposals contained in the report the political configurations suggested are examples of alternatives which must be considered by organised commerce and industry and by the public," the statement said. — Sapa.

Everybody wins in the sugar shake-up

22321

(3) Sugar

RDM 6/8/80

By DAVID CARTE

Deputy Financial Editor

THE SHARE prices of CG Smith Investments and CG Smith Sugar rose sharply yesterday on relisting after the sale of joint control of Huletts by Barlows to Anglo American Corporation for R97 600 000.

CG Smith Sugar gained 200c or 16% to 1 450c on its pre-suspension price, while CG Smith Investments put on 90c, or 13%, to 790c. Huletts, which, unlike the others, was not suspended, improved 80c to 680c yesterday.

The CG Smith Investments price of 790c exceeds CG Sugar's offer price of 770c, so it is unlikely holders will take the cash.

CG Smith Investment minorities also have the option of taking 55 CG Sugar shares for every 100 Investments shares they hold. The current CG Sugar price values the share offer at 797c, so it seems likely most minorities will take the shares, even though this is only a 14% premium on the pre-suspension price, which itself was speculative.

If all minorities take shares, Barlows will end up holding 51% of the new CG Smith Sugar, which is to be renamed simply CG Smith Ltd.

Stock market analysts said the reconstituted CG Smith Sugar which is to take over all of CG Smith Investments and CG Smith and Co and will hold 55% of Romatex, 55% of Nampak, Hypack and R60-million in cash, was a far preferable stock to the old CG Smith Sugar.

CG Sugar was previously purely a sugar stock and was regarded as cyclical and high risk by institutional investors. Now it had diversified into attractive subsidiaries and was very liquid.

One source close to the deal said the earnings forecast of 166c was based on the assumption of a 5% return on the R60-million of cash. This source pointed out that reconstituted CG Sugar's dividend income was worth 93c per share on last year's dividends.

The deal was hailed by many observers as a masterstroke by Barlows, which has made a monumental killing on its relatively recent investments in Natal. Some observers speculated that Barlows had obtained 45% of the sugar industry for "effective peanuts".

But insofar as an already liquid Barlows ended up with cash rather than assets it was not a wholesale victory for Barlows.

Anglo American paid an effective price of 825c a Huletts share for joint control but will not make a similar offer to minorities, as control did not change hands, says Mr Chris Griffith, head of Anglo's industrial interests.

The effective price paid by Anglo represents a 33% premium on the pre-suspension price of 620c. After the deal Anglo has 50% of the voting rights of S&T Investments, but receives two-thirds of its income. Dividend income on this stake was R5-million last year, so Anglo has bought its Huletts stake on a 5,1% historical dividend yield.

But this ostensibly high price was partially offset by the generous R39-million paid by Barlows for Hypack and Containem.

A major feature of the deal for Anglo is the acquisition of the Ngoye, Piet Retief, paper mills. These will integrate well with Mondi. When Mondi's No 4 and No 5 paper mills are both operating next year it will be bigger not only in terms of profits than Sappi and possibly in terms of tonnage. SA Board Mills may also benefit by the paper acquisitions.

Why should the Tongaat share price benefit by the deal?

Only because of the revaluation of Huletts. Tongaat owns not only 50% of the votes and a third of the income of S&T Investments — which holds 53,5% of Huletts directly — but 10% of Huletts directly, so it receives about 27% of Huletts income.

Leave KwaZulu alone, sugar men tell Govt

3(sugar) 107 n.m. 6/8/80

Mercury Reporter

THE South African Sugar Association yesterday condemned moves towards the further consolidation of KwaZulu, saying that this would be damaging to all parties and did not fulfil the directives and guidelines laid down by the Prime Minister, Mr P W Botha.

In a statement on the eve of a special Cabinet meeting on consolidation, the association recalled that Mr Botha had charged the Eastern Regional Committee 'to reconsider critically whether the freedom which we and the various peoples around us desire is in accordance with the completion of the consolidation of the black States'.

The association found that neither whites living in the areas adjacent to KwaZulu nor the Zulus themselves felt that anything would be achieved by the further consolidation of the region.

'Indeed the KwaZulu representatives on the committee withdrew as they did not wish to be involved in consolidation in any form,' the statement said.

Consolidation was not acceptable to, and would not solve the urban problems of, Indians, blacks or coloureds.

The association objected that it was not a permanent solution and 'could only lead to further demands for more land which would have to be met from a reduced area and financed from an eroded economic base'.

Support

The sugar industry supported Prof Jan Lombard, whose progress report on alternatives to the consolidation of KwaZulu was released last week, in his view that land transfers could not serve as the main currency of political bargaining.

The industry was concerned that the implementation of consolidation proposals in 1975 had resulted in a great loss of productivity and warned that the threat of similar proposals this year was already undermining productivity and investment in the areas concerned.

'It should also be noted that the transfer of additional land to KwaZulu would in no way ensure the economic viability of KwaZulu nor will it remove from the remainder of the central economy the obligation to continue to support KwaZulu,' the statement said.

BUSINESS

Sugar is the newest investment target

STW 8/6/82 (Sugar)

Own Correspondent

DURBAN — Sugar is the latest, and perhaps the last available, field for investment of really big sums by the big money groups in Johannesburg — Anglo American and Barlow Rand.

Soaring revenues from gold interests have placed embarrassingly large sums in their hands for investment, and it seems likely that their financial strategists zeroed in on Natal's big sugar groups.

Between them the Johannesburg groups are investing R136m in the complex transactions announced yesterday with R97m coming from Anglo and the rest from Barlows.

Anglo American's last annual report showed that at March 31 this year the group's general investments — investments in companies other than subsidiaries — had a market value of R5 058m.

Just 30 percent of that was in mining finance and investment companies (Amgold accounted for over half of that), and gold and uranium mines took up another 26 percent.

Diamond interests came next in importance, with 21 percent, and then came industrial and commercial interests with 10,6 percent. The remainder was made up of investments in coal, platinum, copper, banking and property.

The new acquisitions will boost Anglo's industrial holdings by a few percentage points, so from Anglo American's point of view the venture falls into one of middling importance, big though it is.

It is a measure of the sheer size of the Anglo American group that its R97m outlay would nearly duplicate the Carlton Centre, and yet Huletts will barely fall into the top dozen of the group's individual investments.

Anglo's strategists must also have seen Natal sugar as offering scope for both profit and growth. A hungry world will need increasing quantities of sugar as a foodstuff, and when alcohol fuels begin to replace oil, there are few crops that will lend themselves more readily to ethanol production.

Sugar men oppose 'unified' KwaZulu

(3) Sugar (NCT) RDM 6/8/80.

By HELEN ZILLE
Political Correspondent

ON THE eve of today's vital Cabinet meeting on homeland consolidation, the South African Sugar Association yesterday condemned any moves towards further consolidation of KwaZulu, saying it would be damaging to all parties concerned.

In a strategic and carefully-timed move, the association's statement said that further consolidation of KwaZulu would not fulfil the Prime Minister's directive to the Eastern Region Consolidation Committee to reconsider the desirability of consolidation.

The association was one of the parties behind the recently-released report by Professor Jan Lombard opposing further consolidation for KwaZulu and calling instead for a multiracial Natal.

The statement — released 24 hours before the Cabinet will hear details of the Van Der Walt Commission's consolidation proposals — recalls the Prime Minisrer's directive to reconsider critically "whether the freedom which we and the various peoples around us desire is in accordance with the completion of the consolidation of the black states".

It is understood the Government could be faced with an acute dilemma because the chairman of the Eastern Region Consolidation Committee, Nationalist MP Mr Tino Volker, has come out in favour of consolidation.

However, the consolidation of KwaZulu was opposed strenuously by most of the other six members.

Mr Van Der Walt, the commission's chairman, said last night that he and his fellow commissioners would explain their proposals to the Cabinet today.

Commenting on the Sugar Association's statement, Mr Van Der Walt said it contained nothing new, as the association made the same points in evidence before the commission.

The association said yesterday that neither whites living in areas adjacent to KwaZulu, nor the Zulus themselves felt that anything would be achieved by further consolidation.

Consolidation would not provide a permanent solution and could only lead to further demands for more land, which would have to be made from a reduced area and financed from an eroded economic base.

The assocation supported Prof Lombard's view that land transfers could not serve as the main currency of political bargaining.

There was not enough land to satisfy conflicting demands and the economic productivty of the area concerned would inevitably be undermined.

The association noted that the 1975 consolidation proposals had led to a severe loss in productivity.

It warned that the threat of similar proposals this year had already undermined productivity and investment in the areas concerned.

"It should also be noted that the transfer of additional land to KwaZulu would in no way ensure the economic viability of KwaZulu, nor will it remove from the remainder of the central economy the obligation to continue supporting KwaZulu."

The threat of consolidation undermined the confidence in the legitimate rights of all concerned and destroyed the interdependence of all races, which would be necessary for future stability and economic growth.

C.T. 7/3/80

3- Sugar

Industry reacts to Lombard report

DURBAN. — The Lombard Report had provided constructive alternatives to the consolidation of Kwazulu and did not have adverse economic implications for the sugar industry, according to a statement issued here yesterday by the South African Sugar Association.

Reacting to the report by Professor Jan Lombard and leading academics, sponsored by the Sugar Association and other business interests in Natal, the statement said they were pleased with the "depth and thoroughness with which the whole report has been researched and compiled."

The association agreed with Professor Lombard's view that "land transfers cannot serve as the main currency of political bargaining and that there is not enough of this commodity to satisfy the conflicting demands.

"With regard to the specific proposals contained in the report, the political configurations suggested are examples of alternatives which must be considered by organized commerce and industry, and by the public," the statement said. — Sapa

Volkskas sugar sees a good year

3 Sugar

RDM 7/8/80

By SHAUN HOLLICK

THE wholly owned Volkskas subsidiary, Transvaalse Suikerkorporasie (TSB), turned in improved financial results in the year to March 31 and is looking for "good results" in the current year.

The chairman, Dr J A Hurter, says in the annual report that TSB's canelands in the Eastern Transvaal Lowveld have not been as badly affected by drought as those of the Natal growers and TSB will produce about 1 500 000 tons of cane next season — the same as last year.

Dr Hurter says the world market has become much firmer and it is hoped that all planting restrictions on the South African industry will be lifted.

There is reason to expect a "considerably more favourable" sugar export price this season. TSB also expects the London daily price of unrefined sugar to balance out closer to £300 a ton (£100 a ton).

The group's liquidity was improved by the results of the past two years to such an extent that loans, mortgages, debentures and preference shares amounting to R3 877 616 were repaid.

TSB's production exceeded all previous peaks. A total of 167 295 tons (164 685 tons) of sugar was made from 1 503 854 tons (1 486 344 tons) of cane, says the report.

The agricultural section of the company (primarily sugarcane growing, but also citrus and sub-tropical fruits) improved.

Citrus turned in satisfactory results accounting for 18,4% (22,9%) of pre-tax net income.

On a larger turnover of R46 900 285 (R40 050 588) net income before taxation was rose 31% to R10 397 780 (R7 902 676). The tax bill rose sharply as assessed losses were used up, with the result that taxed income increased 13% to R6 039 484 (R5 329 992).

SUGAR FM 8/8/80

Bitter losses

(3) sugar

The country has already lost 600 000 t of sugar production (worth R250m) as a result of the drought in Natal, according to the most recent statistics.

Two out of three of the 2 500 white and Indian cane growers between Durban and the Swaziland border are now expecting yields to be more than 40% below their normal averages.

The worst hit areas are west of Empangeni and inland from Gingindlovu, where it looks as though much of the cane is dead.

Only when the drought is broken will the full extent of the damage be known. Even the experts at Mt Edgecombe can't tell for sure how much of the parched cane will be revived. They haven't seen conditions such as these before.

But some farmers — in the Heatonville district, for instance — are definitely going to have to re-establish all their lands from scratch when the rains eventually fall.

The cost will be phenomenal. Rex Hudson, chief economist of the SA Cane Growers' Association, reckons it now takes R750 a hectare to plough and replant. Normally, a farmer would expect to do that to between only 10% and 15% of his lands each year. But if a grower has to replace the whole lot at the end of a season in which his sales have been 70% or more below budget, the strain will be enormous.

A typical family farmer with a 12 000 t quota could find himself about R150 000 short of income this year and face-to-face with an abnormal bill of as much as R100 000 next year.

Appreciating the straight cash implications of the problem, the government has already made provision for distressed farmers to borrow from the Land Bank on favourable terms. R15m has been earmarked so that farmers cutting less than 60% of their normal crop can borrow R13,50 t at 5% interest for every ton by which they fail to meet that humble target.

But as the drought continues to intensify, farmers are beginning to see that they will be short of other things besides cash. Seed cane is one. Machinery is another Time is a third.

Each hectare for re-establishment demands 7 t to 8 t of specially treated seed cane for use as "sets". Few farmers in the worst affected districts are going to have enough to go round.

Abnormal prices and extraordinary transport costs are easy to predict. And the sheer physical task of land preparation and replanting is likely to cause difficulties.

Re-establishment is a slow, labour and management intensive job which can only be done effectively when the weather is right.

Another sugar drop likely

③ Sugar
WRH
9/8/80

THE next estimate of South Africa's 1980-81 — May to April — sugar crop is likely to be below the mid-July estimate of 1 680 000 tons in spite of some rain in Natal since the weekend, says the general manager of the Sugar Association, Mr Peter Sale.

In 1979-80 South Africa produced 2 080 000 tons raw value.

Mr Sale says average rainfall in sugar-growing areas since the weekend has been 15 mm to 20 mm.

Although the rain may stop further cane deterioration, it will not promote growth and can only make a small difference to the current crop.

The next crop estimate is due around August 20.

The general manager of the Cane Growers Association, Mr Ernie Morrison, says about 150 mm of rain is needed to break the drought which threatens to cut the current sugar crop by up to 20%.

Recent rainfall, the first in about four months, has been largely coastal.

Rain could help next season's already drought-hit crop, but at best 1981-82 output is expected to be average and more likely to be below average. — Reuter.

Jack Brickhill reports on this week's big Hulett's deal — and it looks as though Anglo still haven't got overall control

16/8/80 SUN TRIB (FIN)

(3) sugar

The big sugar shake-up

ANGLO American's incursion into the Natal sugar industry is far from over. The big R97 million stake in Huletts still leaves it without overall control. Industry sources expect the group to use some of its vast gold surpluses, if necessary, to consolidate its position.

For the present it's all sweetness and light in the sugar industry, or so it seems from the bubbling enthusiasm of the main figures involved in the "unshackling" of Huletts Corporation.

Warren Clewlow, who led the five-man C. G. Smith/Barlows negotiating team, says the deal is good for C. G. Smith shareholders who can look forward to a period of expansion in a soundly-based company; good for Huletts which can lean on Anglo's resources; good for Anglo which gains a big stake in sugar; good for Barlows which likes full management control of its interests, and good for the sugar industry.

Chris Griffith, who led Anglo American's five-a-side team, says the deal is very good for Barlows and for Anglo. For Huletts the split control which has lasted for a decade is over and planning can now take place with more confidence.

Control of Huletts is through S and T Investments in which Anglo and Tongaat have an equal share and appoint the same number of directors. This does not bother Griffith who says there is a long relationship and entente cordial between Anglo and Tongaat. The apparent split in control between Anglo and Tongaat is more in theory than in practice.

He says: "We are on the same side." No decision has been made on the S and T board members or on the Huletts board, although obviously the C. G. Smith nominees will go. Griffith expects appointments will be made on a best man basis rather than a strict line-up of Anglo and Tongaat members.

Anglo, with a 23 percent interest, wields considerable influence at Tongaat. This should help develop the one-boss theme for Huletts. Dr Kees van der Pol, group managing director of Huletts says operations will continue as before at Huletts except the Anglo influence means there will now be "one boss" instead of two.

There is a snag. Anglo is the biggest shareholder in Tongaat but it definitely does not control the group. The Saunders family has a smaller interest and the rest is held by investment groups such as pension and insurance funds. The chances are Griffith will no longer be a Tongaat nominee on the board, as he is at present, and that the Tongaat members will in fact be lined up against the Anglo men.

Market talk is there are rumblings in Anglo with some of the hierarchy dissatisfied with a deal which leaves them still without full management control. The joke is that the Anglo men are taking two lumps of sugar with their tea instead of one and they are so sugar-minded that some of them are positively diabetic.

Certainly earlier raids this year which left Anglo with six percent of the Huletts equity achieved little. The steady build-up of the position in Tongaat has still left them short of even a 25 percent interest which gives power of veto in a company.

The options open to Anglo are to increase their interest in Tongaat, gain control, and then gain outright control of Huletts through the back door. A more likely move, in time, will be to take over Tongaat's interest in S and T, which holds 53 percent of Huletts.

A merger of Tongaat and Huletts is always a possibility although this is unlikely as the sugar giants don't like to become too big and attract too much attention. Also Huletts, with 33 percent of the sugar market, would swamp Tongaat with 10 percent.

However a sugar industry source says a merger could be on the cards if Huletts performs poorly this year.

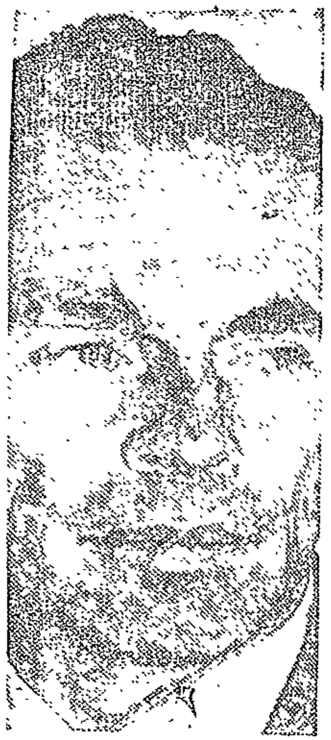
It has not been decided yet which Anglo company will hold the Huletts interest. It is possible that Amic might be the vehicle.

The speed of the deal has left the C. G. Smith planners behind as well. Clewlow, chief executive of C. G. Smith, says there will be no changes in the C. G. Smith board which he says is a top team.

C. G. Smith will still control about 40 percent of the sugar industry and other interests but it now has a great deal of money to invest.

Auntie C. G. Smith already had about R40 million in cash tucked away and now gains anoher R60 million from the deal after paying back R30 million to Huletts for the paper interests.

Clewlow says there are no plans yet to spend the money but obviously it must be put to best use in the interests of shareholders. While Natal's largest group will look for investments in the province it will have to spread its wings to other areas. "C. G. Smith will just have to join the Republic," says Clewlow.



Chris Griffith . . . sweetening Anglo's sugar links

. . . and the Zimbabwe link

ONE of the more intriguing aspects of the big sugar shake-up is C. G. Smith's option, expiring in March, to buy 35 percent of Triangle in Zimbabwe from Huletts.

It is known that Barlows chairman, Mike Rosholt, saw Robert Mugabe recently and this could explain C. G. Smith's interest in buying into Triangle. Certainly C. G. Smith needs some guarantee that the Zimbabwe Government will not nationalise the estates before it takes up the option.

A logical move in Zimbabwe is to merge the successful Triangle operation with Anglo American's Hippo Valley Estates which had more than its share of problems in the past. Hippo Valley will benefit from Anglo's new Huletts connection in Natal and it will also benefit, technically, from any connection with C. G. Smith.

TEAMS WORKED TOGETHER WELL PERSONALLY

THE fate of much of the R500 million-a-year sugar industry was sealed at a meeting lasting one hour on Monday last week in Barlow Park, Johannesburg, and at another meeting lasting two and a half hours on Tuesday morning in Durban.

As soon as agreement was reached between two five-man teams led by Warren Clewlow of C. G. Smith and Comrades Marathon veteran Chris Griffith of Anglo American, the chairman of Huletts Chris Saunders was informed.

The Huletts annual meeting was held on the same morning at the Huletts Country Club in Mount Edgecombe. At the lunch after the meeting, attended by just about everyone who matters in the industry, Saunders made the unusual announcement that the board members would reconvene, but the guests were welcome to continue enjoying Huletts hospitality.

At this meeting the Huletts board was informed of the deal. On Sunday in Johannesburg the C. G. Smith board approved the complicated deal at a meeting attended by 25 people including directors, of Barlows and Anglo.

On Monday shares were suspended on the Stock Exchange and the agreement was made public. Secrecy was maintained successfully throughout. Griffith says it was obvious to everyone that the stalemate at Huletts had to be broken. The C. G. Smith/Barlows people were "very nice to negotiate with".

Clewlow says the teams worked well together personally: "We could never have done the deal without it."

There was some horsetrading but the final deal was good for everyone, he says.

Anglo may be new force in sugar industry

19/8/80
3(Sugar)

Own Correspondent

DURBAN — Anglo American Corporation is said to be the "mystery" financier behind the buying up of sugar farms in the Hluhluwe, Umfolozi and Mtubatuba areas of northern Natal and Zululand by a company called Jeremy Timbers, of Maritzburg.

The giant mining finance house also is bidding to gain control of Umfolozi co-operative sugar planters, which has its mill at Mtubatuba, according to farmers in the area who have either already sold out or granted options over their properties.

"We know who the real buyer is," said one major group, "But we do not want to be quoted or to say anything official until the final sale papers have been signed, sealed and delivered to us."

The general acceptance in northern Natal and Zululand of Anglo American Corporation as the force behind the Jeremy Timbers' drive to buy up farms ends weeks of speculation that first came to light in the Daily News on August 1.

Speculation also has named Lonrho as a possible buyer but this suggestion has now been dismissed by the farmers who are selling out.

Anglo American has neither confirmed nor denied its likely involvement with Jeremy Timbers and when asked if it was buying land to grow timber to feed a proposed chemical wood pulp mill at Richards Bay it has dodged the issue.

The most that Anglo has admitted is that plans to build a chemical wood pulp mill to feed Mondi Paper Company's plant at Merebank, Durban, are being studied but a final decision still has to be made.

Attorneys for Umfolozi Co-Operative Sugar Planters said at the weekend that members had been advised not to act in haste by selling out but added that a meeting had been arranged with the unnamed buyer bidding for the sugar mill.

Anglo American has the cash resources to spread its tentacles into all branches of industry and seems determined to do so.

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3(sugar) NM 21/8/80

Secret report on creation of 15 000 new jobs

Financial Editor

BETWEEN 12 000 and 15 000 jobs could be created at a cost of R200 million if arable land in KwaZulu was turned to sugar cane cultivation, the sugar industry believes.

In a paper read during the secret session of the regional congress of the Chambers of Commerce last weekend, the industry says that about 50 000 ha to 65 000 ha of land in KwaZulu is suitable for sugar cane.

The cost of creating these jobs would be about R13 000 per worker compared with the costs for decentralised industries of at least R18 000.

But the industry believes that it will not be possible to create these jobs if white cane farmers lose their land as a consequence of the consolidation of KwaZulu.

It also considers that it would be a better proposition to cultivate this land rather than buy out sugar farmers under probable consolidation schemes.

According to Benso, the Government agency which investigates development, the cost, at 1979 prices, of consolidation in South Africa was R1,04 billion.

Only R57m was allocated in the 1980 budget for consolidation land purchases.

Development on the scale envisaged by the sugarmen would justify a new mill and would provide further jobs in services, industry and administration.

Cane production in KwaZulu is only about 5 percent of the industry total but in the KwaZulu context it provides R12 million, or 30 percent of the agricultural production.

The industry feels that 'it does not seem to make much economic sense to jeopardise parts of this land and indeed the industry it supports (that is the productive white farms) while so much land in KwaZulu remains totally undeveloped'.

'Economically it would make more sense to divert the money needed for acquiring this land into developing the adjacent land in KwaZulu.'

The paper develops a number of arguments against consolidation.

One is that probable consolidation and buying out of farms leads to farmers letting their properties run down and it would take several years to restore the farms to a sound agricultural basis.

Another, is that any reduction in cane supplies can throw out the delicate cost and supply basis of the mills. Examining the Eshowe, Nkwaleni, Melmoth corridor as an example it says that it covers 207 km². There are 10 000 cane workers and 15 000 people living on the farms.

The population density is about 75 a square kilometre while in the surrounding KwaZulu areas it is 50 per square kilometre.

Transfer of the area to KwaZulu would jeopardise the 10 000 farm jobs and the position of 50 000 to 60 000 dependents and the economy of the towns of Eshowe, Melmoth and the village of Entumeni would also suffer putting at risk a further 4 000 jobs and the welfare of a further 20 000 to 25 000 people.

FROM PAGE 1

S. Tribune 24/8/80 3(sugar)

SOS by sugar industry

and there will have to be extensive re-planting for next season.

"The question is where will the seed cane come from?" said an industry insider. In places the price of seed cane had rocketed from well under R20 a ton to nearly R40 a ton.

Another gloomy prediction came from Neil Frean of the SA Cane Growers Association. Because of the expected 600 000 ton drop in South Africa's normal annual production of 2,2 million tons of sugar, the industry will be unable to meet its export quota.

Future quota allocations will be adjudged on present performance so, even if times improve, the foreign market will be curtailed for some time.

(See Page 1 of Tribune Finance

CRISIS COSTS SUGAR MEN R320 M

3(sugar) S. Tribune 24/8/80

By Deon du Plessis

TRAPPED in a devastating drought, Natal's huge sugar industry is wrestling with the worst crisis of its 128-year history.

The industry has lost about R320 million so far and an urgent call has been made to the Government for extra aid for hundreds of farmers who otherwise face ruin.

The South African Sugar Association says 63 percent of the 2 573 white and Indian cane growers outside irrigated areas have lost more than 40 percent of their normal crops.

Veteran farmer Dick Somerville, who has been involved in Natal sugar since the 1920s, says this is the worst crisis ever.

"It's what I call a kwashiorkor drought: complete malnutrition. In parts the stalks and roots are flattened, the plants have no foundation left."

Among the worst off are the 865 Indian growers who farm on eight hectares or less. About 660 of these depend solely on their plots for survival.

The Land Bank has agreed to finance farmers over the crisis but has drawn a line at those with less than eight hectares.

Forced into the hands of moneylenders, sometimes at repayment rates said to be as high as 10 percent a month, these small growers face disaster.

In the normally sugar-rich areas of Northern Natal this week, farming sources spoke gloomily of "vultures gathering." They were not speaking of the Anglo-American investment in the sugar industry. "Anglo has taken a policy decision to get involved. What is different is the speculation money, big money. They'll buy now, leave the farms for a few years and sell again when times are good. Meanwhile the farmer, who will sit with debts even after he sells, will end up with no farm and debts still to pay off."

Ernest Morrison, chairman of the SA Cane Growers Association, says urgent representations have been made to the Government to reconsider. "Many of these people have become social welfare cases," he declared this week.

The Land Bank has agreed to loans for bigger farmers, at interest rates reduced by three percent, to cover their crop losses and their replanting expenses.

But while the crop loss loan is repayable over seven years, the replanting loan must be repaid by January 1982.

That, says Mr Morrison, is simply impossible. Sugar is a long-term crop and farmers will not be able to meet their debts by 1982. The Government has been asked to reconsider this issue as well, and Mr Morrison says he is optimistic there will be a sympathetic response.

"I thnk it was just a mistake in the first place," he said.

But, he stated, if the Government did not extend re-planting loan deadlines, many of the bigger white farmers would be wiped out too.

Even if the drought breaks today it will not save the situation.

One problem is that much of the cane has died

TO PAGE 3

Anglo in giant sugar coup

24/8/80 SUN. TIM 3 Sugar

28 farms are snapped up in secret buying spree

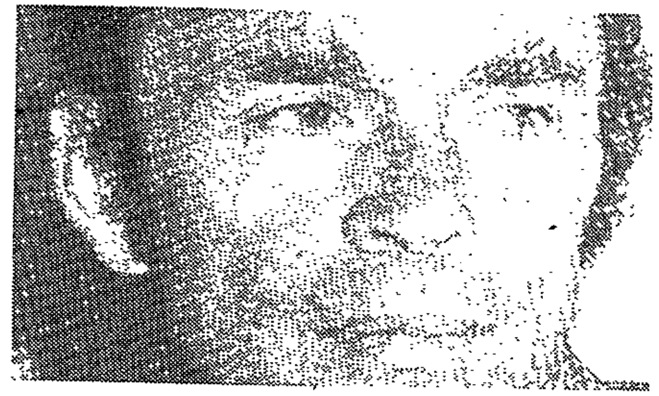
By G R NAIDOO

THE Anglo American Corporation has spent more than R120-million in a spectacular move which effectively gives it control of a third of the output of the South African sugar industry.

Since April, the giant conglomerate has been involved in a series of manoeuvres which included the buying of 28 Umfolozi sugar farms for about R25-million.

It has also bought control of one of Natal's most prominent sugar companies, Huletts, for R97,6-million and gained control of the Umfolozi Co-operative Sugar Mill through appointments to the board.

Mr Chris Griffith, an executive director of Anglo American and mastermind behind Anglo's sugar investment programme, confirmed yesterday that the company was the "mystery" buyer of the Umfolozi farms.



Mr Chris Griffith . . . "no threat to farmers".

Speaking in Johannesburg shortly after he returned from a visit to Umfolozi, where he met several farmers, Mr Griffith said:

"I feel that sugar is a good investment. There was an opportunity to buy up some farms in Umfolozi, and we took it. But we do not intend buying all the farms in the area. It is certainly not our intention to bulldoze farmers into selling to us."

Mr Griffith's confirmation came after two weeks of speculation in which Anglo American at first denied and later would not comment on the Umfolozi deals.

The secret moves to buy the farms were well planned, and the first steps were taken even before Anglo gained control of Huletts.

About a year ago, the conglomerate bought off a dormant company, Bruply Services (Pty), a subsidiary of Bruply, of Boksburg.

It changed the name to Jeremy Timbers in April after an application was filed by the Sigma Motor Corporation, of Pretoria, a subsidiary of Anglo.

Two of the three directors appointed to Jeremy Timbers, Mr Fred Butler and Mr Johan Meyer, are connected with Sigma, while the public relations officer, Mr John Porter, is also a Sigma employee. The third director is a Pretoria attorney, Mr Walter H Edelstein.

Using a Maritzburg company, Measured Farming, Jeremy Timbers then bought off the Umfolozi farms through an agent, Mr Jeremy Johnsson, who is closely connected with Mr Griffith in acquiring timber plantations for Anglo in the Natal Midlands.

With the purchase of the Umfolozi farms well in hand, Anglo moved in to take control of Huletts through the purchase of the Barlow group's shareholdings. It paid R97,6-million.

Described as a major sugar industry shake-up, the complicated deal involved four listed companies and one unlisted firm and, with the Umfolozi acquisitions, gave Anglo control over about a third of the total sugar output in South Africa.

Hard on the heels of the buying spree at Umfolozi, Umfolozi Co-operative Sugar Planters, which owns the biggest and the last remaining independent sugar mill in Natal, issued a circular to members last week strongly advising them to exercise great care should they consider disposing of their farms when all relevant information was not yet available.

The statement said the chairman was also approached on behalf of a party which expressed interest in buying the mill and that a meeting with that party had been arranged. To be able to advise its members, the board had appointed Finansbank as professional advisers to assist in its investigations.

Anglo's role came to the fore on Friday when Finansbank issued a statement saying that discussions had been held with the board of Umfolozi aimed at the purchase of the mill by Anglo American, and that talks were continuing.

Defunct

The statement added that representatives of Anglo were to be appointed to the board of the Umfolozi co-operative now that it had, through its purchase of farms, gained control of the mill.

Commenting on the secrecy surrounding the deals, Mr Griffith said it was "not his way" to discuss intimate company business with the public.

Asked about the R1 share capital of Jeremy Timbers, Mr Griffith said that in business there were dozens of dormant or defunct companies which were not operative.

"Bruply services was one such company," he said. "We bought it as we required a corporate entity to acquire farms.

"The name was then changed to Jeremy Timbers and we kept the identity of the company confidential, which is normal business practice."

SUGAR (3) Sugar

Crop set-back

FM 29/8/80

The millions being invested in the sugar industry by Anglo American have tended to obscure the fact that the industry will take several years to recover from its present plight.

Each day it is sinking a little deeper into debt and it seems highly improbable that the latest crop estimate of 1,61 Mt will be attained. It may be considered lucky to reach 1,6 Mt.

Already, the industry has borrowed R50m to bolster its returns in the past two seasons and still had to bear a shortfall which amounted to R3m last season. Clearly, it will have to borrow again and the only question is the size of the loan government will be prepared to guarantee, a matter now under consideration. It could be as much as R50m, thus taking total borrowings up to around R100m.

Worse still is that there is no guarantee that conditions in the following season will return to normal. Indeed, even with favourable weather, the cane crop has been so badly damaged that heavy replanting will be necessary and, cane being an 18-month crop, new plantings will only be harvestable two seasons hence.

Of a total of 3 722 white and Indian canegrowers, 1 611 (43%) have lost more than 40% of their normal crops. SA Cane Growers GM Ernie Morrison says it will be quite impossible for most growers to repay replanting loans within the 18 months stipulated and the association has made representations for these to be placed on the same basis as crop loss loans repayable over seven years.

Farmers in the Empangeni area, one of the worst drought-stricken areas, where cane production has dropped from 1 030 162 t to 461 911 t over four years, say that it could take up to seven years to rehabilitate the area. Replanting may take up to four years, depending on equipment and seed available.

While white and black growers have official agencies such as the Land Bank and the Department of Co-operation and Development to help, the smaller Indian growers, about 865 in number, must shift for themselves. They are having to borrow from moneylenders at 14% interest with a 2,5% raising fee. In some cases, they have defaulted on interest payments but the lenders have not foreclosed because, as one grower puts it, "Who would buy in these conditions?" Interest, therefore, piles up upon interest.

Supporting crops such as tomatoes have also failed in the drought. In some areas labour not required is being kept on as a social service and blacks who have offered to work for food only are being paid a nominal R1 a day "which isn't enough but it's better than nothing."

The concept of "losses" sustained by the industry as a whole is hypothetical. But the SA Cane Growers' Association calculates that on a basis of 600 000 t less than normal at an average export price of R300 t, sugar proceeds are R320m less than might have been expected in the current season. It is an impressive catalogue of misfortune.

Sugar industry expansion urged

Argus 30/8/80 3(sugar)

Argus Correspondent

DURBAN. — It was clearly time for the sugar industry to plan further major expansion, Mr Warren Clewlow, executive director of Barlow Rand — which now controls the C G Smith sugar empire — said in Durban.

He told the annual dinner of the local branch of the Institute of Chartered Secretaries and Administrators, there was already potential to increase cane supplies to existing mills on an economic basis.

But, with local consumption likely to increase between 1,1-million tons and 1,3-million tons by 1985 the industry would have to consider opening new mills and new cane areas.

Expansion of this type would ensure that exports, and important foreign exchange earnings, were not jeopardised. It would also create jobs for many more people.

QUOTE

...h own a piece of South Africa and ... marvellous thing. It'll take a bull... move me —
DAVID STRETTON BARRY

It must rain. If you don't believe that it will rain, you should have given up by now —
BILLY NELSON

...E SPIRIT

S. Tribune 31/8/80 3(sugar)

...ndship grows stronger day-by-day as Natal's ...rmers wait and pray for rain and battle to beat THE DROUGHT

...ave Stretton Barry in one of his ruined cane fields. By now this ...ane should have been higher than himself.

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now as his own man, for well over 20 years.

They live in a smart, high ceilinged home decorated with taste and precious things. But the windows have no curtains, money is more urgently in need for other projects.

When times were good they made plans to extend their home. That has been shelved now.

The Stretton Barrys have a friendly home where great lolloping dogs bang on the front door to demand entry. Dave is 50, Sylvia is a grandmother. It's been a long road to this splendid farm and they should be able to farm it in peace together.

Pay bills

But with the drought Sylvia has gone to work — "I never thought I would have to again" — brushing up on rusted office skills in company with other girls the age of her children. Her salary, incredibly, is needed to pay incidentals like light bills.

There's a grinding sense of uncertainty among the farmers about what to do now.

They would like to plant new cane but it's hugely expensive. The price of seed cane has shot to nearly R4 a ton as the sun and drought have blasted away even the roots of existing plants. The big investment today — re-planting runs to about R1 400 a hectare — will be lost if it doesn't rain in time for next season.

And what then? The money for re-planting this season is already borrowed. There is a grim possibility of dry days, no income and mounting debt.

Most of the farmers are sustained only by debt. "The totals lose meaning after a while, just a different set of figures," said one.

Martie de Beer confesses that she's still in business only because of her sympathetic bank manager.

The Land Bank is assisti... of up to R100 000 a farmer to cover re-planting costs and crop loss damages.

The farmers are grateful enough for that but there is something galling about being bailed out by the State: a sense of increasing bureaucratic control over a man's own affairs.

Dave Stretton Barry has high praise for the millers who process the remaining crops. They have made every effort to help, even accepting cane which normally they would reject.

Heartbreaking

Martie de Beer says it's heartbreaking. Some of her cut cane was so short and weedy it slipped through the chains on the back of the cane trucks.

What's worst of all is sitting in anguished helplessness as your cane slowly dies out there on the fields and there is nothing in the world you can do about it.

No matter how good a farmer a man is — and many in Heatonville are good, having increased their cane tonnage from 5 000 to 7 000 or more tons since they bought — there is nothing he can do if the rains stay away.

It's been a taunting time in Heatonville recently with overcast skies and a spattering of tiny raindrops. It's not enough. More than 100 mm are needed over a couple of days if there is to be any hope for next year.

No Cash

The stresses are plain. Martie de Beer says she takes tranquilisers to sleep, farmer Billy Nelson, a former Springbok hockey player, has had to give up his beloved sports tours because he can't afford them, either in terms of cash or in time away from his land.

There are farmers' wives in Heatonville who say their childrens' school shoes are their best shoes: there is no money for more.

It is no use saying the farmers should have put money away for a rainy day; or the opposite in this case.

Martie de Beer had a special savings account of R20 000 from the good times and that was swallowed up without change in running expenses last year.

Russell Barnes cut 849 tons of sugar cane last year instead of his usual which is more than 6 000 tons. His income last year was about R13 500. That covered fertiliser costs with just R500 to spare.

They could have taken one dry year: two years running into three is just too much.

Yet there is a moving, gritty optimism about Heatonville's people.

Says Billy Nelson: "It must rain. If you don't believe that it will rain, you should have given up by now."

Russell Barnes, who would owe only on his bond if there had been rain, says: "Every day the sun shines is a day closer to the rain."

No quitting

There is no talk of quitting: not now at any rate. Last year it was perhaps possible to sell up and get out with a profit, but this year, with the increased debt, a man could sell (assuming he found a buyer) and he'd end up with no farm and still owe money.

Besides, David Stretton Barry says. "After all what do we own here? We each own a piece of South Africa and that's a marvellous thing. It'll take a bulldozer to move me."

Also, Heatonville's farmers have come through the winter. They've gazed upon darkness. For some it was worse than they thought they could endure. But they have come through and now it's spring: time of new hope and (please God) rain.

Most of the farmers here have always been mates. As the drought continues though, they have found new dimensions to friendship and neighbourliness.

Jokes

As the community draws in on itself, so say the farmers, everybody is willing to help everyone else.

They joke today, these sugar barons, about their local tennis tournament scheduled for late September.

Just as the English rain dance involves setting up the stumps at Lords and the first batsmen taking the crease, so they are sure that if anything brings rain it will be their tennis tournament.

And if that happens, they say, they'll just all sit out on those tennis courts, drenched to the skin, holding out their glasses of whisky for the pouring heavens to fill.

"We each own a piece of South Africa

KwaZulu plan not justified says sugar industry

NM 21/9/80
3(sugar)

Financial Editor

WHY HAS the sugar industry got uptight about the Government's plans to consolidate KwaZulu? Have they spent something like R25 000 on the Lombard Report when they are R50 million in the red just to promote their own interests?

Basically, the industry sees the Government's plans as striking at the economic heart of Natal.

Consolidation is a polite word for telling farmers to pack up and go. Sure, they get compensation and they can go onto the market to buy another farm — but what happens to the farm they leave behind?

Handing over land to the black homelands has some philosophic justification when measured against the numbers of black people and the area of the land they occupy.

Bills mount

But right here and now when it comes to the economic aspects it is not justified in Natal say the sugar men.

Watch the bills mount up.

* First, the bill which taxpayers must meet to buy out farmers;

* Second, the bill farmers have to meet to re-establish themselves;

* Third, the cash needed from the taxpayers to build homes for black people who are moved from one piece of land to another;

* Fourth, the costs — usually paid reluctantly and often accompanied by walking strikes — of a transport infrastructure for black industrial workers;

Costs

* Fifth, the costs, again to the taxpayer's account, of multiple administrations.

(One from KwaZulu, one from the Natal Provincial Administration, another from the Indian Council and its local authorities and so, on. Surely some of the work could be done more speedily and with less costly delays by one central provincial body?)

* Sixth, the price to the sugar industry.

The sugar industry is to Natal what the mining industry is to South Africa.

Base industry

In a very real sense it is the base industry on which much of the Natal economy is built. It is the main export from Natal to the rest of the country and the world.

The initial rands it generates get spent again and again and around it have developed a large transport and engineering industry and a substantial service industry, from banking to retailing, from accountancy to legal firms.

It has also represented a secure economic base from which other industries have sprung — paper at Ngoye and Stanger, textiles and fabrics at Tongaat, bricks in Durban.

And around the industry there are no fewer than 50 small towns and villages whose existence depends ultimately on a healthy and thriving sugar industry.

So why would the transfer of farmers affect the industry?

A decision to move farmers has meant, elsewhere, that the farmers have let their farms run down. This happened during the 1975 moves.

Right now the drought is doing this in one of the areas that must be a prime target for consolidation, north of the Tugela.

Handing over farms to inexperienced farmers has led to the same problem and it takes time for a farm to recover its output potential.

Current outputs from black sugar farmlands are lower than those from white farmers.

Mill problems

Reducing the area from which a sugar mill can draw its cane — or allow the output to fall — jeopardises the solvency of the mill, which has high fixed operating costs.

Once there were 74 mills. There are now only 17 left and two of these are due to be replaced by one modern giant mill.

A fall-off in cane supplies and consequent mill problems would snowball, making it uneconomic for other farmers to continue with cane.

And a reduction in the number of cane farmers would push up cane transport costs which, in turn, would increase the net cost of sugar and reduce the competitiveness on world sugar markets.

The impact that this would have on the whole lower South Coast economy — whether in light industry, engineering, transport, motor building, retailing, liquor or entertainment — would be felt throughout the South Coast and the central Durban-Pinetown area.

One could analyse the situation more closely. But it is the industry's feeling that buying out farmers is not the answer; nor is it satisfactory to lease the farms back to the original owners or through the KwaZulu Development Corporation.

If employment is a priority, this money is required for food-growing not for buying out farmers — not for transferring already-productive assets.

BRIEFINGS

STAR 3/9/80

3(sugar)

'Time to expand sugar industry'

Own Correspondent

DURBAN — It was clearly time for the sugar industry to plan further major expansion, Mr Warren Clewlow, executive director of Barlow Rand — which now controls the C G Smith sugar empire — said in Durban.

Addressing the annual dinner of the local branch of the Institute of Chartered Secretaries and Administrators, Mr Clewlow said there was already potential to increase cane supplies to existing mills on an economic basis.

However, with local consumption likely to increase between 1,1m tons and 1,3m tons by 1985, the industry would have to consider opening new mills and new cane areas.

Expansion of this type would ensure that exports — and important foreign exchange earnings — were not jeopardised. It would also create jobs for many more people.

Mr Clewlow said with companies of all kinds showing material increases in profits, businessmen should use part of their gains to help solve some of the country's pressing problems.

He also called on the government to ensure that the flood of imports now entering the country did not force local companies to cut back on jobs.

Ron 6/2/60
3 (Sugar)

Water fund started to help KwaZulu

DURBAN. — The South African Sugar Association's fight to supply water to drought-stricken KwaZulu has moved into its second phase with the establishment of a "Water Development Fund".

Chairman of the association, Mr Ian Smeaton, said the formation of the fund had come about as a result of discussions with industry and private individuals who had inquired about giving assistance.

This central "money reservoir" would be used to finance permanent water supplies in areas which are inaccessible to the water tankers and were prone to regular shortages of water.

"The fund will be applied to permanent relief measures over the whole of KwaZulu. Projects will be initiated by the Kwazulu Government, with whom the association will consult closely in decisions affecting expenditure," he said.

Mr Smeaton said Sasa had negotiated with Chief Gatsha Buthelezi in planning the fund which would soon receive a welfare number. — Sapa.

LONRHO SUGAR (3) Sugar

Crop problems

FM 5/9/80

Activities: *Sugar growing and milling company operating in Swaziland, SA, Malawi and Mauritius. Lonrho UK holds 99,6% of the equity.*
Chairman: *M J J R Leclezio; joint managing director R W Rowland*
Capital structure: *11,3m ordinaries of E1. Market capitalisation: R96,1m.*
Financial: *Year to March 31 1980 Borrowings: long- and medium-term, E221 000; net short-term, E4,8m. Debt:equity ratio: 8,1%. Current ratio: 1,5 Net cash flow: E6,9m. Capital commitments, E5,6m.*
Share market: *Price: 850c (1979-80: high, 950c; low, 488c; trading volume last quarter, nil). Yields, 5,8% on earnings, 4,0% on dividend. Cover: 1,45. PE ratio 17,2*

Though the share is to all intents and purposes of only academic interest because of Lonrho's 99,6% stake and the share's lack of trading, the annual report gives a good indication of the possible effects of the current drought conditions in many of southern Africa's sugar-producing regions.

Production at Lonsugar's Ubombo, Swaziland, farms was badly affected by the dry conditions and sugar production of 122 000 t was 13 000 t down on the previous year. Yields were cut because of the lack of moisture, and sucrose content of cane was hit by low temperatures during the maturation period.

However, the group was fortunate in having record crops in Mauritius, where 88 000 t of sugar was produced. A bulk terminal has been completed at the harbour there, and the crop should now be less affected by strike-prone dockers.

Technical problems hit production at Sucoma in Malawi, though insurance compensated. But land development projects at Dwangwa at Lake Malawi were impaired by high water levels, which obliged shareholders to provide additional funds for greater than expected capital expenditure.

	'77	'78	'79	'80
Return on cap %	15	19	17	18,8
Turnover (Em)	59,6	70,4	79,9	77,5
Gross profit (Em)	11,0	12,9	15,5	14,6
Gross margin %	18,4	19,0	19,4	18,7
Earnings (c)	22,5	53,3	55	49,4
Dividends (c)	27,5	27,5	34,0	34,0
Net asset value (c)	384	450	494	444

The SA operations at Glendale were badly affected by rising costs as well as by the drought, which largely negated the effects of increased production levels.

In the current financial year, better yields are expected from Ubombo and Sucoma. The higher world price of sugar, which did not significantly influence last year's results, should bolster group earnings, though Glendale's production is expected o fall by as much as 50%, and Mauritius has been hit by cyclones.

Dividends could, on balance, rise this year. But there is little point in attempting a forecast as any pay-out is unlikely to alter the holding pattern of majority and minority shareholders.

Scott Hawker

7.6 CO-ORDINATION BETWEEN PROJECT PARTICIPANTS AND LIAISON WITH EXTERNAL BODIES

As in the decision phase, co-ordination between project participants is the major function of the Project Manager. During the design and construction phase this function becomes even more important. Many different design packages are in progress, a host of contractors are in different stages of tendering, construction or completion, interface between ...

The R50m slide in sugar

7/9/80 SUN TB 15
(3) Sugar (FIN)

Finance Reporter

THE sugar industry, already R50-million in the red from previous seasons, is sinking deeper into debt every day.

The industry is looking for loans of up to R50 million to cover the expected shortfall for this season, bringing the total debt to more than R100 million.

The industry will have to absorb some of the shortfall from this year's drought-stricken crop. This will make a dent in the profits of millers and growers and take some gilt off sugar shares on the stock exchange.

The agreed return on capital employed, based on historical values, is 14 percent for millers and seven percent for growers.

The returns this year from a crop which may not reach 1,6 million tons (1979/80: 2,1 million tons) will fall far short of the accepted level. The Sugar Association is negotiating the size of loans which the Government is prepared to guarantee.

An Association spokesman says a decision must be made soon on the size of the loans although final results for the crop will not be known until February or March.

The industry borrowed R50 million in the previous two seasons and absorbed a R22 million shortfall on the return on capital employed.

In the current season, much of the crop was sold forward at prices for below the levels now being quoted.

Although forward prices for the next season are much higher, the impact of the drought will be felt for a long time.

Even if the weather is more kind next season, the cane fields have been badly damaged and large areas require replanting. With cane taking 18 months to grow, the size of next year's crop will also be affected. Fortunately for growers export prices look like holding above the £300 a ton level.

Sugar forecasters estimate that 1980/81 world sugar production will be 87,4 million tons and that consumption in the same period will be 92,5 million tons.

Although this will keep prices at a relatively high level, market resistence can be expected and consumption may fall back.

deur die Minister ingevolge artikel 6 (1) van die Wet voorgeskryf vir geraffineerde en bruinsuiker wat op 30 April van daardie jaar verkoop word, plus die voorafverpakkingsmarges bereken op die wyse van tyd tot tyd deur die Minister goedgekeur. Die koopprys van uitvoersuiker en hoëgraadse melasse moet gebaseer word op die geskatte pryse daarvan soos deur die Suikervereniging bepaal. Die Suikervereniging moet voortgaan om sodanige voorrade na goeddunke so voordelig moontlik ten behoewe van die Nywerheid te verkoop.".

the local market shall be the maximum industrial selling price at Durban as prescribed by the Minister in terms of section 6 (1) of the Act for refined and brown sugar sold on 30 April of that year, plus the prepacking margins calculated in the manner approved by the Minister from time to time. The purchase price of export sugar and high test molasses shall be based on the estimated prices thereof as determined by the Sugar Association. The Sugar Association shall proceed to realise such stocks to the best advantage on behalf of the Industry at its discretion.".

DEPARTEMENT VAN NYWERHEIDSWESE

No. R. 1933 19 September 1980

WYSIGING VAN DIE SUIKERNYWERHEIDOOREENKOMS, 1979

Ek, Schalk Willem van der Merwe, Minister van Nywerheidswese en van Handel en Verbruikersake, publiseer hierby ingevolge artikel 4 (1) (c) van die Suikerwet, 1978 (Wet 9 van 1978), die wysigings soos in die Bylae hiervan uiteengesit wat deur my kragtens en ooreenkomstig die bepalings van artikel 4 (1) (b) van genoemde Wet aan die bepalings van die Suikernywerheidooreenkoms, 1979, aangebring is.

BYLAE

1. In hierdie Bylae beteken "die Ooreenkoms" die Suikernywerheidooreenkoms, 1979, gepubliseer by Goewermentskennisgewing R. 858 van 27 April 1979, soos gewysig by Goewermentskennisgewings R. 1941 van 31 Augustus 1979, R. 2435 van 2 November 1979, R. 310 van 22 Februarie 1980, R. 864 van 25 April 1980, R. 905 van 2 Mei 1980 en R. 1623 van 8 Augustus 1980.

2. Klousule 32 van die Ooreenkoms word hierby gewysig—

(i) deur in die eerste reël van subklousule (2) die woorde "verkoop of" te skrap; en

(ii) deur subklousule (2) (f) deur die volgende te vervang:

"(f) Die Sentrale Raad mag nie 'n aansoek van 'n kweker wat 'n basiese kwota en 'n voorlopige kwota, of 'n basiese en 'n voorwaardelike kwota, of 'n basiese kwota en 'n voorlopige kwota en 'n voorwaardelike kwota het, om oordrag van die geheel of 'n gedeelte van sy basiese kwota sonder oordrag van 'n eweredige oppervlakte geregistreerde kwotagrond goedkeur nie.".

3. Bylae B van die Ooreenkoms word hierby gewysig deur paragraaf 9 (3) deur die volgende te vervang:

"(3) Enige voorrade suiker en hoëgraadse melasse wat onverkoop is soos op 30 April van elke jaar, moet op en soos op dié datum deur die Suikervereniging aangekoop word, sodat die totale opbrengs van elke jaar as gedurende daardie jaar verkoop beskou kan word, en sodat die jaar se sukroseprys met die mins moontlike versuim werklik bepaal kan word. Die koopprys van suiker wat in 25-kg-sakkies verpak is vir verkoop in die binnelandse mark is die maksimum nywerheidsverkoopprys in Durban, soos deur die Minister ingevolge artikel 6 (1) van die Wet voorgeskryf vir geraffineerde en bruinsuiker wat op 30 April van daardie jaar verkoop word. Die koopprys van voorafverpakte suiker vir verkoop in die binnelandse mark is die maksimum nywerheidsverkoopprys in Durban, soos

DEPARTMENT OF INDUSTRIES

No. R. 1933 19 September 1980

AMENDMENT OF THE SUGAR INDUSTRY AGREEMENT, 1979

I, Schalk Willem van der Merwe, Minister of Industries and of Commerce and Consumer Affairs, hereby publish in terms of section 4 (1) (c) of the Sugar Act, 1978 (Act 9 of 1978), the amendments as set out in the Schedule hereto, which have been effected by me under and in accordance with the provisions of section 4 (1) (b) of the said Act to the provisions of the Sugar Industry Agreement, 1979.

3(sugar) SCHEDULE Gg 7225

1. In this Schedule "the Agreement" means the Sugar Industry Agreement, 1979, published under Government Notice R. 858 of 27 April 1979, as amended by Government Notices R. 1941 of 31 August 1979, R. 2435 of 2 November 1979, R. 310 of 22 February 1980, R. 864 of 25 April 1980, R. 905 of 2 May 1980 and R. 1623 of 8 August 1980.

2. Clause 32 of the Agreement is hereby amended—

(i) by the deletion in the first line of subclause (2) of the words "sale or"; and

(ii) by the substitution for subclause (2) (f) of the following:

"(f) The Central Board shall not approve an application by a grower who holds a basic quota and a provisional quota or a basic quota and a contingency quota or a basic quota and a provisional quota and a contingency quota to transfer the whole or part of his basic quota without the transfer of a commensurate area of registered quota land.".

3. Schedule B to the Agreement is hereby amended by the substitution for paragraph 9 (3) of the following:

"(3) Any stocks of sugar and high test molasses unsold as at 30 April of each year shall be purchased by the Sugar Association on and as at that date in order that the total output of each year may be regarded as sold during that year and the year's sucrose price truly determined with the least possible delay. The purchase price of sugar packed in 25 kg pockets for sale in the local market shall be the maximum industrial selling price at Durban as prescribed by the Minister in terms of section 6 (1) of the Act for refined and brown sugar sold on 30 April of that year. The purchase price of sugar in prepacked form for sale in

Sugar crop forecast cut

③ Sugar
RDM 26/9/80

THE latest estimate of South Africa's 1980/81, May to April, sugar crop has been cut by 30 000 tons to 1 650 000 tons from 1 680 000 tons forecast last month, the Sugar Association's general manager, Mr Peter Sale said.

He said this compared with actual output of 2 080 000 tons raw value in 1979/80.

The crop estimate has been cut despite some rainfall earlier this month.

July rainfall in sugar growing regions totalled only 7,7mm, far below the long-term industry July average of 29,5mm, Sugar Association statistics show.

Earlier this month, Mr Sale noted that recent rainfall, the first for about four months, had been largely coastal and totalled 15mm to 20mm.

Although rain might stop further cane deterioration it would not promote growth and could only make a small difference to the current crop, he said. — Reuter.

New sugar union loan urged

23/1/80

C (Hunter)

3 (Sugar)

CONTROVERSIAL Johannesburg trade unionist, Mrs Lucy Mvubelo, had recommended that the newly established National Union of Sugar Manufacturing and Refining Employees would approach the sugar industry employers for a loan to meet preliminary expenses.

This was disclosed by Mr Glyn Taylor, chairman of the Sugar Manufacturing and Refining Employers Association.

Mr Taylor was asked to respond to criticism that the new union was management-initiated and controlled, because the sugar industry had granted it an interest free loan of R10 000.

Mr Taylor strongly denied that the new union had any relationship with management and defended the sugar industry's right to grant the loan to the union.

He said the union had to start somewhere and it was entitled to seek a loan from anyone to meet preliminary expenses, such as for recruitment, printing of its manifesto and constitution, the appointment of legal and financial advisers and the renting and furnishing of offices.

'I believe it was at the suggestion of Mrs Mvubelo that the embryo union approached the employers organisation for a loan.'

DEPARTMENT OF INDUSTRIES

3(Sugar)

No. R. 2041 3 October 1980

AMENDMENT TO THE SUGAR INDUSTRY AGREEMENT, 1979

807246

I, Schalk Willem van der Merwe, Minister of Industries and of Commerce and Consumer Affairs, hereby publish, in terms of section 4 (1) (c) of the Sugar Act, 1978 (Act 9 of 1978), the amendments as set out in the Schedule hereto, which have been effected by me under and in accordance with the provisions of section 4 (1) (b) of the said Act to the provisions of the Sugar Industry Agreement, 1979.

SCHEDULE

1. In this Schedule "the Agreement" means the Sugar Industry Agreement, 1979, published under Government Notice R. 858 of 27 April 1979, as amended by Government Notices R. 1941 of 31 August 1979, R. 2435 of 2 November 1979, R. 310 of 22 February 1980 R. 864 of 25 April 1980, R. 905 of 2 May 1980, R. 1623 of 8 August 1980 and R. 1933 of 19 September 1980.

2. The following clause is hereby substituted for clause 37 of the Agreement:

"37. (1) All cane shall be deliverable by the grower—

(a) at the mill or site to which he is obliged under any existing contract to deliver; or

(b) in the absence of any existing contract, at the mill or site to which he is otherwise obliged to deliver at the date of promulgation of this amendment; or

(c) at the site to which he was obliged to deliver immediately prior to his quota being accommodated at any other mill in terms of the provisions of clause 34; or

(d) in any other circumstances where he becomes attached for quota purposes to a mill in the Growers' Register according to the provisions of clause 32 (1) (a) or (b), at the mill to which he is so attached or if the Sugar Association recognises a mill site for the grower concerned, at such mill site.

(2) For the purposes of this clause 'site' means a 'mill site' which is the former mill yard of a mill which has been closed down or any other place which the Sugar Association deems to be a mill site for the grower concerned.

(3) The cost of delivering cane to the mills shall be calculated, apportioned and recovered by growers and millers in such manner and subject to such rules as may be laid down by the Sugar Association with the approval of the Minister.".

DEPARTEMENT VAN NYWERHEIDSWESE

No. R. 2041 3 Oktober 1980

WYSIGING VAN DIE SUIKERNYWERHEID-OOREENKOMS, 1979

Ek, Schalk Willem van der Merwe, Minister van Nywerheidswese en van Handel en Verbruikersake, publiseer hierby ingevolge artikel 4 (1) (c) van die Suikerwet, 1979 (Wet 9 van 1978), die wysigings soos in die Bylae hiervan uiteengesit wat deur my kragtens en ooreenkomstig die bepalings van artikel 4 (1) (b) van genoemde Wet aan die bepalings van die Suikernywerheidooreenkoms, 1979, aangebring is.

BYLAE

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2. Klousule 37 van die Ooreenkoms word hierby deur die volgende klousule vervang:

"37. (1) Alle riet moet deur die kweker gelewer word—

(a) by die meul of perseel waaraan hy ingevolge 'n bestaande kontrak verplig is om te lewer; of

(b) by ontstentenis van enige bestaande kontrak, by die meul of perseel waaraan hy andersins verplig is om te lewer op die datum waarop hierdie wysiging afgekondig word; of

(c) by die perseel waaraan hy verplig was om te lewer onmiddellik voordat sy kwota deur enige ander meul ingevolge die bepalings van klousule 34 opgeneem is; of

(d) onder enige ander omstandighede waar hy vir kwotadoeleindes aan 'n meul in die Kwekersregister ooreenkomstig die bepalings van klousule 32 (1) (a) of (b) verbonde word, by die meul waaraan hy aldus verbonde geword het of, indien die Suikervereniging 'n meulperseel vir die betrokke kweker erken, by sodanige meulperseel.

(2) Vir doeleindes van hierdie klousule beteken 'perseel' 'n 'meulperseel' wat die vorige meulwerf is van 'n meul wat opgehou het om te bestaan, of enige ander plek wat die Suikervereniging as 'n meulperseel vir die betrokke kweker beskou.

(3) Die koste verbonde aan die lewering van riet aan die meule moet deur kwekers en meulenaars bereken, toegedeel en verhaal word op sodanige wyse en onderworpe aan sodanige reëls as wat deur die Suikervereniging met die goedkeuring van die Minister bepaal word.".

20/10/80 ARGUS

Sugar prices soar

3 Sugar

Argus Financial Correspondent

FINANCE

LONDON. — Sugar prices shot to new six-year highs at the end of last week as Russian reports disclosed the Soviet beet harvest was 2,2-million tons behind schedule.

The London daily price of raw sugar bounced from £383 to £405 a ton, recouping the fall suffered through profit-taking and short selling of futures.

Reports in a Russian industrial newspaper tended to confirm fears that the Russian gamble in leaving the beet in the ground for an extra two weeks to boost its sucrose content was dangerous.

The newspaper said farmers who had hoped to gather in 30 percent of the harvest in September had not been able to lift 20 percent.

Of Russia's 95 sugar refineries, 91 were reported to be 12 days behind production schedules while the other four were idle.

SHORTFALL

The Russian crop was already estimated to yield only 8-million tons of sugar, against the 9,2-million tons target, which, with a shortfall in Cuban shipments, has forced the Soviet Union to buy between 2,5-million and 3-million tons on world markets in recent weeks.

In addition, the Polish beet harvest has been a failure with the final total estimated at 11-million tons against 14,2-million tons of beet last year.

Indian production is also well down: 3,9-million tons in the season compared with 5,9-million tons in 1978-79.

E D and F Man, the London sugar traders, say that in two seasons world sugar stocks will have fallen by 10-million tons from a record high to a near record low in ream terms relative to consumption.

'Prices in excess of £460 a ton in the coming few months are likely to be seen,' says Man's latest newsletter.

Self-lined fabric

SELF-LINED curtain fabric is to be introduced to the South African market after a deal between Eskapa & Company, a member of the Romatex group and the world's largest textile group, Burlington Industries of North Carolina.

...erent arguments by reading some of the books listed below.

Economic Base and Superstructure: The Three Dimensions of a Social Formation

Up to this point we seem to have been speaking only about 'economics'. But, clearly, if one analyses society one has to discuss the political, legal and cultural or idealogical aspects of the social formation as well. It is often said that the 'economic base' (i.e., the mode of production) determines the politico-legal and ideological 'superstructure'. We need not follow the out-moded fashion of using this architectural metaphor. Indded, we are nearer to the real situation if we think of economic, political-legal and ideological aspects as constituting three dimensions of a single whole. In such a conception it is impossible to abstract out any one of the dimensions without making the whole inconceivable.

Robin Law summarises in a simplified manner the interrelations of the three dimensions as follows:

> The central point...is that the general character of any society is determined by its 'economic structure', that is, by the manner in which goods are produced...The relations of production...determine the character of the legal and political institutions of society, since the legal system gives formal expression to the rules of behaviour needed to maintain the existing economic system, and the political system is controlled by those who dominate the process of production and provides the coercive force needed to ensure that the existing economic system is maintained: for example, slavery or serfdom can only be maintained if the legal system guarantees the rights of the slave owners or landowners and if state power can be employed to protect their position against any threat from the disprivileged. The economic, legal and political systems in turn determine the character of the dominant ideas, or 'ideology', since ultimately they can only be maintained if they are felt to be right,

and it is/...

(e) declare that criminal proceedings in respect of an offence committed under any law contemplated in paragraph (c) which have, prior to 1 November 1980, commenced in any court of law shall, if such proceedings have at that date not been concluded, be continued and concluded as if the relevant law had not been repealed.

Given under my Hand and the Seal of the Republic of South Africa at Pretoria this Twenty-first day of October, One thousand Nine hundred and Eighty.

M. VILJOEN, State President.

By Order of the State President-in-Council:

P. G. J. KOORNHOF.

GOVERNMENT NOTICES

DEPARTMENT OF AGRICULTURE AND FISHERIES

No. R. 2149 24 October 1980

AGRICULTURAL PESTS ACT, 1973 (ACT 3 OF 1973)

LIMITATION ON THE PLANTING, KEEPING AND CONVEYING OF SUGAR CANE.—AMENDMENT OF INSTRUCTIONS

By virtue of the powers vested in me by section 27 of the Agricultural Pests Act, 1973 (Act 3 of 1973), I, Pieter Theunis Christiaan du Plessis, Minister of Agriculture and Fisheries, hereby amend regulation 1 of the instructions set out in the Schedule to Government Notice R. 2374 of 26 October 1979 by the insertion in the definition of "unreleased sugar cane variety" after the expression "N12" of the expression "N13, N14".

P. T. C. DU PLESSIS, Minister of Agriculture and Fisheries.

No. R. 2151 24 October 1980

REGULATIONS RELATING TO THE CLASSIFICATION, PACKING AND MARKING OF CERTAIN WHEATEN, OATEN AND RYE PRODUCTS.—AMENDMENT

The Minister of Agriculture and Fisheries has, under the powers vested in him by section 89 of the Marketing Act, 1968 (Act 59 of 1968), made the regulations set out in the Schedule hereto.

SCHEDULE

1. In this Schedule "regulations" means the regulations published by Government Notice R. 1981 of 30 September 1977, as amended by Government Notices R. 564 of 23 March 1978, R. 968 of 12 May 1978, R. 986 of 19 May 1978, R. 1979 of 29 September 1978, R. 1759 of 17 August 1979 and R. 1142 of 6 June 1980.

2. Regulation 10 (2) of the regulations is hereby amended by the substitution for subparagraphs (iv) and (v) of paragraph (g) of the following subparagraphs:

"(iv) has a nominal mass of 450 g or 750;

(v) contains a minimum dry solids mass of 280 g if the bread has a nominal mass of 450 g and contains a minimum dry solids mass of 470 g if the bread has a nominal mass of 750 g;".

(e) verklaar dat strafregtelike verrigtinge ten opsigte van 'n misdryf gepleeg ingevolge 'n wet in paragraaf (c) bedoel, wat voor 1 November 1980 in 'n geregshof 'n aanvang geneem het, voortgesit en afgehandel word asof die betrokke wet nie herroep is nie, indien bedoelde verrigtinge op daardie datum nie afgehandel is nie.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Pretoria, op hede die Een-en-twintigste dag van Oktober Eenduisend Negehonderd-en-tagtig.

M. VILJOEN, Staatspresident.

Op las van die Staatspresident-in-rade:

P. G. J. KOORNHOF.

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN LANDBOU EN VISSERYE

No. R. 2149 24 Oktober 1980

WET OP LANDBOUPLAE, 1973 (WET 3 VAN 1973)

BEPERKING OP DIE PLANT, HOU EN VERVOER VAN SUIKERRIET.—WYSIGING VAN VOORSKRIFTE

Kragtens die bevoegdheid my verleen by artikel 27 van die Wet op Landbouplae, 1973 (Wet 3 van 1973), wysig ek, Pieter Theunis Christiaan du Plessis, Minister van Landbou en Visserye, hierby regulasie 1 van die voorskrifte uiteengesit in die Bylae by Goewermentskennisgewing R. 2374 van 26 Oktober 1979 deur in die woordomskrywing van "nie-vrygestelde suikerrietvariëteit" na die utdrukking "N12" die uitdrukking "N13, N14" in te voeg.

P. T. C. DU PLESSIS, Minister van Landbou en Visserye.

No. R. 2151 24 Oktober 1980

REGULASIES MET BETREKKING TOT DIE KLASSIFIKASIE, VERPAKKING EN MERK VAN SEKERE KORING, HAWER EN ROGPRODUKTE.—WYSIGING

Die Minister van Landbou en Visserye, het kragtens die bevoegdheid hom verleen by artikel 89 van die Bemarkingswet, 1968 (Wet 59 van 1968), die regulasies in die Bylae hiervan uiteengesit, gemaak.

BYLAE

1. In hierdie Bylae beteken "regulasies" die regulasies afgekondig by Goewermentskennisgewing R. 1981 van 30 September 1977, soos gewysig deur Goewermentskennisgewings R. 564 van 23 Maart 1978, R. 968 van 12 Mei 1978, R. 986 van 19 Mei 1978, R. 1979 van 29 September 1978, R. 1759 van 17 Augustus 1979 en R. 1142 van 6 Junie 1980.

2. Regulasie 10 (2) van die regulasies word hierby gewysig deur subparagrawe (iv) en (v) van paragraaf (g) deur die volgende subparagrawe te vervang:

"(iv) 'n nominale massa van 450 g of 750 g het;

(v) 'n minimum massa droëstof van 280 g bevat as die brood 'n nominale massa van 450 g het en 'n minimum massa droëstof van 470 g bevat as die brood 'n nominale massa van 750 g het.".

£300 a ton, a good crop and sugar's out of the wood

9/11/80 3(sugar) 80m

Mr SALE

By ALEC HOGG

THE South African sugar industry has had to raise a R50-million loan, pushing its total debt up to R100-million, to cut losses caused by the current season's drought-afflicted crop.

But the Sugar Association's general manager, Mr Peter Sale, says there is every chance export receipts from the 1981-82 crop will generate sufficient funds to cover costs of production and returns on capital investment, and still enable the repayment of these loans.

Mr Sale told the Financial Mail investment conference in Johannesburg yesterday that the financial outlook for the 1981-82 season depended on weather conditions and world sugar prices.

Adverse weather conditions had seriously affected the current crop, which was expected to be about 1 600 000 tons compared with a potential of 2 200 000 tons under normal weather conditions.

With world sugar prices currently around £400 a ton, the 600 000-ton drop in the crop had theoretically cost the industry gross export revenue of R400-million this year.

The good news was that this year's drought in Natal was the worst in 60 years, and the chances of a recurrence were slim.

Mr Sale said the 1981-82 crop would also be affected by the drought because a lot of cane "is out of cycle due to the drought, as growers have been cutting cane during the present season which they would not normally have cut, and in addition to this they have had to replant areas where the cane has died".

Thus even if there were good rains, the coming crop was expected to be much lower than the full potential of 2 300 000 tons, and Mr Sale's guess was that the 1981/82 crop would be between 1 800 000 and 2-million tons.

With the domestic market offtake expected to rise 2,5% to 1 150 000 tons in line with the population growth, between 650 000 and 850 000 tons should be available for export next year — well below the record of 1-million tons in 1978-79, but much better than the current season's 440 000 tons.

Fortunately, world sugar prices looked set to remain buoyant in the foreseeable future because of rising consumption and stagnant production and a number of international sugar brokers and sugar experts predicted that the price would rise to at least £500 a ton in the next few months, said Mr Sale.

"If we build into our calculations the possible level of total production during 1981-82, the estimated cost of production, and the probable level and price of the domestic market offtake, we can very broadly establish that we will need a world price of £150 to £200 a ton in order to break square financially.

"If we achieve a level of £300 per ton for the full 1981-82 export crop, this should be sufficient to cover full costs of production, full returns on capital and generate sufficient money to enable us to repay the total accumulated deficit financing loans of R100-million which we have raised over the past two seasons and during the current season."

Taking the fundamentals into account, however, Mr Sale gave the impression that the price South Africa would receive for its exports next year would be much higher than £300 a ton, and any surpluses from this higher price woulds be channelled into re-establishing the sugar industry's stabilisation fund.

The industry, Mr Sale said, would like to rebuild the stabilisation fund to a level where it could act as an effective buffer against fluctuations in the world sugar price, and he mentioned a figure of R200-million upwards as optimal. The previous record on the account was R94-million in the 1974/75 season.

(This season's crop failure has resulted in a heated debate among farmers, millers and the Sugar Association as to whether it would not be better to increase the amount of land currently under cultivation. Before the surge in world prices this year, each producing country was restricted to an export quota. To ensure there would not be an oversupply of sugar on the domestic market, SA growers have been restricted to the amount of land allowed for cultivation.)

Mr Sale did not commit himself on the issue, but pointed out that even if no additional land was granted to farmers, continued advances in technology and efficiency would push the crop up about 300 000 tons to 2 600 000 tons by 1990.

Although Mr Sale does not expect any change in these restrictions, he believes the consolidation of KwaZulu could have serious economic consequences for SA in general and the sugar industry in particular.

Because of the smallness of land allotments to Zulu farmers, the levels of productivity in KwaZulu are 55% to 60% below the level achieved in the rest of the industry.

"Our experience following the implementation of the 1975 proposals is that once farmers in an area know that their farms are to be expropriated and transferred to KwaZulu, they tend to run them down.

"Above all, the fear of consolidation leads to uncertainty in the minds of potentially affected growers and millers. This is not in the best interests of the sugar industry or of the country as a whole.

"It is my earnest hope that the sugar industry's pleas to the authorities that another solution be found to Natal's and KwaZulu's problems will be sympathetically heard, and this uncertainty will be removed once and for all."

Sugar industry raises R50m loan

STAR 14/11/80

3 Sugar

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DURBAN — The sugar industry has raised a R50m loan and may have to find more to meet the shortfall on this season' crop, according to Mr Peter Sale, general manager of the South African Sugar Association.

The industry now owes R100m, following the raising of two R25m loans last season.

Most areas had suffered a setback in cane supplies and it was thought impossible that production would be anywhere near last season's 2m tons.

The loan would be used to meet the shortfall by both cane farmers and sugar millers on the return which they are allowed in terms of legislation.

Several sugar mills closed weeks before the usual Christmas shut-down.

The most recent estimate is that the crop would be 20 percent down at about 1,6m tons.

This would reduce the amount available for export so that the industry would be unable to take advantage of the international price which was slightly below £400 this week.

Mr Sale said that the deficit at the end of the season next April could well be more than R50m.

The association would take a decision then on whether to absorb the shortfall or to raise more money to bridge the gap. — Sapa.

SUGAR

3 Sugar

Price strength

FN 14/11/80

The international sugar market has not looked so strong since the 1974 commodity boom which witnessed prices shooting to £650/t. Earlier this year, sugar for nearby delivery on the London futures market was trading at around £415.

Admittedly it was some £25 or so off its mid-October peak, but poised, many feel, for a further strong rise which by the end of the year could even see prices hitting £500. Mid-year, prices stood at around £350.

The major reason for spiralling prices is the deteriorating supply/demand balance world wide which has been especially caused by a major harvest shortfall in the Soviet Union, the world's largest producer of sugar beet.

This has resulted in the Soviets' making sizeable forays into Western markets in attempts to make up the shortfall

No-one knows for sure the extent of current and likely purchases by Moscow, but the growing feeling is that the Soviets may have to buy around 4 Mt altogether. So far, purchase estimates are somewhat over 3 Mt.

"Total Soviet purchases today are thought to exceed 3 Mt," says commodity trader Boustead Commodities, in its latest market report The company adds that "with their projected shortfall, it is anticipated that a total of 4 Mt could be needed."

Boustred believes that "as well as some frost damage, they are experiencing their usual transportation problems"

But the Soviet position must be reviewed within the entire context of the shifting supply/demand balance Influential West German statistician F O Licht, for instance, is currently projecting a decline of maximally 2 Mt in world production in 1980-81 from a mid-year harvest forecast of between 88 Mt and 89 Mt.

Leading Paris-based sugar dealers Sucres et Denress thinks the crop will be lower still at possibly 86,6 Mt In 1979-80 production amounted to 84 Mt. In all, these and other estimates suggest a world shortfall of perhaps up to 6 Mt, compared with anticipated demand.

By implication, that points to a possible fall in world stocks to below the critical 20 Mt level by the end of August 1981, the end of the commonly accepted world sugar accounting year.

Consequently a bad harvest next year could see world sugar prices continuing to spiral.

Meanwhile, some feel that forecasts for the 1980-81 season crop could continue to fall given recent frost in Western Europe, which has averaged an exportable surplus of over 3 Mt in recent years.

Moreover, unrest amongst Polish agricultural workers may have reduced that country's crop to the point where Poland, in normal years an exporter, may have to enter the world market as a buyer.

The anticipated maximum shortfall to end-August 1981 of 6 Mt or so follows a deficit in the season ended August 31, 1980 of over 7 Mt, according to Geplacea, the Association of Latin American and Caribbean Sugar Exporting Countries. The latter development reduced stocks from record levels of over 30 Mt, roughly one third of world consumption.

World sugar price could reach £500 a ton soon

NM 14/11/80 3-SUGAR

Financial Editor

THE WORLD sugar price could reach £500 a ton in the next few months; ethanol production, from sugar, is unlikely; expansion of canelands in the next decade will not be substantial and the industry has had to borrow R100 million to stay afloat but will probably be able to pay this back in a year or two.

These were the major points made by Mr Peter Sale, general manager of the SA Sugar Association, who spoke at the *Financial Mail's* Conference yesterday.

He said: 'The short-term outlook for the sugar industry — that is during 1981, is favourable as long as growing conditions improve and there is no collapse of world prices.

'The crops for the current and forthcoming seasons (ending in April 1982) have been affected by the dry conditions experienced over the past year with, hopefully, the forthcoming crops being affected to a much lesser extent than the current one.

'The industry should have a fairly reasonable chance of repaying its deficit financing loans within the next year or so, and if world prices do not collapse to sub-economic levels, should be able to start rebuilding its Price Stabilisation Fund.

'No expansion of the area of land under cane will take place during 1981, and possible production of ethanol will continue to be examined in order to keep abreast with world and South African developments.'

Mr Sale said that it was possible to produce ethanol from cane juice but that research was being done on using the whole cane stick which, if it were found possible, would double potential production of ethanol and change the economics of the whole project.

The sugar crop this season, which ended next April, should produce only 1,6m tons of sugar as compared with the potential 'under normal weather conditions' of some 2,2m tons.

After supplying the local market with its full requirement — which was growing at about 2,5 percent a year, there would be 600 000 fewer tons of sugar for export.

The theoretical loss was about R400m but because of forward selling it would be less.

Looking ahead, Mr Sale said that the 1981-82 crop had definitely been affected by the prolonged dry spell.

'A lot of cane is out of cycle due to the drought, as growers have been cutting cane during the present season which they would not normally have cut and they have had to replant areas where the cane has died.'

It is not expected, Mr Sale said, that the crop would, even with good rain, reach the full potential of 2,2m tons and 'at a guess' it would reach 1,8 to 2 million tons.

The domestic market would take about 1,15m tons and about 650 000 to 850 000 tons could be exported.

It would not match the record 1 million tons in the 1978-9 season but would be certainly better than the 440 000 tons of exports this season.

Mr Sale then examined the factors influencing the world sugar price. He said that in the 1979-80 season consumption exceeded production by about 6m tons.

Production was down, owing to droughts in several countries, disease in Cuba, poor weather in Russia and the EEC and a cutback by Brazil, which is turning its sugar into ethanol as a consequence of the Iran-Iraq conflict.

For the next season — to October next year — the indications are that there will be a productiocondition shortfall of anything from 4 to 6 million tons and that because of weather, conditions in the EEC and Russia, world stocks will be reduced to below 20m tons for the first time in six years.

'The present feeling is that the spot price of sugar is likely to rise to at least £500 a ton during the next few months.

'If speculators fuel this rise — and they have in the past — then any steep upward trend in prices is likely to be followed by an equally steep downward fall, but it is unlikely that during 1981 the prices will fall to such an extent that export quotas will need to be re-introduced.

'If we build into our calculations the possible level of South African production during 1981-2, the estimated cost of production and the probable level and price of the domestic market offtake, we can very broadly establish that we will need a world price of £150 to £200 a ton in order to break square financially.

Mr Sale said that the present outlook was that it would seem possible to reach an average price level well above the basic requirements. A level of £300 a ton for the full 1981-2 export crop would cover costs and repay the R100m in financing loans.

Mr Sale noted that the Government had adopted a better approach to pricing local sugar by setting it near the level of production cost and not expecting, as previously, that the high level of exports would subsidise the local consumer.

On expansion, Mr Sale said that it appeared that local production would increase by about 1,5 percent and this could be achieved without planting any additional land to cane but by increasing effiencies and technology in growing and milling.

COLIN CAMPBELL on the company scene

Huletts hunting for a higher final

16/11/78

AFTER such a diet of fancy profit increases are company profit statements starting to look a little bit soggy?

That is certainly the impression from the batch of selected company results issued this week, which again underlines the old market adage that nothing goes on going up forever.

Huletts Corporation, for instance, has reported a modest 14 percent rise in first half earnings on a turnover which rose 41 percent, and has held its interim payment.

The incidence of inflation accounting obviously had its impact, but deeper down it is admitted that the effects of the Natal drought have hit sugar earnings quite hard.

So it is largely thanks to improved figures from its non-sugar interests which has enabled Huletts Corporation to report some increase at the half-way mark-though there are question marks over year-end figures.

That its industrial interests are doing well is illustrated by very good results from Hulamin, where interim earnings rose from 29 cents to 59,2 cents a share, and the interim payment was raised to 18 cents.

There was a very encouraging note from the board under "prospects" in which shareholders are told that results for the second half will be better than those now reported. Clearly the final will rise.

As for Huletts Corporation itself, it will benefit from a better performance — but depends on sugar. Johannesburg analysts believe that perhaps Huletts Corporation is being too conservative. Others have their eye on the international sugar price which has been viewed as bullish by sugar brokers in London, so there are mixed factors for potential investors to consider.

And at the back of everybody's mind remains the question whether there will be a bid for the minority interests. Time will tell.

Palamin

On the mining front Palamin announced a reduced third quarterly dividend-down from 32,5 cents to 30 cents a share-reflecting the recession in the copper market. The economic outlook for America and in turn the world should be watched for any view on Palamin.

Hill Samuel

On the banking front there are two companies worth looking at: Nedbank produced its annual report, and the chairman said that the current economic strong upsurge is the prelude to several years of rapid real economic advance in South Africa, and merchant bank Hill Samuel turned out a very respectable interim profit statement.

At Hill Samuel net earnings were up by 52 percent at 25 cents a share and the interim was hoisted from 11 cents to 12,5 cents a share. Dividends for the full year are not expected to be less than 27,5 cents a share on the capital as increased by the recent rights issue.

And given the new banking era which will be ushered in with Dr G. de Kock as Governor of the Reserve Bank, banking companies should do well.

Nedbank

One point of general interest raised at the Nedbank press conference was the prospect of banks being allowed to invest overseas — something which has been talked about in relation to the new wave of thinking going through Pretoria of late. And Nedbank produces its figures in US dollars as well this year, which at least suggests that it is ready.

Gypsum

One problem which has worried a lot of investors has been that so many shares are too highly priced on the exchange. And at Gypsum there is to be a share split, which will improve marketability. There is to be a split from a nominal value of R2 into 10 shares of a nominal value of 20 cents each.

Caxton

Caxton did very well in the year ended August. In fact it has been one of the best years in the company's history. Net earnings, before an extraordinary item, shot ahead to 63,3 cents a share, and there is a final dividend of 12 cents to make 18 cents a share for the year.

Last year there was a loss, and no dividend. Argos has a stake in Caxton.

IGI

The toughness of the insurance market is well shown by reported remarks by IGI. But on its figures IGI is doing well — net earnings are up 58,3 percent at 14.4 cents a share. Earnings of foreign subsidiaries are excluded.

Though there ahve been patches of brightness in this week's batch of reports, there have also been some patches of darkness. And it is noticeable that there is now a more cautious air to industrial share prices on the JSE.

But then perhaps the market has already heavily discounted results, for it is no secret that industrial shares in recent months have been very firm ahead of results.

Movements on the gold board did worry invdstors in general this week, and this may also explain the dreary performance. There may be still good times ahead, but some companies will clearly be doing better than others. As for market strategy, that clearly should be selective.

Tongaaat beats the drought

3(sugar) Ecn 20/11/80

By DAVID CARTE

Deputy Financial Editor

PLUMMETING sugar production because of drought could not prevent Tongaat Group from pushing up earnings 46% in the first half and predicting a 43% earnings increase for the full year.

Operating income in the first half rose 54% to R22 700 000 and taxed attributable profit 53% to R13 046 000. Earnings a share were 58,9c (1979: 40,3c) and the interim dividend was lifted 33% to 12c (9c).

The chairman, Mr Chris Saunders, says sugar production this year is expected to fall 36% to 140 000 tons (1979: 217 600 tons).

But with profits in the building materials, textiles and food and feeds divisions booming, he forecasts yearend earnings of not less than 115c, suggesting a minimal increase of 43% for the year.

Because of the worst drought in sugar country in 60 years and Tongaat's diversification drive, sugar is expected to contribute between 15% and 20% of earnings in the current year against 31% last year.

Mr Saunders says: "The building materials division continues to experience strong demand and is actively engaged in the expansion of production.

"The feeds and food division is achieving improved results and a significant contribution to group profits is expected from H Lewis and other divisional acquisitions.

"The textiles division has made good progress and its results for the year will be greatly enhanced by the inclusion of Hebox Textiles."

Huletts, in which Tongaat has a 26,7% interest, increased first-half earnings 14%, but forecast stagnant earnings for the year.

Tongaat proposes to issue R15-million of redeemable preference shares. A year ago it raised R20-million in the same way.

The R15-million issue will be privately placed, but "shareholders may well be asked to create more in order to provide financing flexibility to take advantage of market opportunities".

The financial director, Mr Ted Garner, told me drought conditions were improving. Good rains fell in September, October was dry, but there had been some rain in November.

Although good summer rains could do nothing for this year's crop, he said, they would "guarantee next year's crop at 1979 levels".

Mr Garner said the proceeds of the pref issue were needed to correct imbalances in the balance sheet. Notwithstanding the group's huge capital expenditure recently, Tongaat still had plenty of borrowing capacity.

The group needed to consolidate after its recent large acquisitions. Further large acquisitions were unlikely, with companies so expensive, but it was possible that Tongaat would consider greenfields projects.

He said dividend cover, though tending higher in recent years, would not increase significantly above last year's 2,7.

COMMENT: The feeds and food division is reportedly expected to turn over R200-million this year and taxed margins are said to be similar to Premier's 2,5%.

This suggests a profit of about R5-million from this division. Some analysts are looking for profits of R10-million on the R100-million to be turned over in textiles.

While Huletts earnings and dividend are set to stagnate, Tongaat will this year reflect last year's much improved Huletts dividend. This should bring in R3-million odd.

Forecast earnings of 115c equate to a taxed profit of R24 400 000, so if sugar profit are, say, 17,5% of the total, they will be R4 300 000 against R7-million last year.

Tongaat is unlikely to fall short of its earnings forecast. Assuming it achieves only the minimum 115c forecast and cover is held constant, it will pay a total of 43c. This puts the share, at 750c, on a minimum prospective yield of 5,7%, which for a diversified high growth industrial leader is not dear, especially considering the quality of earnings and recovery potential in sugar.

DEPARTMENT OF INDUSTRIES, COMMERCE AND TOURISM

No. R. 2514 — 5 December 1980

AMENDMENT OF THE SUGAR INDUSTRY AGREEMENT, 1979

I, Dawid Jacobus de Villiers, Minister of Industries, Commerce and Tourism, hereby publish in terms of section 4 (1) (c) of the Sugar Act, 1978 (Act 9 of 1978), the amendments as set out in the Schedule hereto, which have been effected by me under and in accordance with the provisions of section 4 (1) (b) of the said Act to the provisions of the Sugar Industry Agreement, 1979.

3(sugar)

SCHEDULE

1. In this Schedule the expression "the Agreement" means the Sugar Industry Agreement, 1979, published under Government Notice R. 858 of 27 April 1979, as amended by Government Notices R. 1941 of 31 August 1979, R. 2435 of 2 November 1979, R. 310 of 22 February 1980, R. 864 of 25 April 1980, R. 905 of 2 May 1980, R. 1623 of 8 August 1980, R. 1933 of 19 September 1980 and R. 2041 of 3 October 1980.

2. The Agreement is hereby amended by the substitution for clause 34 of the following clause:

"34. (1) (a) In the event of a mill closing down, the miller concerned shall give not less than two months' notice thereof in writing to its Mill Group Board and the Central Board and shall simultaneously publish a notice to the same effect in an English and in an Afrikaans newspaper circulating in the district where such mill is situated.

(b) Upon receipt of such notice the Mill Group Board concerned shall forthwith take all reasonable steps to inform the growers under its jurisdiction of the date of closure of the mill.

(c) In respect of the Black growers under its jurisdiction, such Mill Group Board shall be deemed to have complied with the provisions of paragraph (b) if it shall have dispatched a letter recording the date of closure of the mill by prepaid certified mail, addressed to the Department of Agriculture and Forestry, KwaZulu, or the kaNgwane Government Service, kaNgwane, as the case may be.

(2) The quotas of the miller-cum-planter and of the growers supplying a mill which is closing down shall be accommodated at any other mill that is prepared to accept the cane.

(3) To the extent that quotas attached to the mill which is closing down are not accommodated in accordance with the provisions of subclause (2), such quotas may, subject to the terms of this Agreement, be disposed of without the transfer of a commensurate area of quota land and may be attached to any mill which is willing and has the requisite additional milling capacity to accommodate cane to be produced in respect of quotas so disposed of. This shall not, however, affect the contractual rights between a miller and his suppliers.".

DEPARTEMENT VAN NYWERHEIDSWESE, HANDEL EN TOERISME

No. R. 2514 — 5 Desember 1980

WYSIGING VAN DIE SUIKERNYWERHEID-OOREENKOMS, 1979

Ek, Dawid Jacobus de Villiers, Minister van Nywerheidswese, Handel en Toerisme, publiseer hierby ingevolge artikel 4 (1) (c) van die Suikerwet, 1978 (Wet 9 van 1978), die wysigings soos in die Bylae hiervan uiteengesit wat deur my kragtens en ooreenkomstig die bepalings van artikel 4 (1) (b) van genoemde Wet aan die bepalings van die Suikernywerheidsooreenkoms, 1979, aangebring is.

5/12/80 GG 7318

BYLAE

1. In hierdie Bylae beteken die uitdrukking "die Ooreenkoms" die Suikernywerheidsooreenkoms, 1979, gepubliseer by Goewermentskennisgewing R. 858 van 27 April 1979, soos gewysig by Goewermentskennisgewings R. 1941 van 31 Augustus 1979, R. 2435 van 2 November 1979, R. 310 van 22 Februarie 1980, R. 864 van 25 April 1980, R. 905 van 2 Mei 1980, R. 1623 van 8 Augustus 1980, R. 1933 van 19 September 1980 en R. 2041 van 3 Oktober 1980.

2. Die Ooreenkoms word hierby gewysig deur klousule 34 deur die volgende klousule te vervang:

"34. (1) (a) In die geval van 'n meul wat ophou bestaan, moet die betrokke meulenaar minstens twee maande skriftelike kennis daarvan gee aan sy Meulgroepraad en die Sentrale Raad en tegelykertyd 'n kennisgewing ten dien effekte publiseer in 'n Engelse en in 'n Afrikaanse koerant wat versprei word in die distrik waar sodanige meul geleë is.

(b) By ontvangs van sodanige kennisgewing moet die betrokke Meulgroepraad onmiddellik alle redelike stappe doen ten einde die kwekers onder sy jurisdiksie te verwittig van die datum waarop die meul ophou bestaan.

(c) Ten opsigte van die Swart kwekers onder sy jurisduksie word sodanige Meulgroepraad geag die bepalings van paragraaf (b) na te gekom het indien hy 'n brief waarin die datum waarop die meul ophou bestaan vermeld word per vooruitbetaalde gesertifiseerde pos afstuur, geadresseer aan die Departement van Landbou en Bosbou, KwaZulu of aan die kaNgwane-Regeringsdiens, kaNgwane, na gelang van die geval.

(2) Die kwotas van die meulenaar-cum-planter en van die kwekers wat riet lewer aan die meul wat ophou bestaan, word opgeneem deur enige ander meul wat bereid is om die riet te ontvang

(3) Vir sover kwotas verbonde aan die meul wat ophou bestaan nie ooreenkomstig die bepalings van subklousule (2) opgeneem word nie kan daar, behoudens hierdie Ooreenkoms, oor sodanige kwotas beskik word sonder die oordrag van 'n eweredige oppervlakte kwotagrond en kan sodanige kwotas verbind word aan enige meul wat gewillig is en wat die nodige bykomende meulvermoë besit om die riet op te neem wat geproduseer word ten opsigte van die kwotas waaroor aldus beskik is. Dit mag egter nie die kontraktuele regte tussen 'n meulenaar en sy leweransiers raak nie.".

Fund gave R1,5m to education

2 (Sweden)

Nm 23/12/80

Mercury Reporter

THE Sugar Association's Trust Fund has given more than R1 500 000 for educational purposes during 15 years of its existence.

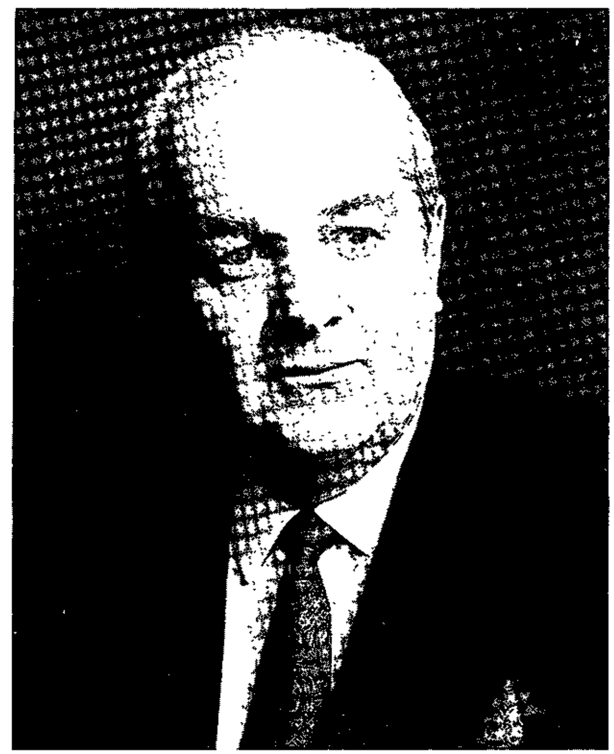
A statement by the association said the amount made available for black bursaries had been boosted from R50 000 in 1980 to R60 000 in 1981.

Agri — Sugar

SOUTH AFRICAN SUGAR ASSOCIATION

Report of The Small Cane Growers' Financial Aid Fund (1974/75) —
a new approach to development

FOREWORD



The South African Sugar Association has accepted for some time that it has a special responsibility to its developing members. These are almost all Zulu, Indian and Mangete growers. After thought and discussion, the Association established a Trust Fund of R5 million to assist these farmers and this is named The Small Cane Growers' Financial Aid Fund.

The Fund's development programme was planned in consultation with the Government of KwaZulu and the Natal Indian and the Mangete Cane Growers' Associations. Its emphasis is on education supplemented by the provision of low-interest credit. It is in harmony with the developing farmers' needs and expectations.

As this programme is a new approach to development in Southern Africa, the Small Cane Growers' Financial Aid Fund Committee agreed to publish the Fund's first annual report, for restricted circulation, in the belief that it would be of interest to students and institutions who are especially concerned with the development of rural communities. The report defines the Fund's philosophy and its objectives and these will no doubt also be of interest to other development agencies.

A.A. LLOYD
Chairman

THE SMALL CANE GROWERS' FINANCIAL AID FUND COMMITTEE

EX OFFICIO

Chairman, S.A. Sugar Association — A.A. Lloyd (Chairman)
Vice-Chairman, S.A. Sugar Association — W.H. Simpson

GROWERS

I.G.B. Smeaton
W.J.F. Chance
A.J. Ardington
B.S. Morris
J.R. Hudson
Alternate: D.S. Cairns

MILLERS

T.G. Cleasby
R. Pole
R.K. Ridgway
P.V. van Breda
J.P. Willsher
Alternate: G.W. Shuker

S.A. SUGAR ASSOCIATION

P. Sale

FINANCIAL AID FUND

A.L. Schaffer — *Manager*
R.F. Bates — *Secretary*

PART ONE

ESTABLISHMENT OF THE FUND

This is the first annual report of The Small Cane Growers' Financial Aid Fund and it is consequently necessary to record briefly why and how the Fund was established and what it has achieved during the past year.

For some time the South African Sugar Association has recognised that it has a special obligation to its developing members and in 1972, on the recommendation of its Planning and Development Committee, the Association resolved to create a trust fund of R5 million to assist small cane growers to develop their efficiency and productivity.

The Fund was established on 30 April, 1973, in terms of Clause 72 (2) of the Sugar Industry Agreement, 1943 (as amended) which reads:

"72(2)(a) There shall be established a fund of five million rand (R5 000 000) to be deducted from the proceeds of the 1972/73 crop and to be known as 'The Small Cane Growers' Financial Aid Fund' for the purpose of assisting those growers who may be eligible as determined by the Sugar Association from time to time in consultation with the Minister.

(b) The Fund shall be administered by the Sugar Association in accordance with rules approved by the Minister."

The Minister of Economic Affairs approved of the administrative rules on 27 September, 1974. These rules prescribe, inter alia, that the operation of the Fund shall be vested in the Council of the South African Sugar Association and that its administration shall be controlled by a standing committee appointed by the Council.

The Fund is administered by The Small Cane Growers' Affairs Department of the Sugar Association. The Manager and the Secretary were appointed on the 1 January, 1974, and 1 March, 1974, respectively.

Paragraph 5 of the preamble to the administrative rules reads:

> "It is envisaged that ultimately the Fund will ensure maximum benefit for the developing sections of the Sugar Industry and the creation of improved living standards, opportunities for training, and the assumption of full responsibility for the management of their own affairs at the earliest opportunity."

The Fund is thus not simply a provider of monetary aid: it is essentially a development agency. Development is concerned with people — with improving the quality of life — and the Fund's primary aims are to raise the productivity of small cane growers and to promote their economic advancement so that as self-reliant members of the community they may lead richer and more satisfying lives.

The terms "developing sections" and "small cane grower" are inexact expressions and it was necessary for the Association to state in precise terms whom the fund would assist. It decided that the money should be used to benefit small cane growers and it defined a small cane grower as one whose average deliveries to a mill over the previous two seasons have not exceeded 1 000 metric tons of cane and who has no access to credit facilities offered through commercial banks or other sources.

The Association also resolved that the Fund should be operated as a revolving credit. It consequently has an obligation to recover loans granted to growers. In other words, although the Fund is a non-profit organisation, financial assistance to individuals is made available on a loan basis only and interest and redemption will be utilised to provide further assistance. This is especially necessary because of the high potential for new development, particularly in KwaZulu. Interest on loans is at the rate of 3% per annum for the first four years and at the rate of 5% per annum for the following six years. All loans must be redeemed within ten years.

It was apparent from the outset that a rigid, centralised administration from the Association's office in Durban was neither practical nor desirable. Mill group local committees, comprising both grower and miller members, were therefore formed to administer the Fund in mill areas. The members of these committees have voluntarily given of their time, their knowledge and their energy to promote the objectives of the Fund. Mill group local committees have the benefit of the advice of committees nominated by the KwaZulu Government, the Natal Indian Cane Growers' Association and the Mangete Cane Growers' Association. The members of these committees are prominent persons in their own communities and they, too, serve without remuneration.

It was always intended that the main beneficiaries of assistance provided by the Fund would be African, Indian and Mangete growers and, before the Fund was formally established, the concept was discussed in detail with and received the approval of the KwaZulu Government, the Natal Indian Cane Growers' Association and the Mangete Cane Growers' Association. The Association has, in fact, received encouragement from the Executive Council of the KwaZulu Government and active co-operation and assistance from the KwaZulu Department of Agriculture and Forestry. It has also received the fullest support at all times from the Indian and the Mangete Cane Growers' Associations.

The Hon. Chief O.S. Sithole, Executive Councillor for Agriculture and Forestry in the KwaZulu Government.

The Chairman, Mr Anson Lloyd, discussing the establishment of the Fund with Mr E.D. Fynn, Chairman of the Mangete Cane Growers' Association (left), and Mr Y.S. Chinsamy, President of the Natal Indian Cane Growers' Association.

EDUCATION AND EXTENSION SERVICES

On the 25 March, 1974, a meeting was held with the Executive Councillor for Agriculture and Forestry of the KwaZulu Government, with officials of his Department and with the members of the KwaZulu Committees. At this meeting the Chairman of the Standing Committee explained the objects of the Fund and the manner in which it would be administered. On the following day a similar meeting was held with the President and the Secretary of the Natal Indian Cane Growers' Association, with the President and the Secretary of the Mangete Cane Growers' Association and with the members of the Indian and the Mangete committees. The Chairman's statements were also publicised as news items over the radio and in the press. These meetings launched the Fund and it was from this time that it became actively operational.

In the past small growers had experienced difficulty in obtaining assistance. The establishment of the Fund now gave them access to low interest credit. An important consequence of these meetings and of the publicity accorded the Fund was the increased interest of the small growers and their increased expectations. Between the 1 May, 1974, and the 30 April, 1975, three hundred and seventy-three applications for financial assistance were approved by mill group local committees on behalf of the Fund. A statement which reflects the loans granted by the Fund in the area of each mill group local committee is shown in table "1".

Development is, of course, much more than the process of providing monetary aid. Financial assistance is of short-term value, whereas knowledge and skills are of permanent benefit. If small growers are to respond to the new opportunities, they require a higher level of training and agricultural knowledge. The Association recognised from the outset that extension services are an essential complement to financial assistance and in consultation with the KwaZulu Government it resolved to construct three farmers' centres in KwaZulu where farmers' days, seminars, courses and refresher-courses in sugarcane husbandry and agriculture, bookkeeping and the economics of agriculture, instruction in the servicing and maintenance of tractors and farm equipment, and so on, will be held. The KwaZulu Government has appointed fifty Zulu extension officers to the KwaZulu cane belt and it is intended that they will accompany their cane farmers to the centres and that they will thereafter carry out the "follow-up" work which is so important.

Educational programmes should be for the whole family. It would be wrong to neglect the farmers' wives and, whenever possible, appropriate courses will be offered to them: one thinks immediately of home economics, child care, music, arts and crafts, and family relations.

The construction of the three farmers' centres commenced during the year at an estimated cost of R600 000. They will be donated by the Association to the Government of KwaZulu which will staff, administer and maintain them. It is not improbable that the centres will even provide a suitable venue for conferences of non-agricultural organisations and for meetings with officials, and that they will become community centres in addition to their primary function as the centres of gravity of the agricultural sector.

On 1 September, 1974, the Fund appointed Mr K. Govindasamy, an Agricultural Assistant in the Agronomy Department of the Experiment Station, as its first Indian Extension Officer to work amongst the Indian sugarcane growers.

For the Indian and the Mangete small cane growers, the Fund has also introduced a mobile extension service which will visit each community in its own area.

The Mangete cane growers resolved to build a community centre in their own area and have offered to make this available for farmers' days, seminars and courses in sugarcane husbandry. This was a factor which the Association took into consideration when it made a cash donation to assist the Mangete people in defraying the cost of the centre.

Provision was made in the Fund's estimates of expenditure for the year for study/travel grants to a Zulu leader and KwaZulu civil servants with leadership potential to visit an African state and/or an overseas country to study what is being done elsewhere for the development of rural communities. Chief S.O. Sithole, Executive Councillor for Agriculture and Forestry in the KwaZulu Government, has accepted the Fund's offer of a grant for himself and selected civil servants from his Department with gratitude. However, due to the Executive Councillor's official commitments, the study tour has been postponed to the next financial year. It is, of course, intended to make similar study grants available to potential leaders from the Indian and from the Mangete small growers.

TABLE 1

Schedule to Show Distribution of Aid Available From and Granted by each Mill Group Local Committee

MILL GROUP LOCAL COMMITTEE	ZULU CANE DEVELOPMENT					INDIAN AND MANGETE CANE DEVELOPMENT					Total Loans Granted	Grand Total R
	Rand Allocation to M.G.L.C.	Loans Granted			Funds Available for Loans	Rand Allocation to M.G.L.C.	Loans Granted			Funds Available for Loans		
		No. of Loans	No. of Hectares	Rand			No. of Loans	No. of Hectares	Rand			
Empangeni/Melmoth/ Felixton	256 350	15	57	10 995	245 355	–	–	–	–	–	10 995	
Emoyeni	437 293	10	30,4	7 348	429 945	43 946	–	–	–	43 946	7 348	950 386
Amatikulu	212 797	27*	61,6	15 056	197 741	–	–	–	–	–	15 056	
Darnall	73 130	–	–	–	73 130	398 946	9	206	55 130	343 816	55 130	472 076
Doornkop	185 108	6	27,5	8 225	176 883	44 496	–	–	–	44 496	8 225	229 604
Entumeni	148 530	58*	294,3	81 876	66 654	–	–	–	–	–	81 876	148 530
Glendale	33 086	5	13,5	2 280	30 806	129 918	2	16	1 800	128 118	4 080	163 004
Gledhow	6 042	1*	8	2 399	3 643	126 144	2*	1	2 540	123 604	4 939	132 186
Melville	197 192	–	–	–	197 192	192 468	–	–	–	192 468	–	389 660
Tongaat	367 900	216	556,6	244 884	123 016	144 476	–	–	–	144 476	244 884	512 376
Natal Estates	69 430	–	–	–	69 430	453 108	–	–	–	453 108	–	522 538
Noodsberg	53 240	20	40,5	13 034	40 206	19 774	–	–	–	19 774	13 034	73 014
Union Co-operative	–	–	–	–	–	–	–	–	–	–	–	–
Illovo	372 030	–	–	–	372 030	600	–	–	–	600	–	372 630
Reynolds	398 276	2	5,5	1 797	396 479	210 858	–	–	–	210 858	1 797	609 134
Umzimkulu	30 602	–	–	–	30 602	127 916	–	–	–	127 916	–	158 518
Umfolozi	–	–	–	–	–	–	–	–	–	–	–	–
Pongola	–	–	–	–	–	–	–	–	–	–	–	–
Malelane	–	–	–	–	–	–	–	–	–	–	–	–
Total	2 841 006	360	1 094,9	387 894	2 453 112	1 892 650	13	223	59 470	1 833 180	447 364	4 733 656
Farmers' Centres, Mobile unit and Travel grants												633 000
GRAND TOTAL												5 366 656

* Certain loans are for agricultural machinery

OBSTACLES TO DEVELOPMENT

Table "2" reflects the productivity of Zulu, Indian and Mangete growers for the year ended 30 April, 1975.

TABLE 2

	No. of registered growers.	Extent of their farm lands in hectares.	Tons cane delivered. 1974/75 season.	Average yield per hectare in tons.	Percentage of growers who delivered cane to mills.
Zulu	4 741	17 048	418 784	24,6	74%
*Indian	1 841	26 028,5	913 600	35,1	84,7%
Mangete	57	1 355	29 968	22,1	77%

* (N.B. Some of the Indian farmers are not "small cane growers" as defined in the rules.)

The industrial average yield per hectare for the same period was almost twice that of the Zulu farmers and more than twice that of the Mangete growers. It is apparent, therefore, that the Zulu, the Mangete and — to a lesser extent — the Indian small growers have problems and that these are probably more complex than a lack of motivation and education and the absence of low interest credit.

Inflation has been a severe burden. In common with other sectors, the Fund and small growers have suffered from spiralling costs. When the Fund was established financial aid to individuals was limited to loans of three hundred rand per hectare for new development and to one hundred and six rand per hectare in the case of existing canelands. These amounts were based upon 1972/73 costs and upon the estimated extent of land to be developed and to be re-established. It was not long before the 1972/73 figures became unrealistic and the standing committee permitted an increase of ten per cent on the prescribed amounts.

In November, 1974, the Committee was again obliged to review the position and it then gave the following directive:—

"(a) The distinction between 're-establishment costs' and 'costs of new development' as a basis for the provision of different rates of monetary aid, is withdrawn;

(b) mill group local committees are authorised to grant loans to applicants who qualify therefor up to a *maximum* of R440 per hectare for the purpose of new sugarcane development or for the purpose of re-establishing canelands;

(c) in respect of sugarcane lands on which there are standing crops, a loan which may be referred to as a 'ratoon management loan' and which may not exceed R150 per hectare, may be granted in the discretion of mill group local committees to qualified applicants but subject to the conditions that (i) no such loan may be approved unless and until any previous fertiliser or herbicide loan (including a fertiliser or herbicide loan granted by a mill) has been repaid in full, and (ii) such loan shall be repaid in full from the proceeds of the following crop;

(d) an applicant who receives a loan under paragraph (b) shall not qualify for a loan under paragraph (c) and vice versa in respect of the same land; and

(e) the total allocations to mill group local committees may not be exceeded. In other words, the principle of 'first come, first served' shall be adopted and when the authorised allocation to a mill group local committee is expended, no further loans may be authorised by it without the Committee's approval."

The Standing Committee was, of course, influenced by the fact that a higher cane price would off-set the burden of the increased repayments.

On 15 April, 1975, the Committee again reviewed the situation because of the exceptionally high increases in the prices of fertilisers and herbicides. It then authorised a further increase in loans up to a maximum of R550 per hectare for new development or for the purpose of re-establishing canelands, but made this authority conditional upon a proportionate increase in the price paid for cane delivered to a mill.

In KwaZulu the Fund only operates with the knowledge and approval of the KwaZulu Department of Agriculture and Forestry. This Department prescribes which areas of the Homeland are to be used for new sugarcane development and it has agreed to construct and to bear the costs of necessary soil conservation works, contour banks and access roads. During this year the KwaZulu Department of Agriculture and Forestry has built 374,76 kilometres of contour banks and 135,22 kilometres of access and crest roads in new cane-growing areas.

Apart from high development costs, the absence of low-interest credit and the low level of applied technology, the Zulu small grower had to contend with an inadequate infrastructure. In such circumstances a solution may well lie in a form of co-operative action. The KwaZulu Department of Agriculture, with the promise of support from the Fund, has encouraged groups of farmers and farmers' associations and cooperatives to pool their resources to provide essential services for their members. The Zamani Cane Growers' Association at Umtwalumi recently purchased its own crane and now operates its own loading zone.

A new loading zone is being established at Obanjeni to serve new development in Reserve 9. The Vukani Farmers' Association at Mbongolwane, to whom the Fund granted a loan to purchase implements and fuel, is undertaking land preparation for its members. Where a properly constituted farmers' association or co-operative has resolved to provide necessary agricultural services for its members, but is unable to do so due to lack of funds, the Standing Committee has ruled that the Fund will be prepared to consider the provision of the financial assistance necessary.

Where co-operative action has not been possible, the Fund has asked the Bantu Investment Corporation to finance Zulu contractors to enable them to acquire the implements and machinery necessary to provide essential contractual services. In the area of the Amatikulu Combined Mill Group Local Committee, the Corporation has agreed to finance nine Zulu contractors who are expected to commence operating in May, 1975. To encourage Zulu contractors, the Standing Committee has given a directive that where a Zulu contractor is available and is capable of providing an efficient and economic service, preference should be given to him for the performance of contractual services in the KwaZulu Homeland.

In KwaZulu, settlement in defined areas and the rapid increase in population coupled with the traditional right of a married man to an arable holding for each of his houses, has overburdened the land and agricultural allotments have become uneconomic in size and their yields inadequate. Fragmentation of the land is, of course, not confined to KwaZulu and has caused problems throughout Africa. Nevertheless, such a system is basically unsound and militates against the development of full-time, bona-fide farmers and should not be entrenched. (Incidentally, the reference to traditional land tenure should not be interpreted as criticism of tradition itself. Tradition is not necessarily a barrier to development — it is an element that contributes to a sense of security and to emotional stability.) When the Fund was established 32,6% of Zulu growers occupied canelands which did not exceed 1,5 hectares in extent; 15,3% had lands which varied in extent from 1,6 hectares to 3,0 hectares; the lands of 44,8% of the growers were between 3,1 hectares and 4 hectares in size and only 7,3% of the growers occupied lands larger than 4 hectares. As the Fund's policy is to assist in the establishment of full time farmers on viable land units, it issued a directive that where an applicant for financial assistance has a small allotment and uses it merely to augment his income from his profession, occupation or employment, his application should not (in the absence of exceptional circumstances) be granted. The KwaZulu Department of Agriculture and Forestry supports this policy and is itself endeavouring gradually to establish larger land units by augmenting the existing allotments of good farmers and, in the case of new development, by allotting larger lands. One of the prerequisites for the establishment of full-time farmers is that the disparity between the income of the farmer and the earnings of the worker in commerce and industry must be eliminated, and this can only be achieved if the farmer has a land unit large enough to provide such an income.

A system arose in Africa in which those who occupy large parts of the land sought and obtained much of their living elsewhere. A majority of employees in commerce and industry and other urban occupations are migrant males who have rights to and retain an interest in the tribal areas. The migrant labourer cannot and, indeed, does not have to be a good farmer. The migration takes a disproportionate number of the most able-bodied men from the tribal areas. A serious handicap for the homelands is the brain drain from agriculture and the fact that very few young men enter the agricultural sector. The average age of the first two hundred and twenty-four applicants for assistance from the Fund was over fifty years. Twenty per cent of these applicants were more than sixty years old.

The Fund's main objective in KwaZulu is to assist the KwaZulu Government to establish confident, self-reliant, full-time farmers on viable land units, with security of tenure, who are able to make a good living from the land and who do not have to supplement their incomes by working in the towns and industrial areas. By good living is meant an income which will enable the farmer to maintain his family adequately, educate his children and participate with his family in those civic, cultural and recreational activities in which they are interested.

Special circumstances applied to the Mangete cane growers. The Mangete area, known as Dunn's Reserve, was a Scheduled Bantu Area and Mangete cane growers felt that their future there was insecure. The inevitable result of the atmosphere of instability was a drain of young people from the region. This situation was aggravated by an influx of squatters. However, Dunn's Reserve was excised from the Scheduled Bantu Area by Proclamation No. 118, dated 21 June, 1974, and the Government will make arrangements to value the kraals of squatters (who will receive compensation for their immovable improvements) and who will then be resettled elsewhere. In addition, the Government will fence the boundary of the Mangete area.

The resettlement of the squatters should release land in the area for new sugar cane development. This development will, however, probably be delayed pending decisions on land claims.

PART FOUR

DEVELOPMENT POTENTIAL

In Part Three of this report some of the obstacles to the development of small growers have been described. This has been necessary so that the report may reflect the situation with accuracy. However, this is not intended to convey the impression that the Fund is despondent about the future. On the contrary, the Fund is confident that its objectives are attainable. But quick and dramatic solutions should not be expected. The development of the small farmer is a slow but progressive process.

In KwaZulu, while the Fund's assistance is important to the individual small cane grower personally, it is also significant in terms of the contribution it can make to the economic development of KwaZulu. The value of the 1972/73 KwaZulu crop of sugarcane delivered to mills was R2,4 million. The value of the 1973/74 crop delivered by Zulu growers was R2,7 million. For the 1974/75 season Zulu growers received R3,8 million. It is not difficult to estimate to what extent efficient farming methods and services would have increased these amounts. Although there are problems, there is a great potential. Table 3 is a schedule of land in KwaZulu which is highly suitable for sugarcane development. Figure "A" is a sketch map of the cane belt indicating the situation of these areas and their distance from the nearest mill.

The development programme for the R5 million Financial Aid Fund on the basis of loans to individuals (including approved farmers' associations and co-operatives) supplemented by those extension services and educational facilities authorised by the Committee, is moving in the right direction and it is important that it should not lose its impetus. This programme, which has now become known as Phase One, cannot result in instantaneous improvement in productivity: it takes time for the processes to take root and to produce results.

Phase Two has been devised to make a realistic contribution to the economic development of KwaZulu within a comparatively short time. It is a programme for the establishment of agricultural settlements of full-time cane farmers on large, sparsely populated tracts of land in KwaZulu. The Sugar Industry Development Fund will finance this programme by the provision of up to R5 million, drawn as development proceeds. Expenditure will be recouped from the proceeds of cane sales and will be refunded to the Development Fund. The proposals for Phase Two development have been discussed with the KwaZulu Government and are acceptable to that Government in principle. However, the development details and the areas to be developed may have to be varied, and by agreement, an ad hoc committee was appointed to investigate these aspects and "to report back." The ad hoc committee comprises the Assistant Director of the KwaZulu Department of Agriculture and Forestry, the Chief Professional Officer (Planning) and the Chief Professional Officer (Extension) of that Department and the Manager and the Secretary of the Small Cane Growers' Affairs Department of the South African Sugar Association.

FIGURE A

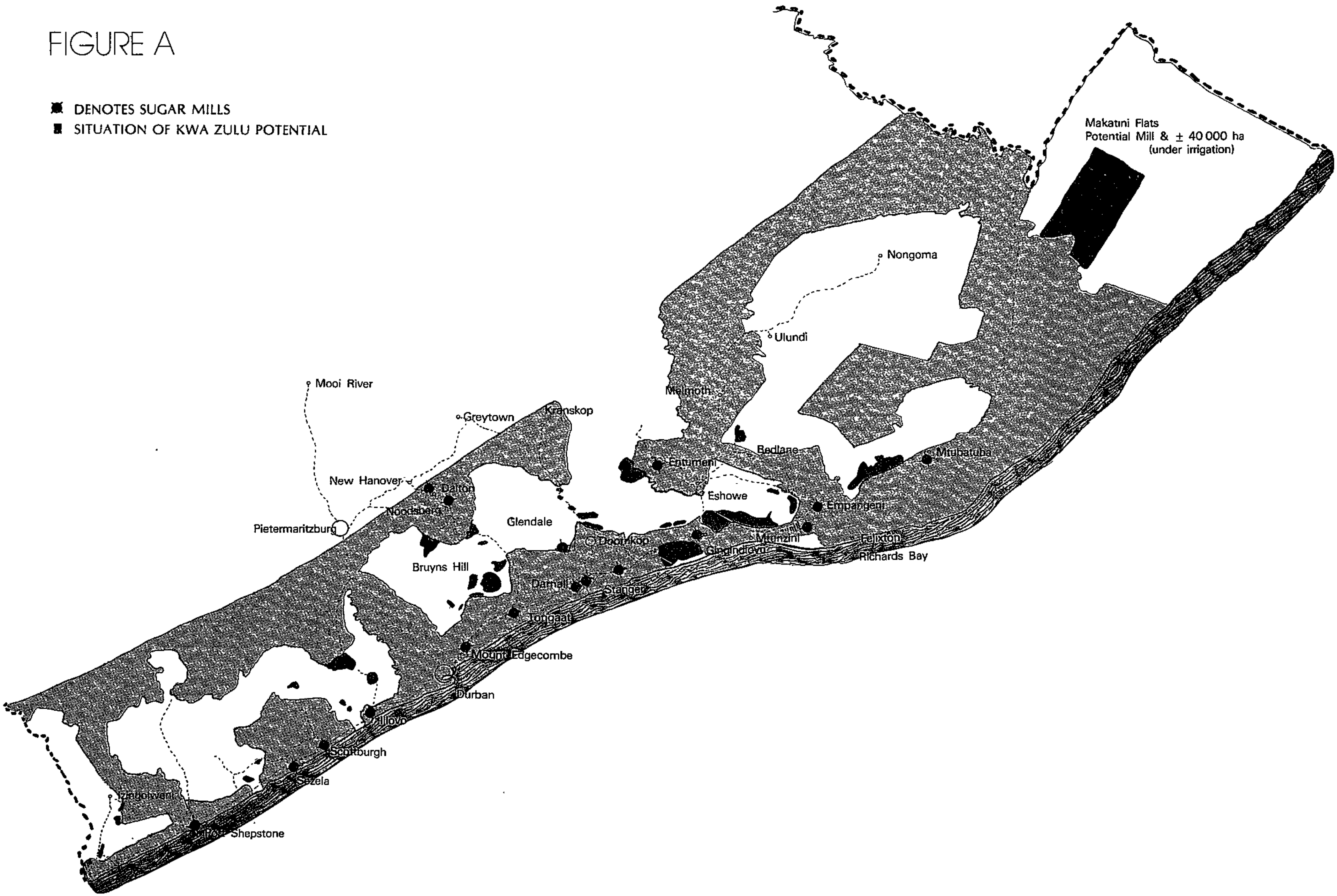

DENOTES SUGAR MILLS
SITUATION OF KWA ZULU POTENTIAL
Makatini Flats
Potential Mill & ± 40 000 ha
(under irrigation)
Nongoma
Ulundi
Mooi River
Greytown
Kranskop
Melmoth
Bedlane
Mtubatuba
Entumeni
New Hanover
Dalton
Eshowe
Empangeni
Noodsberg
Glendale
Pietermaritzburg
Doornkop
Mtunzini
Felixton
Gingindlovu
Richards Bay
Bruyns Hill
Darnall
Stanger
Tongaat
Mount Edgecombe
Durban
Illovo
Scottburgh
Sezela
Shepstone

TABLE 3

KWAZULU SUGAR POTENTIAL

Area	Potential Hectares	Mill	Approximate Distance to Mill in km
Reserve 5	9 000	Z.S.M. or Felixton	Rail
Melmoth Reserve 11	1 500	Amatikulu	60
Reserve 7b	1 100	Felixton	Rail
Reserve 9	7 250	Amatikulu	15
Entumeni	3 000	Entumeni	11
Inyoni	100	Amatikulu	11 - 15
Sitebe	100		
Reserve 8	5 800	Amatikulu or Darnall	11 - 15
Maqumbi	1 300	Darnall	15
Mapumulo	750	Darnall	22
Ozwatini	500	Tongaat	32
Icibini	1 400	Union	37

Area	Potential Hectares	Mill	Approximate Distance to Mill in km
Ndwedwe	5 800	Tongaat	22 - 30
Ogunjini	300	Natal Estates	21
Tutuga	3 000	Jaagbaan	21
Inanda Plateau	750	Natal Estates	34
Umbumbulu	3 500	Illovo	24
Imfume	820	Illovo	13 - 16
Indududu	800	Sezela	24 to Renishaw
Umtwalumi	1 000	Sezela	19
Isipofu	2 200	Sezela	19
Otterburn	150	Umzimkulu	32
Xolo Area	800	Umzimkulu	43
Maringa Flats	700	Umzimkulu	48
TOTAL:	51 620		

PART FIVE

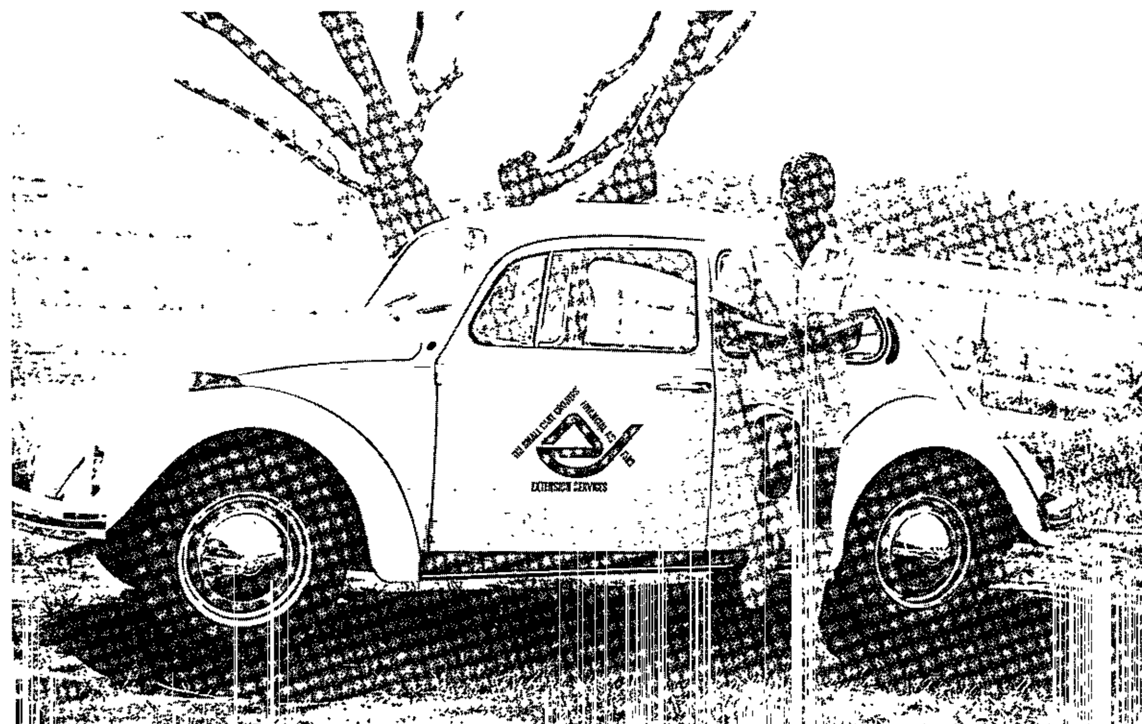
CO-OPERATION BETWEEN A GOVERNMENT AND THE PRIVATE SECTOR

The Fund now has form and an administrative basis. From its inception to the present time, it has been a model of harmonious co-operation between a government and the private sector — it does not interfere in the administration or in the affairs of the recipients of aid. Its sole aim is to encourage development.

The Fund accepts that, unless small cane growers themselves desire and voluntarily participate in development, it cannot fulfil its purpose. The growers whom it is designed to assist must be shown what they can do to meet their problems and what benefits they will derive as a result. People cannot raise themselves solely by their bootstraps: when they require assistance, they should be encouraged to seek it, and they should receive the help they need. If they are allowed to play an active and intelligent part in their own advancement they will then absorb change to the extent to which they participate in it. In the last analysis the small cane growers must improve their lives by their own ability and energy, and the South African Sugar Association's assistance should take the form of friendly and unobtrusive support.

▲ *Cane farms in the Ndwedwe district of KwaZulu.*

▼ *Mr K. Govindasamy, the Fund's Extension Officer for Indian Growers.*



ANNEX ONE

PAST PERFORMANCE OF CANE GROWERS

ZULU

Number of Growers who delivered and tonnage of cane

Crop Year	Number of Growers	Tonnage	Average per grower
1970/71	3 374	275 479	82
1971/72	3 377	418 593	124
1972/73	3 455	407 055	118
1973/74	3 328	367 047	110
1974/75	3 561	418 784	118
5 year average			110

Total quota growers as at 1 May, 1975 — 4 741

INDIAN

Number of Growers who delivered and tonnage of cane

Crop Year	Number of Growers	Tonnage	Average per grower
1970/71	1 621	619 654	382
1971/72	1 638	1 050 798	642
1972/73	1 581	902 688	571
1973/74	1 540	838 100	544
1974/75	1 560	913 600	586
5 year average			545

Total quota growers as at 1 May, 1975 — 1 844

ANNEX TWO

BALANCE SHEET

as at 30 April, 1975

		R			R
CREDITORS		79 488	FIXED ASSETS		
ACCUMULATED FUNDS			At cost, less depreciation. Motor car and sundry equipment		1 789
Grant by S.A.S.A. 1973/74	5 000 000		LOANS		
Interest to 30 April, 1974	349 883		Loans to small cane growers		174 668
	5 349 883		CURRENT ASSETS		
			S.A.S.A. — Industrial Account	5 532 516	
Add: Excess of Revenue over			Accrued interest on loans	1 501	
Expenditure during the year	285 113	5 634 996	Bank balance and cash	4 010	5 538 027
		R5 714 484			R5 714 484

INCOME STATEMENT

for the year ended 30 April, 1975

OPERATING EXPENSES			INCOME		
Depreciation of motor car and sundry extension equipment	479		Interest Received		
Motor Car Expenses	319		S.A.S.A.	423 926	
Extension Officer's Salary	1 681		Loans to small cane growers	1 508	425 434
Bank Charges and Stationery	71	2 550			
DONATIONS TO KWAZULU FARMERS' CENTRES		137 771			
EXCESS OF REVENUE OVER EXPENDITURE TRANSFERRED TO ACCUMULATED FUNDS		285 113			
		R425 434			R425 434

ANNEX THREE

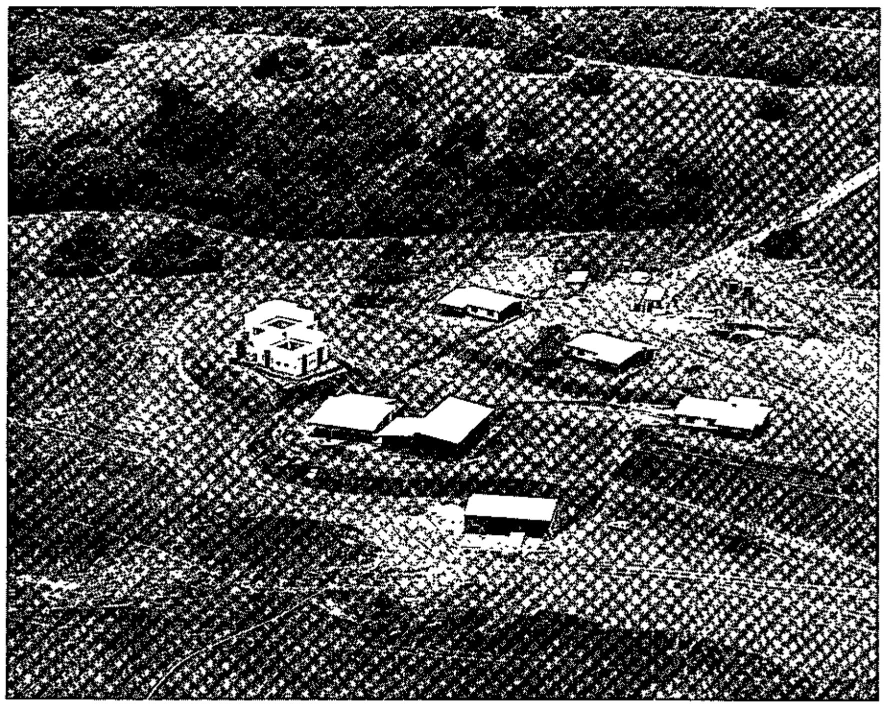
The commitments of The Small Cane Growers' Financial Aid Fund as at 30 April, 1975, were as follows:—

Loans: Zulus	387 894	
Indians	5 440	
Mangete	45 030	
		447 364
Farmers' Centres		600 000
Mobile unit (Indian extension service)		12 920
Travel grants		20 000
		1 080 284

Of the commitments the following funds had been advanced by the 30 April, 1975:—

Loans: Zulus	163 191	
Indian	3 946	
Mangete	7 531	
		174 668
Farmers' Centres		137 771
Mobile unit (Indian extension service)		4 328
		316 767

An aerial view of the Umsunduze Farmers' centre nearing completion.



Part of the accommodation section for visiting farmers at the Umsunduze centre.