

TIMBER

1975 - 1976

Mosenthals timber for Katbogen

By IAN MUIL

RJM 14/4/75

PRETORIA'S fast-growing Katzenellenbogen group will acquire the extensive timber interests of the Mosenthals group now being digested by Mercabank.

The deal is as logical as Mercabank's offer of compromise to the Mosenthal group creditors.

Katzenellenbogen will acquire from Mercabank, by means of a combination cash and scrip deal, the entire as-

sets of Mosenthals Timber Holdings which includes, in its numerous subsidiary operations, 75 per cent of Managed Timber Investments and 100 per cent of Rotcher's Saw Mills (Pty).

According to a joint Mercabank and Barclays National Merchant Bank announcement, the transaction envisages an increase in the share capital but no change in the present control of Katbogen.

Effective control in the company, about 75 per cent, is held by the Tucker family of Pretoria.

Mr. Solly Tucker, Katzenellenbogen's chairman and managing director, said yesterday that the deal was "just what we have been looking for."

An excerpt from the company's 1973 interim report backs up this statement and must rank as one of the financial world's most followed-up forecasts.

"While our progress has in the recent past emanated from our concentration on internal growth, the time is now ripe for additional acquisitions to be considered in the field of sawmilling, forest products and timber distribution," said Mr Tucker.

"In the past we have funded acquisitions from retained earnings and our own resources, thereby avoiding the dilution of shareholders' equity by the issue of new shares.

PACKAGE

The enhanced opportunities which we are now seeking through judicious acquisitions, however, may well in part be financed by an increase in the company's share capital either by way of a rights issue or by the issue of additional equity as part consideration for the takeovers contemplated.

In the form of Managed Timber Investments, Mr Tucker is getting the sawmilling, forest products and timber distribution

package he wanted, plus a bonus in the form of the much sought-after avenue into the mining timber supply business.

Katzenellenbogen, long admired by the industry for its professional degree of vertical integration, will now be in the timber business from seedlings to knocking the final nail into roof trusses.

The announcement says: "In consultation with Katzenellenbogen transactions may be concluded on behalf of the proposed merger with third parties for disposal of a portion of the timber interests acquired".

This refers to negotiations conducted by Mercabank with prospective piecemeal buyers before Mr Tucker's offer of taking the whole package. Mercabank has indicated, however, a moral obligation to see these discussions through, but will conduct them as an agent for Katzenellenbogen.

DOVETAIL

Mr Tucker said that only those assets which would not dovetail immediately into the group are being discussed.

The increased scale of vertical integration will reap rich rewards for the company in the form of profitable rationalisation and coordinating economies.

For another, the link with Mercabank will no doubt be strengthened as mutual back-scratching will be available through Mercabank's building associates. Mondorp-Sandygray is one area which could provide an important outlet for Katzenellenbogen.

Widespread forecasts of hard times ahead for the building industry are debated, but few argue with the point that this view is essentially a short-term one.

Building starts are slowing down but population growth is fast outpacing accommodation and demand will soon start to put pressure on the market.

Tractors get smaller to cut damage

Sun Trib 20/4/75 (3)

OVER the past 20 years, the forests have become an increasingly important market for the tractor-makers and demand is still expanding, particularly from the major plantation-owning companies such as Sappi and SAFI, which are offshoots of the mining finance houses.

Today about half the R26 million to R30 million that is spent each year on forestry equipment — other than power saws, axes, chains, cables and the like — is invested in tractors to haul logs and ground-preparation machines.

But the pattern of the market is changing, from huge machines to smaller, four-wheel-drive units that can work between narrow lanes of trees and traverse steep, wet terrain.

This is the result of official insistence that contractors working in Government forests, cutting and removing trees, use smaller tractors in an effort to reduce tree damage.

Wasted

Until the advent of the smaller, four-wheel-drive tractor, damage to trees ran at the high level of 30 percent. That means 30 percent of each tree was wasted and became fodder for the furnace when it was uneconomical to ship the damaged tree to a pulping plant.

Government figures show the small tractor has reduced tree damage to 2 percent. With better training of drivers and operators the figure is expected to be reduced further. The target is no damage at all.

But small tractors of the makes that have been traditional in the South African market, such as Ford, are becoming difficult to get, because world-wide demand has outstripped supply.

This has opened the

door to new names, such as the Italian-built Same tractor, marketed by Powtrac (Pty) Limited of Durban, which claims to have scored penetrations in Natal and the Eastern Transvaal.

The range has five models that can be used for anything from subsoiling and deep ploughing to timber extraction. Sales chief Mr W. Redman is confident the Italian factory will be able to supply as many units and spares as Powtrac demands.

Revolution

At the same time there is another minor revolution in the tractor market. This is the method of driving the machine, with the gradual overseas switch to hydraulics from the conventional differential-type drive.

In the new system, long used in the manufacture of industrial shunting locomotives, the tractor engine becomes the drive unit for the fluid pump and the power units are in the tractor wheels.

Mr Mike Gibbs, consulting engineer to Hytec (Pty) Limited, which markets the Swedish Haggglunds wheel-hub motors, says this allows one-hand control and infinitely variable speed. The motors are designed to fit into standard 37,5 centimetre and 50 centimetre diameter wheel rims, which implies that the conventional tractor can be converted to hydraulic drive.

A major claim for the system is that it reduces the risk of down-time due to broken shafts and couplings while not reducing tractor power.

But no matter which form of drive is employed, conventional or hydraulic, the tractor has an expanding role to play in forestry, replacing hands no longer available.

Best
areas
not
being
used

ONE OF the tragedies surrounding the tree growing potential of this country is that the high rainfall areas most suitable to the establishment of new forests are in the Black homelands — and the homelands governments have done little or nothing to encourage such development.

That is the consensus of opinion among forestry consultants throughout the country who urge that the South African Government mount a campaign among homelands leaders to encourage them to devote more attention to forestry.

The best timber growing areas are in the Transkei and KwaZulu, but until recently the latter has regarded natural forests only as areas to be preserved as a measure of conservation, while the Transkei has done little more than replace trees in clear felled regions.

Now the KwaZulu Government is extending the work of its agricultural officers to include encouragement of tree growing among Black farmers, but so far without much success.

Trees are a cash crop that can provide a handsome return to the farmer-grower in eight, 10 or 20 years according to the species planted, but the majority of Black farmers want a cash return much sooner than that.

The homelands governments are slowly reversing the trend to destroy natural trees to make way for cattle or maize.

What is needed, say the forestry consultants, is for the homelands governments themselves to establish fully fledged departments of forestry to buy up marginal land and plant trees.

LOW-COST LOANS CAMPAIGN

*See Trks
20/4/75
③*

THE Department of Land and Agricultural Credit is to provide low-cost loans to farmers and other plantation developers to encourage afforestation in marginal areas.

The loans carry interest of 5 percent, compared with a minimum 12 percent on bank credit, and the maximum amount available to any one farmer is R37 500.

This is not the first time the Government has made low-cost money available to private individuals anxious to enter forestry.

The pioneer scheme was launched in November, 1973, after two years of pleading by farmers willing to develop woodlots on their land, when the interest rate also was pegged at 5 percent and repayments spread over the life of the forest.

But that scheme, say farmers, was so tied up in red tape, permits, regulations and untenable conditions that few made use of it.

Now the loan scheme has been simplified and the granting of permits to plant trees has been streamlined to speed up development from its snail's pace.

Permit

Behind Government insistence that forests cannot be established without a permit is the need to conserve water and maintain the level of the water table.

Trees are thirsty, with pine and gum drinking up to 360 litres of water a day during the growing season and wattle about half that amount. Because the only White-owned land available for forestry is not in high rainfall areas, the threat to the water table could be serious without control.

But with the accelerating pace of dam

construction by the Department of Water Affairs, it is now expected that the danger of running out of water for general agricultural has been reduced and more forests can be established.

Just how necessary it is to streamline the loans and permits procedure can be judged from the statistics of forest ownership.

At last count, only 239 030 hectares of forests were in the hands of individuals — chiefly farmers who combine tree-growing with other agriculture.

Registered companies, such as South African Forest Investments, South African Pulp and Paper Industries and Mondi Paper Company, have forests covering 510 783 hectares. Sappi claims to have the biggest land holding at 65 000 hectares, though not all is planted to trees.

Sources

Local authorities have plantations for their own use, either as sources of timber, as windbreaks or as general amenities developments, that stretch over 21 403 hectares. The Government and the homelands — chiefly the Transkei and KwaZulu — own 327 827 hectares of forests.

It is unlikely that either the Government or the registered private companies will be able to buy more land to turn over to forests, because it would disrupt the pattern of agricultural production and simply convert land from one use to another and reduce the area under crops or grazing pasture.

This means the farmer has to be encouraged to establish woodlots to beat the impending timber shortage.

The 5 percent loan scheme is the best carrot yet offered.

Mechanise ⁽³⁾

Sunday Tribune 20/4/75 ⁽²⁾

DESMOND HEALEY

STIFF competition for labour from the mines, manufacturing industry, commerce, sugar and agriculture in general is forcing the pace of mechanisation in forestry to its highest level yet recorded.

Gone are the days of the axe swinging lumberjack and in his place is the Black labourer equipped with a power-driven chain saw able to do in one simple operation what a team of cutters normally would take a half a day to complete.

Today the market for power-driven chain saws is worth around R4 million a year, of which 75 percent goes to the established forestry companies — or professional tree growers — and the balance to the so-called casual trade, such as municipalities and individual gardeners who need them to prune or remove trees.

And the number of chain saws in use can move in only one direction, according to projections made by one of the country's major suppliers, F. G. Licence (Pty)

CHEAP LABOUR NOT SO CHEAP AFTER ALL

Limited, of Durban. It is upwards.

Managing director Mr Rob Walker claims a 50 percent share of the chain saw market and puts the total demand last year at 6 000 units.

This year the market is set to pass the 7 500 units mark, to hit between 11 000 and 12 000 by 1980 and scream ahead to 16 000 a year by 1984.

Until recently the chain saw was used merely to cut down the trees and cross saw logs into suitable lengths. Removal of branches and brushwood was done by hand.

But in the face of the growing labour shortage in forestry it is likely that chain saws will be used in all operations, from felling to cleaning the trunk and cutting it into lengths.

It costs around R1 an hour to operate a power chain saw and produce five tonnes of sawn logs, compared with in the region of four times that sum when hand methods are employed at present day wage levels.

Pulp

With manual labour, the volume of wood cut and prepared for transport to the sawmills and pulping mills is reduced by more than 50 percent, which means that hand labour is rapidly becoming eight times more expensive than machines.

The saw, however, is not the only machine tool now making inroads into forestry. Other equipment sales run in the vicinity of R35 million a year and are rising at about 9 percent a year, mostly on orders from forestry companies, such as South African Pulp and Paper Industries Limited and South African Forest Investments.

At the same time new equipment is being developed overseas and gradually introduced into this country.

Today less than 50 percent of the timber cut in South African forests goes to pulp and paper manufacture, compared with over 80 percent in the US and it is not expected to hit 75 percent of total demand until around 1980.

When it does, the axeman definitely will be out and even the chain saw market could find itself being eroded.

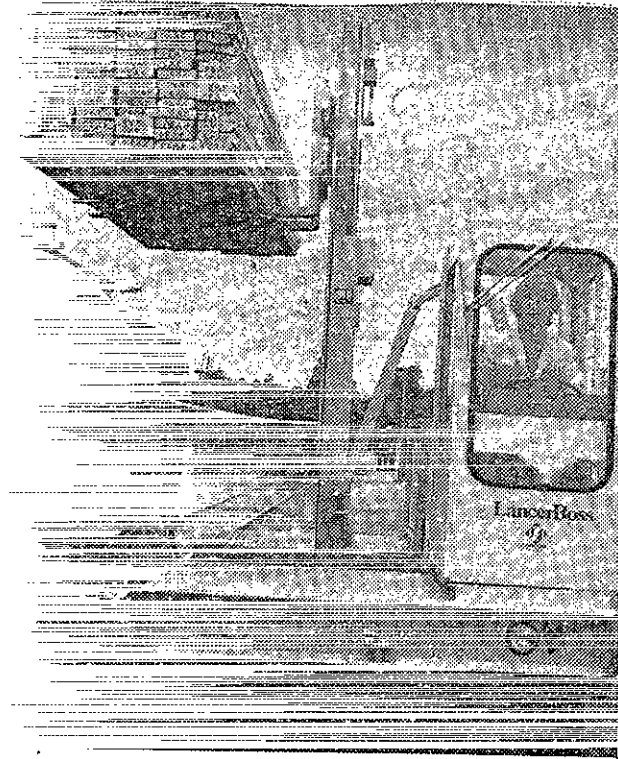
Competitive

Chief competition, in the US and Canada, is coming from what is called total chipping of the tree in the forest, a process that eliminates the transport of logs and the construction of central wood-chip plants.

In the total chipping system, one machine automatically cuts the tree, at a distance of 20 to 30 centimetres from the ground and feeds the entire tree, including branches, into the chipper which reduces it to pulp chips. It also extracts the stump and roots of the tree and feeds them to the same treatment.

Result is that production of a tree of wood chips can go up by as much as 60 percent to make use of the machines highly economic for forestry companies.

Because of the psychology that this country has an abundance of cheap labour — a phase of thought that is fast being dissipated by reality — the swing to in-forest chipping is virtually nil and major importers F. G. Licence has only one at work in Southern Africa. It has gone to Usutu Forest in Swaziland at a price which nobody wants to reveal.



Rising labour costs and the shortage of men have helped to establish mechanical handling equipment, from grab cranes to forklift trucks, in the timberyard. Among the more popular is this LancerBoss sideloader, at work in the narrow aisles of a yard. Marketed by Forktrucks (Pty) Limited, the range runs from a lifting capacity of three tonnes to 40 tonnes and the machines can be used for short distance deliveries of long loads. They have a road speed of 40 km/h. In Britain, one company which switched to sideloaders found that a timber load which formerly took three men an hour to unload can be handled by the machine in 10 minutes.

TIMBER MEN ³ LOOK FOR BIGGER CHOP

By Desmond Healey

TIMBER growers in Natal are out to cut through the woods to a better price for the logs supplied to the paper making industry.

Negotiations are due to open within the next few days between the Natal Timber Growers' Association and South African Pulp and Paper Industries aimed at setting a new price for logs and grow-

PAPER INDUSTRY TO REVIEW PRICES

ers hope to obtain the increase before the end of June.

The last price increase was granted in January when Sappi lifted it to R13,60 a tonne of timber delivered to its paper mill at Mandini, Zululand. At that time it undertook to again review the price in June, because of sharply rising costs

in the forestry industry. Mondi Paper Company, of Merebank, Durban, pays virtually the same price for its timber, but growers in the Natal Midlands — the principal area of supply — obtain a higher return because railage charges from the Midlands to Merebank are lower than those from the Midlands to Mandini.

In seeking a new price, the Timber Growers' Association points out that the majority of Midlands growers are being squeezed by rising labour costs and that the return on investment has shrunk from around 8 percent three years ago to about three to 5 percent today, while the rate of inflation has gone up from 6 percent to close on 13 percent.

Owned

Most of the timber which Sappi uses for the manufacture of newsprint — the paper you are holding now — originates from forests which it owns or from very large syndicates.

Timber supplied by the smaller private growers goes into the manufacture of chemical wood pulp.

*1. April
2. June
3. August*

Virtually all timber supplied to Mondi Paper Company, which owns only a negligible area of forests at present, goes into newsprint production and though the specification for logs — length, cleanliness, water content and the like — is more stringent the return to the grower is higher.

In the Transvaal, Sappi applies differential prices, paying more for newsprint logs than for chemical wood pulp timber.

Body-line blow to timber men

*See Times (Bus. Time)
6/7/76*

By DAVID PINCUS

THE TIMBER Marketing Bureau (TMB) has cut the flow of structural timber from South African sawmills to merchants by a massive R9-million a year, because of the drop in the number of houses being built.

Sawmills in the Transvaal, Natal and Swaziland have had their basic quotas reduced by 25 per cent, large mills in the Cape have had theirs reduced by 10 per cent, and all small mills — those that have an annual log intake of less than 15 000 cu m — have had to accept a 5 per cent cut in sales.

Willie Immelman, chairman of the TMB, which was formed two years ago to rationalise the sale of South African structural timber, told me:

"These restrictive quotas apply only to structural timber — timber used for building. They do not apply to timber used for industrial purposes, or for the making of blockboard, or doors, or anything like that.

"The position is now so serious that we had no difficulty in persuading our members to accept the restrictive quota, nor did we have any difficulty in persuading the Department of Forestry, which is not a member of the TMB, to restrict its production of structural timber.

"This is a heavy blow for the industry. The 25 per cent restrictive quota means a reduction of R768 000 on a monthly turnover for the industry of R2 660 000, or a reduction of R9 216 000 on an annual turnover of nearly R32-million, taking the value of timber at an average R63.48 a cu m."

During August to September last year the average amount of structural timber sold a month was



Willie Immelman, chairman of the Timber Marketing Bureau . . . a R9.2-million cut.

41 900 cu m. It dropped to an average of 29 800 cu m a month during April and May of this year.

"Producers say that it need not have dropped by as much as 12 100 cu m a month on average," he said. "They blame a serious shortage of railway trucks for part of this drop."

The big groups that have substantial interests in forestry, and the State itself, will have to take the hardest knocks, but they will be able to survive the blow better than the smaller producers, because of their financial strength.

The State's sawmills produce about 60 000 cu m of timber a year, which is much less than the combined total of the big groups.

Anglo American, which has forests in Natal, Swaziland and in the Transvaal, is the biggest of the private groups.

The other big groups with forestry interests are the Bonuskor group, with forests in the Transvaal

and the Cape, the Hans Merensky group, with forests in the Transvaal and Natal, the Bruply group, which has forests in the Cape and in the Transvaal, and the East Asiatic group, with forests in the Transvaal and Natal.

Taking the number of houses built for Whites by the private sector only as a guide, it is easy to understand the need to cut back on the sale by mills of structural timber.

According to the Department of Statistics, the number of houses built privately for Whites from January to May this year dropped by 1 254.

In the period January to May last year, 9 378 houses falling into this category were built, and in the same period this year the figure dropped to 8 124.

Mr Immelman said the TMB expected to see a revival in house-building only in the second quarter of next year.

"We are not stopping our members from producing more — they can do that if they have the space to store excess production. We are stopping them from selling more," he said.

"They will reap a slight benefit in that the trees that will not be felled will grow for longer, so they will be able to supply better grades of timber when demand returns to normal — but that will not be sufficient to offset the restricted cashflow's effects."

Willem Roets, of the University of Stellenbosch's Economic Research Bureau, was as pessimistic about the future as Willie Immelman.

"We expected an economic revival towards the end of this year, but we now doubt whether it will materialise."

"The earliest we can now expect a turnup will be in the middle of 1976, with 1977 being the year of real growth."

Police probe Melmoth fires

17/7/75 Mercury Reporter
MELMOTH—Police are investigating a spate of 15 fires which were started in two Natal Tanning Extract Company timber plantations near here in the past three days.

The first fire broke out soon after midnight on Saturday and yesterday morning the total number of fires was 15.

Some were put out almost immediately by labourers while others caused extensive damage in the pine and wattle trees in the company's Garfield and Woodlands estates.

Major P. J. Ferreira, District CID officer at Eshowe, said that police, investigating the fires, did not rule out the possibility of arson.

Man dies in Natal runaway bush fires 2/17/75

3

Cape Times Correspondent

DURBAN. — At least one person was burnt to death and several injured in a series of runaway fires which swept across thousands of hectares of Natal countryside yesterday.

Some of the fires have been raging for three days fanned by strong winds in tinder-dry conditions, destroying large plantations of timber, sisal, grazing crops and indigenous bush.

Last night teams of fire-fighters were battling to confine blazes which in some cases swept across fronts of up to eight kilometres in areas stretching from Zululand to the Drakensberg peaks and as far south as Richmond.

A Westville business man, Mr Northern, 58, died when a firebreak he and his brother had been burning on a farm near Boston flared up and trapped him and an African youth, Dhetisimpi Nzimande, 15. The boy is in a critical condition at Edendale Hospital, Maritzburg.

The fire swept through more than 100 hectares of plantation.

A forester at Cathedral Peak, Mr K Carter, said last night that a three-day fire which had swept through 2,000 hectares of the vitally important Tugela catchment area was still raging.

"We have 30 men out there battling to contain the worst fire we have had this season. The damage it is doing is devastating as the soils will now be exposed to erosion," he said.

In the Hluhluwe area, farmers and policemen were also battling to control a fire in a sisal plantation.

Four farms at Hlobane in the Midlands suffered thousands of rands of damage to grazing and plantations when a strong wind fanned a fire which was started accidentally when petrol was spilt by young men working on a car.

Unconfirmed reports last night said that a fire with a five kilometre front was threatening an African location near Bergville while, at Underberg, a runaway fire was brought under control metres from an African location.

S.A. Digest 8/8/75

P. 5

FARM LABOUR — NEW DEAL

Organised agriculture plans to launch a recruitment organisation — second only to that of the Chamber of Mines — to ensure adequate numbers of relatively-skilled Black farm workers for White-owned farms.

This was announced in Pretoria recently by the director of the South African Agricultural Union, Mr C. J. P. Cilliers.

He told *Star* reporter Siegfried Han-
nig that Black workers would be moti-
vated and drawn by better wages and
working conditions.

Mr Cilliers said that Black farm
workers were fully employed throughout
the year and lived on farms with their
families. There was still a shortage of
workers, however, and farmers were
being granted loans of up to R2 000 per
dwelling at one per cent a year to
improve housing and general living
conditions, and to attract more workers.

As regards training, one of the eight
industrial training centres now being
built and equipped at Government cost
is due to open at Potchefstroom, West-
ern Transvaal, for the exclusive use of
organised agriculture. "We hope
another one — for the timber growing
regions of the Eastern Transvaal and
Natal — will be allocated to us in time to
be opened in March next year," Mr
Cilliers added.

The planned central recruitment or-
ganisation would co-ordinate labour
needs for harvesting and shearing
throughout the country, and provide
basic training for recruits. There was
already a recruiting service for wool-
growers.

(1) 44

(2) ~~Agri - Training~~

(3) 332

(4) 123

(5) Agri - Timber

(6) 200

'Morbid fear of wood'

Cape Times 15/8/75

SOUTH AFRICANS have a morbid and unjustified fear of having wood in their houses, said a speaker at a Sea Point symposium on the use of timber in buildings yesterday.

"There is far too much irresponsible and unintelligent talk going on in some quarters about the hazards supposedly associated with timber houses," said Mr D H Eloff, director of the South African Lumber Millers' Association.

He reminded symposium members of:

● The "millions of Bantu who live safely in pole-supported thatched roof huts, inside which they light open fires without restriction; yet we do not have these houses being constantly burned down".

● The World War II blitz in London when "fire wardens did not like to enter houses that contained less than one-third wooden beams and framing . . . (because) wood beams will char but continue to support their load".

Mr Eloff concluded that building by-laws enforced by local authorities were influenced by "this apparent chronic fear of the fire hazard".

An example, he said, was the regulation which he believed was recently enforced by the Cape Town Municipality. This regulation prohibits timber ceilings in structures such as rooms, foyers and exits which house more than 100 persons at a time.

1 30
2 3
199

(3) Timber.

Natural Mercury 15/9/75-

Wattle bark quota cut

Mercury Reporter

PIETERMARTZBURG
THE WATTLE bark quota for the new season has been cut by 12 per cent because of fall-off in demand for extract in overseas markets.

Mr. J. W. Swardt,

director of the S.A. Wattle Growers' Union, writes in the latest Wattle Growers' News that the annual quota will be cut from 72 per cent to 60 per cent.

"This is no reflection on the stability of the wattle bark industry, but merely the consequences

of the world economic recession," the article said.

Mr. Swardt pointed out that millions of people were "unemployed in America, Europe, and Japan which are our main markets for extracts for producing leather. Besides reducing

the demand for extract for tanning, the recession had also seriously affected the demand for extract for adhesives used in building boards."

Mr. Swardt was confident that demand would improve as the economic situation improved.

JAAR	Kontant	Bonus	Sakke melles euter die	Meel	Vleis	Melk	Groen- te, vrugte	Ander	Weid- ing	Bewerk- bare Bantoe- lend	Be- huis- ing	Totale Loon	Aantal Arbeiders per plaas	
F.L. Hoëveld	"55/56							40			0,60	109,50	8	
	"56/57							60			2,10	109,30	6	
	"57/58							60				110,80	9	
	"58/59							60				110,50	9	
	"59/60							60				122,60	10	
F.L. Hoëveld W. Fvl.	"65/66							50				164,90	11	
	"66/67							50				186,90	13	
	"67/68							50					186,90	13
	"68/69							50					186,90	13
	"69/70							80			3,80	228,40	13	
"70/71							20					223,20	14	
"71/72							20					271,80	14	
"72/73							20					332,20	14	
"73/74							10					400,40	15	
"74/75							0					501,40	15	

56. Mr. W. M. SUTTON asked the Minister of Forestry:

- What was the (a) value and (b) volume in cubic metres of timber sold from State forests in the past five years in the form of round logs for (i) pulping, (ii) sawmilling and (iii) crosscutting and other purposes;
- (a) what was the (i) value and (ii) volume in cubic metres of timber sold from State sawmills during the past five years and (b) what percentage does this represent of the present capital value of the State investment in sawmills;
- (a) what percentage of the round logs sold from State forests is processed in State sawmills and (b) on what percentage profit basis is the price calculated for timber sold from State sawmills.

The MINISTER OF FORESTRY:

- (a) (i) R3 835 998
(ii) R39 605 603
(iii) R2 509 475
(b) (i) 1 836 500

- (ii) 7 366 924.
(iii) 722 241.

- (a) (i) R32 062 574.
(ii) 783 137.

(b) 1231%.

- (a) 17%.
(b) 15% on production cost.

Hansard 6
col 483
5/3/76

on: Afdeling Landbouproduksie-ekonomie

Forestry Minister Braam Raubenheimer has called on two timber growers' organisations to unite. This time it makes good sense

Big trees from little acorns . . .

F.M
27/8/76

Forestry Minister Braam Raubenheimer's bark may be worse than his bite. But last week he told the first open annual meeting of the Forest Owners' Association (FOA) in Johannesburg that the timber industry, which employs approximately 225 000 people, can no longer afford the "luxury" of two organisations of growers with virtually the same aims and objectives.

"Get together," he told the FOA and the SA Timber Growers' Association (SATGA). The two bodies split in 1973. The TGA has a membership of 2 300 and the FOA 36. The owners, who hold about 65% of the Republic's privately forested areas, felt swamped and broke from SATGA in order to promote their own interests. It was a divorce that caused problems for the government, the consumer and, ultimately, the industry as a whole.

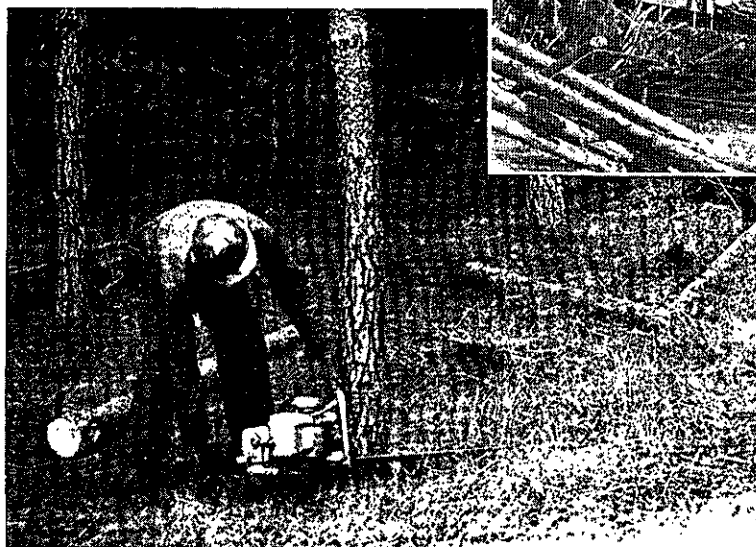
Raubenheimer told the forest owners: "Whether we want to admit it or not, we in the timber industry are experiencing lean times. The timber market may become worse before it improves and we need a concerted effort from all to weather the results of economic adjustments that will have to be made." SA, he added, is heading for a timber shortage, and he attacked the practice of too quickly passing higher costs onto the consumer. Once a market for a product was lost it was not easy to regain.

A preliminary meeting has been held between the two organisations. Another is scheduled to be held in Pretoria in two weeks under the chairmanship of Secretary for Forestry, Danie Ackerman.

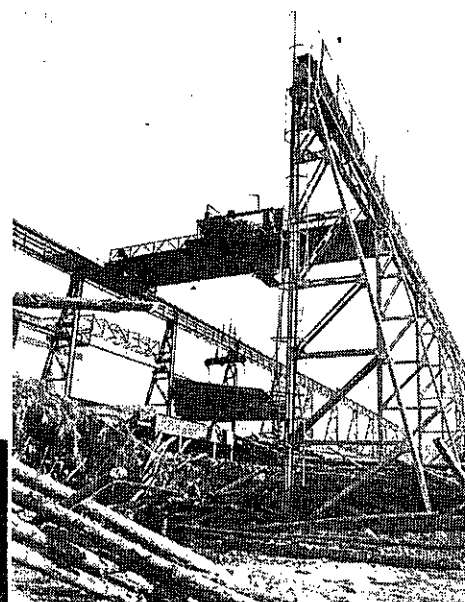
FOA chairman David Gevisser is optimistic that the two bodies will get together again. "With goodwill on both sides we'll do it," he told the *FM*, a sentiment echoed by SATGA Chairman Craig Anderson in Pietermaritzburg.

Union will make life a great deal easier for the Forestry Council, whose 19 representatives — all appointed by the Minister — met again in Pretoria this week to discuss research, training and the state of the industry.

Ackerman thinks a reunion has two main advantages:



Timber gathering and processing . . . is it being replanted, though?



- The Forestry Council would only have to deal with one growers' body at a time when major decisions have to be made affecting the industry's future;

- Forestry Council accountants would be spared the headache of distributing an administrative forest levy between the two organisations.

There are two levies imposed on growers: The first is called a Forest Industry Fund levy. It is collected from growers and processors of wood, and is 6c/m³ of round timber. Three cents is paid by the grower and 3c by the processor. The second is an administrative levy which is 2c/m³ on growers only.

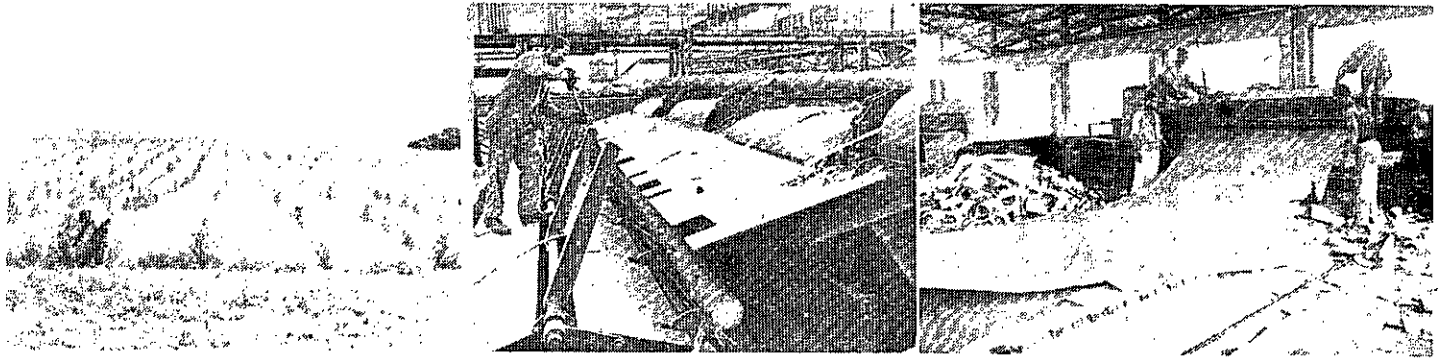
Both are paid direct by owners and growers to the Forestry Council which then pays the administrative levy direct to the two growers' organisations. "It saves time and cost," said a senior accountant at the Forestry Department.

Last year the Forestry Council redistributed R100 000 to the two bodies. The larger slice of the levy went to the smaller FOA because money was allocated on the basis of forest land under cultivation, and SATGA members are mainly small farmers.

Both FOA and SATGA are prepared to compromise. It is understood that SATGA will postpone its demands for greater government control over the

industry — anathema to the large estate owners. The merger is expected to take place before the end of the year.

Meanwhile, Pretoria predicts a worldwide shortage of wood in the 1980s, although SA has a glut of hard and soft woods now. More trees need to be planted, better research programmes need to be initiated and there is the problem of training and upgrading Black workers.



Timber's growing pains

INSIDE INDUSTRY

FIN MAIL
3/12/76
3 - Timber

Diplomatically, Forestry Minister Braam Raubenheimer says that the R1 100m timber industry needs a revamp. What he really means is a kick in the pants

Better organisation and marketing methods are vital if timber is to match its potential to the end of the century, says Raubenheimer. Now that it's in the middle of an embarrassing and costly glut, this deeply fragmented industry is sadly in need of guidance and new impetus.

The industry (annual turnover R426m) is, in fact, a sort of wooden jigsaw, with a mass of timber men each doing his own uneconomic thing.

"It would border on the comical if it did not have such a serious effect on the efficient use of capital," says Raubenheimer.

With growers digging in to defend net returns as meagre as 3% annually (although others clear 30%) Raubenheimer is right. Fragmentation is timber's folly. The 1,13m ha now under timber is split between the 36-member Forest Owners' Association (the big boys), who tend about 55% of the land, and the 2 000-member SA Timber Growers' Association (the little men), who, with the SA Wattle Growers' Union, looks after the rest.

To confuse even more, the industry is split into the private sector (2 450 growers ranging from farmers with a couple of hectares to institutions and companies with anything up to 10 000-plus hectares) and 205 local authority and state plantations. The private sector holds 70% of timber land, the public the rest.

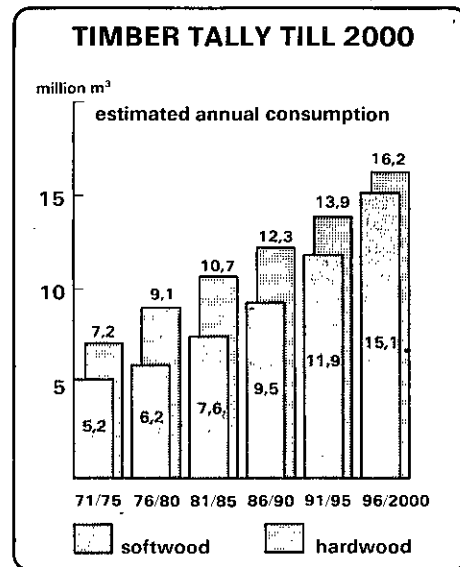
As though that organisational octopus were not bad enough, Raubenheimer complains that a lot of types of timber are either grown in the wrong places or too far from mills. Selling the stuff that manages to get through the system is

now an achievement in itself as the backlog mounts, mainly because of the building recession and marking time on the mines.

About the only sector that's doing well is wattle.

"In five or 10 years we are going to be short," says Raubenheimer — masterly understatement even for a cautious Minister. On his own figures SA will need 50% more timber — 18,3m m³ — by 1985 (that's around the corner in growers' parlance since it takes anything up to 20 years for a tree to reach maturity) and in the same period another 500 000 hectares under timber, just to keep up with demand.

By 1995 today's 12,5m m³ is expected to more than double to 25,9m m³. How



Housing slowdown . . . no help to woodmen

can all this be done?

Better organisation and incentives are the keys. Raubenheimer is keen on the 16-member Forestry Council as the industry's pace-setter, but promises no compulsion to toe its (or any other) line. "I'd like to see timber better organised with co-ordinated planting . . . but I don't want to force an umbrella on them."

Getting the two big growers' groups back together would be a major step forward. What are the chances?

Says SA Timber Growers' Association (SATGA) director Bruce Ferguson: "We're making every effort to get back together."

Forest Owners' Association (FOA) director Doug Cutter: "The chances are

3-TIMBER

1977 + 1978

~~APRIL 1977 - NOV 1977~~

SPEECH BY THE HONOURABLE A.J. RAUBENHEIMER M.P., MINISTER OF WATER AFFAIRS AND OF FORESTRY AT THE OPENING OF THE NINTH ANNUAL GENERAL MEETING OF THE SOUTH AFRICAN INSTITUTE OF FORESTRY, AT STELLENBOSCH ON 5 APRIL 1977.

FORESTRY AND LAND USE PLANNING.

Mr. President, Ladies and Gentlemen.

I consider it a privilege to be asked to address this - the Ninth Annual General Meeting of the South African Institute of Forestry. In my short period of office as Minister of Forestry I have had dealings with many of you and I have come to recognise and appreciate the key role played by forestry graduates in all aspects of the forestry industry.

The Institute of Forestry has in its short period of existence most certainly proved its value as a forum for scientific discussion and its worth as a body representing the scientific

forestry .../2

- 2 -

forestry profession. I note that as one of the societies represented on the Joint Council of Scientific Societies you have taken part in an opinion poll on registration and will soon start discussing draft legislation on the subject. The objective of improving the status and position of forestry scientists in relation to other professional groups is viewed with interest, and I wish you the success and recognition you deserve.

Another of your accomplishments, the first report on the investigation into professional training in forestry in South Africa, has been highly praised and supported by my Forestry Council and the second report, dealing with the training of forestry and forest products technicians, is eagerly awaited. Your involvement with the South African Forestry Journal, a scientific publication of very high standard, is also noted with appreciation.

.../3

Ek was bly om te verneem dat u dit nodig geag het om saam met hierdie jaarvergadering 'n eendaagse simposium oor bosbou en grondgebruikbeplanning te reël. As boer weet ek maar te goed hoe belangrik dit is om die beskikbare grond so goed moontlik te beplan. Dit is ewe belangrik om ook die breër gebruikspatrone van grond in die nasionale belang in oënskou te neem. In hierdie verband word daar kennis geneem van die toenemende hoeveelheid hoë potensiaal grond wat voortdurend aan primêre produksie onttrek word as gevolg van aansprake van bewoning, paaie, spoorweë en openbare doeleindes in die algemeen. As Minister het ek gedurig te doen met die versoening van botsende belange om vir die bosboubedryf sy regmatige plek in die volkshuishouding te verseker.

Een van die eerste dokumente wat my as Minister van Bosbou bereik het, was die verslag van die Interdepartementele Komitee

vir .../4

vir die Aanduiding van Prioriteitsgebiede vir Bebossing. Hierdie verslag gee 'n aanduiding van die verwagte behoeftes aan hout en houtprodukte tot en met die jaar 2000. Daar is ook aangedui dat gepoog moet word om die land sover moontlik selfvoorsienend in sy houtbehoefte te maak aangesien 'n wêreldwye veseltekort verwag word. Grondbehoefte vir landbou en waterbewaring is deeglik deur die Komitee in aanmerking geneem en voldoende grond waarop al die benodigde hout geproduseer kan word, is aangewys. 'n Oppervlakte van 774 500 hektaar goeie grond, versprei oor 28 prioriteitsgebiede, plus 'n oppervlakte van 404 600 hektaar marginale grond, is gereedelik beskikbaar vir bebossing.

Deeglike beplanning vir die optimale benutting van hierdie potensiaal is 'n uitdaging wat met beslistheid aanvaar behoort te word want goeie beplanning kan as grondslag dien vir toekomstige sukses.

Nuwe .../5

Nuwe bebossing is oor die afgelope 5 jaar teen 'n gemiddelde tempo van 26 400 hektaar per jaar onderneem, hiervan het die Departement van Bosbou se aandeel gestyg tot 5 200 hektaar vergeleke met 1 200 hektaar vir die vorige tydperk. Hierdie aanplantingstempo moet aansienlik verhoog word om die mikpunt te kan bereik, en dit is duidelik dat daar 'n groeiende behoefte aan bosboukundiges sal wees namate die potensiaal ontplooi.

Sedert die instelling van die stelsel van verpligte bebossingspermitte in Junie 1972, is bebossingspermitte om 'n oppervlakte van 302 500 hektaar te bebos, uitgereik, en is dié oppervlakte goeie grond klaarblyklik reeds gevind vir bebossingsdoeleindes. Omdat die Departemente van Beplanning en die Omgewing, Bantoeadministrasie en -ontwikkeling, Landbou-tegniese Dienste en Waterwese ook op die Interdepartementele Komitee verteenwoordig was, is ek oortuig dat die verdere grond wat vir bebossingsuitbreiding benodig word, ook gevind sal kan word sonder

om .../6

om enige ander bedryf in sy nasionale of streeksbelang te benadeel. Inteendeel, goeie grondgebruikbeplanning word juis gekenmerk deur 'n groot verskeidenheid van produkte in harmonie met mekaar te produseer. Daar moet ook in gedagte gehou word dat die bosbou-eindproduk reeds uit die staanspoor by beplanning betrek moet word. Terwyl beplanning vir pulphouttekorte 'n kringlooptydperk van 15 jaar kan aanvaar, rek die kringloop vir konstruksiehout na 25 tot 30 jaar. Beplanning in bosbou strek egter ook verder. Ek is meegedeel dat die produksie van hout, gemeet in kubieke meter per hektaar, met soveel as 20% kan toeneem indien die regte boskultuurpraktyke vir die spesifieke groeiplek toegepas word en die regte boomsoort, gekweek van uitgesoekte, veredelde saad, geplant is. Ek neem dit as vanselfsprekend aan dat u as vakkundiges uself op die

hoogte .../7

hoogte van die nuutste ontwikkelinge op hierdie gebied hou en is daarom nie bekommerd oor houttekorte in die toekoms nie. Dit is slegs 'n kwessie van gesonde oordeel, goeie beplanning, spanwerk en inspanning van u kant af en daarop maak ek staat.

Terwyl ek hierdie uitdaging en bemoediging aan u voorhou is ek bewus van effense bedenkinge wat tans ook in sekere bosboukringe bestaan weens huidige bemarkingsprobleme.

Ek moet u derhalwe daarop wys dat gereelde hersiening vooruitberamings van toekomstige verbruikstendense nodig is om die vereiste vertroue in stand te hou. Langtermyn beleggings soos wel in bosbou vereis word kan alleen bekom en behou word indien berekenings vir toekomstige aanvraag in al die verbruikkanale so oortuigend is dat die vertroue van belegger en ondernemer nie geskok word nie.

Forestry .../8

Forestry, as we know it in the Department of Forestry, is however not confined to the production of timber. It also includes the management of vast areas of unplanted land, the reclamation of drift sand areas, the combating of fires, the eradication of weeds and the yielding of clear water - to mention but a few of the other activities. In land use planning, these are the factors which in many instances have priority over afforestation for timber production. If the total estimated area of mountain catchments in South Africa, 11,5 million hectares, is compared to the 1,1 million hectares of plantations, one can imagine the magnitude of the problems in the spheres of judicious and efficient planning and management.

In order to provide the user or manager with adequate data at a more rapid rate the Research Division of the Department of Forestry has during the past year been strengthened considerably by new appointments. A post of Chief Director : Forest Research

and .../9

and Information has been created to co-ordinate the dissemination of research results to the users. Research and development is thus brought together at the highest level. A National Plan for Forestry Research which will ensure that only necessary research is carried out, is at present being compiled. We all realise that research workers in the forestry field are few and specialised. Use is, however, to an increasing extent being made of relevant outside resources, such as landscape planning architects, geographers, engineers and botanists, to carry out specific projects on our behalf. Examples are a project undertaken by the University of Pretoria - a sociological study of hikers on the Fanie Botha and the Soutpansberg Hiking Trails, as well as the Environmental Impact Study of Hiking on the Magaliesberg by Dr. Hugo of the University of Potchefstroom Landscape Architectural Department. At the beginning of this year a Working Group, consisting of officers of the Departments of Forestry, Water Affairs and Agricultural Technical Services, was formed

to .../10

to investigate the possibility of extending the present basis of calculation of the effect of afforestation on water use to other agricultural crops and other types of land use. This typifies the modern trend of approaching the problem with an interdisciplinary team and so using each other's knowledge to obtain the most satisfactory and balanced solution. Also in the new field of the application of satellite remote sensing in forestry, a very promising data acquisition facility for catchment management, interdisciplinary co-operation is being applied to the interpretation and analysis of the results.

Die Departement van Bosbou het reeds aansienlike vordering gemaak met die deurvoering van die aanvaarde beleid van meervoudige gebruik van die gebiede, insluitende bergopvanggebiede, onder sy beheer. Hiervan getuig verklaarde wildernisgebiede en natuur-

reservate .../11

reservate, asook fasiliteite wat reeds op die Staatsbouseiendom bestaan vir ekstensiewe ontspanning in die buitelug. Alhoewel die versekering van die optimum hoeveelheid suiwer water uit bergopvanggebiede steeds die primêre bestuursoogmerk vir hierdie gebiede bly, is dit nie onversoenbaar met sekondêre doelstellings van bestuur soos natuurbewaring en buitelugontspanning nie. Trouens, soos u almal weet, is die enigste wyse waarop verseker kan word dat hierdie uitgestrekte berggebiede tot hul volle potensiaal benut word, bestuur volgens die beginsel van meervoudige gebruik waar die primêre en sekondêre doelstellings van bestuur eerder aanvullend as botsend is.

Die deelname van die private bosboubedryf in hierdie verband is nog baie beskeie, alhoewel dit in die afgelope paar jaar wel vinniger toeneem. Ek dink byvoorbeeld aan die ontwikkelingswerk vir forelhengel op bouseiendomme in die Oos-Transvaal en

pogings .../12

pogings om die buitelugontspanningswaarde van bouseiendomme te evalueer met die oog op die ontwikkeling daarvan. As private grondeienaars en veral groot maatskappye in dié gebiede egter aansluit by bestuursmetodes wat op Staatsgrond toegepas word, soos byvoorbeeld die Drakensbergbestuursplan, en hul eiendomme doelbewus bestuur eerder as om dit slegs in besit te hou, dan kan ons voorwaar sê dat bosbou sy plek in effektiewe grondgebruikbeplanning vol staan.

Al hierdie aktiwiteite vereis deskundige leiers - verantwoordelike, toegewyde, geesdriftige, wetenskaplike bosboukundiges. U as Instituut kan baie daartoe bydra dat hierdie persone met hul menigvuldige talente gemotiveerd as 'n span optree nie alleen in belang van bosbou in Suid-Afrika nie maar in die breë belang van S.A. Omdat dit slegs voordele kan inhou wil ek u aanmoedig om

steeds .../13

steeds voort te gaan om u lede te aktiveer tot diens en om na hul professionele belange om te sien.

Met hierdie enkele opmerkings is dit my aangename plig om u Negende Algemene Jaarvergadering amptelik geopen te verklaar.

---oOo---

UITGEREIK DEUR DIE DEPARTEMENT VAN
INLIGTING OP VERSOEK VAN DIE MINISTERIE
VAN WATERWESE EN VAN BOSBOU.

ISSUED BY THE DEPARTMENT OF
INFORMATION AT THE REQUEST OF
THE MINISTRY OF WATER AFFAIRS
AND OF FORESTRY.

KAAPSTAD

5 APRIL 1977.

CAPE TOWN

5 APRIL 1977.

Timber shies off control

26/4/77
RDM

By CHRIS CAIRNCROSS
PRELIMINARY investigations indicate that one-channel marketing and control board systems would be unsuitable for the timber industry to introduce greater stability.

This was said yesterday by Mr Willie Immelman, chairman of the Timber Marketing Bureau, in referring to fears expressed by some sawmillers that the TMB has ideas of introducing one or other system.

One-channel marketing has, as is the case in the sugar industry, been an effective instrument in controlling prices. But this would mainly apply to a homogenous commodity. It would therefore be an impractical proposition from the timber industry's point of view.

On the other hand, the idea of control board for the timber industry is regarded as anathema by most in the sector who hold on to their independence, believing that the industry's underlying strength is the degree of competitiveness in it.

The introduction of a control board, it is feared, would seriously erode the competitive nature within the industry.

However, it is stressed that to establish a more effective marketing mechanism that will afford the industry better protection than the existing system, particularly in recessionary times — which has led to price-cutting — it is important to study every avenue.

It could be possible to adopt some of the positive aspects of each system in preparing a more effective framework for the timber industry.

Mr Immelman says that

although the oversupply situation has caused the industry to cut prices, it can in no way be regarded as a price war.

Most sawmillers are acting responsibly in co-ordinating their price-cutting to ensure that no undue disruption occurs in the market.

③ Timber

SAWMILLING

By George!

FIN. MAIL

13/5/77

3-Timber

Private sawmillers in the Southern Cape are up in arms following the Forestry Department's decision to re build the state owned George Sawmill, near Mossel Bay.

George's green mill was gutted by fire last December, though its dry mill was untouched. Since then its 240 strong European labour force has had a hard time finding work.

Now the green light has been given to put the mill, one of SA's oldest, back to full production. Before the fire it produced approximately 50 000 m³ of logs a year. The bill to re-equip the green mill could reach R1m, say *FM* sources.

In February the Department of Forestry published a tender list for machinery. The bulk tender -- for bandsaw machines -- was won by the Durban based F G Licence. Licence is the agent for the Canadian sawmill machine company, Forano of Montreal.

A spokesman for Licence says that the equipment should be here by mid-July and it's expected that the George mill will be back in production this December, at

Boost for S.A. timber

(3) Timbers
74

Mercury Correspondent

4. Plausible Vent
In August 1974
accepted, and
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for R40 000.
penalty of R15

EAST LONDON—The South African timber industry has received a shot-in-the-arm with a local firm landing an export contract for 105 042 tonnes of sawn pine with a free-on-board value of R200 000.

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And that's official, because the timber, from the forests of Stutterheim, Plettenberg Bay and Knysna, is already aboard the freighter Nabeza and bound for Israel.

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nistration at R3 000 p.a., and

The Company's e
will be adequat

There was concern on Wednesday that the ship might not be able to take the full consignment because of its other cargo.

10 workers, each earning R2 000,

Transport The
2 years ago. D
mile.

However, the manager of the firm handling the consignment, Mr. Brian Varnfield, said that if necessary he would negotiate to have the excess bundles of timber carried as deck cargo. In all, there were 574 bundles each with a mass of 1,83 tonnes.

f 4 lorries bought for R5 000 each
ed to be R400 p.a. plus 10c per

It is estimated
travel an extra

To promote the image of South African timber export the bundles were neatly packed in black polythene sheeting, explained Mr. Varnfield.

ob will require the lorries to

Materials The C
Parow job:

Regular shipment

This shipment, said Mr. Conrad Schey, chairman of Satwill Export, a division of the consignors, Wilrose Timbers, was the first of regular shipments from the South African timber industry.

bought all the materials for the

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Another consignment of 15 000 cu metres — Wednesday's was 2 000 cu metres — of timber valued at R1 500 000 is due to leave for Britain later this month.

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Type A would not
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Mr. Schey estimates that potential pine exports from South Africa could be at least 200 000 cu metres a year.

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At current f.o.b. price of from R90 to R100 a cu metre, the business could be worth about R20 million.

ro scrap value, but 200 units can
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Both jobs w

The timber industry had a domestic turnover last year of R29 million.

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What advice

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(12)
(3) TIMBER

Met 'n gemiddelde opbrengs van 12,08 persent op kapitaal aangewend, lyk die winsgewendheid van die saagmeulenaarsbedryf maar baie soos die van enige ander vervaardigingsbedryf in die land.

Maar die verskil in opbrengs van tussen minus 8,75 persent en 59 persent toon wat goeie en slegte produktiwiteit in die bedryf kan doen.

Die Nasionale Produktiwiteitsinstituut se verslag oor die bedryf wat pas verskyn het toon dat die saagmeulenaars baie kan wen deur al hul produksiefaktore beter aan te wend.

Die sake van negentien meulenaars is ondersoek en wat die produktiwiteit van arbeid betref, is gevind dat gemiddeld 9,1m hout per man per dag verwerk word. Maar die laagste was 7,04m en die beste 20,2m hout.

Die verlies aan hout of die afgradeer daarvan was ook grootliks die skuld van die meulens self. Daar is gevind dat in 68 persent van die gevalle dit regstreeks toegeskryf kan word aan beheerbare foute by die meule self.

RAPPOORT 19.6.77

Patience unrewarded

Forestry Minister Braam Raubenheimer's month-long extension to timbermen's plea for more time to consolidate their fragmented industry merely looks like delaying until July 31 their day of reckoning with Pretoria.

Not that official wielding of a big stick at this stage will do much good. Millers working generally at only 60% capacity would welcome any plan to sell more wood but, if there are no buyers, all the prodding in the world won't help.

Raubenheimer's so keen on the R459m-a-year (1976) industry finding its own salvation that he gave its hard-pressed members six months to come up with suggestions for improvement. The alternative being he'll come up with possibly more stringent suggestions of his own.

"So far I've had nothing from them," he says.

The silence can be well understood. Since the industry was charged in December with the task of putting forward bright ideas it's seen the Timber Marketing Bureau's (TMB) official price list collapse. Most wood is selling, when it can be sold, at prices 12% to 18% lower than last year with, despite individual export efforts, little sign of demand picking up.

Reinstating the list would at least give millers a better deal for the wood they could sell (thus passing on badly-needed confidence to anxious growers) but to control the price they must also control



Braam Raubenheimer... all eyes on the timbermen

at least 80% of timber coming on to the market. Less than that means millers outside the TMB (and renegade members) could again undercut competitors — often enough to cause another collapse.

Raubenheimer's not likely to stand for

this situation much longer — probably just one more month — when he might act on "something I have formulated myself".

He's unlikely to go as far as setting up a Timber Board (on the lines of the Maize Board and the like) but some sort of interference is imminent if the fragmented industry cannot re-organise to save itself.

A quota system based on turnover or timber volume marketed is already being mooted apprehensively in timber circles. Not what Raubenheimer wants, but when ministerial patience, persuasion, coercion and cajoling run out his bite might be worse than his bark.

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LOGGING UP SALES

While the timber industry deliberates over Braam Raubenheimer's intentions, at least one merchant is getting his head down.

During the last six months Satwill, the export arm of Wilrose Timbers, importers and exporters of timber and allied products, has set up its own marketing operations in the UK, Holland, France, Germany, Italy, Switzerland, the Indian Ocean islands and the Far East. The export target is between 50 000 m³ and 100 000 m³ of SA pine a year within the next two years. Satwill has already shipped 2 000 m³ (cif value R200 000) to Israel and 1 500 m³ (cif value R150 000) to the UK.

Satwill/Wilrose chairman Conrad Schey sees Israel, the Middle East and the UK as growth points. He estimates potential exports at an annual 200 000 m³ cif worth R20m at current prices. Schey's view is realistic rather than

rosy. "The world's not waiting for SA pine. Traditional supplies in Europe come from Russia, Canada and Scandinavia and the quality is better. Our pine competes in quality in certain areas like packaging material and building construction in less sophisticated markets. But no market is excluded to us. There's always a percentage of the market where we can compete in quality."

But selling will be a hard grind and with world market prices depressed and SA log prices and production costs relatively high, profit margins will be small.

Selling in bulk overseas won't be feasible he says. "We need our own specialist marketing operations to find specialist users for pine which we can cut to special sizes. We're not competing with bulk sizes from overseas." But given the marketing operations he sees the selling prospects as reasonable.

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Literature; Performing and Fine Arts) be implemented forthwith (see Section 10).

Natal Mercury 13/7/77

Rail rates slammed

3- Timber

Mercury Reporter

PIETERMARITZBURG — The efficient running of State-controlled bodies such as the Railways and Escom was questioned yesterday by the S.A. Timber Growers' Association.

Mr. J. B. Ferguson, director of the association, voiced strong objection in his annual report to the "seemingly uncontrollable trend" of rail tariff increases.

The report pointed out that the cost of ralling

round timber had gone up by more than 55 per cent in 12 months. Tariffs for the ralling of mining timber had increased even more.

"In the light of the actions of the Railways administration, Escom, and other State - con-

trolled organisations in recent times, timber growers would be forgiven for asking whether the campaign against inflation is being left entirely to the private sector, or whether these public sector organisations are being run as efficiently as they should be."

The report reveals that the timber growers have struggled through a black year in which demand fell off, income dropped and weather degenerated.

Mr. Ferguson describes the year ending on March 31 as "one of the most difficult in the industry for many years."

The fall-off in demand had led to surplus timber being stockpiled in all timber growing areas of the country. Some growers were in financial difficulties because they could not sell their timber.

Production costs had soared while most selling prices had remained static.

Mr. Ferguson said the fire season had been one of the worst on record.

Although afforestation was going ahead at a reasonable pace, interest in laying out new plantations was falling off.

This was "as a direct result of the market conditions and the lack of progress towards obtaining timber prices which offer a favourable rate of return on capital investment," Mr. Ferguson said.

Natal Mercury 13/7/77

Plea to Minister

PRETORIA — The Minister of Forestry, Mr. Braam Raubenheimer, announced here yesterday that the saw-milling industry would make representations to the Minister of Economic Affairs for the suspension of price control on structural timber. — (Sapa.)

Grain manager

(3-) Timber

27/7/77

Timber trade in trouble

3-Timber

Financial Reporter

THE TIMBER industry in South Africa is in a state of near collapse as a result of the oppressed market conditions and internal dissension over what action should be taken to rectify the situation.

There is roughly twice as much timber being produced in the country at the moment as is being consumed.

This has led to serious price cutting among the timber merchants, which in turn has led to increased pressure on growers to accept less for their logs, as the growers' price is determined by the ruling market price.

The poor demand and unstable market conditions have caused a serious situation in the industry and many millers and growers are predicting that if the market collapses completely a number of the smaller millers will be put out of business.

Price control

The Minister of Water Affairs and Forestry, Mr. A. J. Raubenheimer, has sent a strongly worded letter to the South African Lumber Millers Association warning them that unless they find a means of stabilising the market, he will intervene through the introduction of further timber price control.

He has appointed a committee to canvass opinion from all sectors of the industry.

The millers responded to the Minister's warning by saying that they did not want any controls on the price of timber.

The decision against price control was taken at a special meeting of millers. The majority of millers present were for the decision but a number, particularly those from Natal, felt that some form of control was necessary.

They saved the wattle industry

Finance Reporter

THE EXPORT success of the Pietermaritzburg-based Central Timber Co-operative since 1972, almost certainly saved the wattle industry from the serious risk of collapse.

The Co-op was formed in 1972 from a union of the Natal Co-operative Timber Company, the Natalse Landboukoooperasie and the Transvaal Wattle Growers Co-operative. The combine was given the task of solving the problems caused by the "disastrous" over supply of the timber in Natal and South Eastern Transvaal.

Wattle growers were, says Co-op general manager Craig Anderson, in despair as to what to do with the surplus timber, felled annually to provide the wattle bark necessary for the preparation of tanning extract for export. Despondent growers had to leave the timber to rot in the plantations.

First move by the new Central was to set about looking for an export market to supplement the glutted South African market.

Says Anderson: "After many ups and downs, mostly downs, we were finally successful in getting a major Japanese company interested in the export of the wood in a chipped form. And, unbelievably, by February 1973 we had signed a contract to export hundreds of thousands of tons of wood chips annually to Japan."

This posed its own problems.

A sum of R4 500 000 had to be found to finance the project with only small collateral available.

Land in Durban's already congested docks had to be found for a 60 000 ton storage area, despite strong opposition by the Railways.

EXPORT SUCCESS

Interested in our Exporter of the Year Competition? Phone Durban 324 324 extension 372 for further information.

A chipping plant had to be built with plant about which very little was known in South Africa.

The Railways had to be persuaded to build special chip carrying rail wagons.

A special bulk carrier worth more than R10 000 000 had to be built in Japan.

A road transport company with eight 30 ton trucks had to be set up, and a host of other major problems had to be overcome.

The processing industry considered the whole scheme laughably impractical and ridiculous, says Anderson. But the board of Central, faced with no alternative if disaster was to be averted, decided to go ahead.

Barclays Bank, the Wattle Growers Union and later the IDC funded the loan. Government ministers and officials cleared the way for Central to get land in Durban docks and permission for sub-division of agricultural land at Cato Ridge, the site of the chipping plant.

The two plants took shape during 1974 and 1975, and chips started flowing to the docks in August 1975. In November, the bulk carrier "Mimosa Africana" took on its first shipment of wattle chips at a rate of 600 tons an hour, and the great export drive really got underway.

Since then many hundreds of thousands of tons of wood chips have been processed and exported, and the Central Timber Co-operative has earned for South Africa millions of rands in foreign exchange.

3-Timber

A changing attitude on industrialised building was the only positive feature to come out of 240 despondent timbermen meeting in Johannesburg.

5.2.2
 Talus angles
 They are
 Sandstone
 the edge
 falling

Ideas for sustaining — let alone reviving — the ailing industry came slim and slow at last week's SA Lumber Millers' Association's 36th agm. Forestry Minister Braam Raubenheimer opted to let growers and processors find their own salvation without any State intervention.

The failure of seven months of pressure and persuasion by Pretoria — to jolt the fragmented industry into at least coming up with remedial suggestions — was epitomised at the agm by the groups of millers locked in mutual consolation.

Who can blame them? There are too few buyers for the stuff and vicious price cutting since February's collapse of the Timber Marketing Bureau's tariff is cost-

ing millers, according to Satga chairman C D Scholz, almost R1m a month in lost revenue "given away" because hard-pressed lumbermen failed to stick together.

Roberts Construction chairman Charles Skeen's outlook for the equally depressed building industry — vital to the prosperity of timbermen — did nothing for their spirits.

Skeen, worried with all builders by rising labour costs, says: "It is fairly clear that we cannot continue with the present high proportion of individually designed housing units ... if we are to achieve a worthwhile reduction in the cost of accommodation."

A marked change of opinion is rapidly taking place towards industrialised building — mainly brick veneer housing — by

Soit que l'hiver, l'attriste ou que l'été l'égaye, Hyparrhenia hirta may be found: these have been described by Scheepers (1974).

The sc
 a gras

den 600m and 800m support
 igle on surveillance et son temple.
 ute et le contemple!

5.2.2 municipalities and building societies. At least one major timber company has noted this and approached the UK's long-successful Guildway prefabricated wooded homes company now marketing internationally.

Il est seul, il est un
 gentils dominant grassland
 e et sourire;
 eur qui respire,
 ne ou parfum!
 176. The aspect of these

This c
 slopes
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z-vous, poètes
 generally protected from strong
 s feuilles inquiètes,
 hem, le soleil de
 février s'étonne,
 bas du couvert mesurant between

3,8 per cent and 5,1 per cent, although where managed to reach these areas and vegetation followed rapidly. The erosion potential is prevented by the steepness of the slope and the nature of the underlying rock, a mudstone, makes erosion inevitable if vegetation cover is damaged.

que tout les charnels qui passent dans les bois!
 Frères de l'aigle, aimez la montagne sauvage:
 Surtout à ces moments où vient un vent d'orage,
 lily vent The erosion potential is high as id erosion
 Emplit l'espace au loin de nuages et d'ombres,
 Et penche sur le bord des précipices sombres
 Les arbres effarés!

This vegetation type has a number of characteristic species apart from the dominant *Themeda triandra* and *Elyonurus argenteus*. *Koeleria cristata* occurs abundantly here while *Pentstemon setifolius* was found nowhere else in the area. *Trachypogon spicatus*, *Andropogon appendiculatus*, *Digitaria*

Quand la brume en flocons inonde la ravine,
 Quand le soleil, que donne au monde
 Montrant sur l'horizon, sa rondeur échancree,
 Grandit, comme ferait la coupe dorée
 D'un palais d'Orient dont on approcherait!

tricholaenoides, *Tristachya leucotrrix* were abundant in the area. Accompanying general species were *Heteropogon contortus*, *Harpochloa falx*, *Cymbopogon plurinodis* and *Eragrostis capensis*. *Aster filifolius* is represented in most areas by one *Sarcocolla* and this site is considered to be the normal habitat of this species (Roberts, 1961). The photo image is Grey (gy) or

Le paysage obscur, plein de formes sans nombre,
 S'efface, de chemins et de fleuves pays,
 Quand le mont, dont la tête à l'horizon s'élève
 Semble un géant couché qui regarde et qui rêve,

Timber war gets worse

3-Timber

Sun. Trib. Finance 11/9/77

3-Timber

SCHOLZ SLAMS MILLERS FOR CAUSING INSTABILITY

By ALAN PEAT



Chris Heunis—timber millers depending on favourable price control decision

PRICE-cutting by lumber millers which cost the industry about R5 million in the six months to August, is getting worse, according to Dieter Scholz, chairman of the Lumber Millers Association (Salma).

Scholz this week slammed those millers who were "causing severe instability" in the R459 million-a-year industry just to keep market shares in a chronically oversupplied market.

So bad is the position that Minister of Forestry Braam Raubenheimer recently

warned the industry to put its house in order or he would be forced to legislate to clear up the matter.

However, says Scholz, Salma is unable to do anything to prevent the price war.

And other sawmillers suggest that only a stimulus in the building industry will do anything to normalise the situation.

"This," says Scholz, "is likely to happen soon. We have the statement by the Minister of Community Development Marais Steyn, that the State will soon move into low-price housing

development to encourage us."

Another Government move which the millers have pressed for is also probably imminent.

Price control of pine timber which Salma has attacked as being at the root of much of the lack of competition in the industry is likely to be dropped, if the recommendation of the Minister of Forestry is followed.

According to Scholz, Minister Raubenheimer has written to the Minister of Economic Affairs, Senator Chris Heunis, asking that price control be abolish-

ed, and Salma hope for a favourable settlement soon. Senator Heunis could not be contacted this week for comment.

The effect of this abolition says Scholz, would be to increase competition in the industry, and would necessitate better efficiency.

"Price control," he says, "is an umbrella under which too many inefficient producers have sheltered for too long."

More good news for the millers is that the Timber Marketing Bureau, which Salma has slated as having failed

in its task, has started to "unwind".

This was confirmed by a Bureau official who refused to make a statement on what this unwinding represented, but industry sources feel that it is a prelude to the disbanding of the Bureau.

Millers have pressed for this abolition, saying that the Bureau only served to hide from them the reality of the situation.

Other bull points in the industry are that stocks are at very low levels and that imports are on the up-and-up.

According to Salma figures exports to the Middle East and Britain for the first quarter

were 200 000 cubic metres of pinewood, which represents about 10 percent of the total production.

While this is not much a relation to the roundwood oversupply of about 1 000 000 cubic metres a year, Scholz says that "it at least encourages slightly more optimism."

Increased exports may, in fact, be the timber industry's only salvation. One independent estimate shows that, should the economy recover soon, and the demand for pine grows at about 2 to 3 percent a year, the demand and supply graphs would not cross until after the year 2 000.

the area but appears to prefer the heavier, but leached, uplar

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MINISTER URGES MORE USE OF TIMBER

THE MINISTER of Forestry and Water Affairs, Braam Raubenheimer, has urged "private enterprise" to convince public of the advantages of timber frame brick veneer housing.

Opening a new R1.9-million dry mill for Jessievale Sawmills in the Eastern Transvaal this week, Raubenheimer said most major municipalities had altered their building bye-

Finance Reporter

laws to accommodate this method of home construction while building societies had amended their rules to finance timber frame brick veneer housing.

He added that while it was one thing to know that timber frame brick veneer homes were in many cases better than conventional homes from both a visual and structural view-

point, it was another thing altogether to convince the public.

Architects and builders, he said, should take the initiative by working out a suitable strategy which would offer the public an acceptable package.

"There are very good reasons why four out of five houses in North America, Australia, New Zealand and Scandinavia are of timber frame construction," he said.

(50)

'You know we love you Harold,' his mother said, 'and I want to tell you for your own good how matters stand. Your father does not want to hamper your freedom. He thinks you should be allowed to drive the car. If you want to take some of the nice girls out riding with you, we are only too pleased. We want you to enjoy yourself. But you are going to have to settle down to work, Harold. Your father doesn't care what you start in at. All work is honourable as he says. But you've got to make a start at something.'

8. Traduisez en français:

SOUTH AFRICA is becoming a timber exporting country and a combined export effort involving a volume of up to 150 000 cubic metres of sawn timber is planned for next year.

At the recent meeting of the Forestry Council it was reported that although export prices are only marginally profitable, the export revenue is already making a valuable contribution to the overheads of sawmills.

Plans are afoot for a ten-year export contract involving 250 000 tons of hard gums and 150 000 tons of eucalyptus grandis from the South East-

Sun. Trvb.

9/10/77

3-Timber

tern Transvaal and Natal every year.

These plans are being hampered by problems with accommodation on the Richards Bay railway line and in the new port.

The industry is also investigating the possibility of increasing bleaching capacity locally in order to replace the substantial quantities of bleached and semi-bleached pulp which are still being imported.

Timber industry in big export drive

By Madge Swindels

The Forestry Council has made an urgent application to the Minister of Forestry for him to overcome transporting difficulties at Richards Bay in order to make the export plan feasible.

Exports are vital because the timber industry has been hard-hit by the building recession. Price-cutting by saw millers since February this year has cost the industry more than R5

million in sacrificed sales revenue. In addition the market continues to shrink and there is an over supply of round timber as well as a large excess in production capacity.

The industry's statistics show that sawlog production from the country's total forest areas has been growing at the rate of up to nine percent a year, while the underlying demand for sawn timber has only been increasing at

around 2 to 3 percent a year.

This growth rate and the underlying demand is a long-term trend line and is not based on the current depressed conditions which have simply added to the problem.

Timber producers are hoping that the Government will be able to provide some stimulus to the building industry and in addition plans made for an export market should take up about 20 percent of production in a year's time. Profits from these sales will be lower than normal.

The industry has been even further hit by massive increases in railage rates.

Assured markets

Supp to Mercury 27/9/77

for timber

3-Timber

SOUTH AFRICA'S wattle growers have been able to dispose of their timber to the Central Timber Co-op export scheme at Cato Ridge, Natal, although severe restrictions have been imposed on the delivery of pine and gum to other processors, according to Mr. R. M. Ellman of the Wattle Bark Industry of South Africa Marketing Committee in Pietermaritzburg.

Mr. Ellman says that the Central Timber Co-op had provided an important outlet for the timber side of wattle growing.

"This organisation, initiated by the growers themselves, has gone a long way towards stabilising the industry and providing assured market outlets. Other outlets for wattle timber include processing plants for paper pulp, rayon pulp and the mines.

In this regard South Africa is fortunate in having factories already established for marketing wattle timber.

"The bark of the wattle tree is the main reason for its cultivation. Since the early Sixties, when areas planted with wattle exceeded 328 600 hectares, wattle plantations have been cut back by about half to keep production in line with world demand for tannin products.

"These efforts towards stability, plus a strict quota system operating in the industry, have allowed growers, who chose to remain in wattle, a fair share in

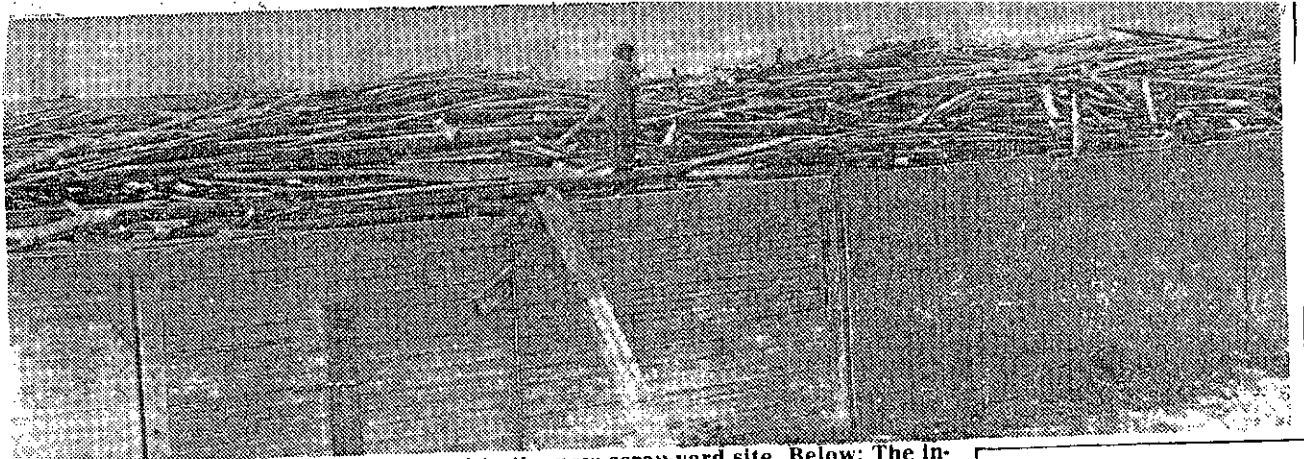
an industry which is today earning many millions in foreign exchange.

"Wattle growers, in spite of reduced areas and quotas, are able to show higher profits compared to other tree crops.

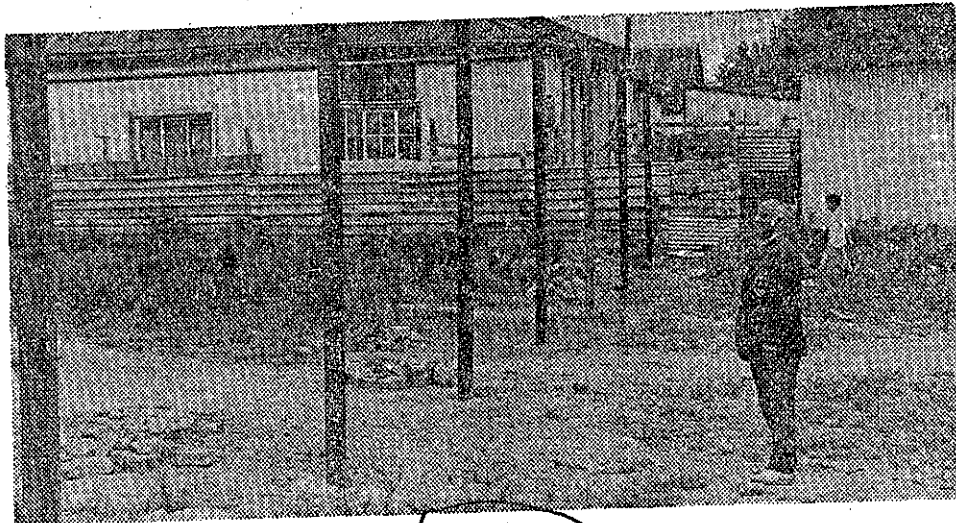
"Markets are, however, limited and synthetic substitutes for leather have made such inroads into the vegetable tanning industry, that alternative uses for wattle extract are being pursued. Success is being achieved in the adhesive field where wattle-based adhesives have met with success as a substitute for phenol-based products.

"Experimental work is at present being carried out on wattle-based foams as insulation material and as partition walling in low cost housing.

"The wattle industry, which is now entrenched in the main growing areas of the South Eastern Transvaal, Northern Natal, Zululand and the midlands is facing the current recession with a confident conservation."



Above: Dry timber which will be moved to the new scrap-yard site. Below: The intended site between houses in North End.



D.D. 22/10/77 3-Timber

Objections to scrapyard plan for North End

EAST LONDON — Residents of Milton Street, Scholls Lane and Cross Street yesterday condemned a move by the Department of Community Development to create a scrap yard next to their properties.

Speaking on behalf of the residents, a committee member of the East London Indian Association, Mr J. D. Poovan, said they could not condone the action of the Department.

"They intend moving their scrap yard from an area bounded by Park Street, St Pauls Road and Willetts Road to next to our properties.

"If this scrap yard is created here it will not only become a breeding ground for rats, but it will become a fire hazard to our wood-and-iron homes," Mr Poovan said.

Mr Poovan said there were various other places the Department could erect a timber scrap yard in the North End.

"The matter had been brought to the attention of the officials representing the Department in East London.

"In spite of that we now see our pleas have not been heeded and they are

He was of the opinion that all the homes between Milton Street, Scholls Lane, Cross Street and St Pauls Road would be affected if a fire broke out in the scrap yard.

An official representing the Department, Mr P. A.

van Eck, said the matter had been brought to his attention and he had written letters to the City Council and the East London Indian Association.

He refused to comment further. — DDR

Cave]

$$W = J$$

$$I + S + M = C + I + X$$

$$S = I$$

al Investment where injections equal withdrawals 7/15

$$(income) = W [wages] + r [rent] + i [interest] + p [profit]$$

$$= C + S$$

TIMBER

FM 4/11/77

Sawmillers under fire

③ TIMBER

There was at least one ray of light amid the gloom of the SA Timber Growers' Association congress in Pietermaritzburg.

Chairman Craig Anderson announced that CTC (Central Timber Co-operative) has hopes of negotiating a contract to

export 1,5 Mt of grandis poles to Spain. Anderson tells the *FM* that the target is a 10-year contract calling for delivery of 150 000 t of poles a year worth an annual R3,9m. They would be used, he suggests, in the paper or rayon industries as pulp.

Less happy is the future of mining timber where usage is expected to stay at 1,8 Mt a year — just over half the 3,5 Mt predicted. Thousands of hectares of eucalyptus specifically grown for the anticipated increase are now in surplus, says Anderson. Mining provides an outlet for over 20% of the country's total timber production and over 40% of all hardwood timber supplies.

Anderson took a swipe at the affairs of the sawmilling industry which he claimed were "in complete disarray" because they had turned down the Minister's offer of legislation to set a minimum floor price for sawn boards.

Now they were left with "a most dreadful, cut-throat competition in which the total restricted output of many mills is sold at a loss, a loss which even big millers cannot long stand.

"Smaller sawmillers may well go under leaving a few very large companies based mainly on a supply from their own or

state forests, who could create monopolistic tendencies in the sawmilling industry similar to those which exist in the mining and pulpwood industries right now."

Dieter Scholz, chairman of the South African Lumber Millers Association (Salma) agrees that "basically it is a true picture".

He tells the *FM* that when the matter of controls was discussed at the end of July it was felt by a majority that "they had not been too satisfactory in the past and free enterprise should be allowed to take its course. However the matter will come up for discussion again at our quarterly meeting in November. Conditions have deteriorated and Salma may now take a different view. Some sawmillers who haven't gone under yet are very close."

TIMBER INDUSTRY DID NOT PLAN FOR FUTURE'

3-Timber Mercury Reporter 20/11/77

PIETERMARITZBURG — The poor state of the timber industry was due to lack of proper planning, the Minister of Forestry and Water Affairs, Mr. A. J. Raubenheimer, said here yesterday.

He was opening the South African Timber Growers' 21st congress in the city hall.

He said that if the industry had provided in its forward planning for the present situation in the country, it would today be in "the pound seats."

Mr. Raubenheimer said that in the past the priorities of the industry had been wrong. The industry had concentrated on short-term problems instead of on establishing processing industries to handle its produce.

Last year the value of timber imported into the country exceeded R100 million. The Republic could not continue getting timber from sources that were not politically friendly.

Mr. Raubenheimer said the timber industry had to make an effort to reduce the need to import what was a strategic necessity.

③ - timber

Mercury Reporter

PIETERMARITZBURG — The Railways and the Department of Forestry were lashed yesterday by Mr. A. J. S. Slatter, president of the S.A. Wattle Growers Union.

In his presidential address at the union's congress, Mr. Slatter said the SAR was unable to move huge surpluses of timber in the Transvaal and Natal to Durban and Richards Bay for export.

He found it "very difficult to understand why huge quantities of timber are imported into Natal and carted vast distances — burning up millions of litres of valuable fuel — when the selfsame product is available and far better situated geographically and economically to supply pulp mills in Natal."

The union had asked the Department of Forestry to cut back supplies from their own forests, slash the import of timber and stop the import of paper.

He said the results of memorandums and personal appeals to the department had not been very encouraging.

He said: "We must continue with our efforts to get

Rail delay 'harms' wattle

relief and if we do not succeed we will have no option but to take the matter to our parliamentary representative."

There were surpluses of more than 500 000 tons of hard gum in the Transvaal, and 200 000 tons of saligna and 100 000 tons of pine in Natal. The surplus had increased since last year.

Permission had been granted to export the surpluses and there were potential markets.

But all efforts "are being thwarted because of the inability of the S.A. Railways and Harbours to move the timber from the distressed

areas to Richards Bay and Durban."

Mr. Slatter said berthing space for additional ships to carry the timber could not be provided in Durban harbour.

Mr. Slatter said the overall income from both bark and timber bettered last year's record figure.

Gross earnings by growers increased by 15 per cent to R20 million. The increase was attributable to a quota increase and a price increase for undried bark.

Professor J. A. Stubbings, director of the Wattle Research Institute, said there would not be sufficient total registered area under wattle to sustain bark supplies if the erosion of total area continued at the current rate of 4 percent a year, even if the current yield of 16,2 tons of bark per hectare was maintained.

He did not believe that it was necessary to increase the area already under wattle but was convinced that unless the productivity of the existing plantation area and its future re-establishment was increased to its full potential "we shall indeed be short of wattle area, and that sooner than later."

TIMBER *FIN MAIC*
9/12/77
Split decision *3 Timber*

The proposed cure by the Malherbe Committee for the ailing timber industry seems to have re-opened the old sore between growers and processors. For some, long-wrestling with oversupply and depressed prices, the recommended treatment sounds even more painful than the progressive malady.

Producers on the committee, formed by the Forestry Council on Forestry Minister Braam Raubenheimer's directions, represented by the SA Timber Growers' Association, SA Wattle Growers' Union and Central Timber Co-operative, are unanimously in favour of Malherbe's ideas on (among other things) better marketing, forming a united front in price negotiations with processors, standard *pro forma* contracts and quota controls.

On the other hand, the Forest Owners' Association (producers-cum-processors mainly) is wary of any ministerial interference, price fixing, quota systems and virtually anything detracting from free bargaining based on market forces.

Despite the slump of roundwood sales the two factions could hardly be further apart.

Says Satga chairman Craig Anderson:

"We (supported by Sawgu and CTC) have for the past 20 years struggled unsuccessfully to find a voluntary method whereby 2 500 timber growers and about six to eight very large processors or mining timber buyers of round timber, could come to a satisfactory arrangement to settle this vexed question of price determination."

He adds that two decades of trying to thrash out "equitable distribution of orders to contract suppliers during times of recession or oversupply" also ended in failure.

"The imbalance was such that no hope whatsoever existed, or exists, that timber growers could play a reasonable part under present circumstances in these two very important matters.

"However, with the Malherbe Committee a new era could open up," says Anderson.

At a meeting this month in Pietermaritzburg, Satga, Swagu and CTC unanimously agreed to back all Malherbe's recommendations.

These now go to the Forestry Council and, if accepted, to Raubenheimer for his decision.

The FOA's reaction to Malherbe came in a joint (FOA, Sappi, Hunt Leuchars and Roets) statement decrying need for change in the present system of marketing and government control.

"We are in favour of the free enterprise system and (believe) arguments in favour of the system are not quoted in the report."

It adds: "We are extremely concerned at the recommendation that the minister should be given the power to fix prices

and, by implication, to fix quotas. We are not convinced that this has the support of a majority of committee members and believe the report fails to spell out the implications and consequences inevitably if the minister exercises such power."

On whichever side Raubenheimer comes down he will still have to do something. According to the Malherbe Committee's report:

• Sawtimber and veneer log softwood supply will far outstrip needs. The 466 300 ha earmarked for sawtimber should yield annually about 5,13 Mm with millers now processing only around 3 Mm. "Unless corrective steps are taken soon serious (oversupply) problem may be expected in the medium and long term";

• Hardwood sawtimber looks healthy with imports running at R35m during 1976;

• Softwood pulpwood's availability consumption gap has been widening for more than three years and will continue to widen "until new pulpwood-using industries come into operation";

• Hardwood mining timber returns show that an "alarming oversupply has already developed and a disposal crisis cannot be avoided."

WATTLE FIN MAIL 10/12/77

Falling leaves

3 Timber

Thanks to its chip export scheme, wattle appears to be one of the few happy areas of the timber industry. But there is some concern for the future.

SA Wattle Growers Union (SAWGU) chairman John Slatter has noted that another 7 000 ha have been lost last season — mainly to sugar. With annual sales of 68 000 t of extracts, "we can't afford to lose any more wattle," he declares.

Professor J A Stubbings, director of the wattle research institute, insists that the solution lies in improved productivity: "During the year ended June 1977 the total registered wattle area has decreased further at a rate of 4,3% by 6 914 ha to 153 143 ha, which means that over the past six years, despite high prices, the annual erosion of registered wattle area has been at an average rate of 4,1%."

To aggravate the position, "it appears that the effective yield for the industry . . . has dropped from 17,7 t/ha during the 1975/76 season to an indicated 16,2 t/ha last season".

But the question is whether the industry will in fact be able to improve its position in the market. There has been, Slatter acknowledges, "a gradual fall-off in the demand for vegetable extract for

tanning purposes." Latest reports indicate no improvement and SA now faces competition from Brazil where areas planted in the Seventies are now coming into production.

The industry's answer is to seek as many new uses of wattle extract as possible even if this means spending more on research and development and possibly subsidising prices to establish the product.

For the record, this season's quota allocation has been held at 70%.

D.D. 30/12/77 (3-Timber)

Yellowwood warning

Furniture and other articles manufactured from the imported timber of the South American species *Balfouriodendron riedelianum* have made their appearance on the South African market under the trade name of yellowwood. They have been acquired by unsuspecting purchasers under the impression that they were buying genuine South African yellowwood. This is inimical to the interests not only of buyers but also of those manufacturers who offer articles made from the timber of the indigenous yellowwoods belonging to the Genus *Podocarpus*.

An announcement by the Secretary for Forestry now prohibits the use of any trade name or description other than the prescribed trade names of

the products of these timbers.

The prescribed trade names of the South African species are: Yellowwood, Kalander or Outeniqua Yellowwood (*Podocarpus falcatus*); Yellowwood or Henkel's Yellowwood (*Podocarpus henkellii* Stapf); Yellowwood or real Yellowwood (*Podocarpus latifolius*).

The trade names for the South American species are: Marfim, Pau Marfim or Pequia Marfim (*Balfouriodendron riedelianum* Engl.)

The announcement adds that these species, their products, imported into, exported from or sold or otherwise disposed of in the Republic, shall only be known by these trade names or descriptions.

Foreign timber passed off in furniture deals

PEOPLE who set out to buy Cape yellowwood furniture are, in some cases, getting an imported, much cheaper, wood instead.

A Sunday Express investigation this week found furniture made of pau marfim, a butter-yellow wood from South America, offered as "Cape yellowwood" — at genuine yellowwood prices.

Since December, this has been illegal. The term "yellowwood" may be used only to describe timber from three species of podocarpus, the towering, lichen-festooned trees which South Africans know best from the Knysna forests.

Pau marfim, a pale yellow hardwood which has been imported over the last few years from Brazil and Paraguay, comes from an entirely different family, balfouriodendron. Except to experts, the two woods are almost identical in appearance.

However, a botanist will detect the difference at once, since there is a difference in the cell structure.

Moreover, pau marfim is cheaper to the manufacturer. At present 0,028 cu metre (one cubic foot) costs R18 in South Africa, compared with R27 for Cape yellowwood.

So furniture made of a pau marfim should be about two-thirds the price of yellowwood. In fact, some shops are offering it at the same prices as yellowwood, or only a little less.

Last week I was offered a seven-piece diningroom suite (1,35m table and six chairs) in "genuine Cape yellowwood and imbuia" by a salesman of a national furniture chain, Bradlows, at their Market Street, Johannesburg, branch.

The salesman, Mr B Nortje, gave me the quotation in

THE YELLOWWOOD YOU BUY COULD BE AMERICAN



• Mr Hein Scheffer
... honesty is best

A SUNDAY EXPRESS INVESTIGATION BY JEAN LE MAY

writing — for R618 — for the suite "supplied to us as yellowwood and imbuia ex SARMA".

SARMA is a furniture factory at Babelegi, north of Pretoria, established through the Corporation for Economic Development (formerly the Bantu Investment Corporation) in the Hammanskraal area of BophuthaTswana.

Mr Nortje said the manufacturer's invoice specified "yellowwood", but he could not show me the original.

He tried to telephone SARMA to make sure, but the factory's telephones had been knocked out by the floods and he could not get through.

Later I was able to reach Mr Pretorius, one of the owners of SARMA.

He said: "We make both yellowwood and pau marfim furniture. Sometimes we invoice it as such and sometimes we just give a suite a name like 'Constantia'."

Express: "Do you mean you make a suite of yellowwood and then sell it, so to speak, anonymously?"

Mr Pretorius: "The name of the wood has nothing to do with you. If the sellers want to describe it as yellowwood, that is their business, not mine."

Back to Mr Nortje, at Bradlows. When I repeated what Mr Pretorius had said, he admitted he had never seen an invoice and said I should talk to Mr G Baker, managing director of Bradlows.

Mr Baker's comment was: "Until very recently we were not aware that it was necessary to distinguish between South African yellowwood and timber that was imported from South America."

"As the two timbers are identical in appearance, our salesmen did not realise they had to ascertain the origin of the timber before referring to it as 'genuine yellowwood'."

"It was only in December 1977 that the Secretary for Forestry, Mr D P Ackermah, issued a statement drawing attention to the fact that the yellow-coloured wood used to make furniture could possibly be imported pau marfim and not genuine yellowwood."

"No suites made of pau marfim have been purchased by this company since then. Our salesmen have now been instructed to ascertain the origin of the timber before referring to it as 'yellowwood'."

"We regret any inconvenience caused by this innocent error on the part of one of our salesmen."

Later, I obtained quotes from a Pretoria dealer, Mr Hein Scheffer, who gives guarantees that the furniture he sells is made of "genuine Cape yellowwood".

For dining-room suites (1,35m table and six chairs) made by other factories (not by SARMA), Mr Scheffer quoted R804 for Cape yellowwood and imbuia, R567 for pau marfim and imbuia.

• Stinkwood or imbuia is always combined with yellowwood, since yellowwood is not strong enough for table and chair legs. There appears to be no structural reason, however, why they should be combined with pau marfim, since it is as strong as imbuia.

12/12/78
3-Timber

③ ~~wood~~/timber FM 17/2/78 ✓

WOODEN LEVER

Forestry Minister Braam Raubenheimer's campaign of friendly persuasion for the long-squabbling round-wood industry looks like being a little less amicable. His Forest Amendment Bill (*FM* February 3) introduces a lever that should keep growers and processors at the bargaining table until a deal is fixed.

Failure to agree, and the timber industry is historically good at that, will leave Raubenheimer with the ultimate power to fix prices.

The 2 700 growers overwhelmingly agree with this proposed State intervention clause (so they should, with investment returns in real terms struggling to average 3%) though even the threat of it will generally work against buyers and processors.

If Raubenheimer's lever gets through its present select committee stage and eventually becomes law growers will aim for a real term return of 8%.

Disagreements in future are likely to be fewer, with an end to dumping and price cutting — cause of last year's complete collapse of the Timber Marketing Bureau's tariff structure — as the aggrieved party could then run to Raubenheimer for a ruling.

Equally significant in his proposed changes is the ultimate control of timber disposal. This, when there is a glut such as at present, clears his path for a quota system.

With these extra powers — the 1968 Forest Act already gives little-used but draconian control of imports, exports, and disposal ("other than the fruit on the fruit trees") — he could come down like a ton of logs on the whole industry.

That's unlikely, and a control board for the industry is even farther away, but the timber industry must at last realise Raubenheimer means business. He said he would interfere as a last resort. Now he has.

Timber price about to go up

THE PRICE of timber is about to be hiked. This follows a minimum price fixing agreement between millers and suppliers.

Coming on top of the new sales tax, this increase will boost inflation generally and building costs in particular. As timber accounts for about 10 per cent of the cost of building a house, the ripples of the rise will be felt throughout the economy.

The inevitability of a price rise is clear from these facts:
● The SA Timber Millers Association contends it is receiving the same price as it did two years ago, while all costs have risen substantially and price cutting in the industry, at one period, was endemic. There was a price hike of 10 per cent in April 1976. A rise of the same amount in October that year was immediately swallowed up in discounts to the trade.

BY JOHN GILMORE

Agreement will boost inflation

on the timber industry to put its house in order. As a result of this, and the extent of the industry's continuing losses, a Timber Marketing Agreement was brought into operation on January 1 this year, to enforce minimum prices for the sale of timber by the millers.

So everyone in the trade — the millers, the agents and the merchants — began trying to stabilise what the chairman of the TMA, Dieter Scholz, described as "chaotic conditions".

The merchants were not forced to sign, but they were offered an incentive to do so in the shape of an initial three per cent discount and a further seven per cent discount from the millers. Merchants who did not sign the agreement, and

prices by shopping around. Mr M. Cohen, of Springbok Timber, feels that if millers cannot live with competitive prices they should go to the wall — a sentiment echoed by the managing director of a large, quoted, property and building group.

Other grievances put forward by merchants are:
● All orders taken at earlier lower prices had to be executed at a loss when the prices were fixed.

Under the agreement, fines are imposed if all conditions are not met. Under the section headed "penalties", the TMA agreement reads: "Should any party be associated with the sale of timber at a price less than the minimum, at a discount more than those permitted, or through an agent who is not a party to this agreement, then each of the parties who is associated with

the sale shall be obliged to pay a penalty of R50 for each cubic metre."
● Weekly returns of all sales invoices have to be made to the TMA's accountants, who have the power "to inspect all books of accounts, records and documents and transactions of any party."

The accountants can take "whatever steps they deem necessary to recover any penalty or levy, including the institution of legal proceedings."

Dieter Scholz, however, denies that complainants have been received either about the pressure on merchants to sign the agreement or about its penalties. The merchants' attitude, he says, was positive and co-operative and most of them saw the danger of Government control. Merchants did not have to sign the agreement, he insists, "and in fact they could have broken it if they so wished."

He doubts, also, that the TMA is acting against the interests of competition in the market.
● The agreement does not fix the final price to the consumer. Merchants are still free to compete within the limits set.
● There remains a degree of flexibility because the seven per cent discount does not have to be adhered to.



Wreelys een pleaworkers (1)

²¹²
3 - Timber 5/5/78
**TIMBER! The price
is going up 10 pc**

Own Correspondent

CAPE TOWN — Prices of local and imported timber have been increased by up to 10 percent.

Rising sawmill costs is the reason.

Suppliers say the price of pine, which accounts for about 80 percent of the South African timber market, is up 10 percent.

Local and imported exotic timbers have been increased by about seven percent.

Furniture makers say the price hike will have little, if any, effect on the retail price of furniture.

One said he expected most manufacturers would absorb most of the increase. There might be a small rise to the public.

Building firms were equally confident there would be no major rises in building costs.

7/6/78

3 - Timber

Timber men turning to other crops

Mercury Reporter

PIETERMARITZBURG — Some timber growers are felling their trees and planting more profitable crops, the S.A. Timber Growers Association said in its annual report yesterday.

The report said that while the extent of the shift was not known, it could affect the area under trees.

The conversion, which affected pine, eucalyptus and wattle, was not only due to the adverse marketing conditions in the timber industry but also because of farmers using land for more profitable crops.

The report said that only 22 053 ha of new afforestation had been carried out over the last year, well short of the target figure of 50 000 ha.

The report said that in view of the depressed market in the industry, it could be regarded as encouraging that new plantations had proceeded at the rate they had.

3 Timber

30/6/78

the ailing industry has been read. In a National Timber Research Institute (NTRI) report, her list of commercial shortcomings reads like a guide for timbermen bent on going broke.

Waste, poor productivity, negligible research and haphazard marketing are among many other faults dragging down the growing and milling sectors.

"Machines often work only eight hours a day and maintenance is either bad or there is none. Production flow is terrible and education levels of workers generally very low," says Theron, an NTRI senior research officer.

Her criticisms include the NTRI itself. It doesn't do enough field work, fails to pass on a lot of technology to timbermen, and often stops short of ensuring that its recommendations are adopted, she says.

Collation of statistics between 1958-1972 ("though the trend is still the same") shows that timber has lost ground to bricks, cement, asbestos, slate, glass, railway sleepers, steel roof trusses, steel drums, aluminium window and door frames, steel sheds, mine roof jacks and several other items.

Theron says timber's decline was not caused by pricing itself out of the market, so there is need for "a closer look at marketing tools — product policy, distribution, advertising and promotion.

"The search for superior new timber

TIMBER ③ timber
Piles of trouble

Timber's falling market share against metal and plastics can be no surprise once Dr Margriet Theron's assessment of

FM 30/6/78

products is of particular importance in view of the increasing displacement of timber by plastics and other materials."

Who will do the searching is another matter. Labour is generally less educated and lower paid than in competitive industries, with managements reluctant (in these times also probably unable) to invest in technology. Those who do install modern machinery either generally under-use it, or fall down on maintenance.

Theron's report, which will be read at the UN World Forestry Congress at Djakarta in October, makes a dozen recommendations for increasing timber's market share and profits. They include: urging the industry to do more research;

identifying the market; hiring more market researchers (wood processing had two in 1975 against six in metal products, 39 in basic metals and 53 in chemicals); advising on cost control and productivity; cutting waste and running training courses.

FOA becoming new force in R500m

3 (timber) 17/7/78 R.D.M.

timber growing industry

By Anne Colley

South Africa's R500m a year timber industry is being pruned and re-shaped through the latest amendments to the forestry law and through the emergence of the Forest Owners Association (FOA) as a force to be reckoned with.

After years of keeping a low profile, the FOA has decided to become more than just a mouthpiece. Its 38 members represent just over 60 percent of the private sector land under plantation, and include such big names as Sappi, Mondi, Bruply, Merensky and Hunt Leuchards and Hepburn.

Until the FOA was formed, these giants belonged to the one-man-one-vote SA Timber Growers Association and had as much influence on the running of the industry as any farmer with a few hectares of plantation, selling timber as a sideline.

FIRST STEP

First step in the re-vamping of the FOA was to appoint Mr Bruce Mackenzie, till then marketing manager of the Merensky Foundation, as chief executive and Mr John Henderson, former chairman of Sappi, as president.

In Mr Mackenzie's words the FOA plans to offer members a better service by playing an active role in export co-ordination, research, and

particularly in long term planning.

"We are not trying to build up a power base — far from it," he says. "But with an oversupplied market right now and the prospects of a world-wide shortage of timber by the year 2 000 long-term planning is essential."

As the underdeveloped countries become more sophisticated, the demand for wood for paper and packaging will grow at a phenomenal rate, egged on by the population growth. "We must prepare for this and ease the present oversupply."

He also stresses that one of his main targets is to promote smoother relations with the SA Timber Growers Association and Wattle Growers Union. For it is no secret that friction exists — the most contentious issue being the question of government control.

The small growers, mostly members of the SATGA have long been calling for price fixing control, quota allocation and closer government surveillance of the industry. The FOA has bitterly opposed this.

Mr Mackenzie admits that the concern of the smaller growers is understandable. Most of the larger growers are also processors — and so the buyers of most of this country's timber. The

small farmers believe that on the currently over supplied market the processors with their own plantations will buy their own timber first.

But Mr Mackenzie also points out that it is not in the interests of the major grower/processors to leave the smaller farmers out in the cold as this would lend weight to arguments for further government control.

The FOA members fought this development on the basis that unless they have some control over the raw material they are not prepared to sink more money into the processing side. "And our members represent 95 percent of the investment in the processing side as well as 80 percent of the investment in growing," says Mr Mackenzie.

"BIG CHAPS"

"The industry desperately needs another pulp mill — a R300m investment. But the big chaps say emphatically that they won't consider it in a controlled industry. And let's face it the growers must go along with the processors — they are the buyers of the raw timber."

But the battle was lost in part when the latest amendments to the forestry act were passed in Parliament during the past session. The Minister was given the power to

fix prices and quotas in cases of dispute between buyers and sellers.

The Minister has said that he won't use these powers unless it is absolutely necessary and it has been pointed out that in theory he has had these power for years.

But Mr Mackenzie says "I hope, but I am not confident that he won't us them. I have a sneaking suspicion he will have to. And it is going to be an enormously complex task."

There will have to be a different price for each of the seven processing industries that buy the raw timber. Then the industry with the highest fixed price will be inundated with logs and quotas will have to be introduced.

"However we will try to negotiate fair prices and preempt the need for Ministerial action" says Mr Mackenzie.

end a misfit, distrusted by Catholics for the rapidity of his support and testified by Protestants whose cause he had done so much to advance with his moderate and hesitating support. In moderate times, moderate support for him was enough to advance with his moderate support.

This was the first time he had done so much to advance with his moderate support. In moderate times, moderate support for him was enough to advance with his moderate support.

... [The rest of the page contains heavily distorted and mostly illegible text, likely due to bleed-through from the reverse side or extreme fading.]

The Organization of Political Parties: The Great Powers

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Expert praises SA forestry industry

R.A.M
3 General
579/28

THERE was a real need for the repeated retraining of operators of forestry equipment and for trained supervisory personnel, according to a world expert on the subject.

Mr Lee Gustafson, forestry-product specialist of John Deere, of Moline, Illinois, told more than 70 leading Eastern Transvaal foresters and members of the Department of Forestry at Sabie that a continuous training programme was essential to achieve optimum efficiency in the current inflationary era.

Speaking at a two-day seminar on forestry held by the Eastern Transvaal branch of

the SA Institute of Forestry, he said the greatest challenge factors forestry-equipment manufacturers today was the small tree problem - a costly operation which would be dictated by economics.

South African forests were run "strictly on economics" and many foresters in the United States were amazed at the degree of efficiency in South African forests.

"I have seen operations here that are more mechanised than in North America.

"I can see nothing but a positive future for you in this regard," he added.

The seminar covered subjects ranging from plantation-

harvesting equipment and mechanisation to "computers" in harvesting and row-thinning.

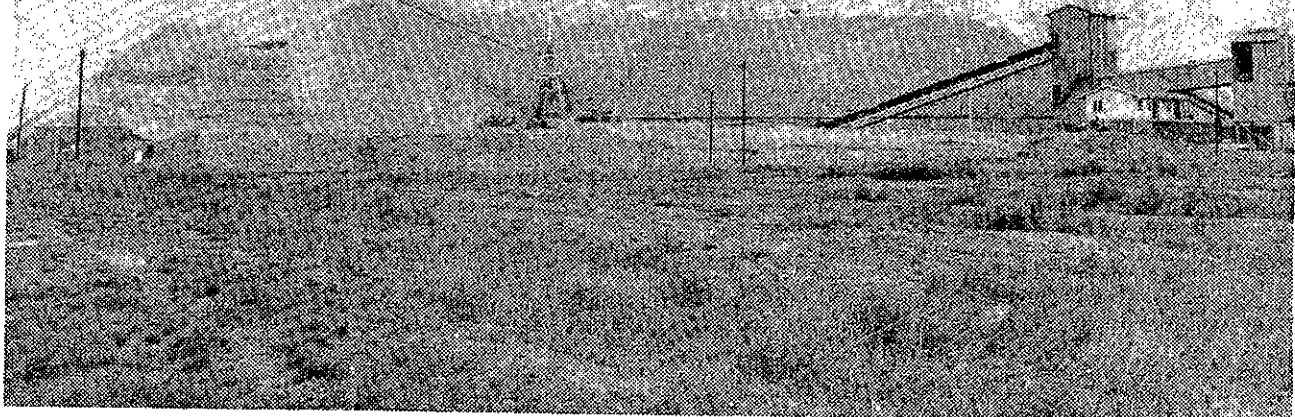
Mr Dave Lundie, chairman of the Eastern Transvaal branch of the SA Institute of Forestry, said the value of Mr Gustafson's experience would be applied and the results would be seen in the Lowveld in the near future.

"The recession in the timber industry is forcing us to reduce costs, and knowledge gained from Mr Gustafson will help us achieve this.

"I fully agree with him that further training of equipment operators is essential," he said.

- Sapa.

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THREE bulldozers at work on the stockpile of wattle chips destined for Japan. At right: the chips start their short journey to the quay.

Wood chip exports run smoothly

CENTRAL Timber Co-operative of Pietermaritzburg, winners of last year's State award for outstanding export achievements, have honoured their obligations to several hundred local timber growers, states the assistant general manager, Mr. Rorie Anderson.

More than half a million tons of wattle chips exported through Durban in less than three years — a South African record — bears this out.

Forced to search for new market outlets by oversupplies of timber here some years ago, Central Timber Co-operative embarked on a multi-million-rand project to

supply fine-paper manufacturers in Japan and earn the equivalent of expected wattle timber sales.

Based on a 10-year contract with a pulp mill on Honshu, plans outlining the project requirements provided for a special R10 million bulk carrier (Mimosa Africana), a R2 000 000 wattle chipping plant (Cato Ridge), purpose-designed rail links including a

sophisticated rail truck dumper adjacent to the 60 000-ton capacity stockpile complex, a conveyor belt system and the shiploader (Pier 109) — a total investment of R3 000 000.

Cato Ridge chipping operations began in August, 1975, and installations inside the port were completed three months later.

After initial teething trou-

bles, normal in any project of this size and complexity, Central Timber Co-operative now operate at a 96-percent mechanical efficiency level.

"Working on a breakdown rate of only 4 percent at the Cato Ridge as well as the Durban harbour installations, we can truly say that things are going very smoothly," said Mr. Anderson.

Stockpile

Wattle growers in the Natal Midlands, Northern Natal and South-Eastern Transvaal send their timber to the Cato Ridge wood-chip plant.

From there a special contract train, carrying 1 100 tons at a time, carries the chips to the Durban docks where a flexible blow-tower delivers them to a stockpile.

Three bulldozers (with another on standby) route the chips into the conveyor system which carries them to the waiting ships.

Depending on the individual load's moisture content, the Mimosa Africana is able to ship between 30 000 and 35 000 tons while the smaller Gohyo manages from 22 000 to 24 000 tons.

At present, the Mimosa Africana (50 880 dwt) handles up to six annual sailings and the Gohyo (31 861 dwt) two.

NEW CONTRACT?

These two Mitsui OSK bulkers, three and five years old and flying the Panamanian and Liberian flags respectively, may soon get company on the run between South African and Japan with local timber exports.

Asked whether CTC had further similar projects in the pipeline, Mr. Anderson said: "The paper market is a bit depressed. But the whole thing has been so successful that Japanese interests have indicated that they may want to enter into a second contract with us involving chipped hardgums."



PRINCIPAL carrier of South African wattle chips, the six-hatch Mimosa Africana hooked to CTC's Pier 109 shiploader during her latest call.

N.M.

9/10/78

3-Timber

Industry's plea to the SAR

3 - Timber

14/10/70

Mercury Bureau

PIETERMARITZBURG — The timber industry would be broken and its possibilities of export ruined if the South African Railways did not call an immediate halt to the upswing in railrage rates and costs.

This was said by the national chairman of the South African Timber Growers' Association, Mr. Craig Anderson, here yesterday.

He was addressing the annual congress of the association.

Mr. Anderson was referring to the transportation of round logs and mine packs.

He asked that industry should not be penalised by the annual subsidy of R200 million paid by the Railways administration for losses on passenger services.

Losses

"These losses are paid for by the excessively high rates that industry must pay when moving its product about on the rail transport system."

The forestry council was asked to raise the levies payable on all-round timber sales, resulting in price increases by as much as 20 percent which would become effective from January 1 next year.

Such price increases would help to meet the sharp rise in railrage, fuel, labour and transport costs incurred by timber growers over the last few years, said Mr. Anderson.

Mr. A. J. Raubenheimer, Minister of Water Affairs and of Forestry, said that timber growers had born the full brunt of a depressed timber market in the past year.

Outlets

However, although many growers found that they could not dispose of their entire timber yield, active steps have been taken to secure outlets for the timber.

Overseas countries have shown an interest in South African timber which was non-existent a few years ago.

The timber industry had taken advantage of the situation and had already achieved much in the export field.

Mr. Raubenheimer said that during 1977 the country's imports of timber and timber-derived products decreased by 16 percent which resulted in a saving of R30 million in foreign exchange.

export pulpwood and the new pulp plant in operation, "supply and demand in this timber category should even out," said the minister.

To relieve the general oversupply the timber industry is looking to exports. Last year the forest and timber industries increased their foreign earnings by 25% to R130,5m. As soon as a projected export contract for 250 000 t of wood chips is signed, which may be within the next few months, the industry will take up its option on land at Richards Bay and go ahead with a second chipping plant.

Finally, Anderson's impassioned plea to Raubenheimer to approach his colleagues to stop the railways killing the industry with high rates fell flat when the minister pointed out that even at current rates timber was not paying its way.

TIMBER INDUSTRY

Felled ⁽³⁾ timber

FM 20/10/78
Timber growers are leaning on the user industries to pay more for their wood — notwithstanding the fact that most types of timber are now in heavy oversupply.

At last week's SA Timber Growers' Association congress in Maritzburg, chairman Craig Anderson said growers would ask for a 15% increase from January 1 on pine sawlogs, mining timber and hardwood pulpwood, and 20% on pine pulpwood. "It is hoped that the buyer industries will view this request sympathetically . . . and in so doing allow the industry to stay on a voluntary basis for price determination."

The threat is clear. The growers believe they have a strong enough case to

persuade forestry minister Raubenheimer to use powers derived from legislation passed earlier this year allowing him to fix prices if growers and users cannot agree.

Raubenheimer, who opened the congress, revealed that the industry would have been in even worse shape had the state not curbed production from its own forests to prevent 95 000 m³ of pulpwood and 800 000 m³ of pine sawlogs being placed on an oversupplied market. He supported Anderson's plea for a single grower organisation and protested that he was being placed "in an impossible position with one lot of growers coming to see me in the morning wanting one thing and another lot coming in the afternoon wanting another."

As it is, there is the Forest Owners' Association on one side, and Satga and Sawgu (SA Wattle Growers' Union) on the other. This creates, as Anderson puts it, "the positively extraordinary situation where the minister has to decide a point between two growers' associations and not between a growers' association and a buyers' association." His solution is a short, sharp commission of enquiry.

Raubenheimer announced that the Department of Forestry had set up a planning section which had made a preliminary study. There was room, it found, for another pulp factory with a capacity to use annually 1,5m³ of timber.

With existing pulp plants expanding their capacity, successful attempts to

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RAM 23/10/78
**Tree smashes
price barrier** 3-Timber

Own Correspondent

PORT ELIZABETH — Timber sales in five State forest reserves in the Tsitsikama region last week brought in a record R250 000 for the Department of Forestry.

One stinkwood tree smashed all previous records for stinkwood sales by realising R11 000.

Three logs cut from the tree, felled in the Lottering State Forest, were sold to Jonker Bros. of Knysna, for R10 800.

Subsidiary cuts from the tree pushed its total price to well over R11 000.

The sale pushed the record for a cu m of stinkwood from R3 700 to R6 100.

The record price staggered even Department of Forestry officials.

"Until this particular lot came up, stinkwood had been fetching an average of R800 to R900 a cu m," one forester said.

At the sales held at Keurboomsrivier, the logs cut from 14 trees fetched just over R20 000.

At Lottering the timber of yellowwood, blackwood, kalandel and other varieties fetched R80 000.

Mr C. Esterhuysen, regional officer for the Tsitsikama region, said the sales were an overwhelming success.

While interest tapered off marginally at the final sales held at Keurboomsrivier, with fewer than 20 buyers present, the earlier sales attracted about 100 buyers from all parts of South Africa.

Although it is true that
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The Central Bantu Labour Board

The upper tier provided by the machinery was the Central Native (later Bantu) Labour Board, consisting of white members appointed by the Minister of Labour after consultation with the regional committees. In early 1973 the Board was comprised of four white members, one of whom was the chairman, an official on the fixed establishment of the Department of Labour. The other members were appointed on a contractual basis at an annual salary of R5 100. As a full-time body the Board met daily.²⁰

The Board was to attempt to resolve disputes which had been unsuccessfully dealt with by regional Bantu Labour Committees, but if it, too, was unsuccessful it had to report to the Minister of Labour stating whether it considered such a dispute should be referred to the Wage Board.

17. Ibid, pp.274-5.

18. Drum, 9 June 1973.

19. Hansard 19 columns 1193-4, 17 June 1973.

20. Hansard 7 columns 484-5, 20 March 1973.

Stew 7/12/78

Factor has go at wood price

3-Timber

Mr Tony Factor, Johannesburg's price-fighting de-
quint chain owner de-
clared war today on the
proposed increases in the
price of pine timber.
The reported increases,
planned by the South Af-
rican Lumber Millers' As-
sociation, would affect at
least half the country's
furniture, because even
upholstered furniture was
made of pine frames, he
said.

And those worst hit
would be the lower-income
group, as most cheap fur-
niture was made of pine.
Mr Factor objected to
the increases on two
counts:
● "I contend it is mono-
polistic and illegal for a
body of individuals to in-
crease prices by collusion,"
he said.

● Furthermore, I ob-
ject to the extent of the
increases."
He claimed the increases
would range from 30 to 52
percent and this would
raise the price of furniture
by about a third.

Mr Willie Hattingh, the
assistant director of the
Lumber Millers' Associa-
tion, denied that prices
would rise by as much as
50 percent.
Price increases for
South African pine were
to be announced by his
association in the next few
days, he confirmed.
But the association was
still working on price lists
and still had to negotiate
with buyers.

He could not attach a
percentage to the in-
creased price of industrial
timber, as prices varied.
But a percentage would be
announced for structural
timber, he said.
A worker himself.

points to an alarming high rate of occupational
injury and on the rules. This rate is probably in-
creased, since i) accidents are specifically excluded,
ii) the health of the working class community as a whole is not
taken into account and iii) the Commission itself notes a lack
of information in many critical areas.

Yet its recommendations are surprisingly diffident, even in its
own terms. Recommended maximum threshold levels are suggested,
only as indices (and then not in all branches of industry),
licensing is recommended rather than the laying-down of strict
limits - and licensing is to be selectively applied - and
recommended sanctions for contravention by industrialists are
extremely mild. Great emphasis is laid on co-operation between
workers and employers as a means of securing industrial safety

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and health. The mines, the railways, the department of
defence and the department of industries should be allowed,
the Commission recommends, to retain direct control and a
large amount of discretion in health matters affecting
their employees.

10. It is important to consider the question of why this Commission
was appointed at this time. One tentative answer is that a
high and increasing incidence of occupational disease and
accidents which is impairing production - and proving a
burden on the State - has itself called forth a response.

The Commission itself repeatedly expresses concern at the high
incidence of occupational disease, sometimes explicitly in
terms of its costs in production. Furthermore, it is possible
that a concern that deteriorating working conditions might
facilitate the development of politically effective 'pressure
groups' prompted the appointment of a Commission.

- Piapa Green
- Dudley Horner
- Alide Kooij
- Shirley Miller

presumes that labour disputes are very largely conditions. This may be true in most instances.

For example in an establishment employing, let the employer were to be inflexibly resolved upon a secret committee while perhaps 80 per cent of his employees to a works committee, there is a possibility of a deep-rooted a

Again, if the upon a secret a show of hand deep-rooted a

Functions of Co-ordinating Committees
A further difference in the function of the while that of requirements of ment in respect represent the their condition Evidently the body while the in-plant bargaining generally under intermediary be

WATTLE
Growing earnings

July 12/79
(3)

The South African wattle industry hit the jackpot last season and is now waiting with bated breath to see if its luck will last.

At the recent SA Wattle Growers' Union congress in Vryheid, president John Slatter told members "that the 1977-78 season saw an improvement in the demand for extract which was beyond our wildest expectations." The 267 000 t of bark supplied was 20% above the average over the last decade, and combined demand for pressed bark and extract (expressed as extract) was 84 000 t (67 890 t).

Slatter gave three main reasons for the increased demand:

- Additional pipeline business and the freezing of stockpile releases in the US together with an increase in stocks by American tanners;
- A steady and firm gain in the use of extract for light leather in certain markets; and
- A small improvement in the markets for other uses.

While the period of office of a liaison committee that of a works committee was limited to "not

Co-ordinating Committees

As the new system permitted the election of members of the establishment, provision was made for a co-ordination of the chairmen and secretaries of each works committee had been elected. The appointments to be made after consultation with the employers roughly the same as those of a single works committee.

Looking to the future, Slatter fears increased exports from Brazil and says the critical factor will be whether the new demand for light leathers will continue or whether it will prove to be a flash in the pan.

About 95% of the wattle industry's output is exported. But since the market is highly competitive and since prices and destinations are closely guarded secrets, it is difficult to assess earnings.

However, it would be reasonable to suppose that gross earnings of R18m in 1973 have almost doubled by now. Increased extract earnings would benefit companies such as Natal Tanning, Natal Chemical Syndicate, and Union Co-operative Bark & Sugar Company.

One of the industry's big problems is that wattle is a dual crop, yielding not only the bark from which extract is derived, but also timbers which have been in heavy oversupply. Had it not been for the long-term contract to supply 250 000 t of wattle chips for pulp purposes to Japan, this side of the industry would have been in serious trouble. As it is, growers are now looking for a market for another 50 000 t of chips or round logs or even-sawn timber or charcoal.

Forecasting problems

Unlike sugar which can be harvested within two years, wattle takes 10 years to mature so supplies cannot be boosted at will. Growers are thus faced with the additional hazard of forecasting economic conditions a decade ahead.

In recent years there has been a steady erosion of wattle lands of around 4% a year, but the area of registered quota land seems to have stabilised now at 153 000 ha, a figure that "we cannot afford to drop below," says Slatter.

Although the discrepancy between last year's sales of 84 000 t and a sustainable yield of 72 000 t of solid wattle extract indicates a danger of overfelling, the supply situation is not as marginal as it may appear since certain non-quota lands are also under wattle and productivity gains are also possible.

Last season bark prices were increased by 7.5%. This season prices have been increased again and growers can expect to receive nearly R63 (R60) a ton for average quality bark. "These price increases linked with a 78% quota mean that growers can look forward to another excellent season and the combination of the two will more than compensate for increasing costs," says Slatter.

Meanwhile, the Wattle Research Institute attached to the University of Natal in Pietermaritzburg is actively looking for new uses for wattle. It has discovered that wattle can be used as a flotation agent, as a material in combination with starches in the manufacture of water-proof cardboard boxes and in the manufacture of a variety of industrial forms.

Sun Times Bus. 17/12/78
3-Timber

Timber price rises will hit the consumer

By MARTIN CREAMER

FURNITURE prices are expected to go up by between 20 and 25 per cent in the New Year as a result of dramatic timber price increases.

And the 15 per cent hike in structural timber, which makes up about 3 per cent of the cost of a house, will also add to new house prices.

For first time, the price of industrial timber used mainly for making furniture, pallets, crates, core material and joinery work, has been fixed at minimum levels against the background of prolonged squabbling in the industry and lobbying by growers for the establishment of a control board to straitjacket the industry.

Furniture manufacturer and retailer Bob Grant says the price of first-grade pine used by his factory has been increased by more than 50 per cent.

The effect of this increase on furniture prices will be between 20 and 25 per cent, he says.

The director of the Furniture Traders' Association, Sieg Redelinghuys, says pine furniture recently became a big seller because of the reasonable price at which the wood could be bought. He fears that this market may now be severely curtailed.

Because the timber market has been largely oversupplied — particularly the structural timber market hit by the building slump — the increase came as a shock to furniture manufacturers.

Bugs Burland, of HMB Industries, fears losing major export orders for clear pine furniture as a result of the price hikes.

Timber agent Martin Ribbons says he is already experiencing sales resistance and laments the fact that the new prices were sprung on the industry.

The director of the Lumber Millers' Association,

David Eloff, whose organisation put out the new prices, says the price increases have been exaggerated and some mills will be getting about 5 per cent less for their timber.

Without doubt some prices have been increased, but not by as much as 50 per cent," he says.

But Mr Grant says pine he previously obtained at R48 a cubic metre, excluding delivery, is now selling at R75 — an increase of 56,25 per cent.

Members of the liaison and works committees established since the 1973 test seems to indicate that management perceives its interests to be served by a system of control through consultation. Whether this is so remains to be seen.

Committee in Practice

With a view to a consideration of works committees. In January 1973 there were 24 statutorily-constituted works committees throughout the Republic³³ and by the end of March of that year these had increased to 31.³⁴ At the end of the year the number of these committees had reached 207³⁵ and of these, 98 were located in the Transvaal, 61 (30%) in the Cape, 45 (22%) in Natal, and 42 in the O.F.S. Later information put the number at 239 in May 1975, a 17 per cent increase in a little over two years.³⁶

Our investigation collected less satisfactory data on these committees than on liaison committees. This was due in part to the fact that the Transvaal is not represented on a works committee and in many instances was therefore, to complete the questionnaire satisfactorily. In some instances apparently, the works committee members viewed the questionnaire and its purpose with suspicion. In June 1974 questionnaires were sent to 124 organisations of whom only 34 responded. These 34 had established 41 works

33. Hansard 7 columns 485-7, 20 March 1973.

34. Hansard 10 columns 632-4, 10 April 1973.

35. Hansard 10 column 691, 15 April 1975.

36. Rand Daily Mail, 22 May 1975. Cited in: Muriel Horrell and Tony Hodgson. Op.cit. p.212.

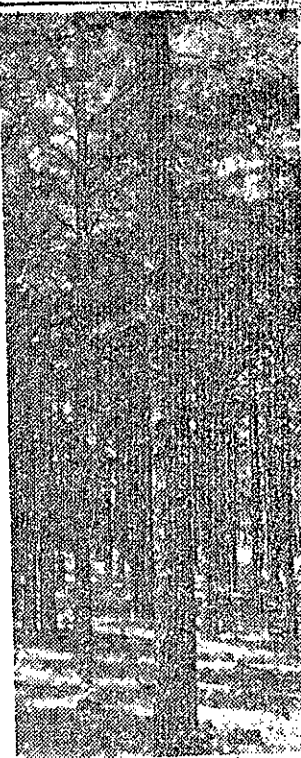
AGRICULTURE — OTHER — TIMBER.

30 JUNE 1979 — 30 August 1981

Transkei exporting timber

The timber industry has successfully entered the export market in Europe and the Middle East and was competing with Scandinavian and Russian timber in certain fields overseas. Furniture made of Transkei timber has found ready market and Chet Industries were gearing up to export blockboard from Butterworth to West Germany.

A long-term contract has been signed with Mr L. M. Sikuza for the supply of sawlogs to his sawmill at Tabankulu. This was the first such contract with a Transkeian. There has been a marked increase in enquiries for the purchase of Transkei timber and the outlook for the sale of pulpwood looks brighter than it has been for several years.



The Mtyewenka Forest near Tsolo.

...in approach and prefer to be addressed in their own language

Reluctant to accept instructions, particularly from Africans of other groups

Slow in speech and action, but not lazy

XHOSA

Inquisitive, acquisitive, and intelligent

Persistent in approach, do not give up easily

TIMBER IS CHEAPER

Property Reporter

WITH skyrocketing material costs putting the price of homes beyond the reach of more and more people, attention is being given to alternative, and cheaper materials.

And one that is rapidly drawing attention is the extensive use of timber which traditionally was looked askance at by both the prospective homeowner and the local authorities. However, industry sources said this suspicion is rapidly disappearing.

For not only do timber frame houses offer significant initial sav-

ings — at least 15 percent over the conventional brick and tile home — they can be built in a far shorter time.

The South African Lumber Millers Association recently conducted a pilot scheme in Gazankulu near Tzaneen, using timber frames on 10 houses and 10 houses by conventional methods. The timber-based house cost 11 percent less, 10 were built in two months using two artisans and 3 labourers and five houses were wired in the time it takes to wire one normally constructed house.

San. Tribune
1577/79
3- Timber

TIMBER

③ ~~Forestry~~ Timber.
Fuz 21/3/78

Out of the wood?

Timbermen rallying for their annual state-of-the-industry rundown this month should be more optimistic than in recent years. Indications are that delegates to the 100-company SA Lumber Millers' Association (Salma) on August 29 agm in Johannesburg will again start to talk of profits after long-recurring bouts of mutual commiseration highlighted only by forecasts of worse to come.

Exports for the year to March look like passing R155m for 1977-78 which was well up on the previous season's R130m. The R600m-a-year sector needs this extra overseas sales fillip as one of its major domestic outlets, the building industry, continues in the doldrums.

Symptomatic of Salma's confidence is the fact that this week's 3%-15% tariff hike for industrial timber (furniture, pallets, crates) would not have been attempted even a year ago as millers scrambled for sales at almost any price after a market collapse. A nominal R1/m³ for timber, and closure of 13 out of 165 sawmills (excluding a dozen state plants), threw growers and millers into near panic.

Forestry Minister Braam Rauben-

heimer reluctantly held the threat of government intervention over the beleaguered industry for months until the blood-letting, which spread to timber merchants, diminished. He seems content with the way timber growing, processing and marketing are going now although they are not yet, as the saying goes, out of the woods.

Overproduction from 1,09m ha, especially of softwoods structural timber, remains a headache though the glut during the past few months seems to have been marginally reduced. Roundwood processing is running at around 9,6m cubic metres a year as another 12 000 ha are converted annually to new afforestation. Raubenheimer wants much more land under trees (swayed, no doubt, by predictions of a world timber shortage developing during the next decade) but it is not so

easy for hard-pressed growers to be so far-sighted.

The 1,09m ha already given to timber are divided 29% public and 71% private ownership with little incentive in a still-depressed market for expansion by either type of grower. Companies producing timber for their own use, such as mines and papermakers, plan for their own needs while individual growers, particularly small suppliers, often feel their cash reserves could be better spent on sectors of their farms producing revenue much faster than by waiting for trees to mature.

Transport and fuel costs are now the industry's biggest problems. So costly, in fact, that Salma discussion can be expected on cheaper ways of moving timber to rail heads along with the seemingly anomalous suggestion of a return to steam-driven plant fuelled by scrap offcuts. A resurgence of confidence should, however, dominate Salma's deliberations at the Wanderers' Club.

HIGH WIND FANS HUGE FACTORY BLAZE

25/05/80
3
SUN
TRIB
WOOD

A FIRE fanned by strong winds swept through a northern Natal factory yesterday causing damage estimated at between R3-million and R8-million rand.

The fire started in the massive warehousing sheds of National Plywood and Veneers at Isithebe, near Mandini, at 10.30 am and spread through the highly flammable stacks of plywood timber in minutes.

By midday four fire-engines

and 50 firemen were on the spot battling furiously to contain flames that leapt 100 metres.

Shortly afterwards, two-thirds of the warehousing complex buckled under the intense heat and collapsed. Palls of black and white smoke were visible from 30km away.

A spokesman for the Empangeni Fire Department said damage was estimated in the region of R3 to R8-million.

"The fire is more or less

under control now, and there is no danger to the surrounding factories."

The spokesman said the cause of the fire was not yet known.

The works manager of National Plywood and veneers, Mr G. Kardachi, his face black with soot and ash, told The Sunday Tribune he could not make a statement until the matter had been discussed by the board of National Plywood.

The fire was still burning late last night.

Wood trade takes off

③ ~~Forest~~ *Timber*
RDM
27/5/80

THE ASSEMBLY. — The South African forestry industry had recovered from the adverse effects of the world recession, and exports had risen by 22% since last year, the Minister of Forestry, Mr Braam Raubenheimer, said yesterday.

Replying to debate on the Forestry Vote, he said that excluding furniture, exports of wood had risen by R36-million to R197-million this year and that imports and exports of wood products were now nearly equal.

"Unless we have another world recession, it seems as if 1979 would have been the last year in which we imported more than we exported.

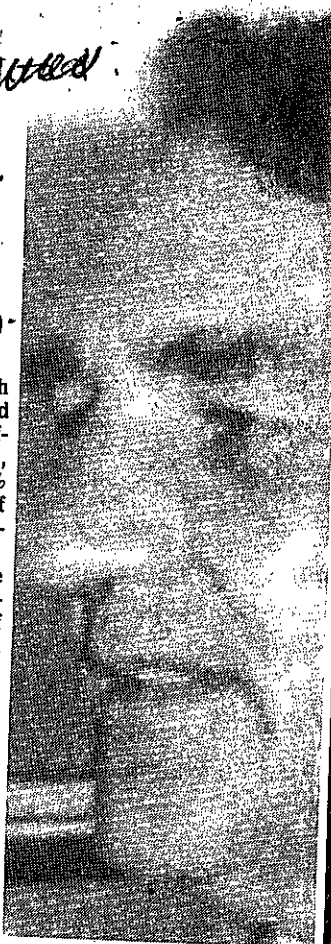
"The improvement in the forestry industry is mainly due to the expansion of our export programme, and secondly to the increased domestic demand for cut wood for industrial purposes, which in turn has led to increased exports of manufactured articles."

Mr Raubenheimer called for greater attention to be paid to the recycling of waste paper.

In South Africa 28% of waste paper was being recycled, compared to 42% in Japan and 43% in West Germany.

"If waste paper has to disappear entirely from the domestic market, current pulp imports will have to be increased fourfold unless additional factories are built."

Mr Raubenheimer said possible closer co-operation between the State and the private forestry industry were being investigated, and attention was being given to the possibility of rationalising sawmilling in the



MR RAUBENHEIMER
... bright prospects

areas where State sawmills had been established.

As far as the manufacture of alcohol from wood was concerned, the forestry committee appointed last year had made good progress, and consulting engineers had been appointed to make a thorough study of ethanol and alcohol.

R123 000 had been set aside for this purpose in the current year.

"Indications are that the planting of new forests will have to continue at the rate of 25 000ha a year in order to meet the needs of the future.

"My department is giving the matter urgent attention and an announcement can be expected in this regard soon." — Sapa.

7.11.12

Mine ³ Wood timber plea ^{W.M.} 28/7/80

AS A result of the recent increase in pulp timber prices, the Forest Owners Association is pushing for an increase in the price paid to timber growers for mining timber, says the chairman of the association, Mr Bruce Mackenzie.

"Far more stringent specifications than for pulp logs are demanded by the mining-timber manufacturers for their raw material."

Gold and uranium mines are the major consumers of mining timber, using about 1 800 000 tons a year. It is vital to the mining industry that an adequate supply of mining timber be available, he says.

"The Forest Owners Association, has approached the South African Mining Timber Manufacturers Association requesting an immediate price adjustment of mining timber."

"The matter is an urgent one, and we hope that we will receive a satisfactory response from the Mining Timber Manufacturers Association soon."

3-2

3-2

3-Timber

MILL WORKERS Strike over meals

Pietermaritzburg Bureau

FIVE hundred Dalton sugar and bark mill labourers will automatically resign if they ignore a call to return to work today after a two-day strike.

Police were on standby in the area yesterday after labourers who were allegedly coerced into striking by threats and 'massive' intimidation reported to management at Union Co-operative Bark and Sugar Company, said Mr. Tony Charlton, personal assistant to the managing director.

The strikers downed tools on Tuesday when they received increased pay packets instead of a meal while on shift, said Mr Charlton.

Black labourers, until yesterday, were entitled to a meal while on shift, while their Indian and white counterparts were not, he said.

To align the workers the meal was to be taken away from the black labourers, who received 20 percent pay increases across their grades.

At the same time, some of the Indian workers received increases ac-

cording to their grades, while white workers received increases on 'merit negotiation'.

A round-the-clock maintenance programme on the co-op's sugar mill and wattle extract plant and production at the wattle bark mill went on strike.

Mr Charlton said he could not estimate the production loss during the work stoppage.

'We have been negotiating this matter with the staff liaison committee since January,' he said. 'The

management's door has always been open.'

Workers had made demands for an excessive food allowance, he said, which was way out of proportion with anything that could be met by the management.

'As they are striking illegally we have no choice but to let them resign automatically if they do not return to work today,' he said. If workers did not return by the ultimatum set but wished to return later, they would be re-employed on their old salary scales.

2/4/81

3-Timber

Police arrest ^{NM} 3/4/81 ~~452~~
~~3-Sugar~~ 3-Timber
300 workers at Dalton plant

Pietermaritzburg Bureau
POLICE arrested 300 workers at a Dalton company yesterday afternoon after they ignored a warning to leave their company's premises.

The employees, of the Union Co-Operative Bark and Sugar Company, would all be charged with trespassing and would appear

in the New Hanover Magistrate's Court today, a senior police spokesman said.

The police had moved in and arrested the workers at the request of the company management after they had failed to leave the premises during a stipulated time period, the spokesman said.

The move by police came

as the strike moved into its third day with about 460 workers demanding food allowances at the plant.

The workers were arrested yesterday after company management had warned them they were striking illegally and would be treated as having automatically resigned if they did not return to work as usual yesterday.

Timber — a vital, growing industry

Timber
30/8/17
~~100~~ (3 started)

AS PART OF THE NORMAL GROWTH PATTERN THERE WILL BE AN UPGRADE TO THE MAIN

THE timber industry is divided in to three.

o Firstly there are the Government forests which fall under the control of the Directorate of Forestry. These forests over about 300 000 hec-

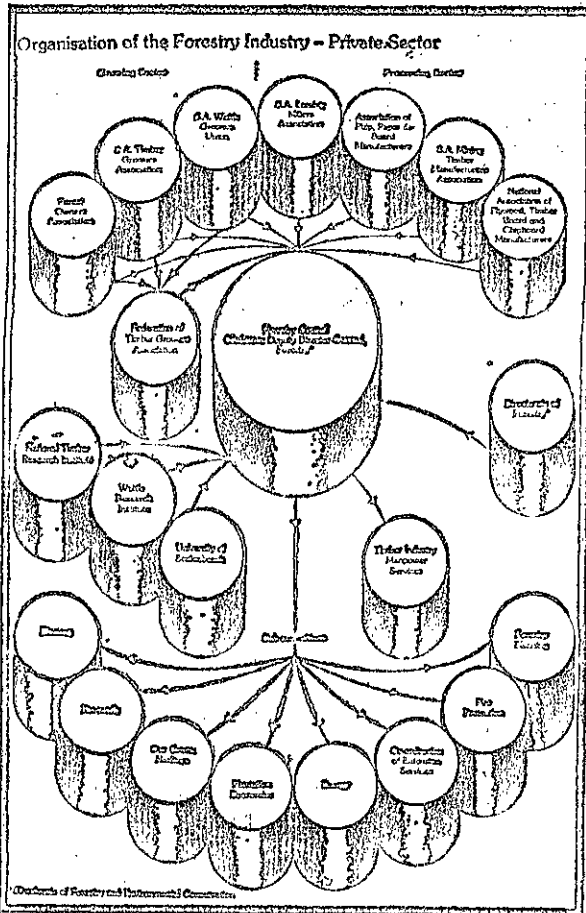
o The private sector is subdivided into two parts. The Forest Owners' Association, which is made up of the leading commercial and milling interests; Companies like Sappi and Hunt Leuchars and Hepburn are two examples. They have plantations which cover 480 000 hectares.

o The second part of the private sector comes under the guidance of the South African Timber Growers' Association and this group has 2 400 members throughout the Republic. Some of these are large and some are small but the total ground under forests belonging to this group is 420 000 hectares.

Pines — plantations of pine trees cover some 600 000 hectares and take at least 10 to 12 years to develop. To reach full maturity, they should stand for 30 to 35 years.

Similar pine forests in North America and Europe, on the other hand, require 80 to 90 years to reach a similar maturity. Therefore South Africa is in a very favourable position when it comes to the export of timber. The main use for pine's in the building industry where the timber's used for trusses and indoor furniture such as doors and the like. Pines are also used for pulp manufacture.

Gums — mainly saligna, need only seven to eight years to reach maturity. The mines absorb about 60 percent of



The diagram shows the organisation of the private sector of the forestry industry.

the gums produced. They are also used as telephone poles and in pulp (both paper and rayon). There are some 400 000 hectares under gums.

Poplars — some poplars are also grown — mainly for the match manufacturers — but the area under poplars is relatively small.

Wattle — these trees are mainly grown for the bark which is used for

adhesives and tanning. The wood itself is hard and once again the mines take up a large percentage of this.

In Natal alone the State cultivates about 80 000 hectares while the private sector accounts for 335 000 hectares.

All these forests are man made. The original indigenous forests have not proved economically viable and in some cases

are very carefully preserved by Government decree. An example of this is the fact that permission must be received before a yellowwood tree can be felled, even though it be on a private farm or estate. The total South African production of timber is 31 million cubic metres and this is worth approximately R165 million.

About 500 000 cubic metres of unprocessed timber are exported — mainly to the Far East. In addition a certain amount of sawn timber is sent to Europe and the Middle East. In recent years this has fallen away somewhat. An interesting note is that we now not only export our total rayon pulp but have even exported some newsprint, which, until recent years, formed a major import to this country.

The Timber Growers' Association is of the opinion that more can be done to develop new plantations. Timber growers receive exactly the same tax concessions as farmers of more ordinary products, which are not so time-consuming in the return of invested capital.

However, low rate loans are available from the Department of Agriculture, but this is about the only concession made to the timber growers. New plantations would seem to be essential for the future development of the industry.

While there is sufficient timber for present requirements and for the immediate future, it is doubtful if the present forests will meet the needs of the new mills which are on the drawing board.

Sappi is enlarging its existing mills in the Eastern Transvaal to the Mondi, at Richards Bay, are about to build a mill which will cost them R520 millions.

Mondi have thought about the development of plantations in KwaZulu but as this is mainly tribal land, there may be difficulties in accomplishing their plans.

Considering that the value of existing saw mills is R115-million and pulp mills R32-million, it, at once becomes obvious what vast expansions are planned and that these new mills are going to meet a great deal of timber to meet their requirements.

The timber industry is very intensive capital wise but it is also quite unique in that hand felling and hand labour go side by side with the most intensive mechanisation. There can be plantations owned by the same company or individuals where one plantation is entirely manually organised whereas next door there can be some of the very latest sophisticated machinery in operation.

Mechanisation is on the increase, and unskilled labour can cost a company a great deal of money.

To meet the new requirements training schools are on the increase.

In Natal, Baynesfield Timber Industry Manpower Services (Timso) have opened their second school. The other one is in the Eastern Transvaal.

TIMBER

JAN 1982 +

1983

JAN. — DEC.

⑧ Timber

Timber merchants have yet to decide new prices

THE price of timber from sawmiller to merchant rose by an average 10% and that from grower to sawmiller by an average 14% on January 1, according to the director of the SA Lumber Millers' Association, David Eloff.

But as far as is known, only a few merchants have increased their prices to the public. The rest "are still considering the matter".

Eloff told me his organisation had its work cut out to persuade growers to accept a price increase that was less than the inflation rate.

"We tried to rationalise our increases and our price lists and, in fact, have even reduced the prices of some grades," he said.

"For example, black cross material that is not suitable for use as structural timber — for the roof of a house — but which is suitable for making furniture has been reduced by 5,9%.

"We believe that we have

By DAVID PINCUS

done well, considering that our average increase last year was 17,2%," said Eloff.

"We at Salma felt that somewhere along the line someone had to take a stand against inflation and set out to convince both growers and sawmillers that although their costs had risen in the past year, they should take increases below the inflation rate.

"We hope that our action will be an example to other industries."

Because merchants have not yet decided on the increases they will make, Eloff said it was not yet possible to say what effect the increases would have on the price of building a house.

He said that an average three-bedroomed house of 137m² built in the conventional way needed about 6,15m³ of timber.

If the same house was built of brick-veneer —

these houses are also known as timber-frame houses — the amount of timber used increased by about 60% to about 10m³, but the quantity of bricks used was more or less halved.

The director of the Timber Trade Federation, Bill Smith, told me merchants could not carry the increased cost of timber.

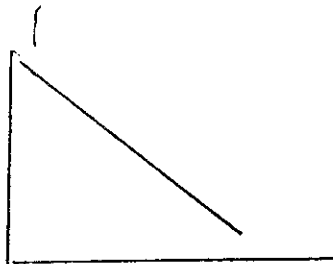
Those who had stocks delivered since the start of this year had already pushed up their prices, but those who had old stocks they could use as a cushion were, for the time being, maintaining old prices.

Smith said the merchants had not yet met as a body to fix new prices, but a number had already commented "on the severity of the price increases".

Smith said he did not know when merchants would pass the increases on to end-users but presumed "they are in the pipeline."



MR



A timber price list error causes a knotty problem

~~1988~~ (3) Timber
S. Express
2/12/82

AN ERROR in the South African Lumber Millers' Association (Salma) price list for SA pine for 1982 — and its correction a few days later — has sparked a bitter row.

According to the first price list, industrial timber with dimensions of 38mm by 38mm, 38mm by 50mm and 50mm by 50mm were increased by 10% over their prices last year. In the corrected price list, their prices went up by 40% over last year's prices.

Eddie Friedlein, a director of Friedlein and Co which makes furniture for the export market, says this subsequent increase had embarrassed him and would affect the profitability of his company.

"In the export business we have to quote prices for six months at a time and naturally base our current quotations on the price of those sizes in the first price list we received from Salma," he said.

"We make chairs and use about 200m³ of SA pine in a month. Of that about 50% is 38mm by 38mm or 50mm by 50mm. The increase in the price of timber is causing us to become increasingly uncompetitive in the export market and if it continues, we'll be forced out of it in a year."

By DAVID PINCUS

David Eloff, executive director of Salma, in a report in the Sunday Express on January 24 about the increases in the prices of SA pine, Mr Friedlein said: "Salma's action is certainly not an example to the furniture industry trying so hard to keep prices within reach of the consumers' budget and endeavouring to compete in overseas export markets."

In the report, which centred on the fact that Salma's increases were, on average, below 10% for the year, whereas the prices at which its members had to buy logs from growers went up by 14%, Eloff said: "We hope that our actions will be an example to other industries and that they should take increases below the inflation rate."

When interviewed last week and informed of the angry Mr Friedlein's comments, Eloff admitted that sending out the first price list without spotting the error in the prices of those sizes of timber "was a very big mistake — we should have been more careful".

"The fact remains, however, that our average price increase is still less than 10%. It is 9,06% and was calculated on the correct prices for the grades Mr Friedlein is complaining about."

Bill would give Minister sweeping powers

Timber to get the chop

W. J. [unclear]
S. Tribune
24/10/82



Timber plantations - a source of many products besides wood.

A DRAFT Bill that contains sinister provisions which cut right across the Prime Minister's belief that the free enterprise system is gaining an increasing hold on the South African economy, came perilously close to becoming law. It's the Draft Forest Bill, gazetted on September 21 which originally gave objectors until last Wednesday to voice their comments. In its present form its aim is, among others, to create a board of control with frightening powers to control the entire timber industry, from the moment a tree is planted until the wood is sold to a user. But only a few in that industry knew about it - and were able at the last-minute to postpone deadline for comment until the end of November. The only two Tribune Finance could find this week who had studied the proposed legislation were David Eloff, Executive Director of Salma, and Bruce McKenzie, Executive Director of the Forest Owners Association, but neither was prepared to comment. Eloff said he was already negotiating with the Department of Environmental Affairs and didn't want to discuss the matter through any newspaper's columns. Things were very delicate at present. Without saying so, the Bill provides for the establishment of a control board for the timber industry. It establishes ma-

Finance Reporter

chinery that can fix prices and establish quotas, say who may buy from whom and in what quantities and at what prices, and when, and police those measures to ensure they are adhered to. It changes the make-up of the Forestry Council in such a way that it can be composed of only growers and representatives of co-operative societies. It cancels the right of the Timber Trade Federation to sit on the council, also the seat of the Department of Industries, and specifically bars anyone who is a board member of any company that processes wood from sitting on the council. The council is charged with advising the Minister on any aspect affecting the forestry or timber industry, including legislation. The significance of that clause is that timber growers only would be able to decide what is good and what is bad for the entire industry. If passed by Parliament, it will widen the scope of the Act to give the Minister and the council complete control over roughly sawn or planed or further processed wood, chemically impregnated wood or poles, slabs, chippings, sawdust and charcoal, as well as anything else that can conceivably be found in a forest or timber plantation, including ivory, honey, sand, soil and gravel.

MUST enter in of each question in which it has columns (2) and

External
(3)

Exam-ners' Initials		

1. The answers only on the right hand pages will be marked. The left hand pages may be used for rough work, but no credit will be given for such work.
2. 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.
3. 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.
4. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
5. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
6. Candidates are not to communicate with other candidates or with any person except the invigilator.
7. No part of an answer book is to be torn out.
8. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

BUSINESS

Luyt may sue JSE for R42m

FERTILISER millionaire Louis Luyt is seriously considering taking the Johannesburg Stock Exchange committee to court in a R42-million action.

Industry sources said Luyt felt the dispute between him and the JSE committee had caused a drop in the value of Tritonf shares — of which he holds 52% — which had eroded his personal fortune by R42-million.

The row began when the committee passed a resolution — designed to force Tritonf to reveal figures — that Luyt felt was detrimental to Tritonf interests.

A decision on the action is likely to be taken early in November.

The costly catch for 'no show' TV ads

THE SABC is tightening up. Next year the corporation will levy a cancellation fee on all TV ad campaigns.

Any contract cancelled with more than 90 days notice will be the first trans-

Deafening silence over a Draconian Forestry Bill

S. A. P. News 24/10/32

BY DAVID PINCUS

AN incredible display of lethargy by the timber industry very nearly resulted in a draft Bill that makes a mockery of free enterprise being presented to Parliament, unaltered, for its first reading.

The Bill would also grant the Minister of Environmental Affairs dictatorial powers.

The draft Forest Bill was published in the Government Gazette on September 21. Interested parties had until last Wednesday to comment on it, but few did.

The silence was so deafening that Wilson van der Merwe, deputy director-general of the Directorate of Forestry, commented: "Just about everyone else in the industry was fast asleep. We have

given them until the end of November to comment."

The reaction of industry leaders I contacted ranged from complete ignorance of the Bill (in two cases), to "No time to read it, I'll see if I can make some time over the weekend."

The Bill aims to establish a control board for the timber industry in which the Minister of Environmental Affairs has the final say and only growers may voice opinions.

By omission it removes the right of the Timber Federation and of the Department of Industries to sit on the Forestry Council (rights

they have, under the existing legislation). By definition it clips the wings of State and semi-State bodies such as the Post Office, Escom and S.A.T.S. and municipalities which may not cut, trim or remove trees "on any land" without the approval of the director-general.

The Bill empowers the Minister to impose quotas; to say how much growers may produce, to say who may buy it, and how much may be sold and when. It also tells processors from whom, how much and when they may buy.

It gives the Minister the full right to fix prices and to ensure that they, as well as the other con-

trols he may impose, are adhered to. In other words to police his act.

In the existing legislation, the Minister has control over what is termed stuff in the round, meaning logs as they come from the forest. The draft Bill proposes to give him full control of everything that comes from a forest until it is finally sold to an end-user.

By definition that will now include "roughly-sawn, planned or further processed wood, chemically-impregnated wood or poles, stabs, chippings, sawdust and charcoal as well as nearly 50 other items including flowers and fish found in forests. And a clause automatically includes in that list anything that may have been accidentally omitted or overlooked. Under existing legislation, the

Minister may impose a levy of up to 20c/m³ on imported timber, but must give notice in the Gazette of his intention to impose any levy and allow people time to voice their objections. The new Bill gives him the right to impose any levy without having to first Gazette it and allow time for objections.

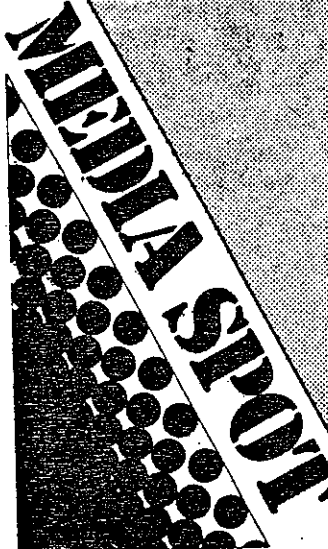
The ugly part of the Bill is that it encourages trapping and spying. Magistrates will be empowered to grant up to 25% of any fine paid by people who contravene the act to informers.

The Bill makes it obligatory for magistrates to presume that those charged with several of the offences under the Bill, such as allegedly being in possession of State property, are guilty until proved innocent.

In a final flourish, it virtually gives the State, its Minister and its officers carte blanche to cause as much damage as they want to to the man in the street, provided "it is done in good faith under this Act".

A provision states: "No action shall lie against the Director-General, a forest officer, or other officer of the department or a police officer for any injury to or loss sustained by any person in consequence of anything done in good faith under this Act."

Market research: An agency highlights credibility problems



KUPPER Hands believes that advertising agencies' market research departments are sometimes viewed with

Steel giant Iscor is rolling out its message

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See a three-

dispute.

This is the first time this provision in the Forestry Act has been invoked. The Act provides that the Minister may declare a dispute if buyers and sellers fail to agree on a price structure. Both growers and consumers of pulpwood will now have to submit their case to the Minister whose decision will be binding.

According to Craig Anderson, chairman of the South African Timber Growers' Association (Satga), the price disagreement has a long history. He says members of Satga, the Forestry Owners' Association (FOA) and the South African Wattle Growers' Union (Sawgu) met buyers earlier this year to fix prices.

While Satga and Sawgu were unhappy with most of the increases offered by buyers, their main grievances centred around the price of pine and gum pole pulpwood (*Business* August 27).

"We were asking for an increase of about 15% because of our increased production costs," says Anderson. "One buyer, Saiccor, was prepared to pay in full, another major buyer offered 8% and a third granted an even smaller increase."

Anderson says Satga and Sawgu accepted the prices buyers offered for mining timber and sawlogs, but gave notice that they wanted to re-negotiate the pulpwood prices. The FOA, whose members are both growers and buyers of timber, accepted the increases. After a breakdown of further negotiations with buyers over the pulpwood price, Satga and Sawgu appealed to the Minister to declare a dispute.

Asserts Anderson: "We're fed up with having to accept the fact that buyers say

TIMBER (3) ~~Timber~~
Growing pains

FM 29/10/82
Timber growers are attempting to settle once and for all their differences with buyers over pulpwood prices. They have called on the Minister of Forestry to declare a

they can't pay. We always disclose our position as far as costs are concerned, but they never disclose theirs. We just have to accept their word for it."

Anderson believes the dispute mechanism will allow the problem to be amicably resolved. Says he: "It allows both growers and processors of timber to settle their differences, with the Minister as the final arbiter."

By LIN MENGE

H L & H Mining Timber — a division of the Hunt, Leuchars & Hepburn Timber Products Company — have looked at how their workers live.

They have also examined ways and means of upgrading hostel conditions for their migrant employees and family housing for their urban employees, says their personnel director, Mr Neville Homann.

But first the company is defining its objectives, with the year 2000 as deadline for housing its employees.

This will be done in such a way as to "improve their quality of life," after the company has examined present housing conditions, the reasons for providing good worker housing, likely development on the political, sociological, labour, educational, technological and economic fronts and the financial implications of various alternatives.

The company's business is to distribute mining timber grown in the Transvaal and Natal.

It operates in the Free State and Transvaal, and the workforce ranges from unskilled employees to truck drivers, front-end loader drivers, machine operators and supervisors.

A large proportion come from the homelands and are housed in administration board hostels, while the local or urban employee lives in a board-controlled house, which he either rents or is in the process of buying.

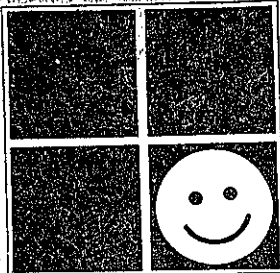
H L & H Mining Timber is thinking things through very scientifically and consulting not only their employees but also building societies, Government authorities, the Council for Scientific and Industrial Research, the Unisa School of Business Leadership and the Urban Foundation to ensure that the employee's aspirations, wants and ideas of housing are taken into consideration.

In the short term, the company advances money to building societies as collateral for employees who want to buy their own township houses under the 99-year leasehold scheme.

Alternatively, depending on the price of the home and the amount of deposit needed, the company will consider advancing employees money for a deposit to buy board-controlled homes.

Such advances are repayable over a period of time and bear a minimum rate of interest... normally the difference between the ruling rate of interest for a bank overdraft and the rate which the company could earn should the amount be placed on fixed deposit for a period of not less than two years.

The company wants to improve conditions for migrant



HOMEFRONT!!



NEVILLE HOMANN ... "we want to be able to offer lifetime employment"

employees and will provide "suitable and acceptable" hostel accommodation for some 1 300 migrant workers at a cost of not less than R3-million.

The project commenced this year and should be completed in two years' time.

"The dwelling areas are centred around lawned quadrangles and represent a definite improvement on previous facilities," Mr Homann said.

"Hygienic conditions are uppermost in our minds, so we maintain and service the hostels and provide protection and security for our employees.

"The new facilities will contribute towards a more permanent, restful and productive workforce."

Now H L & H plans to build more of these "house units".

The design will lend itself to the immediate need for hostel accommodation and could be converted later to semi-detached family units. Each unit will have its own small recreation area.

This will ultimately be an ideal base for the lower level family man to be provided with a home on a sectional title basis... when this comes for blacks.

"We will rent out our hostel

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accommodation to the workers at a nominal rental, but it is our aim to take title for as short a period as possible, and then to sell the hostels to the local administration board," Mr Homann said. "In the urban areas near our timber distribution points, we plan to provide complete company houses centred around a forecourt concept."

The forecourt scheme is acceptable to the National Building Research Institute of the CSIR, and the design will be in keeping with the company's philosophy of community development.

"We want to be able to offer lifetime employment," Mr Homann said.

"The forecourt concept of living in little communities in cul-de-sacs off the main traffic line will contribute to a sense of belonging to the organisation and the local community.

"This can only improve productivity and reduce absenteeism and labour turnover.

"Then if a man leaves us but does not want to leave the area, he can stay on and, in that way, we will be housing not just our workers but helping to upgrade the community generally."

How to finance such an ambitious scheme, and possibly the infrastructure, is the next problem.

The Urban Foundation has suggested the company considers investing a sum in a building society at approximately 15 percent earned interest rate.

The company would have borrowed the amount deposited at the prevailing interest rate.

The money would be made available to the developer or house-owner at 12 to 13 percent, which would mean that H L & H Mining Timber subsidises the difference in interest paid and interest received by the company.

"We think this scheme might become feasible in two to three years," Mr Homann said.

"We would design the houses, letting our employees choose from a possible three sizes. The designs would enable them to build on later.

"Negotiations with the local administration board, building societies and building contractor would be done in conjunction with the individual employee... but he must feel totally independent.

"He must make his own decisions with the building society as the third party and the home must be employee-owned, not company-owned... employees will be bonded to a building society, not the company."

H L & H think their housing through ...

*Person
7/1/22*
(2)
[Handwritten scribbles]

FORESTRY ③ Timber
Commercial break?

FM 15/4/83
Pretoria has decided to have another look at privatisation of its forestry activities. This was last considered in 1957 when an unpublished report gave the thumbs down. But things have changed. At the time, 50%

of all plantations were owned by the State. Today that figure is down to 29%.

The authorities may well be thinking that the private sector is operating efficiently enough to justify an administered transfer of the balance.

A nine-man committee commenced its investigations on March 26 1983. The Departments of Industries, Commerce and Tourism, of Finance, and of Constitutional Development and Planning, and the Directorate of Forestry are represented.

The committee will be asking the Association of Chambers of Commerce (Assocom), the Federated Chamber of Industries (FCI), the Afrikaanse Handelsinstituut (AHI) and other interested parties within the private sector for views and recommendations. No doubt many will be keen to see the forestry budget of R44m fall into the hands of the private sector.

Forestry and Marine Development is one of three branches of the Department of Environmental Affairs. It is the commercial activities of this branch which are under review.

The committee will consider the feasibility of transferring the forestry activities into the hands of a private "utility" company or corporation. If recommended it will be asked to propose a method for evaluating the relevant assets, the way in which they should be transferred and how shareholdings should be distributed between the State and the private sector. The committee will also suggest a method to establish a board of directors, and how the future financing of such an enterprise should be undertaken.

The main functions of the forestry directorate are the management of plantations, saw mills and preservation plants (that is, treatment of wood). In recent years, the department started a programme to produce high quality gum timber, such as eucalyptus, for use in the manufacture of furniture and other non-pulp products. This may be the chief reason why government would continue to manage its plantations, as the private sector is largely committed to pulp products.

The committee should make its definitive report within the next six months.

(3) Timber 15/6/83
Afforestation
Q. Col. 1556 - 1557

*16. Mr. R. R. HULLEY asked the Minister of Environment Affairs and Fisheries:

- (1) Whether his Department exercises control over the afforestation of (a) water sources, (b) vleis and (c) river banks; if not, why not; if so, (i) in terms of what statutory provisions in each case, (ii) what steps are taken to monitor and exercise control over such afforestation and (iii) how many law-enforcement officers have been assigned to this task;
- (2) whether any prosecutions in this regard occurred in 1982; if so, how many?

†The MINISTER OF ENVIRONMENT AFFAIRS AND FISHERIES:

- (1) (a) and (b) and (c) Yes.
 - (i) Section 4A of the Forest Act, 1968 (Act 72 of 1968).
 - (ii) In terms of the afforestation permit system introduced in 1972, applications for the afforestation of particular areas are considered after a physical inspection of

1557

WEDNESDAY

the areas concerned and with due observance of the maximum permissible areas for afforestation laid down for each catchment or sub-catchment. Professional forestry officers of the Department of Environment Affairs monitor the actual position from time to time in the course of their normal activities or upon receipt of complaints. No full-time monitoring and control are undertaken.

(iii) This function is carried out by 117 professional forestry officers as part of their normal task.

(2) No.

Germiston: police station

*17. Mr. D. S. VAN EEDEN asked the Minister of Community Development:†

Whether a new police station is to be built in Germiston; if so, (a) when will tenders be invited, (b) what will the length of the contract period be and (c) when is the project expected to be completed?

The MINISTER OF NATIONAL EDUCATION (for the Minister of Community Development):

- Yes.
 - (a) March 1985.
 - (b) 24 months.
 - (c) June 1987.

Further decline in new afforestation

③ Timber Merger 30/6/83

JOHANNESBURG— Forestry industry leaders have pleaded each year for more afforestation but the preview of South Africa's commercial resources, issued by the Directorate of Forest-

ry, shows a further decline in new afforestation, the latest issue of Wood Southern Africa said.

The Forest Owners' Association says that if South Africa wants to come anywhere near meeting the new afforestation requirements of 30 000ha annually, then, based on experiences overseas, serious consideration to new incentive packages must be given.

The target of afforesting 39 000ha of land a year is a long way away, the commentary said. The preview for 1981/82 showed a shortfall of 28 966ha, about 74 percent short of the estimated new afforestation requirement.

Figures on new afforestation from the Directorate of Forestry show that from 1976/77 to 1981/82 afforestation has decreased from 22 053ha to 10 034ha—a total drop of 12 019ha.

Figures

In this period annual afforestation figures have been 22 053ha (1976/77), 14 232ha (1977/78), 15 885ha (1978/79), 12 674ha (1979/80), 10 166ha (1980/81) and 10 034ha (1981/82).

The drop in new afforestation from 1980/81 to 1981/82 is 1.3 percent. Added to this is the fact the forestry is continually ceding land to agriculture and other uses.

For the 1980/81 year 2 926ha of forestry land was lost to other uses and this figure has increased by a further 300ha for 1981/82.

A scheme to encourage new afforestation whereby timber growers can obtain loans at subsidised interest rates for afforestation purposes does exist.

According to figures released by the Forest Own-

ers' Association an estimated 7 500ha have been planted using these loans since 1975.

This is 5 percent of total plantings of 134 683ha so it would appear that 'this incentive for afforestation is way off target.'

Further encouragement in the way of financial incentives would appear to be a possible solution to this ever increasing problem.

With large, new capital programmes well underway, South Africa is going to need more timber—a plea often repeated by SATGA—to feed and keep the giant new mills going.

The Forest Owners Association says that the fact that afforestation is taking place on a very limited scale is of the 'utmost concern.'

Success

The association has gathered figures from overseas emphasising the success that financial incentives have had in encouraging afforestation and reafforestation.

The association gives three examples from the USA, Brazil and Chile.

In the United States, the association said, under the Forestry Incentive Programme, where the Government pays for anything up to 75 percent of the cost of establishment, between 1974 and 1981 473 982ha were planted.

In 1979, 9 800 private landowners benefitted from the Forestry Incentive Programme expenditure of about \$14.5m.

In Brazil, under the Fiscal Incentive Scheme, where all costs of establishment are financed by the Government and quasi-Government organisations, over 3 000 000ha had been planted between 1967 and 1978.

In 1979 an estimated

450 000ha were planted under the scheme.

The final example given by the Forest Owners' Association cites Chile where, in terms of a legislative decree, whereby 75 percent of establishment costs of areas planted in 'preferential forestry areas' are borne by the State, over the last five years 400 000ha, or an annual average of 80 000ha, have been planted. The cost amounted to about \$22m. — (Sapa)

③ Timber



TIMBER

& RELATED PRODUCTS

A survey. Supplement to Financial Mail. August 12 1983

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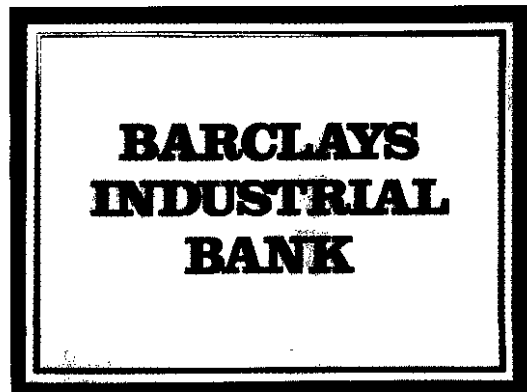
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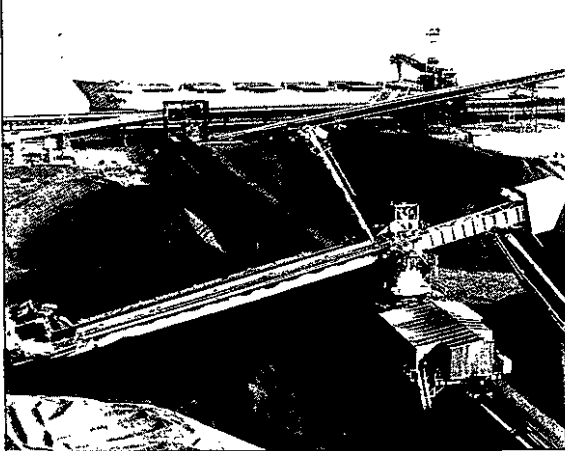
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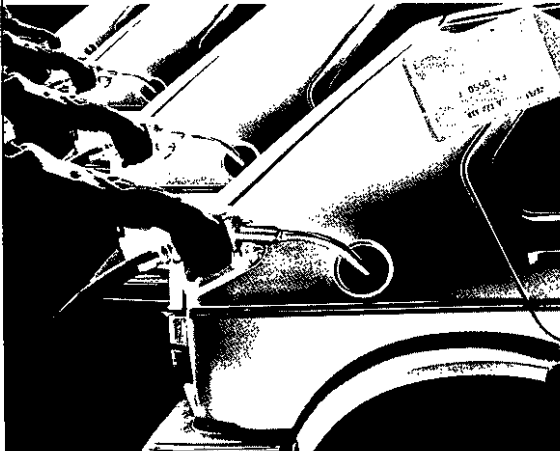
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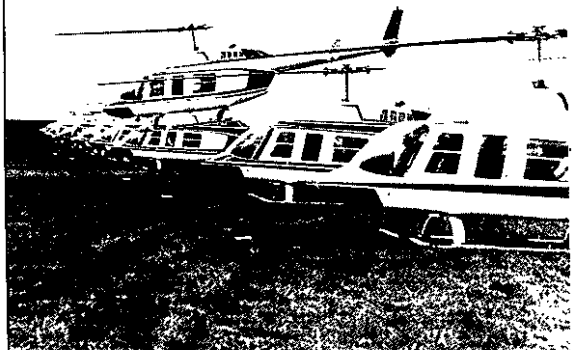
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Foreword

SA is one of the few countries in the world to establish a thriving domestic timber industry from scratch.

In the past five decades an almost total dependence on imported timber has given way to self-sufficiency in softwoods and a rapid rise in hardwood production. Over 1m ha, just under 1% of SA's total land area, are now under commercial forests.

The growth in plantations has spawned a chain of processing industries, from the 150-odd sawmills to mining timber impregnation plants and factories to manufacture timber frame housing. Sappi and Mondi, the industry's two giants, are currently spending almost R1,5 billion on two pulp and paper mills, the largest capital projects undertaken by the private sector in SA.

Besides meeting domestic demand, timber producers and processors have become sizeable exporters. Newspapers, from Athens to Buenos Aires, are printed on South African newsprint. Japan's pulp mills rely heavily on chips from SA's wattle plantations. Container floors, pine furniture, newsprint, charcoal

... the list of export products is rapidly lengthening.

A survey of these achievements would not be complete without a look at the industry's tensions, for most of which there are no easy solutions.

The government initiated the establishment of the timber industry in SA, but is now under increasing pressure to wind down its involvement. There is little agreement on how this should be done, however.

One reason is the unusually high degree (even by SA standards) of vertical and horizontal integration in the timber industry. The large producers-cum-processors frequently differ from their less diversified competitors on matters as important as pricing and privatisation of State interests.

Big and small do agree, however, that the last decade and a half of the 20th century will, in one sense, bring the industry back to where it was at the start of the century. Locally produced timber will be in short supply. Whether and how SA can maintain its self-sufficiency will be one of the crucial issues of the next few decades.



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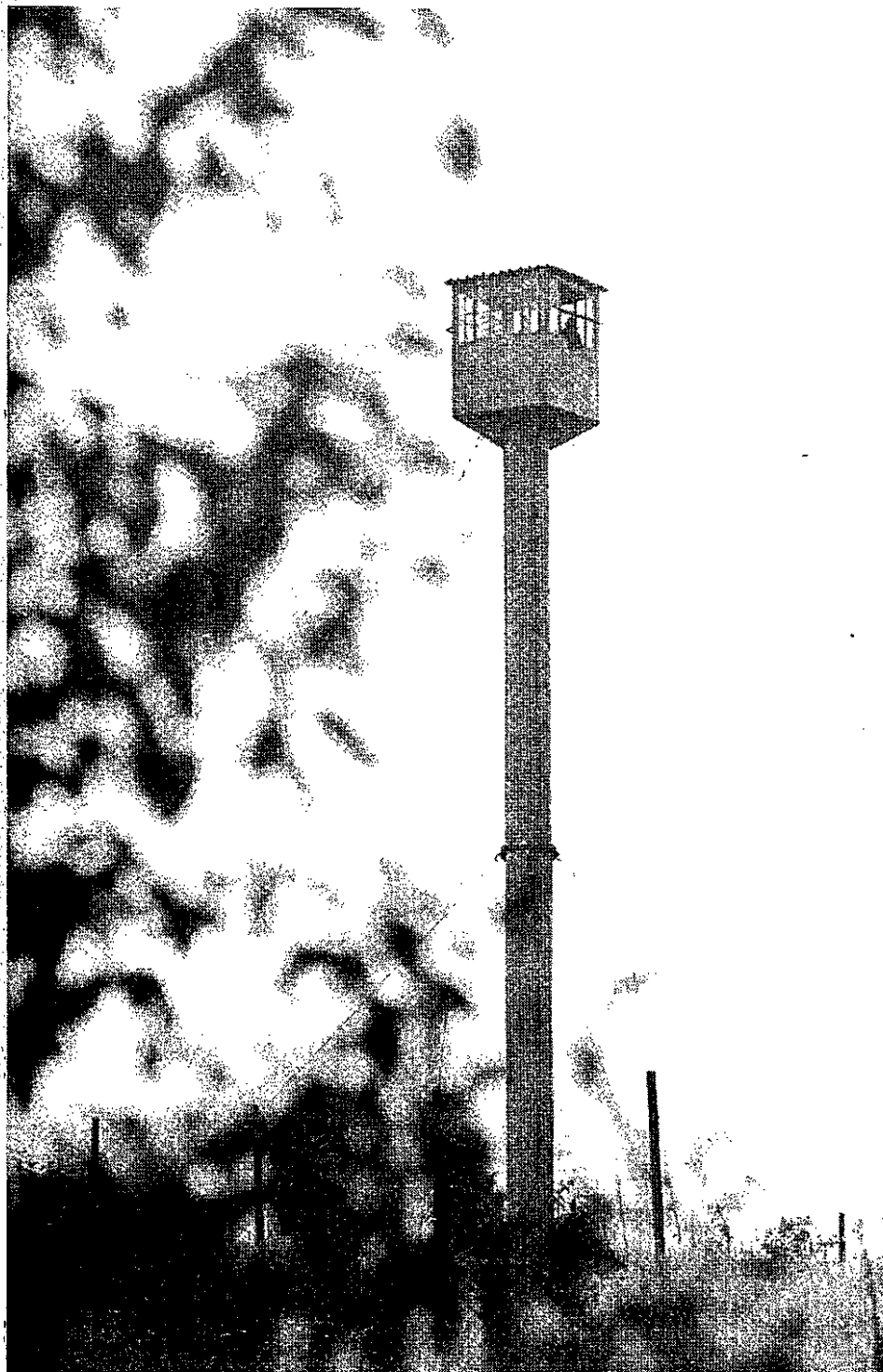
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From the ground up

The forest products industry has been a boot straps operation, but is now criticised for its concentration of power



Anyone wanting to study a microcosm of the strengths and weaknesses of the SA economy can do no better than to take a look at the forest products industry.

The growth of the timber industry in the past 80 years is a shining example of government and business determination to make the best of the country's natural resources. At the time of Union in 1910, only 100 000 ha of ground were afforested. Now, forests cover 1,2m ha, giving SA the distinction — shared only with New Zealand and arguably Brazil — of establishing a commercial timber industry literally from the ground up.

The growth of the forests, prompted initially by wartime timber shortages, the needs of the mining industry and government efforts to find work for unemployed whites, has encouraged and, in turn, fed on a wide range of downstream activities — sawmilling, pulp and paper production, wattle extract manufacture, board, furniture and packaging, among many others.

The forest products industry has made a substantial contribution to SA's overall economic progress. It employs over 150 000 people, and its export earnings (including wattle products) reached a record of close to R300m in 1981.

Unlike many other industries, the timber sector has — without government sticks or carrots — boosted economic activity along a wide swath of rural SA, from the northern Transvaal, through the eastern Lowveld and Natal midlands to the eastern Cape. Wages paid to plantation employees alone totalled R67m in the year to March 1982.

Besides the forests, the timber and allied industries operate about 150 sawmills, 15 pulp, paper and board mills, 50 mining timber manufacturing plants, 30 pole impregnating installations, five wattle extract plants and three match factories. Perhaps one should also include scores of furniture factories, new plants to manufacture timber frame housing, over a hundred charcoal producers and dozens of machinery suppliers.

Sales of wood products, furniture and paper products reached nearly R4 billion last year, accounting for about 6% of total industrial output.

The growth of the timber sector over the next few years is forecast to be markedly higher than that of manufacturing as a whole, and parts of the industry spurted ahead faster than almost any other sector of the economy during the 1979-81 boom.

According to the revised Economic Development Programme for 1978-87, output of the wood products leapt by an average of 10,5% a year between 1978 and 1981, com-



pared to the 5,3% projected by the EDP. Likewise, furniture production grew by an average of 8,7% a year, against a projection of 7,3%. But paper containers and some other paper and board articles failed to match their targets.

The EDP sets the following annual growth rate targets for the period 1981-87: wood and wood products, 2,7%; furniture 5,8%; paper and paper products 6,4%.

With the exception of the first category, the chances of these goals being reached may seem remote, given the present slump and the improbability of a significant up-turn before the second half of 1984.

But recession or not, output of some products will shoot up from the second half of this year when the first products appear from one of the massive pulp and paper mills each being built by the giants of the industry, Sappi and Mondi.

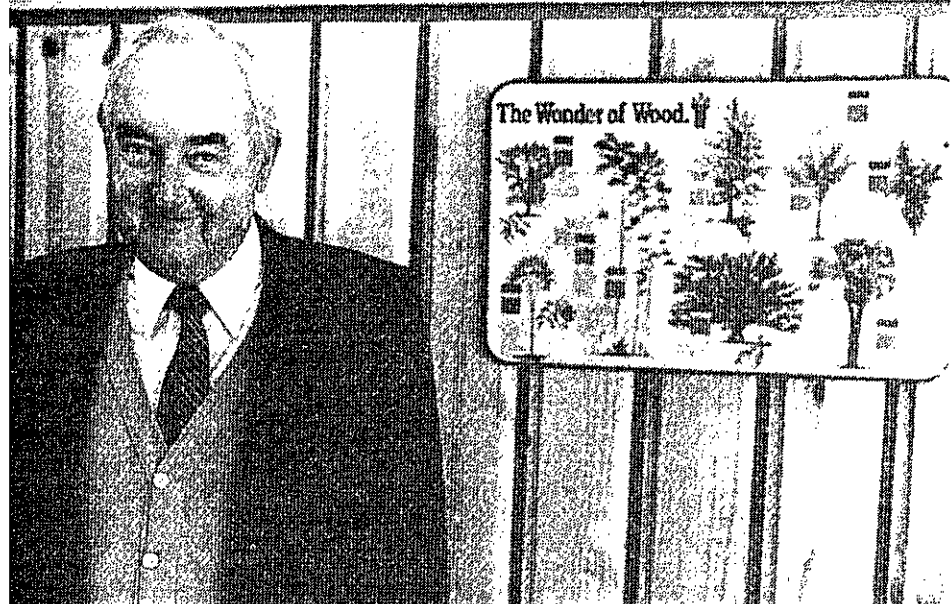
These two projects, costing a total of around R1,5 billion, will boost Sappi's paper-making capacity by 40%, and turn Mondi from an importer to an exporter of chemical wood pulp, besides raising its paper production by more than one quarter. The mills will consume some 4 Mt of timber a year, with the inevitable result that both Mondi and Sappi are likely to aim for sig-

nificant expansions in their timber-growing and sawmilling operations.

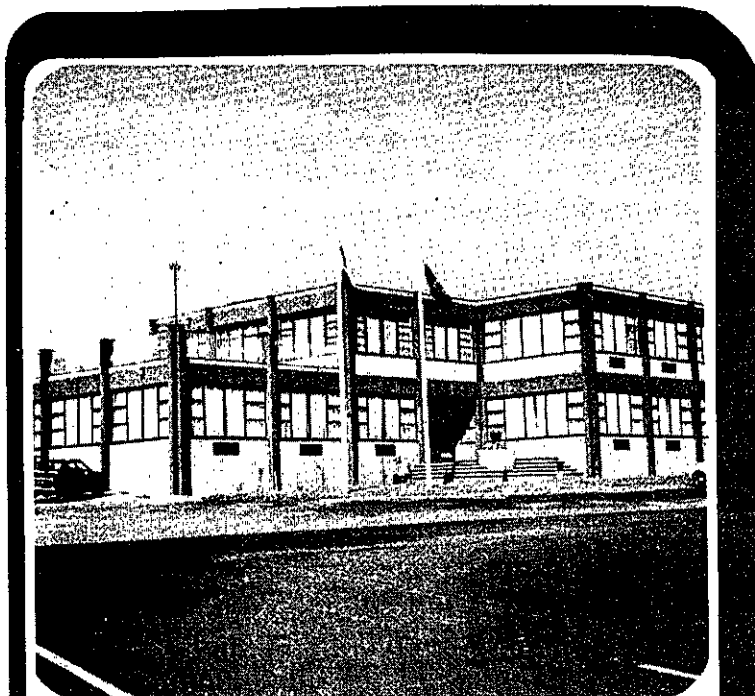
These moves will undoubtedly accelerate the concentration of power — a structural feature of the forest industry and source of

the most trenchant criticism of its operations.

According to estimates by the Pretoria-based management consultants Louis Heyl & Associates, the four largest suppliers of



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Tweedledum ...

sawn softwood — Mondi (28%), Bruynzeel Plywoods (12%), Hans Merensky Foundation (12%) and Bonuskor (10%) — control almost two-thirds of the market. "It's not monopolistic, but it is a high concentration," says the firm's chief executive Louis Heyl.

The agglomeration trend extends to other parts of the industry too. Federated Timbers, the largest merchant, distributes about half of SA's structural timber. The rest of the retail market is dominated by Hunt Leuchars & Hepburn (which also supplies about two-thirds of the mines' lumber needs) and P G Timbers, part of the Plate Glass group.

In the paper packaging field, three groups — Sappi, Nampak and Huletts Paper — account for 90% of supplies of linerboard, fluting, wrapping paper and sacks.

Furthermore, the vertical integration of the main groups extends a long way from the forests. According to estimates by the directorate of forestry, the diversified growers-cum-processors take 59% of roundwood production for sawn and planed timber, 78% of the total for pulp, paper and

board, and 93% of the roundwood used for mining timber.

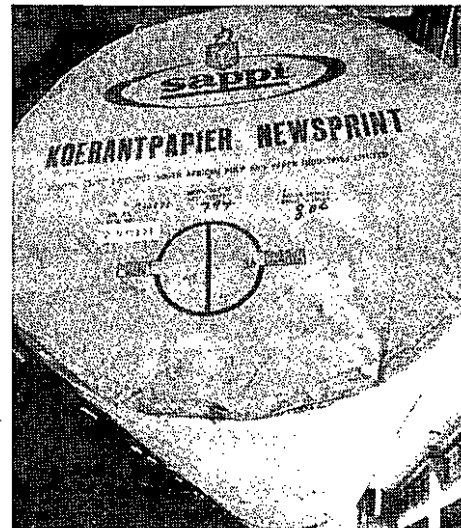
The big timber producers and processors — Mondi, Sappi, Bonuskor, Hans Merensky and Yorkcor — have stopped short of moving into retailing. Likewise, distributors such as Federated Timbers and P G Timbers, have steered clear of growing and sawmilling.

But there is no shortage of indirect links. Mondi is in the process of buying a 49% stake in HLH's timber division. HLH, through its building products division, controls some 50 trading outlets. Federated Timbers' Cape branches buy more timber from Thesen and Co, also a Barlow Rand company, than from any other supplier.

Price competition is minimal in many areas. A report compiled in 1981 by a leading team of economic researchers estimated that 70% of the fine paper market was "non-competitive." P G Timbers has an agreement with Federated that the latter will not supply the furniture industry on the Reef.

There are weighty arguments in favour of having a handful of powerful companies with the financial and technical muscle to tackle new projects on a viable scale. "Sappi and Mondi are fully justified in establishing their own plantations and safeguarding their supplies," says Philip Deetlefs, MD of Silvagric, Bonuskor's forestry and farming company. He adds that "at this stage it's not an upsetting situation. But if those big groups should become larger, it would create some difficulties."

Likewise, Bruce Mackenzie, chairman of the SA Forest Owners Association, which speaks for the large growers, points out the basic difference between the conglomerates and the small plantation owners who feel most threatened by the giants. "They (small owners) tend to look at things with a farmer's eye, while we have a businessman's view," he argues, "they're interested in immediate cash flow, we're interested in security."



... and Tweedledee

Valid as these points may be, they have failed to dull fears that the big are overwhelming the small and may then carve up the market to suit themselves. "It's making a few big companies very strong," says Craig Anderson, chairman of the SA Timber Growers Association which represents the small growers.

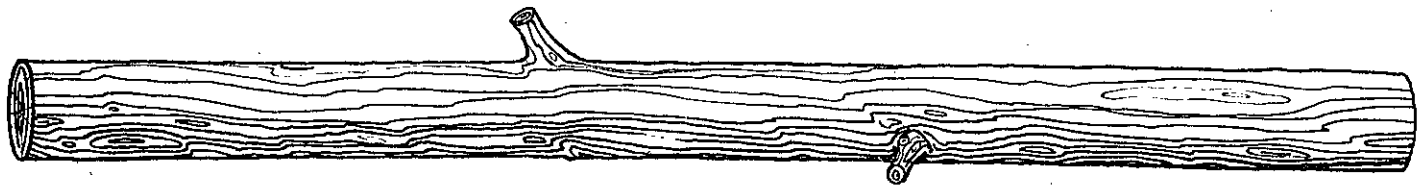
Surprisingly, there is evidence that small plantations and mills are as cost-efficient as the large ones. Louis Heyl observes that "there are no significant economies of scale in sawmilling." Smaller mills normally post lower returns largely because they produce a higher proportion of unmanufactured items, such as boxwood.

Pretoria's concern at the increasing concentration of the sector in a few hands was reflected in its decision last year to ask the Competition Board to probe the sawmilling industry. The precise motives for that move remain unclear, however, since it coincided with the withdrawal of an offer to sell the state-owned Blyde sawmill to private enterprise. Many suspect that the target was Mondi (which is rumoured to have put in the

TEN FORESTRY GROWTH POINT AREAS IN SOUTH AFRICA

Forestry growth point area Characteristic	Belfast- Middel- burg Ngodwana	Piet Retief	Richards Bay	Tugela- Mandini	Durban- Pieter- maritz- burg	Estcourt- Colenso	Donny- brook- Umkomaas	Weza	Ugie- Umtata	
Priority	9	4	8	1	7	10	6	2	3	
Present afforested area (ha)	55 000	269 000	131 000	86 000	70 000	55 000	69 000	105 000	87 000	26 000
Current production (m ³ /year)	601 000	4 079 000	1 675 000	1 464 000	884 000	825 000	971 000	1 641 000	1 234 000	316 000
Percentage of area afforested and afforestable (%)	50	29	28	32	20	15	15	22	48	31
Total potential afforested area (ha)	155 000	317 000	309 000	284 000	193 000	136 000	244 000	356 000	474 000	357 000
Total potential timber volume (m ³ /year)	1 213 000	4 700 000	3 800 000	3 491 000	2 332 000	1 980 000	3 022 000	5 153 000	5 859 000	4 134 000
Percentage overlap with other areas (%)	30	30	0	35	44	73	38	74	48	0

Source: Forestry Guide Plan for SA.



highest bid) rather than all the conglomerates.

The trend of recent years for the big to get bigger shows no sign of being reversed.

The share of the two Anglo American companies — Mondi and Bruply — in sawn softwood output is expected to reach 50% by 1990. Sappi, which now produces only 4% of the total, may garner 15% of the markets by then, since it is an open secret that expan-

sion of sawmilling operations is high on its list of priorities. With Hans Merensky and Bonuskor each holding another 10%, smaller companies (including Yorkcor which now has a 5% share and Thesens, now at 4%) will have to divide the remaining 15% among themselves.

Whether this will be a good or bad thing will probably depend on the answers to two questions. First, will the large companies,

Mondi and Sappi in particular, abuse their dominance in the market place? Second, will they move farther down the distribution line?

Time will tell, but few would dispute Louis Heyl's contention that it would be dangerous if a sawmilling group gets hold of 50% of timber merchanting, or if any group's share of the sawlog or sawn timber market tops 50%.

Holding up prices

Few sectors of the SA economy have embraced price controls with more enthusiasm than the timber industry.

Not surprisingly, price controls in the timber industry — unlike those on items such as petrol and fertiliser — are designed to hold up prices for the benefit of producers, rather than keep them down to the advantage of consumers. What is surprising is that the pervasive system of agreed prices, which in

many other countries would be outlawed as an unacceptably restrictive business practice, is condoned — even encouraged — by the government.

Most of the arguments in favour of setting minimum prices are familiar: orderly marketing; the need to provide price stability to

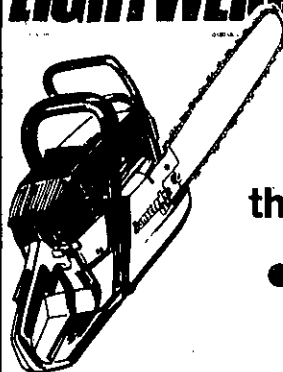
timber growers and processors in times of over-supply and to customers when demand shoots up; the importance of an adequate return to encourage new investment; and so on.

In the specific case of the timber industry, there are two other considerations. First, the unusually long lead times for growers between planting a tree and making money out of it. "To plant a tree is an act of faith," says Angus Temple, director of the SA Wattle Growers Union. Even a Sasol oil-from-coal plant or a steel mill can be brought to production more quickly than a new forest.



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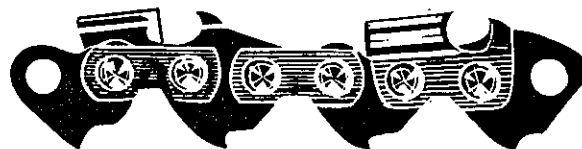


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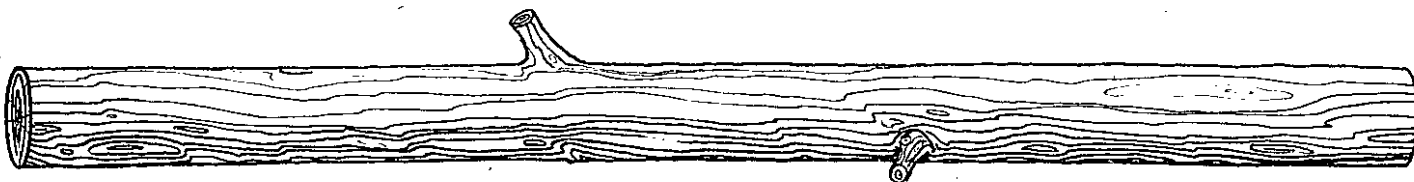
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Doug Howie ... more TMA carrots for big merchants?

Second, the fear of small growers that without some form of official protection, they have no way of negotiating prices on anything near an equal footing with the powerful processors. Craig Anderson, chairman of the SA Timber Growers Association which speaks for 2 400 small producers, reckons that "those five or six buyers can quietly get together and simply say: 'The price will be so-and-so'."

That already happens to some extent. Prices for sawn logs are not determined by each plantation owner acting alone. The directorate of forestry's dominant market position as supplier of almost half of total fellings gives it a powerful voice in setting log prices, which are reached in consultation with other growers.

"We generally reach consensus with the department," says Bruce Mackenzie, chairman of the SA Forest Owners Association. Although he notes that "there's nothing to stop someone selling logs at another price." (Indeed, premiums are often paid for high-quality lumber). But price cutting is definitely frowned on.

The regulation of sawn log prices is lax however, compared to the industry's most ambitious price-fixing effort, which aims at countrywide control of prices for graded structural timber in the form of the Timber Marketing Agreement (TMA).

The origin of the TMA is itself proof of the immense difficulty of persuading a bunch of entrepreneurs to stick to pre-determined prices. The agreement rose from the ashes of another price ring, the Timber Marketing

Bureau, which collapsed in the heat of cut-throat competition during the 1976-77 recession.

Under pressure from the sawmills, which suffered heavy losses then, the government urged the industry to find another mechanism to stabilise prices. David Eloff, director of the SA Lumber Millers Association, recalls that "they told us to put our house in order, or else." The "or else" may have included a Timber Control Board and formal price controls.

The result was the TMA. "The private sector wanted it and we accepted it," confirms Wilson van der Merwe, head of the directorate of forestry.

The main difference between the TMA and the Bureau is that the present arrangement includes not only lumber millers, but also agents and merchants. Membership covers about 80 mills, 35 agents and 350-400 merchants (including branches).

Although almost half of SA's sawmills are not members of the TMA, most of the outsiders produce only industrial timber which (despite efforts by price-fixing enthusiasts) is not covered by the agreement. The only milling company of any significance which has not joined the TMA is Sappi which doubts the efficacy of such a wide-ranging price pact. According to one estimate, 97,5% of graded structural timber output comes from member sawmills.

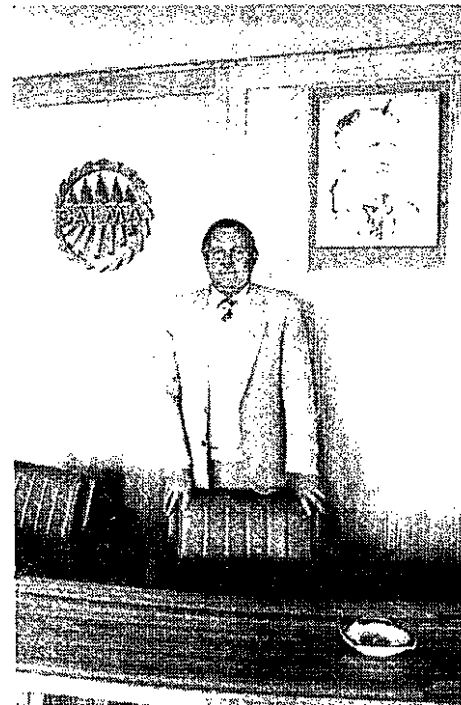
The centrepiece of the TMA is the price list drawn up by Salma members. Millers agree to sell at these prices, subject to various "loyalty" discounts. A merchant accredited to the TMA qualifies for a 3% rebate. He receives another 2% if he is a member of the Timber Trade Federation, and a bonus of 4,9% if annual sales exceed 1 400 m³. The maximum discount allowed is thus 9,9%.

In fact, mills give a discount of 10% to merchants qualifying for the maximum. The extra 0,1% is placed in a pool. After meeting the discount scheme's expenses, it is distributed to large merchants (with sales of more than 1 400 m³ a year). Last year's payout was a useful 95c/m³.

Merchants can sell to end-users at any price they wish but must buy as far as possible from TMA member sawmills and accredited agents. The Salma price list applies to inter-merchant transactions.

Is the TMA holding? Views differ. A spokesman for Coopers and Lybrand, the auditing firm which functions as the TMA's controlling accountants, reckons that "to our knowledge, the agreement is working pretty well." Only one party (an agent) has been fined — a token amount — for breaking the rules.

A maze of checks and audits is used to ensure compliance. Mills send Coopers and Lybrand weekly or monthly returns of their pine sales. Even those sawmills which have



David Eloff ... wielding the stick on TMA rulebreakers

not signed the agreement are obliged in terms of government regulations to submit returns. Mills, agents and merchants are visited and, occasionally, even the contents of their trucks are examined.

Despite the tight policing, there is ample evidence of breaches. "There are lots of chinks," says a senior executive of one large merchant, who adds that if his managers are buying below list prices, he doesn't want to hear about it.

The bigger merchants, such as Federated Timbers, and HLH, are said to be dissatisfied with the relatively modest discounts allowed by the TMA on large orders.

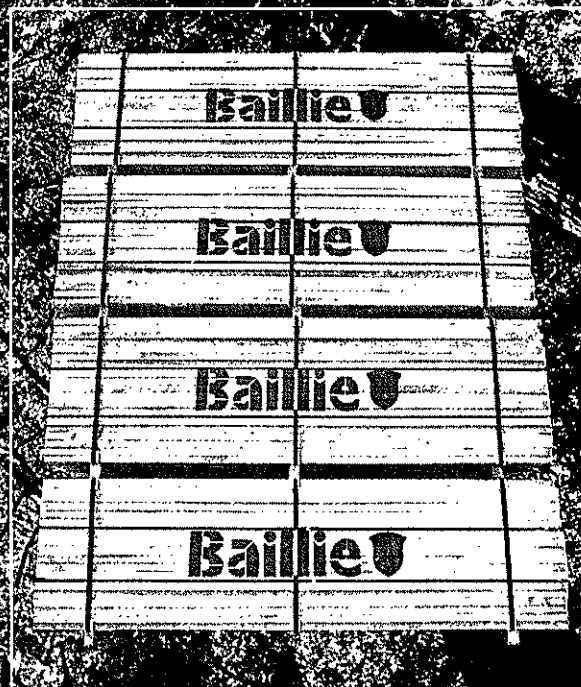
"The first prize would be to get together with one or two big merchants and make a joint approach to the millers," says Doug Howie, Federated's MD. Howie argues that the TMA favours smaller outlets. Federated has come "very close" to withdrawing from the agreement, he observes, adding that price competition on the Reef has been as fierce during the current downturn as in 1976-77 — before the TMA appeared.

Even the policemen admit that enforcement is a problem. Salma's David Eloff concedes that there was "considerable pressure" on the TMA towards the end of 1982 as the recession deepened. The Coopers and Lybrand man agrees that "it has had a very testing time up to now with demand being less than supply."

As is so often the case with artificial pricing, the main casualties are those who stick to the rules. One merchant has switched orders lately from small to large

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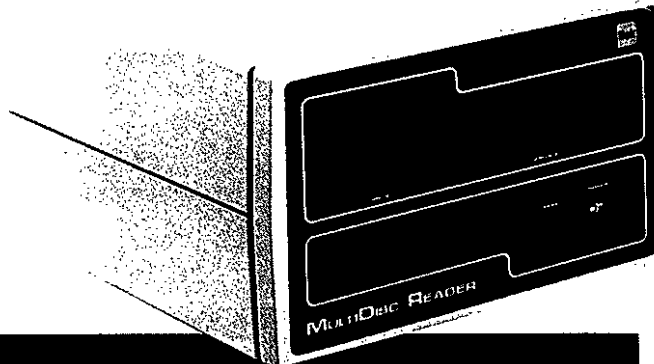
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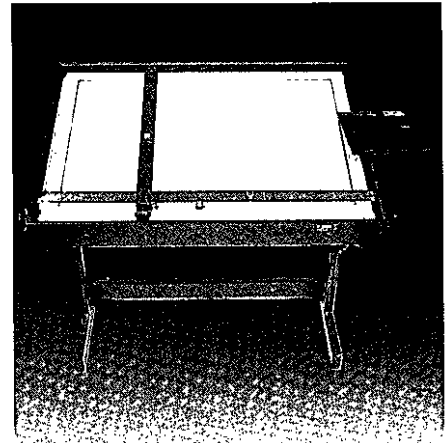
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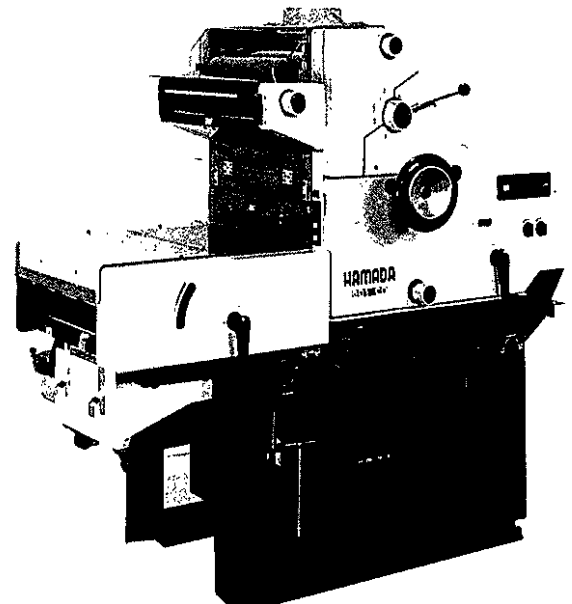
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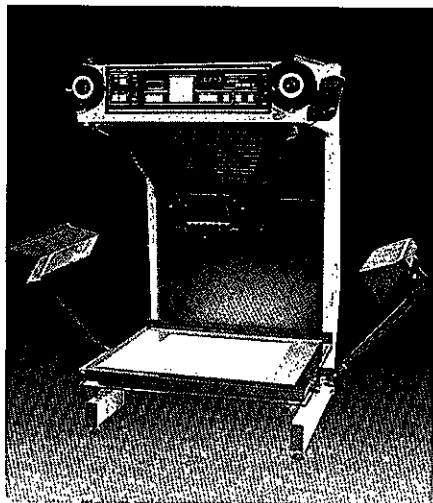


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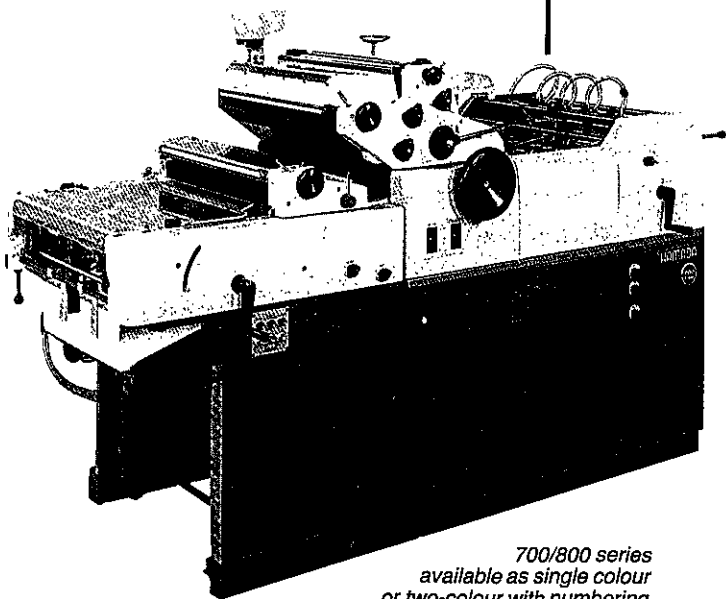
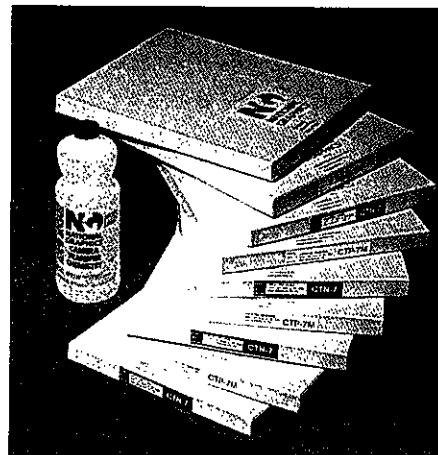
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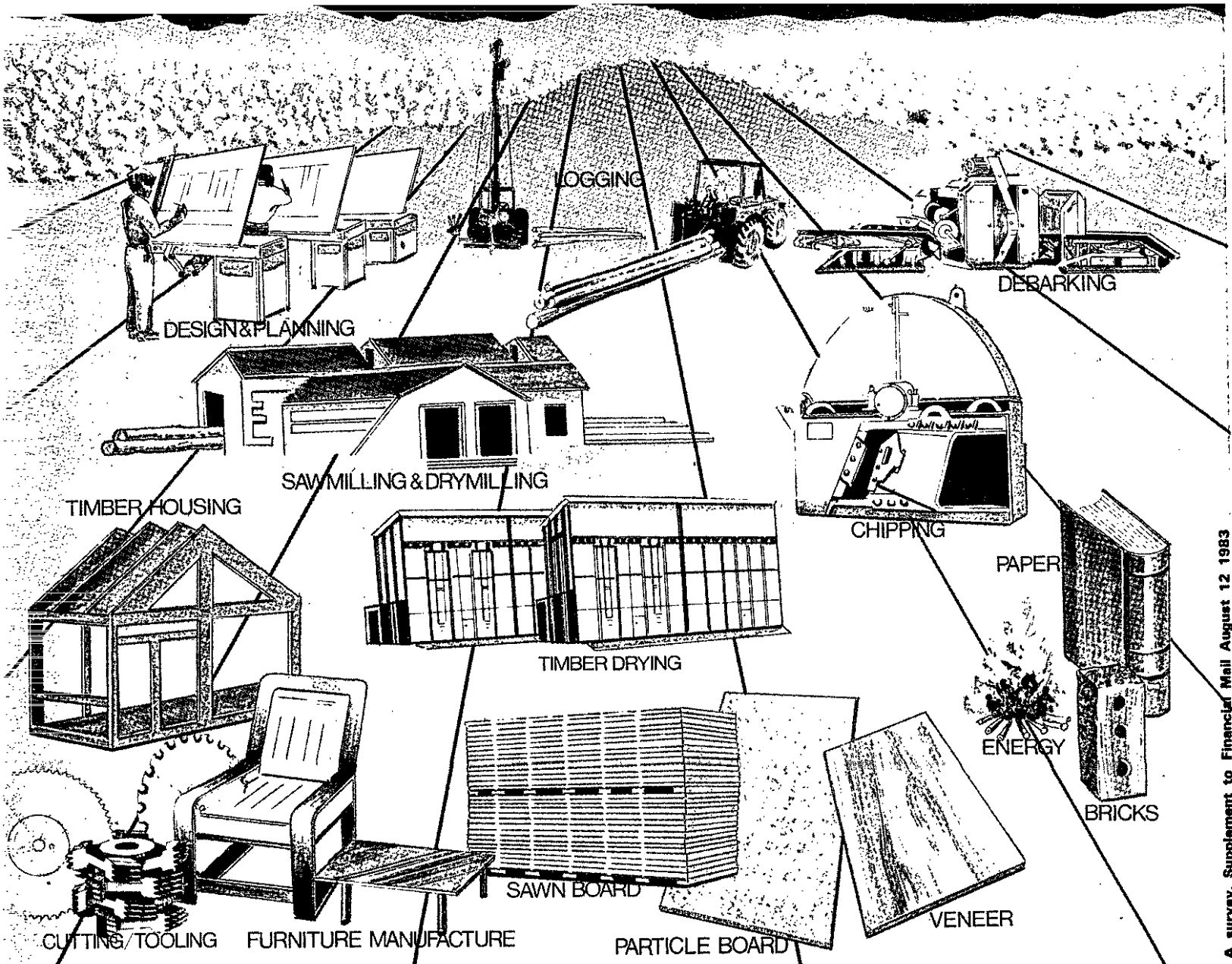
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To market, to market ... but are the returns worth while?

sawmillers in the hope of persuading the low-volume suppliers to cut prices. Until they do, their order books will remain slim.

Given the many disadvantages of being a small man in the SA timber industry, it is not surprising that the pressures for price controls have come from independent growers and processors.

The latest squeals originate in a dispute between Mondi and the small growers last year over pulpwood prices. Mondi increased its prices for softwood pulpwood by 6,9%, against Sappi's 8,8%, and refused to compensate growers for rail tariff hikes.

The SA Timber Growers Union and SA

Wattle Growers Union refused to accept the new prices and asked the directorate of forestry to intervene as an arbitrator in terms of the Forest Act. Pretoria backed away however, arguing that there were shortcomings in the regulations and that, in any case, the 1982 season was by then almost at an end.

The directorate is now redrafting the Forest Act and the relevant regulations, but the amendments may not be passed until 1985. "We are rewriting the regulations," says Wilson van der Merwe, "but not specifically to take a more active part. We want to make them more foolproof. We want to make sure

that decisions taken are in the interests of the industry and the country."

What those interests are is a matter of dispute. The Forestry Council, which is discussing the proposed changes, has been unable to find a formula which suits the large and small growers as well as the government.

The independent growers, who argue that arbitration clauses in their contracts are too slow and cumbersome to implement, seem determined to pull the government in on their side as an active arbiter. "Unless we do so, we have no strength," insists Satga's Anderson.

The authorities are in a cleft stick. They have already acquiesced in price-fixing arrangements which distort market forces, but are apparently reluctant to condone new ones. They recognise the strength of the giants but hesitate to molly-coddle the sprats. Van der Merwe declares despairingly: "There's one solution: a free market mechanism." But he adds quickly, with some understatement: "There are complexities."

There may be another way out for the small growers. They may be saved, in the short term, by the next business upswing and in the long term by the much-heralded shortage of local timber. Both will lead to a sharp upturn in prices with sellers rather than buyers being able to call the shots once more.

"The small growers should be a little more patient," says Philip Deetlefs, MD of Bonuskor's timber and farming division, by no means a small operation. "I believe the situation will rectify itself in the next two to three years without government intervention."

Timber shortage ahead?

Tree planting will have to accelerate to stave off a future shortage

Sappi's new Ngodwana mill will gobble up no less than 250 ha of trees a day. It and Mondi's Richards Bay plant will together push up SA's timber needs by 4 Mt a year.

Add to those huge numbers the growing demand for timber in chipboard, timber frame housing, railway sleepers, charcoal (the list goes on and on), and it is not surprising that fears of a national timber shortage within the next few years are growing.

The directorate of forestry estimates in the 1982 *Forestry Guide Plan* that 39 000 ha of trees need to be planted each year to ensure that supply keeps up with demand (see table). The total area under

forest at present is about 1,2m ha.

Not everyone agrees with that target. Peter Dell, Saiccor's MD, argues that "forestry statistics are no different to other statistics. There is a margin of error and it is a fairly large margin of error." Dell, one of those not worried about future supplies, reckons that the yield per hectare can be increased "significantly." Wattle trees for instance, are these days usually felled at a younger age than they were 10-20 years ago.

The directorate is confident that its target will be met: "It is expected that provided sufficient land is available, new afforestation at the rate aimed at will take place,

unless prevented by unforeseen circumstances."

It pinpoints almost a dozen areas with the greatest promise for rapid expansion. They include: Pilgrim's Rest, Renosterhoek (eastern Transvaal), State forests in the eastern Transvaal, the upper reaches of the Vaal and Usutu rivers, the whole of Natal and parts of the eastern and southern Cape.

It is just as well that the 39 000 ha a year target is disputed, since the chances of meeting it are very low indeed.

Planting in the last few years has been way below the goal. Philip Deetlefs, MD of Bonuskor's timber and farming operations, confirms that "new afforestation is disappointingly low." The highest rate achieved since the mid-Seventies was in the year to March 1977 when 22 053 ha were planted. In both 1981 and 1982, new forests were planted

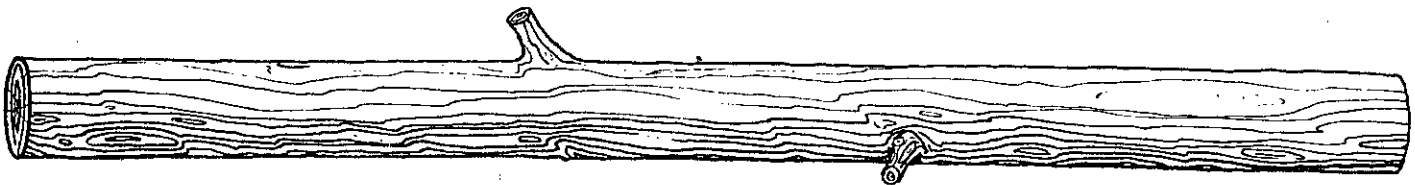


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Plantation ... more coming down than going up

on only slightly more than 10 000 ha. Private owners planted 7 600 ha last year and the state only 2 400 ha.

To compound the problem, over 3 200 ha of forests were cleared for agricultural use in the year to March 1982, bringing the net afforestation down to 6 800 ha — less than one-fifth of Pretoria's goal.

Only a few growers — whether companies or individuals — are pulling their weight. The most commendable effort is being made by Sappi, which plants around 7 000 ha a year and is not planning to slacken the pace.

The government intends planting around 6 000 ha of State forests in the year to March 1984, mainly in the southern Transvaal and northern Zululand. But Wilson van der Merwe, head of the directorate of forestry,

notes that because of budget constraints "we can't do what we would like to."

Hans Merensky Foundation is negotiating with the Transkei authorities to plant 18 000 ha to 19 000 ha in the Umzimkulu region.

Saiccor added less than 1 000 ha to its forests in 1982 and — like most others — is concentrating on improving the productivity of existing plantations. Bonuskor plants a few hundred hectares a year on its estates, but is not buying bare land.

Mondi, which professes to be unconcerned about future supplies, has brought its planting programme to a virtual halt. In the longer term the group has its eye on northern Zululand in the vicinity of the Richards Bay mill.

Perhaps the most disappointing perform-

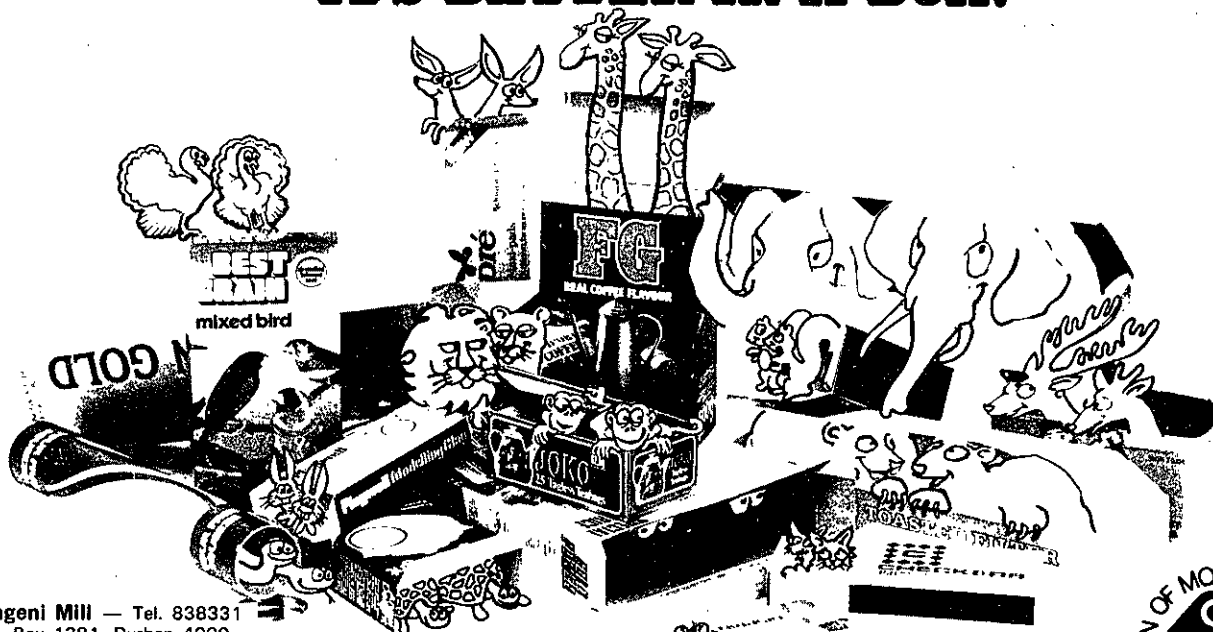
TOO LITTLE, TOO SLOWLY

New afforestation in SA (all figures in hectares)

	Year ending March 31					1981	1982
	1977	1978	1979	1980	1980		
Private ownership	15 790	12 233	11 875	7 700	7 690	7 618	
Public ownership	6 263	1 999	4 010	4 974	2 476	2 416	
Total	22 053	14 232	15 885	12 674	10 166	10 034	

Source: Directorate of Forestry, Dept. of Environment Affairs.

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Additional afforestation required during 1981-1985 to balance timber supply and demand.

Roundwood category	Additional new afforestation required during 1981-1985	
	Total ha	Annually ha
Softwood		
Sawlogs and veneer logs	79 000	16 000
Pulpwood for paper and non-paper products of woodpulp and poles	57 000	11 000
Sub-total	136 000	27 000
Hardwood		
Sawlogs and veneer logs	18 000	4 000
Mining timber and poles	21 000	4 000
Pulpwood for paper and non-paper products of woodpulp and wood chips	18 000	4 000
Sub-total	57 000	12 000
GRAND TOTAL	193 000	39 000

Source: Forestry Guide Plan for SA.



Mondi saplings ... growth for the future

FORESTRY GUIDE PLAN

Despite its ponderous grammar, the Forestry Guide Plan for SA is indispensable reading for anyone interested in the local timber industry, whether expert or novice.

The guide was compiled to help future planning of SA's forests. It sketches the history of afforestation and sawmilling in this country, including the key role of the government in putting the industry on its feet. Present and future timber requirements (and the ability to meet

them) are analysed, and the guide tries to pinpoint those areas best suited to further afforestation.

It includes over 100 tables, ranging from production, import and export figures to such exotic information as "limitations applicable to afforestation permits in the Donnybrook-Umkomaas area."

The 234-page volume (with maps) was published in April last year by the Department of Environment Affairs.

ance is that of small growers who, in terms of Forestry Guide Plan's target, should be planting 7 000 ha a year. The SA Timber Growers Association notes in its latest annual report that despite calls on members to plant more trees, the response has been "poor."

The reason for the low planting rate is an intricate combination of economic, social and even to some extent political forces.

Although timber growers' return is quite high compared to many other industries, big and small agree that even higher prices are needed to encourage planting. "The biggest incentive of all is to make it profitable," says Bruce Mackenzie, chairman of the SA Forest Owners Association. Craig Anderson, chairman of Satga, agrees that "the lack of increase in the price has had a very serious effect."

Planting new forests is not as simple as buying land and getting on with it. The land has often been used for farming or grazing and, in Natal and the eastern Cape in particular, much of it is occupied by black farmers who are reluctant to give up cattle pastures. Merensky Foundation's efforts to plant trees in the Umzimkulu region are being hampered by opposition from tribal chiefs.

Some companies are trying to overcome objections from traditional cattle farmers by encouraging blacks to become timber growers. Saplings are sold to the farmers and they are advised on growing and cutting techniques. According to the guide plan, the tribal homelands should aim for a new afforestation rate of around 6 000 ha a year.

It is clear that further incentives are needed for both white and black growers. A study group has already been formed to examine alternatives. Government has a low-interest loan scheme, but in Bruce Mackenzie's words, "it has been so drowned in red tape that very few people have made use of it. A man applying for it has to mortgage his soul."

One possibility is to try and match the incentives offered in other countries. Brazil's forest industry was spawned by generous cash hand-outs and some US states reimburse growers up to three-quarters of their costs. In Australia, the large forest products companies help finance small growers.

It's hard to see that government will agree to such hand-outs at a time when its purse strings are tightly held and when not everyone agrees that a crisis is about to erupt.

When the new Mondi and Sappi projects come on stream, the timber surplus of recent years will quickly disappear and market forces are likely to push log prices up more quickly than in the past year or two. But will that be enough to encourage new planting?

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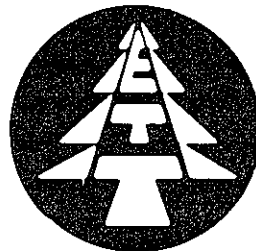
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Bully-boys or driving force?

Mondi's and Sappi's chief executives outline their positions in the market

To some, Mondi and Sappi are the driving force behind the SA timber and paper industry. To their critics, the two giants are strong-armed bully boys. No one disputes their importance, however.

The *FM* asked the chief executives of the two groups — Reg Donner of Mondi and Eugene van As of Sappi — for their views on some of the controversial issues facing the industry.

Fears of a timber shortage

Van As: I don't think there is going to be a national shortage of timber in 1985 at all. There is going to be a shortage in different areas and people may pay a very high price in Natal for timber from the Transvaal. If we don't start planting, there will be an imbalance — I wouldn't say a national shortage — between 1995 and 2000. It depends very much on the rate of afforestation.

We anticipate that the country should plant around 35 000 ha-40 000 ha a year on average for at least the next decade. The target can be met, but the problem will be the availability of suitable areas to plant near points which can sustain a pulp mill.

It is becoming more difficult to expand forests in the eastern Transvaal because of the lack of availability of planting permits from the Department of Environmental Affairs. We need to reappraise the permit system and establish to what extent permits can be increased in the correct areas. That is not an easy question because it depends on how much water is absorbed in the catchment area. There is a possibility of more permits, but it's not the right year to talk about it with the current drought.

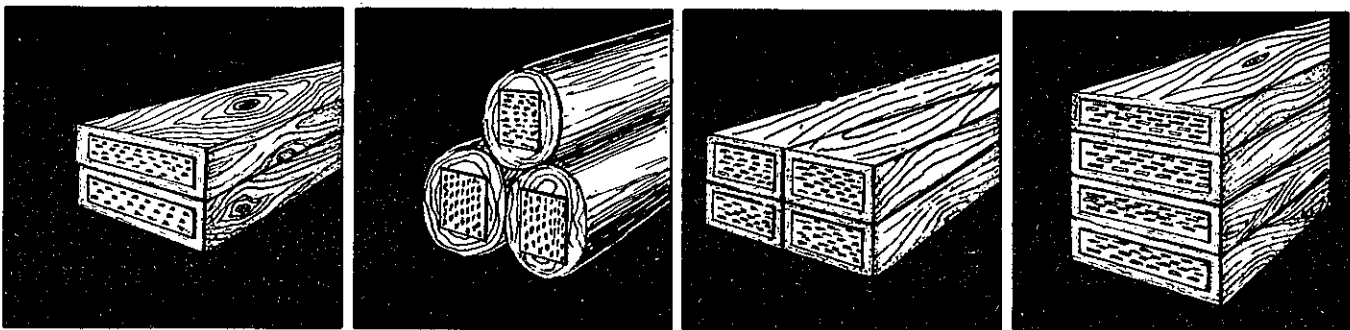
We see no problem meeting the timber demands of our mills — and meeting them from areas which are easily accessible and

therefore have relatively low transport costs. But if you project a growth in the paper business to the end of the century, which would of course mean more pulp mills, then if we don't keep planting timber, we're going to have a shortage at the end of the century. Paper demand is going to grow fairly rapidly. We're projecting an average annual growth of 5% in wood pulp consumption over the next 17-18 years. More pulp mills will have to be constructed to meet that increase, or existing ones will have to be expanded.

Donner: It doesn't worry me particularly. Our group has access directly or indirectly to nearly 0,3m ha of timber. But obviously there is not going to be a huge excess with both Sappi's and our major projects going ahead at the moment. Timber supplies will ultimately be the limiting factor to expansion.

We don't want to plant everything for ourselves. But if it comes to the crunch, we will have more than sufficient from our own resources to supply ourselves. We do not want to divert all our resources into pulp. It

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doesn't make much sense to grow a tree for 30 years in the lumber cycle and then put it into something that could do with a 15-year cycle. Apart from that, one has a socio-economic responsibility — all this housing that government is talking about will not be possible without our forests.

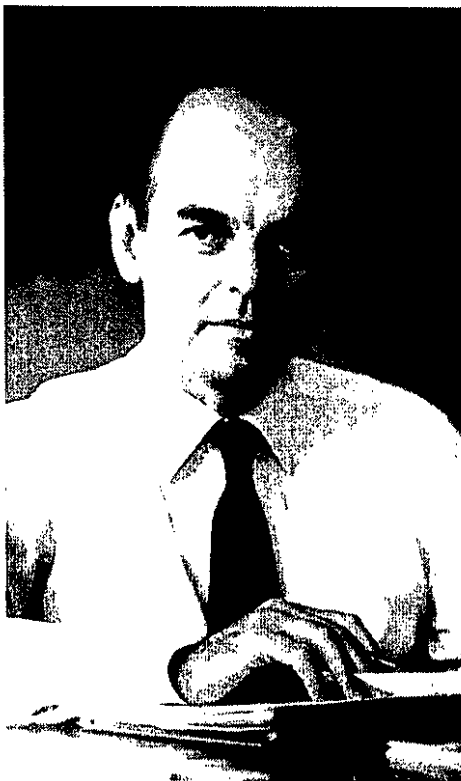
We are not planting an awful lot at the moment. We have just finished planting 12 000 ha in the eastern Transvaal. Planting is not a top priority of ours at the moment because we would prefer private growers to do their share.

One of the future projects is to develop the hinterland of Richards Bay, including KwaZulu and Maputaland. We will afforest whatever we can, provided we can get all the problems which are not of our making out of the way, such as land ownership, what is KwaZulu and what isn't, and so on.

It's really very difficult. You may find many small landholders with individual title and over them a chieftain. This precludes one from getting a big tract and doing it on a big scale, and you don't want to do it without the consent and co-operation of the people. It's to their benefit, but there are other considerations. Cattle really are their wealth and they can't get a bride on the never-never promising the father a tree in 15 years' time.

Capital projects

Van As: Some of the drying cylinders of



Van As ... 'We don't want to compete with our customers'

the newsprint machine for the Ngodwana project were damaged in transit and have had to be reground. We'll start up in the third quarter — not at the end of the second as we had hoped. The market will be soft, but we anticipated that when we put the project together. That has always been in our plans. The target date for final completion has been brought forward from mid-1985 to early 1985.

Our current predictions are still that the pulp market will turn up very sharply. It has started turning since March. Spot market prices are up 10% already (in mid-May). Most indications are that there will be a buoyant spot market towards the end of next year.

We have not yet started thinking of new mills, but we obviously have ideas of where we will expand the existing ones. Once you build a big one like Ngodwana, you can always take it up a bit. There is always one thing that is more tight than the rest of the mill.

The next big investment will probably be another paper machine around 1987-1988. Obviously, we'll expand the ongoing business. We need about R30m a year just to keep it going.

Donner: We've increased the size of the Richards Bay project. Initially, we were going to produce 900 t a day of pulp only. The project now includes a 1 500 t/day pulp mill and a 600 t/day kraft linerboard mill. That is now absolutely final and that is what's going to happen. It's on schedule both in time and money and we're coming into production in October next year. In addition, the infrastructure is now being laid for doubling the pulp mill, plus whatever size we want to go to in paper. I don't know when that will happen — it depends on market conditions. The site we've got is 400 ha and we're using only 160 ha of that.

We have an association with Hulett-Tonga. They are building a new sugar mill at Felixton and Mondi has a paper fluting mill right next to it. The new mill will produce much more sugar than the old Felixton mill and therefore much more bagasse. Mondi has a pre-emptive right over that bagasse, which is a very valuable raw material, and we are thinking about what to do with it.

A planned sawmill at Richards Bay will complete the integration of the set-up there from the log through chipping which we will use for pulp, to a sawmill and then possibly to secondary products from the sawmill. We have three sawmills along the north coast. We will integrate all three into this one project, and rationalise the whole thing and the raw material supplies.

Concentration in the industry

Van As: There are a number of links in processing. It has been proved that this country could not support more than two

companies in the pulp and paper business. There is only one at the moment in the actual pulping business, which is the main timber user.

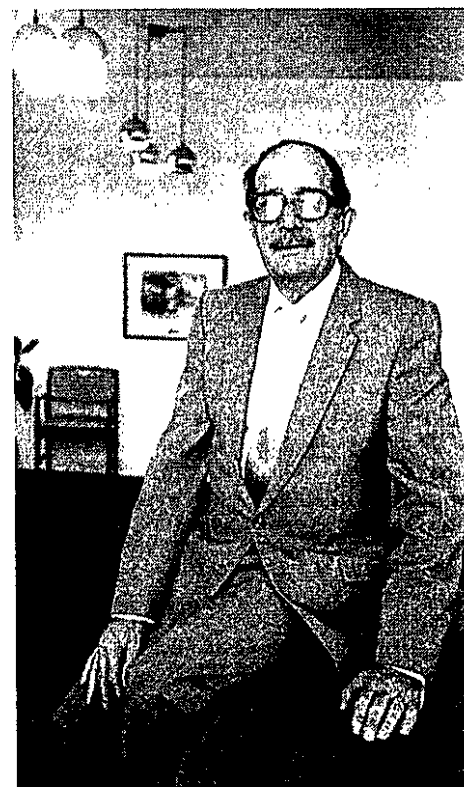
On the lumber side — sawmilling — Sappi is very small. It has only about 5% of the market. We will be bigger in sawmilling, but we don't want to dominate it. We want to be in a position to meet our strategy of using the tree efficiently.

We have about 30% of the chipboard market and we're comfortable with that.


I don't think we'd do retailing and wholesaling very efficiently. It's very different from industry and I wonder whether we would be successful in running it. They're very separate philosophies, and we don't really want to go in and compete with our customers.

The matte packs made for mines are traditionally round poles with two slabs cut off. That is wasted — it's thrown away. We think that instead of cutting it off and ending up with a thin slab which is useless, we could chip it off using a chipper, and it would be a raw material for the pulp mill. That's where we see the opportunity in mining timber.

Donner: If we wanted to take advantage of the situation, perhaps we could. But we participate in every single body in the industry — there are seven or eight of them — as ordinary club members that stick to the rules. We can't be seen to be cheating. If we really wanted to take advantage of our size



Donner ... 'We can't be seen to be cheating'



and scope, we would get out of all those things and go and break the rules, and do what we want. But we don't — we like to see ourselves as responsible members.

We may be the biggest in sawmilling, but we're not the only ones. There are about 150 sawmills in the country, big and small. We can hardly be held to be in a monopolistic situation.

It has taken a great deal of forbearance to stay within the rules. Take Salma. We are 100% in Salma and in the TMA. Others are only part-time members where they stick to some rules but not to the TMA. Then there are a whole lot of people who stick to none of these things and are not Salma members at all.

In the paper sector we planned ultra-modern machines right from the start. They are larger than the domestic market can absorb and this is why we have developed the export market, waiting for the local market to grow with rising black demand. We have tried to act responsibly. We have never disrupted the market and smashed the whole thing by turning the power of those machines inland. All our major projects are sited at a deepsea port so that we can have a portion of the inland market but also always have access to the world beyond. At times this is quite difficult — as it is at present. World markets are very depressed.

We're not putting in these big machines to get more and more local market share. That would be impractical. Gencor is not going to disappear and there are other majors that could arise in the future.

Our strategy differs fairly substantially from Gencor. They are vertically integrated right along the line; we are not. We have always seen ourselves as primary producers on a fairly decent scale, able to bring the product to the market cheaply while leaving the conversion to someone else. If the opposition keeps us from the share of the market we would wish to have, then we might have to take further steps. But this is not the policy of Mondi.

Obviously, there are things of mutual interest in the industry that we do discuss with Sappi — even matters concerning marketing. But price-fixing — there is no such thing. If we go down in price, Sappi would have to compete, and vice versa. The prices find their level in the marketplace. We don't sit down and say "This will be the price for this and that."

The future of State activities

Van As: It probably would not be a bad idea if the State sold its remaining sawmills, because I don't think it wants to be in the industry.

Forestry is somewhat different. It is a very long-term business. Where do you draw the line? Do you say government shouldn't

plant any new plantations, or should it sell its natural forests? How would you determine who to sell to? If you sell to the highest bidder, is that right? You may have been supplying a small sawmill over a long period of time which has been producing on the basis that it has a steady supply of timber. The highest bidder may say: "I actually don't want to sell to that sawmill at all."

From the point of view of the national interest, government is probably best off leaving things as they are right now in the growing of trees.

In the specific case of the Elandshoek mill, all of its requirements are met from one State forest. It would be ideal to have that as one operation.

I am not aware of a State sawmill that we would like to buy that isn't already in a partnership. The Sappi policy has been to try not to own operations everywhere, but to own operations where we make use of the whole tree, such as sawmills, chipboard plants and so on. Elandshoek fitted exactly into that category because it was very close to our Ngodwana project. We were taking the pulpwood out of that plantation already.

Donner: I believe sawmills and forests should be privatised 100%. But there really would be no point in having any one major private enterprise control them in place of the State. There must be controls so no major company can have complete control of them. I don't know what form the arrangement should take, but I do know that it should be non-governmental.

If State forests were available, we would be contenders to buy them. Why not? We were very upset about having lost the deal for the Blyde sawmill, while other transactions went through.

A State timber corporation

Van As: I don't think that a State timber corporation could be run easily. The danger is that it would be run like existing public corporations, on the basis that when it needs money, it will have to find it by increasing its prices.

You need to build in a productivity incentive. In our forestry operations, we have, for about four years, maintained a productivity improvement in excess of 14% a year, measured in a number of different ways such as output per man and output per capital rand.

If we can get a 14% improvement in productivity and inflation is 14%, we don't need a price increase at all. That has to be done, otherwise we will soon price ourselves out of the market by building in the running costs of a timber operation that is not as efficient as it could be. I don't think a utility company has that sort of incentive.

I think the ownership of State forests could remain as it is. But consideration should be given to contracting out harvesting and transport operations to private en-

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terprise, and perhaps to selling off the remaining State-owned processing activities.

Donner: Nothing clear-cut has emerged as to whether it would be an Iscor-type utility, a Sasol-type or Escom-type, or a straightforward public company. A public company probably comes nearest to what I would like to see. One doesn't want to perpetuate a similar sort of situation to what we have now — one without restrictions.

The only worry I have about a utility is the transposition of exactly the same bureaucracy without the Treasury constraints. We might have another Escom, financing out of current revenue rather than long-term finance, and that of course simply lends itself to constant price increases. That would worry us a great deal because we would become, with inflation what it is, uncompetitive in the world market. We're a big exporter and what happens here *vis-à-vis* other countries we compete against is a very serious matter.

Timber price stabilisation:

Van As: The strategy should be for organised forestry to stop moaning about the low returns it gets — we are frightening people away from the industry. I don't think it's true that people have very low returns in forestry — they don't.

You have to compare the return in forestry with the return in industry. The forest sector forgets to make one basic addition to its calculations. One of the largest cost factors is the land which appreciates in value, whereas when you're in industry you end up with a machine which is worthless at the end of its life-cycle. You should calculate that appreciation as part of your return. I know it's not a cash flow return, but it is a



Logs ... will the government pull out?

real return. Calculated this way, forestry brings a real return of around 2%-4% — better than many industries.

The small growers are not looking for price stabilisation; they're looking for unrealistic annual increases. If you have an inflation rate of 15%, it is unrealistic to expect a price increase of 18% a year. Few of us can even gain the rate of inflation as an increase in our end-product prices in difficult times.

The growers asked for about a 17% increase, but they also want a 6% real return on their investment. I don't know of anybody who gets a 6% real return in a capital intensive field.

There isn't a pricing "mechanism" in the industry. There is a negotiation of prices and you have to end up with a happy buyer and a happy seller. We're satisfied with that system, because one has to think of supply and demand, and what people are able to pay.

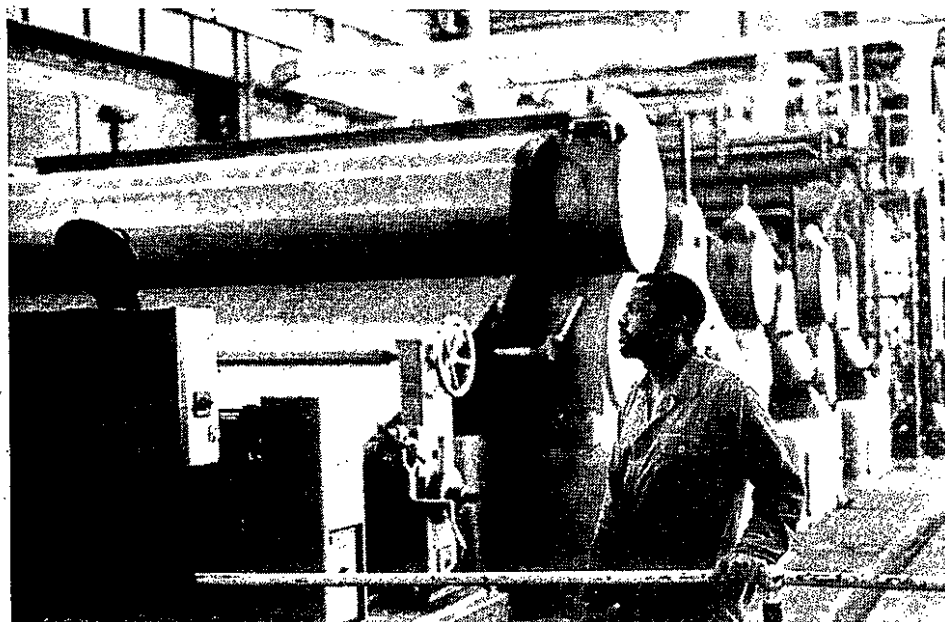
There is a surplus of timber at the moment. If we at Sappi were to take a very hard line, we could get a price reduction right now. If we simply said that we won't pay more than 90% of what we paid last year, we would still get the timber.

We have not done that, because we would like to encourage people to plant trees and we would like to take a long-term view. We realise that growers' costs have gone up so we have agreed to a modest increase. If we reduced the price, I'm sure that we would still get the timber this year, but we would probably create a stick for our backs in 1985. The growers would obviously remember, and we would battle to get our marginal tonnage.

Donner: My company's views are firm on this score: we say let free market forces reign. It is the privilege of the converter, if there is an over-supply, to get the best deal he can; and it's the privilege of the grower to do the same when the situation changes — which we believe is imminent.

There is a vast change coming with the new Sappi and Mondi projects suddenly requiring a great deal more timber. So the boot seems to be on the foot of the grower. When the demand exceeds or, at best, is in balance with supply, they are going to have very, very firm prices for the foreseeable future. So why do we need intervention? I think the protagonists are beginning to see this viewpoint.

We think the small growers have been a



Paper machine ... intergration is the name of the game

little silly. They have a chipping installation right in Richards Bay. They export chips, but clearly their customers in the Far East are moving away from production of pulp and paper. They are going to be net importers. We are saying: "Export by all means. But don't be unfriendly about it when we can absorb excesses right next door." I think the climate is changing in favour of the grower. What does he want legislation for to regulate his business when he has a nice open field with private enterprise?

The two new mills will create an additional requirement of 4 Mt of timber. These plants are only economic when they run at a certain degree of efficiency. Are we going to stand aside for Sappi to take the excess that we want? We are going to compete openly for that timber to make absolutely sure our

plant is full, and they will do likewise. In an atmosphere like this, I would like to be a seller, not a buyer.

It's so simple to me. I have never seen a government agency intervene successfully to fix anything for anybody in a discussion between supplier and consumer. It doesn't work.

Sappi and Mondi are both in private enterprise and we're in competition. There is no way that sentiment is going to overrule either of us — when we have a R600m plant that isn't running or is short of timber, we're going to buy the stuff. I really do believe that the whole situation is becoming more balanced. As far as we are concerned, we will continue to put in machines so long as the growers will continue to supply wood. What better position could a grower be in?

Fighting for exports

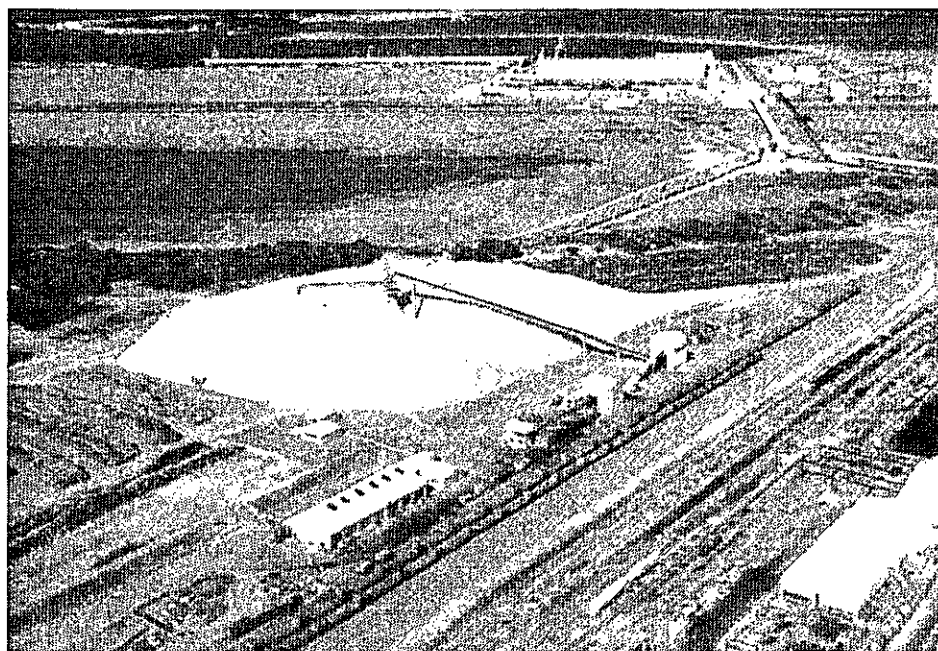
In the face of recession overseas, exporters are fighting back

The SA forest products industry has by no means escaped the slump in northern hemisphere markets. But unlike many other exporters, it is not throwing in the towel. Indeed, several exporters have managed to push up tonnages in the past year or two to make up for shrinking margins.

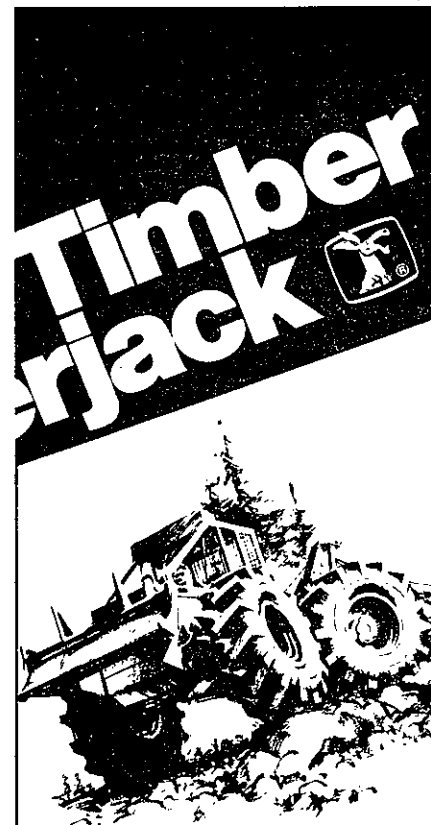
They have not been shy in asking others for a helping hand, in the hope of mutual benefits. Members of the Timber Products

Exporters Association (TPEA) have persuaded conference shipping lines to offer a "loyalty rebate" of about \$100/container. Furthermore, many exporters are not paying anywhere near list prices for their sawn timber supplies, arguing that it is more economic for sawmillers to have a market at reduced margins than no market at all.

Exports have made a useful contribution to the industry — but not only in terms of



CTC chipping plant ... thanks to Sumitomo



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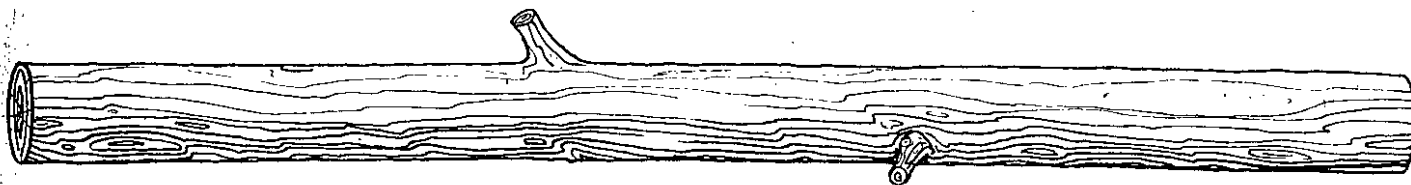
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foreign exchange earnings.

Foreign markets have become an important stabilising influence on domestic prices by reducing the overhang of timber supplies during periods of weak local demand. Exports siphoned off almost 75 000 m³ of sawn timber in 1982, undoubtedly contributing to a more stable domestic market than during the 1976-77 recession. David Eloff, director of the SA Lumber Millers Association, asserts bluntly that "if that quantity had not been exported, it would have placed a tremendous amount of pressure on the Timber Marketing Agreement."

Since the Central Timber Co-op signed its wood chip contract with Sumitomo Corp of Japan 10 years ago, domestic wattle prices have bounded up, from R6/t in 1973 to R8/t in 1975 and about R20/t now. Previously, the price was nudged up by only about 25c a year. "This contract has gone a very long way towards helping the small growers," says CTC's GM Craig Anderson.

There have been three major milestones in the timber, pulp and paper industry's export drive:

□ Few outsiders are aware of the contribution made by SA Industrial Cellulose Corporation, the Umkomaas-based subsidiary of the British Courtaulds group. The company began producing high-grade dissolving pulp in 1956 from local eucalyptus and (since 1960) wattle. It currently exports about 400 000 t a year to the UK and other countries, earning over R100m;

□ Mondi's newsprint shipments soared from 10 000 t in 1975 to some 208 000 t last year. It has sold to more than 30 countries, as far apart as Thailand, Peru and Mozambique. Export earnings were close to \$100m in 1982; and

□ The first shipment of wood chips under the CTC contract left Durban in November 1975. Over 2,6 Mt has been exported since then. The contract, originally for 10 years has been extended to 1992 and quantities have been raised from 250 000 t a year to 700 000 t.

The recession is taking its toll on exports, however. "We're battling a bit," says Reg Donner, Mondi's MD, who estimates that newsprint shipments will slip to 170 000 t

this year. Jan Roets, MD of the Hans Merensky Foundation, confirms that exports of sawn softwood is "a marginal business." The group sells a small part of its output to Britain, Israel, Taiwan and Greece, but is facing tough competition from Scandinavian and Russian mills.

Even CTC's wood chip shipments have been cut back. Only about 500 000 t will be sold to Sumitomo this year, although prices have edged up slightly.

Anderson hopes for a pick-up in 1984, but in the meantime the co-operative is looking for other markets for its new chipping mill at Richards Bay which has a capacity of 3 000 t a day but is currently working only two shifts a day. CTC is negotiating with a buyer in Taiwan and hopes to spread its market to other Japanese customers.

"We're shipping into depressed markets at the moment," agrees Llewelyn King, Masonite's financial manager who is also chairman of the 33-member Timber Products Exporters Association.

The TPEA includes some of the industry's feistiest marketers. Few more so than the handful of pine furniture manufacturers who have carved a substantial market for their products in the northern hemisphere since the mid-Seventies. Furniture exports are currently estimated at R16m a year.

Bailey Furniture Manufacturers of Pietermaritzburg, one of the biggest exporters, sells 95% of its production abroad, mainly in the form of children's bedroom furniture and kitchen breakfast nooks.

"Sales are at a rather low ebb, but we're expecting an upturn shortly," says John Bailey, joint director of the company. The plunge in sterling earlier this year was a hard blow, since the UK accounted for some 60% of Bailey's offtake. "We've had to scramble out of there and find alternative business," he notes.

The US and Canada have emerged as new markets. By early May, Bailey had shipped his fourth order to Canada, displacing a New Zealand supplier. He was also looking into an opening for edge-jointed panels in Finland which ironically, like Canada, is itself a large timber producer.

Other manufactured exports bring in about R15m a year and the value could grow as markets are found for new products such as laminated pine sleepers and charcoal.

Laminated pine is already being used to make container floors for export. A Bonuskor subsidiary, Boskor Sawmill of Storm's River in the southern Cape, started assembling floors in the late-Seventies and by the beginning of this year was exporting 1 500 TEU (20 ft equivalent unit) floors a month, mainly to Belgium, France, Britain and the US. Thesen and Co of Knysna has sold solid floors abroad, while Brubly and Searles Timbers have put a toe in the business.

By early this year, this business was also

GOING FOR EXPORTS

The massive contribution of four companies — Mondi, Sappi, Saiccor and Central Timber Co-op (CTC) — to SA's timber exports is reflected in the following table.

Dissolving pulp (Saiccor), paper and board (Mondi and Sappi) and wood chips (CTC) made up almost 87% of SA's timber product exports (excluding wattle extract and manufactured items such as furniture) in the first half of last year. Sappi and Mondi also contributed to several other categories. The steep rise

in paper exports is mainly due to Mondi's newsprint shipments.

Growing local demand for paper-grade pulp is illustrated by the sharp fall-off in exports. This item will rise rapidly again in the next few years when the new Mondi and Sappi mills come on stream, but could decline again in the Nineties as domestic demand increases.

Export earnings from products listed in the table totalled R239,6m in 1981 and R130,6m in the first half of last year, the latest half-year figure available.

PULP DOWN, PAPER UP

Export contribution of timber and timber products (Based on values)

	1974(%)	1981 (%) Jan-June	1982 %
Pulp:	70,3	46,8	40,3
Dissolving pulp	39,0	41,0	41,2
Unbleached sulphate pulp	31,0	5,4	—
Other	0,2	0,4	0,1
Paper:	24,0	36,6	43,2
Paper and board	12,0	31,6	39,2
Other	12,0	5,0	4,0
Sawn timber:	1,3	2,6	2,5
Softwood (sawn lengthwise)	1,0	2,3	2,3
Other	0,3	0,3	0,2
Sawlogs:	0,3	0,8	0,3
Charcoal:	—	1,2	1,2
Pulpwood:	—	0,6	0,8
Wood chips:	—	6,4	7,3
Other:	4,1	5,0	4,4
	100,0	100,0	100,0

Source: Directorate of Forestry.



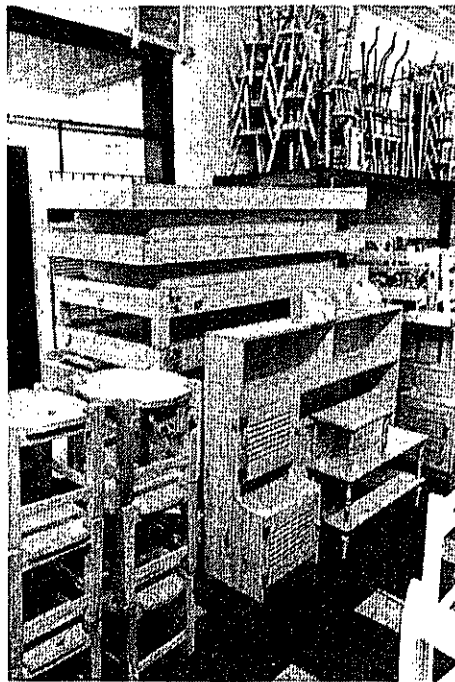
sagging. Ferdie R th, Boskor's MD, noted that "the container market is very dead." In early May his only order was from a Belgian company and that is due to expire at the end of this year.

The other large timber products exporter is Masonite which ships about 10 container-loads of specialised door skins and tempered hardboard a month, mainly to Britain and the north-west continent. The company, controlled by Masonite Corp of Chicago, has faced stiff competition recently from Chile, Argentina, Spain, France and the eastern bloc.

There's not much that the exporters can do about weak demand in their markets and volatile exchange rates. But they complain that matters are made more difficult by their local suppliers and the government. The withdrawal of rail rebate incentives and the finance charges aid scheme has hit them hard. Bailey estimates that the loss of interest subsidies has cost his company R135 000.

Sawmillers come under fire for high-handedly raising prices. Moans one exporter of manufactured products: "We sign up long-term contracts overseas and then get sudden price increases on our timber without any prior notification."

The suppliers have their own gripes which go a long way to explaining their price hikes. Steep rises in rail and electricity tariffs cannot all be absorbed, they argue. "We are not as competitive as we were," notes Craig Anderson of the Central Timber Co-op, which is facing an increas-



Pine furniture . . . a piece of SA in your bedroom

ingly tough challenge from Tasmania and the US.

Needless to say, many of these complaints will evaporate once demand improves. Until then, the exporters have little choice but to bite the bullet and aggressively pursue new business — even at the risk of slimmer margins.

Paper and packaging

Mondi and Sappi have put their trust in an upturn

If recent signs of life in the world pulp and paper market are the start of a sustained revival, Mondi and Sappi will be hailed for their business acumen and foresight. The two companies prefer not to think what will happen if the upturn fails to materialise, because, in the words of a Johannesburg stockbroking analyst, "if anything goes wrong, the risks are quite heavy."

Both companies will rely heavily on foreign markets to ensure the viability of the huge new pulp and paper mills they are building — Mondi at Richards Bay, and Sappi at Ngodwana near Nelspruit.

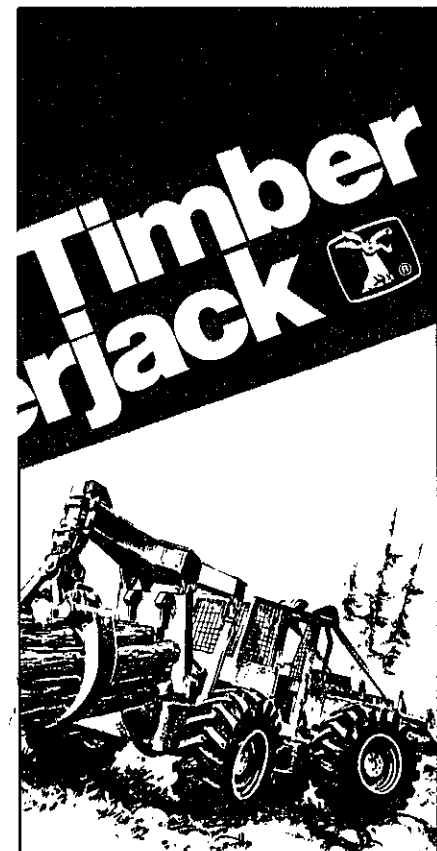
By the mid-Eighties, the two companies will have a total of about 250 000 t of chemical pulp a year for export, compared to SA's present imports of around 170 000 t a year. Mondi expects to sell about 170 000 t of

newsprint abroad this year from its existing production lines, and Sappi will add another 70 000 t a year when its newsprint machine at Ngodwana comes into operation in July-September this year.

In addition, Sappi will have about 70 000 t of linerboard for export by 1986-1987 and Mondi another 100 000 t.

The companies are confident the market will improve in time to absorb their exportable surpluses. Sappi chief executive Eugene van As insists that the present weakness in the newsprint market will not delay commissioning of the new Ngodwana machine (see interview).

A portion of the pulp, newsprint and linerboard output has been sold forward. Most of Sappi's paper has been sold to a Japanese customer and the pulp to the British com-



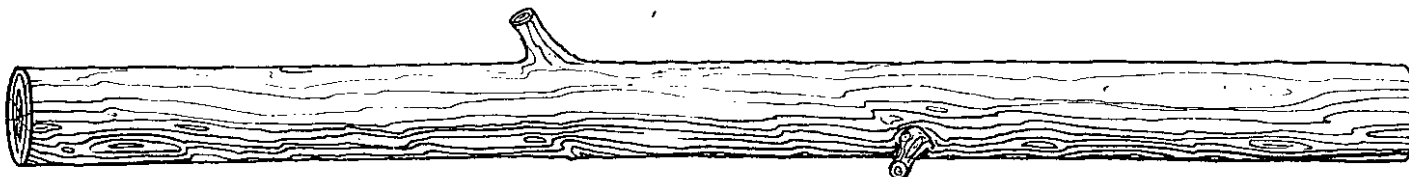
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Nonetheless, the projects are a substantial risk. At a total cost of around R1,5 billion, they dwarf the two companies' existing operations. Mondi's mill will cost almost R100m more than the replacement value of all the equipment on its Merebank site on the outskirts of Durban. Sappi's total assets at the end of last year were R857m, about

the same as the price tag for the Ngodwana project.

In the long term, few have any doubts that the two new mills plus other projects on the drawing boards will be viable.

Demand for paper has soared since the mid-Seventies, with total consumption up by almost a third between 1976 and 1981, when it reached 1 325 Mt.

Per capita paper consumption in SA is

currently a modest 45 kg a year. To reach even Australia's present consumption level, paper output would have to treble. Mondi's MD Reg Donner predicted in a recent speech that "the growth in demand will be very rapid," mainly because of fast-expanding education facilities for blacks and the impact of burgeoning black spending on the packaging and newspaper markets.

According to figures collated by the Asso-

SAICCOR? WHAT'S THAT?

Tucked away in the hills near Umkomaas, south of Durban, is a company few South Africans outside the forest products and shipping business have heard of, but which is one of the country's biggest export earners.

SA Industrial Cellulose Corporation (Saiccor) will contribute over R100m to the balance of payments this year. It has the enviable record of pushing up output and exports every year since it started operations in 1956, and further big increases are on the cards within the next few years. The replacement cost of its plant is already about R800m.

Saiccor is one of the world's largest producers of dissolving wood pulp, used as a raw material for cellulosic fibres (such as rayon), cellophane film and cellulosic ethers (a feedstock for plastics, paints and other chemicals). MD Peter Dell estimates that the company supplies about one-tenth of all dissolving pulp this side of the Iron Curtain.

The company produced 368 000 t of pulp last year and expects output to top 400 000 t this year, despite the downturn in the world chemical industry. Fewer than a quarter of its 5 500 workers are

stationed at Umkomaas factory, however. The plant needs 1,25 Mt of timber a year, and Saiccor rails and trucks in 60% of this from its own forests, mainly in the Richmond and Kwambonambi areas of Natal. Its plantations stretch over 56 000 ha.

Most of the remainder comes from other large growers such as Sappi and Mondi, but the company — like a handful of other plantation owners — has started a programme to encourage small-scale black timber growers. It sells them seedlings and agrees to buy their wood.

Saiccor has gained substantial respect even from SA's small growers who normally huff and puff against the big companies. It is usually among the first to agree to price increases to compensate for rail tariff hikes. "It's a first-class company," concedes the chief executive of another timber grower-processor, who ascribes much of its success to the recently retired chairman and MD Oakley Tainton.

"We are interdependent," says Dell. "We need to encourage growers to have confidence in planting and growing. They need confidence that we will continue to buy."

Two-thirds of Saiccor's shares are held by Courtaulds, the British textile and consumer products group. The Industrial Development Corporation owns the rest. "They're indispensable from the point of view of SA interest and knowledge," Dell observes.

Courtaulds companies — mainly in the UK, Western Europe, Canada and the US — buy about two-thirds of Saiccor's output. According to Dell, "we have progressively developed the pulp to be particularly suitable for fibre and film end-uses and processes used by Courtaulds."

Other customers are in Europe (including Scandinavia), Latin America and the Far East. The group recently broke into the Japanese market.

Dell ascribes Saiccor's ability to maintain production at full capacity throughout the recession to "fairly aggressive marketing. We've been more successful

than our competitors in keeping a reasonable proportion of the market." He insists, however, that Courtaulds' share of Saiccor sales has not risen significantly in recent years.

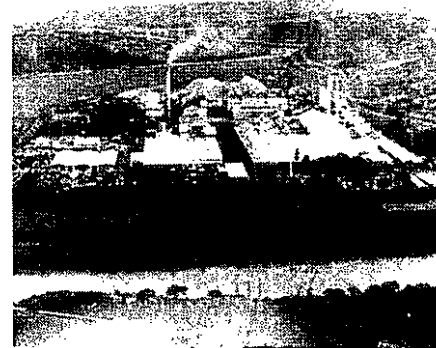
While Saiccor itself has become more involved in promoting and selling its products, it has also been helped by the establishment 18 months ago of Courtaulds Pulp Trading, a Coventry-based company. It handles pulp from Saiccor, and from the group's other southern Africa pulp producer, Usutu Pulp of Swaziland (in which the Commonwealth Development Corporation has a half share).

Saiccor's output is more than 10 times what it was in 1956. Says Dell: "We always have expansion plans." The last major investment was a third sheet pulp drying line installed in 1981.

Another big expansion is already on the cards. Dell says that "we're not quite sure what we're going to do," but confirms that work on whatever new facilities are decided on will probably start next year. According to one outsider, the expansion is likely to raise Saiccor's capacity to around 500 000 t a year of dissolving pulp.

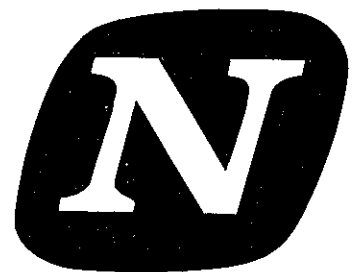


Dell ... 'we will continue to buy'



Saiccor ... pulping away at Umkomaas

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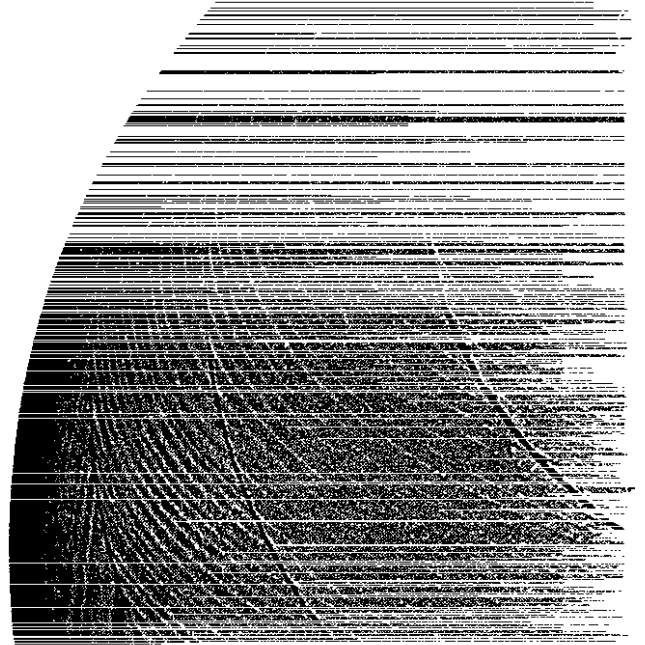


"Consider the finely-crafted wooden sphere, illustrated right. To make one would be difficult, even for an expert. This is where Nukor equipment comes in: a range of machinery to suit every wood processing job, no matter how complicated. The sphere also symbolizes Nukor's international connections: top-quality products are sourced from leaders in their fields, all over the world. And nearly a quarter of a century in the business gives us the experience to handle any project, large or small.

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BOLLMANN	Timber Drying Kilns
BRUKS	Chipping Installations
CEFLA	Lacquering Lines
DMC	Sanders
DIMTER	Finger Jointing Lines
JANSEN	Sawblades
JOCAR	Debarkers
KUPFERMÜHLE	Multi-Sided Planers
LINCK	Sawmilling Equipment
LINDQVIST	Circular Sawmilling Equipment
MITCO	Woodworking Cutters
REMA	Electronic Systems
SMEDBOLAGET	Sorting Systems
SORBINI	Surface Coating Equipment
VERBOOM	Woodworking Moulders



BOLLMANN



Verboom

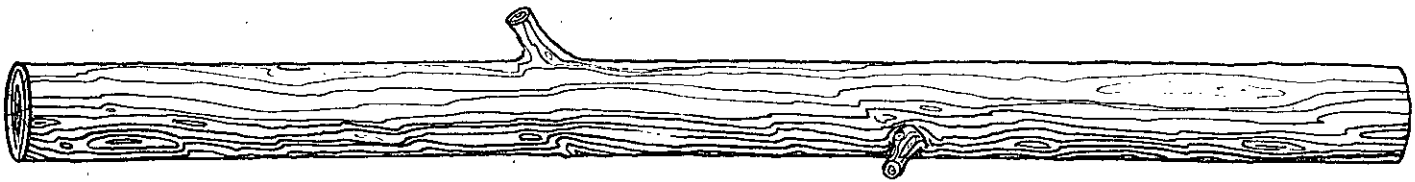
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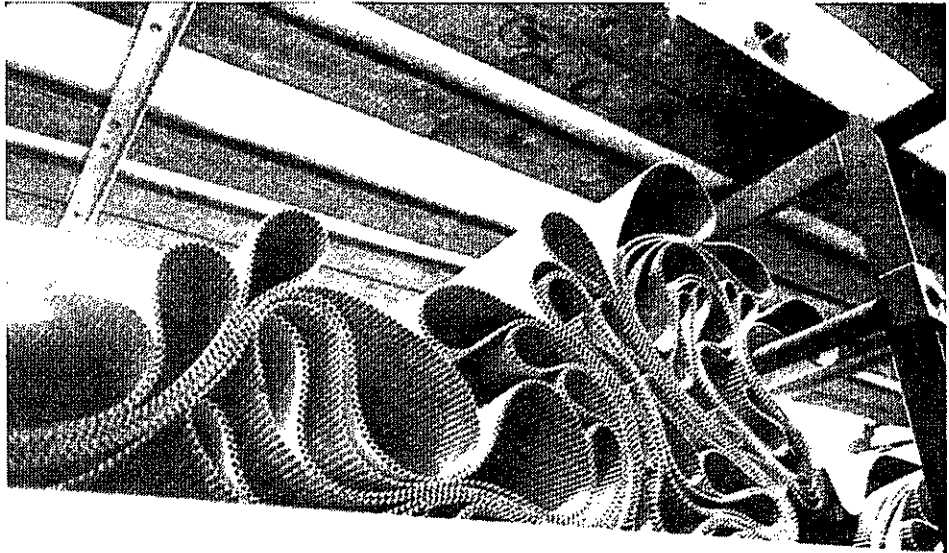
ciation of Pulp, Paper and Board Manufacturers, consumption of printing and writing papers jumped from 123 400 t in 1976 to 238 400 t in 1981. Purchases of linerboard — the most popular paper packaging material — soared from 191 600 t to 268 300 t. If these growth rates are maintained for the rest of the century, it does not take much to realise that production lines now being installed will be fully utilised within the next few years.

These rosy prospects are overshadowed for the time being, however, by the recession. "The industry is not in a good state," says Mike Walmsley, chairman of the Pulp and Paper Association.

Mondi has shut down two of the five paper machines at its Merebank plant, while Sappi periodically halts some of its equipment. "We used to run with a month's backlog. Now we're two or three days ahead," Walmsley observes. Consumption of paper packaging materials is forecast at around 650 000 t this year, slightly below last year's levels. (According to consultants Louis Heyl & Associates, demand will grow to 685 000 t next year and, assuming a 4.5% annual growth rate, should reach 805 000 t by 1987.)

The slump in domestic demand has been compounded by a surge in cheap imports from depressed overseas suppliers. At one stage last year, US linerboard was being offered at around \$260/t, little more than half the local price. Almost 15 000 t of linerboard were landed in Cape Town last year.

The trend has continued this year. Mondi raised board prices by 12% last January, but import prices have remained static, partly because of fierce competition. Pointing out that a sizeable proportion of Mondi's board



Cardboard ... a collapsing market as recession deepens

is made from recycled paper, one packaging company executive reckons that "the quality of boards from overseas is generally better than Mondi products."

Government must take a good deal of the blame for the industry's present plight. Having encouraged import replacement, it has done little to protect local paper manufacturers from foreign competition.

Cedric Whitelaw, director of the Pulp and Paper Manufacturers Association, asserts that "SA has no real protection against dumping. The machinery is too slow." Pretoria has told the industry that the present

permit system will be replaced by protective customs tariffs, but little progress has been made so far in formulating new duties.

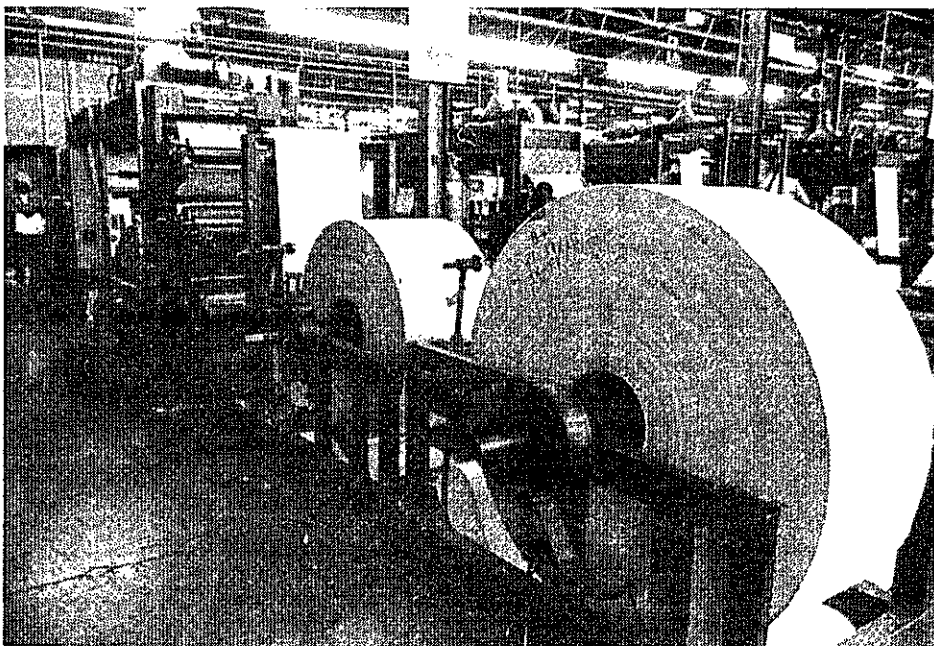
In the meantime, the authorities have undermined their commitment to local industry by relaxing the rules for a few lucky users. The Deciduous Fruit Board and Citrus Exchange have been allowed to import 20 000 t of corrugated packaging materials, following pleas to government that the competitiveness of SA apples and oranges abroad was threatened by the high cost of locally made packaging.

Packaging papers at present comprise about 55% of the total paper market. Consumption, according to Stan Burton, head of Kohler's carton and print division, "is increasing in step with national growth."

Packaging papers are winning some and losing some. While plastic ice cream tubs have made way for paper cartons in recent years, many companies are cutting costs by using cheaper, thinner board for their packages. There is also a fear that lower plastic prices (the result of the drop in oil prices) will dent paper's market share.

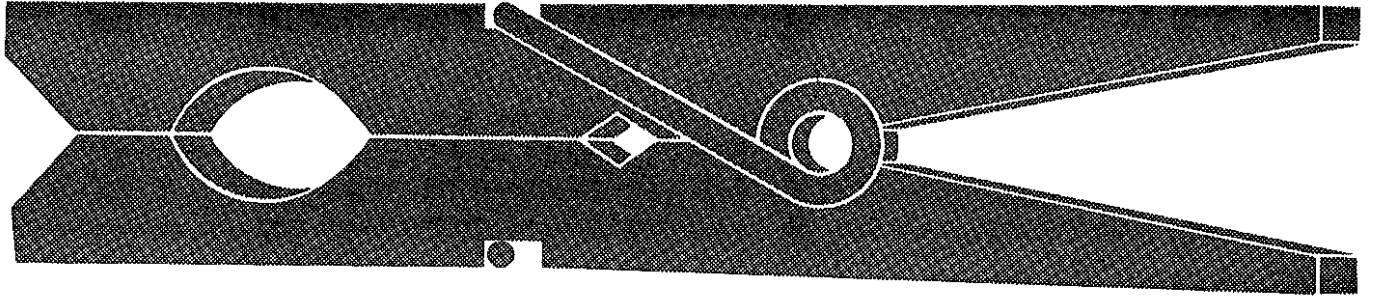
Nampak, SA's biggest packaging company, forecasts that paper's share of the packaging market (currently around one third) will not change significantly over the next three years.

There will be a slight move away from paper for existing products, but this may be made up by the rising popularity of composite containers with a paper body and a metal (or plastic) top and bottom. Distributors are trying to persuade makers of such diverse products as talcum powders, frozen fruit juices, nuts, powdered cool drinks and detergents to do the same. Hilton Schlosberg, director of Nampak Products,



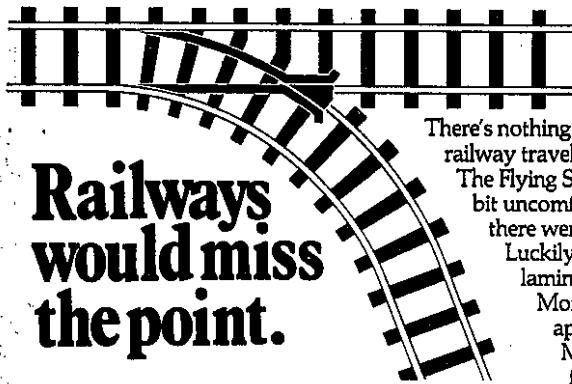
Paper ... winning some, losing some

Picture a world



Washday would be a dirty word.

Some things are absolutely essential to doing the washing. Like clothes pegs. Or washing powder. But what if you had to buy your detergent loose? It would spill everywhere. Get soggy and lumpy. You'd waste more than you'd use. That's what washday would be like in a world without Mondi. Because Mondi supplies all South Africa's detergent manufacturers with the board they need to package their products.

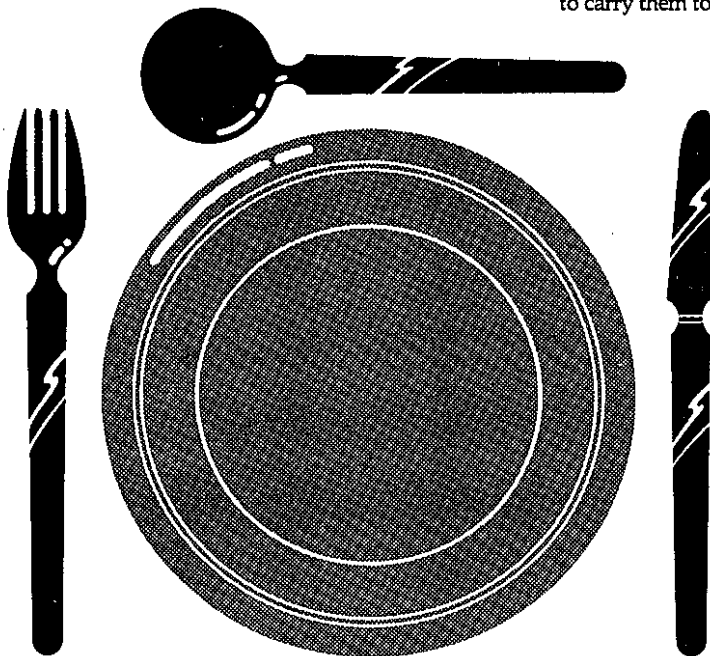


Railways would miss the point.

There's nothing to match the glamour of railway travel. The Blue Train. The Flying Scotsman. But it would be a bit uncomfortable, not to say risky, if there were no sleepers for the rails. Luckily, Mondi are developing laminated wood sleepers.

More efficient and versatile in special applications.

Mondi also supplies the plywood for freight containers and caravans. And fluted cardboard for boxes to hold fruits and jams and the pallets to carry them to your table.

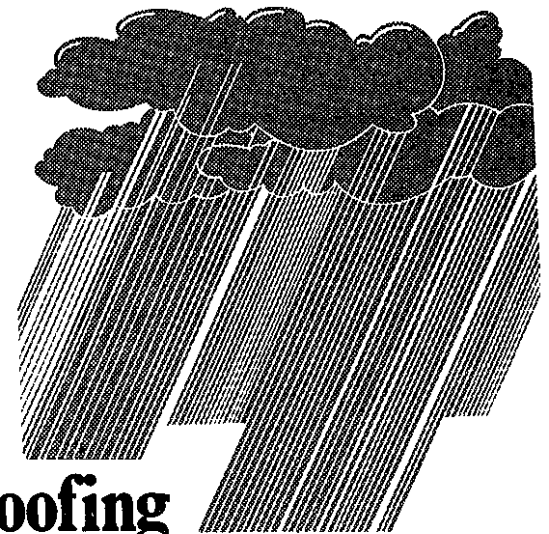


Good Mornings would be good for nothing.

Maybe you don't always have breakfast. But, when you do, you like it to be a proper occasion. Cereals. Milk.

And the morning paper. Now, imagine breakfast without any of those.

Not worth getting up for. That's why the world of Mondi is here. To supply the board to make cereal boxes. Even the paper for your favourite newspaper and magazines. Perhaps the wood for your breakfast table as well.



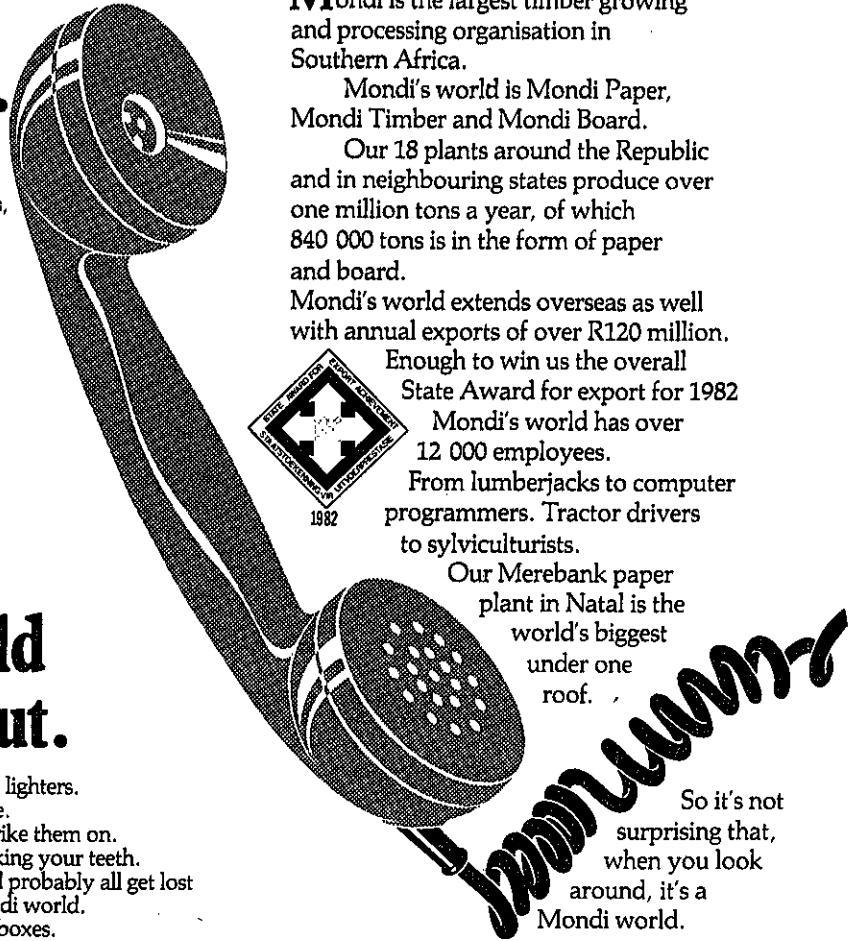
Roofing would go through the ceiling.

Everyone wants a roof over their heads. But nobody wants to pay sky-high prices for it. That's why wood is still a favourite building material. It's virtually unthinkable that any house could be erected without wood. Thank goodness for Mondi. Not just for the beams or rafters. The materials for low cost, lightweight ceilings and partitions. Or, if you love the warmth of wood, pine ceilings. Mondi even makes complete, factory-made houses for temporary or permanent occupation.

without Mondi.

Telephoning would be a total hang-up.

Incredibly useful things, telephones. Unless, of course, you don't happen to know the number of the person you want to call. Just imagine if there were no telephone directories. No Yellow Pages, even. A nightmare. That's what telephoning would be in a world without Mondi. Because Mondi supplies the paper for printing the Post Office and Yellow Pages telephone directories.



Mondi is the largest timber growing and processing organisation in Southern Africa.

Mondi's world is Mondi Paper, Mondi Timber and Mondi Board.

Our 18 plants around the Republic and in neighbouring states produce over one million tons a year, of which 840 000 tons is in the form of paper and board.

Mondi's world extends overseas as well with annual exports of over R120 million.

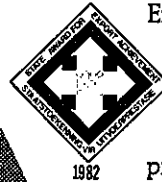
Enough to win us the overall State Award for export for 1982

Mondi's world has over 12 000 employees.

From lumberjacks to computer programmers. Tractor drivers to silviculturists.

Our Merebank paper plant in Natal is the world's biggest under one roof.

So it's not surprising that, when you look around, it's a Mondi world.



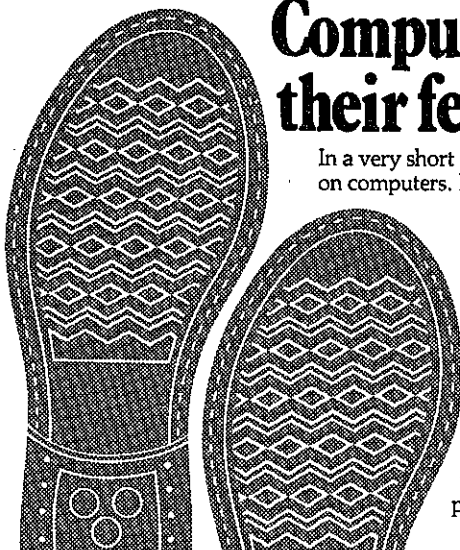
Matches would be quite put out.

Matches. The world's first disposable lighters. It's amazing how often you strike one. But supposing you had nothing to strike them on. Matches would only be good for picking your teeth. And, if you had no matchbox, they'd probably all get lost anyway. So it's just as well it's a Mondi world.

Because Mondi supplies match manufacturers with the board to make the boxes.

Computers would put their feet in it.

In a very short time, we have come to rely totally on computers. Even to the extent of believing them rather than believing in people. And if there was no way of their providing a permanent record, how would you know what they were thinking. Or doing. Like scheduling 2 million left shoes. And no right ones. It's just as well that Mondi supplies the computer world with Constat paper for their print-outs. And Rotatrim, the finest quality paper to make photocopies of the print-out.




Mondi
Paper Company Limited

For further information, please contact the Public Relations Officer, P O Box 31024, Merebank, 4059.



PRINT GETS BY

Not many sectors of the economy have fewer scars to show — thus far — from the recession than the printing industry.

According to the May 1983 business opinion survey by Stellenbosch's Bureau for Economic Research, over two-thirds of all printers reported "satisfactory" business conditions, the highest proportion for any sector bar the food industry. Only 9% of the bureau's respondents said sales volumes in the first three months of this year were lower than in January-March 1982.

"We're slightly down, but not too much," confirmed Penrose Press MD Jackie Meckler at the end of May. Chris van der Linde, director of the SA Printing & Allied Industries Federation, adds that printing "has not been affected as detrimentally as other industries," although retrenchments have been increasing.

One reason for the industry's relatively soft landing is that cutting printing costs is not as easy as tightening up on travel expenses or office furniture purchases. Annual reports have to be printed and manufacturers are reluctant to lower their products' image by economising on the most visible part — packaging. In addition, many firms have chosen the downturn as the best time to issue new publicity material.

A key point in the printers' favour is that lower print orders have less impact on their revenues than on suppliers of the paper used for the job.

The printing industry (including paper converters) includes about 1 500 companies, employing over 100 000 people, with an annual turnover of around R2 billion. Besides these commercial operations, there are an estimated 3 000 in-house printshops, run mainly by banks,

building societies, municipalities, universities and the country's largest industrial, commercial and mining corporations.

These internal operations are a perennial thorn in the printers' sides. Michael Watermeyer, chief executive of Hortors Trio Rand, concedes that "there is nothing we can do about it. What we've got to watch is that they don't get too big."

Paradoxically, technological progress may slow the growth of in-house printing operations, which are often unable to keep up with new printing skills and machinery. External printers are frequently able to buy paper in greater bulk (and thus at lower prices) and can achieve economies of scale matched only by the very largest company plants. Asserts Watermeyer: "We're convinced that the cost of doing this job internally must be greater."

says "we hope the pick-up will continue."

While the packaging paper market is likely to remain on a fairly steady keel, demand for fine papers used for printed materials and stationery will probably maintain its recent volatile performance. Consumption

of these papers, which make up almost 40% of the paper market, is more sensitive to changes in disposable incomes.

Demand has recently fallen sharply, but the outlook is promising. Higher literacy rates and education levels will push sales up

rapidly, while the data processing explosion is giving a big boost to sales of computer, typing and copying paper. In the words of a report compiled by a leading bank, "the fine paper sector (is) one of the highest growth areas for the foreseeable future."

Exception to prove the rule

Without tight controls, SA's wattle industry might be a shambles

Even the most ardent free marketer occasionally has to fall back on the limp argument that exceptions prove the rule.

The rule in the SA timber business is that more competition would be a good thing. The wattle industry, however, can make out a reasonable case as an exception. Were it not for tight discipline (including a special Act of Parliament), closely co-ordinated marketing efforts and near-ruthless measures to bring supplies into line with demand, SA's wattle industry might be a total shambles.

"It works very well — other timber producers should also have an Act," enthuses Douglas Crowe, wattle grower, forest consultant and president of the 870-member SA Wattle Growers' Union (Sawgu).

The wattle industry has needed all the discipline and help it could muster over the past two decades. The aim: to trim capacity in line with shrinking demand, but to avoid driving discouraged growers and processors

away altogether.

The surgery has been drastic. According to Sawgu figures, the area of SA's wattle plantations has shrivelled from 320 000 ha at the peak of production in 1960 to about 155 000 ha. Directorate of Forestry data cite an even bigger shrinkage — from 370 000 ha to 145 800 ha in 1982. The contraction has been particularly rapid in northern Natal where many farmers replaced wattle plantations with maize (how they must regret that this year) and sugar cane.

Four out of nine extract manufacturing plants have been shut down, the latest closure (in Melmouth) taking place last year.

But for those who remain, wattle growing and processing is not a bad business to be in. The rate of return for wattle growers was 7,8% (after interest) in 1982. While it will be lower this year, the rewards are probably still well above those of eucalyptus and pine producers, whose 1982 returns were 4% and 2,4% respectively.

Natal Tanning Extract, the Anglo American subsidiary which is SA's largest wattle extract producer, posted a R3,6m trading profit last year, unchanged from 1981. This year's income is likely to decline, however.

Wattle trees were first brought to Natal from Tasmania in the 1860s as a fast-growing shelter for livestock. Not long afterwards, the remarkable tanning qualities of wattle bark extract were discovered, making it a sought-after material for the leather industry both in SA and abroad. Wattle bark has a tannin content of 34%-39%, much higher than its two natural competitors, the South American quebracho (25%-28%) and chestnut (6%-13%).

Over 90% of SA's wattle extract is exported. Shipments totalled around 50 000 t last year, valued at R45m. The main markets are in the US, Canada, Britain, Western Europe, Japan and Australia.

The wattle industry's fortunes thus depend heavily on business cycles in the northern hemisphere and, perhaps more important, on the structure of the international leather market. Neither factor has been in its favour recently — certainly not since 1978, when extract shipments reached al-



most 84 000 t and growers were allowed to deliver 101% of their "basic bark quota," which is based on world demand in 1960.

Two developments in the leather trade have spelt trouble for wattle producers —

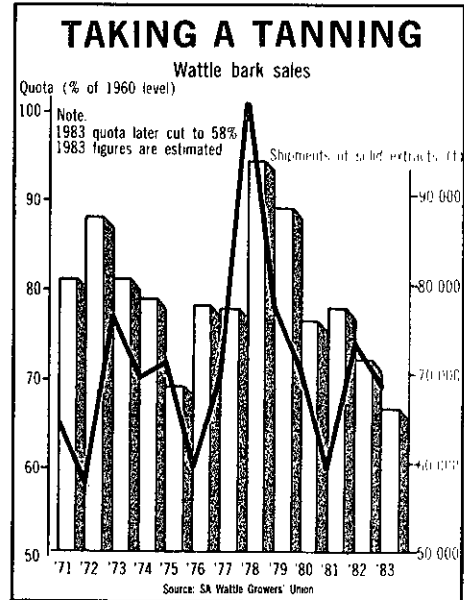
first, the widespread replacement of leather by plastics and other materials in shoes, handbags and so on; second, a swing to chrome-based synthetic tanning materials which may not give as rich a finish to leath-

er as wattle tannin, but are considerably cheaper. Wattle's share of the total tanning market is now estimated at less than 10%.

The worldwide recession has hit the wattle industry hard. "The marketplace is in a



Wattle plantation ... seeing the trees for the bark



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depressed state," observes Neville Millar, chairman of the SA Wattle Extract Manufacturers Association, who estimates that this year's sales volumes will be one-fifth down on the average for the past 10 years. Recent price hikes and a more favourable exchange rate have held up earnings, and this year's export income may match the R45m brought in during 1982.

Proof that the downturn in demand has been sharper than expected is the sudden cutback in growers' quotas earlier this year from the original 68% (of the basic quota) to 58%. "We foresaw the difficult trading conditions," says Angus Temple, Sawgu's director.

Nonetheless, hopes are high that the decline of the wattle industry since the early Sixties has now been arrested. The area under wattle has stabilised in the past three years and, according to Douglas Crowe, "we've reached the area that we require for our sales. The economics are fairly good at present."

But the upturn may be a long, slow haul. Grower quotas for 1984 are unlikely to be much higher, and could be lower, than this year's. Crowe will not be drawn beyond the generality that "we're hoping to be able to maintain the position."

The outlook rests largely on the industry's success in lowering its dependence on the tanning market which still takes 90% of wattle bark extract. Bark in turn accounts for some 60% of a grower's income from each wattle tree.

Since the first signs appeared that the extract market was over-supplied, wattle growers have stepped up their efforts to sell as much of the rest of their trees as possible. Use of wattle timber in pulp production has risen steadily in the past 20 years. Saiccor's Umkomaas pulp factory now uses wattle for about 20% of its production. Masonite's fibreboard plant at Estcourt is an important wattle customer, while use of wattle in mining timber and in transmission and other poles has increased. A major breakthrough

was the signing of a chip export contract with Sumitomo of Japan in the early Seventies (see chapter on exports).

The search for a lucrative alternative to the tanning market for wattle bark has not

borne much fruit so far.

The most successful discovery so far has been wattle extract's qualities as an adhesive. Tannin-based materials have turned SA from an importer of phenolic resin adhesives for wood and corrugated cardboard to an exporter. The main advantage of a wattle-based adhesive is its resistance to moisture.

Small quantities of extract are used by mines as an ore flotation agent, but the wattle industry's earlier hopes of a fast-growing market have evaporated.

The industry is not giving up. It spends about R0,6m a year on research to find new uses for its products. Executives refuse to disclose details of the research programme which includes uses of wattle bark extract in foams. The most Crowe will say is: "We're hoping for a breakthrough."

For the time being, growers and processors have little choice but wait for an upturn in their traditional markets and to continue their tight self-discipline.

Co-ordinated marketing has undoubtedly helped the industry weather the storms of the past few years. Its active marketing committee, comprising grower and processor representatives, meets on average three times a month to plot sales strategies. London brokers play a key role in maintaining foreign markets.

The industry keeps details of its selling arrangements a closely guarded secret. The reason normally given is that it exports a sizeable portion of production to politically sensitive areas.

Executives firmly deny the existence of any marketing agreements with producers of other vegetable tanning materials, notably quebracho. Nonetheless, the wattle exporters are clearly not sitting back in the battle against synthetics. Sawgu's latest annual report notes mysteriously that "overseas bodies and organisations . . . formed for specific reasons and carrying out certain very important functions, continue to function very satisfactorily."



Sawgu's Crowe . . . smiles for controls

Propping up mining

The agglomeration of market share in the timber industry is nowhere better illustrated than in the supply of hardwoods to the mines

Hunt Leuchars & Hepburn — which makes no secret of its philosophy that dominant market share gives a supplier a competitive edge over its rivals — has cornered 60%-65% of the market for mining timber. Excluding the next biggest supplier, Lotzaba

Forests (whose output is earmarked for mines in the Barlow Rand group), HLH accounts for over 70% of total sales to the mines. Is this a good thing or bad?

For the growers, HLH's dominance has brought stability to a market where mining

houses in the past played off one small supplier against another. Indeed, the losses which the growers suffered as a result of price cutting probably contributed to the mounting pace of HLH's acquisitions in the late Seventies.

HLH's emergence as a powerful stabilising force "has done us a hell of a lot of good," according to the MD of one of its remaining competitors. "I've been able to increase my prices drastically, but still remain below Hunt Leuchars," he says.

Whether the mining houses are quite as



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relaxed is another matter. Several appear reluctant to put all their eggs in one basket, especially a basket which they are not holding. Both Rand Mines and Gencor continue to obtain a sizeable chunk of their timber supplies from associate companies — Lotzaba and Sappi respectively. Gold Fields relies on three small companies for almost 50% of its needs. Even Anglo American has given itself some say in HLH through Mondi's purchase of a minority stake. Mondi's interest is currently 35%, but will rise to 49% by next March.

Merensky Foundation has an estimated 6% of the market (mainly Rustenburg platinum mines) while 30-40 small growers share another 10% or so.

HLH itself argues that its large market share has brought benefits to suppliers and customers alike. Its 10 depots enable it to serve the mines efficiently, it argues, pointing to two large machines currently being installed to supply the Klerksdorp gold mines with fire-resistant timber supports.

"In any case," affirms HLH's MD Neil Morris, "we don't like to be regarded as a monopoly if we're not a monopoly." The smaller suppliers, he insists, "give us a fair amount of competition."

HLH readily concedes that its prices are higher than the competition. One reason it says, is that it has to transport timber from a widely scattered area. Robert Cox, MD of HLH Timber Holdings, points out that unlike the smaller companies drawing timber from one location, "we can switch to Louis Trichardt if we have a fire in Nelspruit." Furthermore, it does not distribute its timber costs into non-lumber activities.

Mining timber is big business in SA.



Neil Morris ... big is beautiful

Chamber of Mines members bought timber valued at R142m in 1981. The mines use almost 2 Mt of timber a year, mainly for underground supports, but also for railway sleepers and structural purposes. "We use it by the trainload," says one Anglo American man.

In the past six years, the mines have consumed between 21% and 26% of SA's roundwood output, in the form of hardwoods such as *saligna grandis*, eucalyptus and wattle.

The country's 48 mining timber manufacturing plants (27 of which belong to HLH)

represent a total investment of around R40m at book value.

Conversely, the timber industry has made an invaluable contribution towards mining in SA. After the discovery of diamonds at Kimberley, an area within a radius of some 160 km of the town was completely denuded of trees to supply the mines. Likewise, mines on the Witwatersrand planted trees on their properties before the hub of the timber industry shifted to the eastern and northern Transvaal and Natal.

One of the main advantages of growing mining timber in SA is its short production cycle. Eucalyptus trees can be cut within seven to 12 years and the rotation period of wattles is 9-12 years.

Timber's attributes as a mine support system are hard to beat. Besides being relatively cheap, it is able to withstand remarkably high pressures. The largest timber packs will remain reasonably intact under loads as heavy as 500 t. Anyone who doubts the material's strength should visit Anglo American's research laboratories at Welkom where the pressures encountered underground are simulated by a mechanical press. The wood packs creak, groan and begin to compress, but do not collapse.

"It's difficult to come up with something as good as timber, for all its disadvantages," says an expert on underground rockfalls who has spent several years examining alternative supports.

Despite such praise, the future is not all plain sailing for the mining timber industry.

For a start, it cannot escape the volatile business cycles of the mining industry itself. Demand for mining timber has fallen markedly in the past year or two, reflecting mining houses' budget cutbacks. HLH noted



Timber prop ... the market is not holding up

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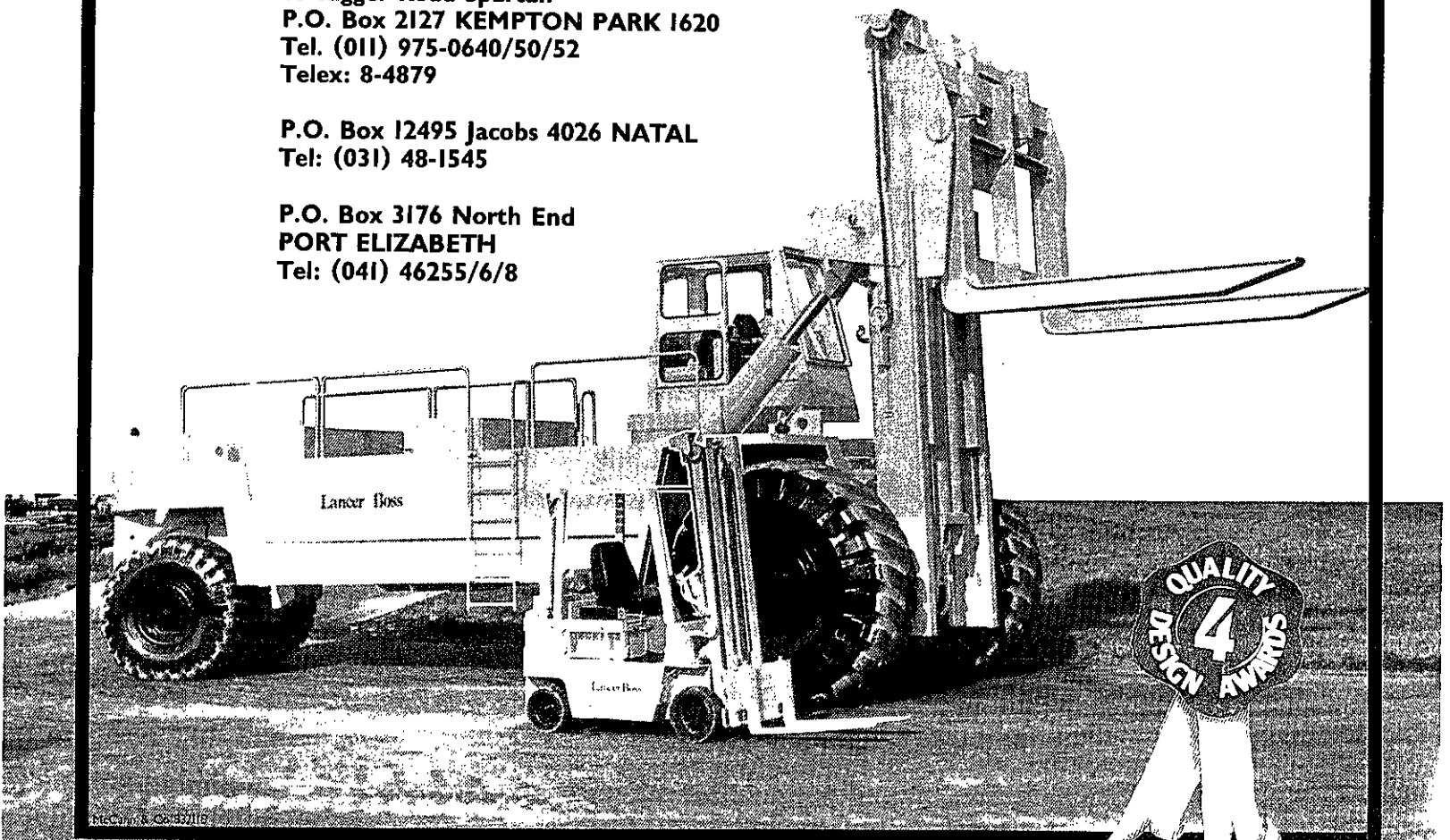
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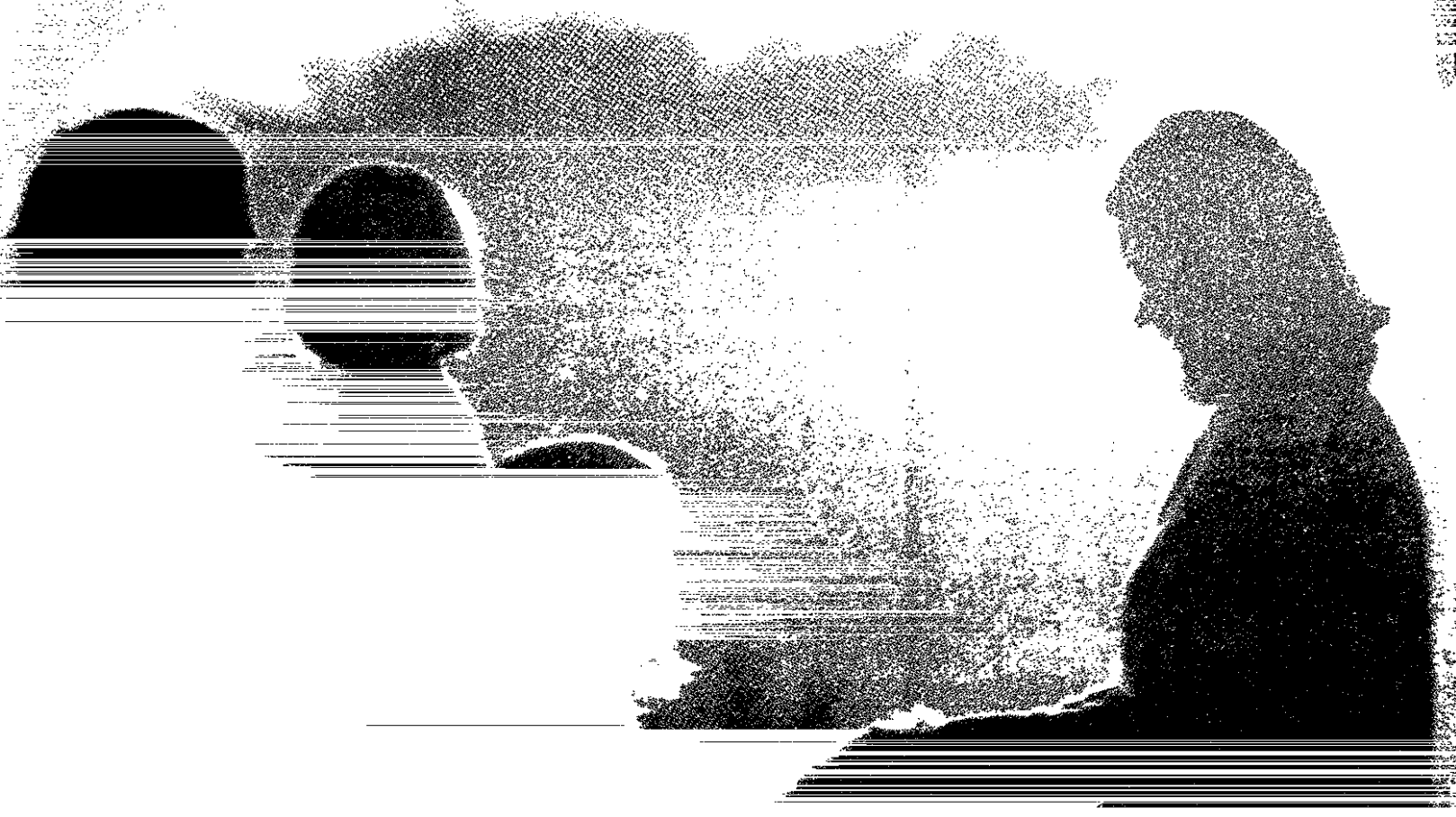
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in its report for the year to February this year that offtake was "lower than in the previous year, and considerably lower than expected." (Nonetheless, it achieved its earnings targets by slashing costs.)

One smaller company reckons it is currently supplying only about two-thirds of its contract volumes.

The recession will of course, come to an end in the not-too-distant future. One problem which is not likely to fade away soon however, is the move towards timber substitutes in the mining industry.

Timber does have some important drawbacks as a support in deep-level mining. Although it can withstand great pressures, it is a passive support which does not push up against a hanging wall or roof to give immediate protection against rockfalls.

Timber is also a fire hazard. A fire at Kloof mine raged for over two months earlier this year, partly because the mine is one of those which uses unusually large volumes of timber underground.

The mining industry has worked hard to find substitutes for timber. The most successful so far are hydraulic props which actively push up against hanging rock. But

these are very expensive, costing about R400 each.

The latest innovation is a cement slime fill to replace timber in mined-out areas. The fill has been extensively tested at Western Holdings, and production units are currently being installed at Free State Geduld, President Steyn and Driefontein Consolidated.

These substitutes have cost the timber suppliers about 10% of their market over the past four years. But HLH is not discouraged.

It is working on several projects to improve timber's attractions. Over the past three to four years the company has spent R3m on a fire-retardant system which, it says, cuts burning rates in a well-ventilated shaft from 450 kg an hour to just 60 kg. "It gives miners time to get to the fire and extinguish it," says Neil Morris.

The system consists of impregnating timber with chemicals in a vacuum. Western Deep Levels has already installed an impregnation plant with an annual capacity of 60 000 t. HLH expects to sign contracts for another 420 000 t of treated timber a year which it will process at its own depots close

to the shafts. The machines currently being installed in the Klerksdorp area have a joint capacity of 110 000 t a year.

HLH has commissioned the National Timber Institute to work on other ways of improving timber's qualities. Wood has been combined with other materials, such as steel and bricks, in "composite packs." The company has developed a machine which "staples" concrete bricks onto timber supports.

However, HLH is also trying to restrict its product range. According to Morris, "we're trying to establish a set of criteria to remove confusion from the customer's mind." It now markets four main types of timber prop, and has manufacturing rights for another four.

The company is also being careful not to make itself totally dependent on the mining industry. The tie-up with Mondi gives it an outlet for pulpwood (the new Richards Bay mill) and chips (Mondi's board manufacturing activities). HLH will be able to alter its output according to demand, since only 60%-70% of eucalyptus and wattle trees are suitable for mining timber, while about 80% can be used for pulping.

State activities — which way?

Prime mover in the industry, the direction government takes now is crucial



Van der Merwe .. rewriting the rules

Pretoria threw the cat among the pigeons earlier this year by setting up an inter-departmental committee to consider whether government's timber business should be shifted to a new public corporation run along similar lines to Escom or Iscor.

The investigation — due for completion by September — will inevitably cover the whole question of State involvement in the timber industry. It may even lead to a reversal of the decision by the Cabinet in 1957 to halt expansion of the State's commercial activities in the timber sector.

No one disputes that the State has made an invaluable contribution to SA's timber industry. Were it not for initiatives by the State to plant trees and build sawmills in the Twenties and Thirties, the industry would be far smaller than it is today.

When timber imports were restricted during World War 1, Pretoria decided to take an active role in building up a local industry which, up to then, existed mainly to supply timber to mines in Kimberley and on the Reef. The State's involvement was given further impetus during the Twenties when indigent whites were employed at government-run labour settlements to set up new plantations.

During the Thirties the then Department of Forestry began to run into problems finding a market for the thinnings from its new plantations (which were expanding at a rate

of about 6 000 ha a year). The result was a decision to build sawmills and other plants.

The State is still a significant participant in the timber industry. It controls about 329 000 ha of plantations, 29% of the total. Four sawmills and two preservation plants are State-run, and another two mills —

ACID RAIN

Acid rain is not yet as hot an issue in SA as in the northern hemisphere, but Fred Kruger, deputy director of the Forestry Research Institute, warns that "given present trends, we'll be facing the same problems by the turn of the century."

The main culprits will probably be the string of new power stations being built by Eskom in the eastern and south-eastern Transvaal close to the country's richest forestry area. Sulphur dioxide and nitrogen oxides will be released into the atmosphere, where they react with water vapour to form diluted nitric and sulphuric acid — in other words, acid rain.

The damage done by acid rain to forests (as well as rivers, buildings and water systems) is already substantial. About 8% of West Germany's forests have been affected in the past 10 years. Much of the damage is not yet visible to the untrained eye but, according to a recent report in the *Financial Times*, forestry experts say that yellowing pine needles which are starting to curl will soon drop off, leaving naked branches and rotted wood. Affected trees also become easy prey for insects.

Concern at this insidious product of industrialisation has spread well beyond environmental pressure groups in the northern hemisphere. In a recent cover story on the subject, *Time* magazine quoted Canada's Environment Minister: "Acid rain is one of the most devastating forms of pollution imaginable, an insidious malaria of the biosphere."

No one is yet sure what damage acid rain is likely to do in SA. The first steps towards assessing its impact were recently taken when the forestry research station at Witklip, between Nelspruit and Sabie, started measuring the acidity of rainfall. Its preliminary findings are that acidity levels are still close to normal.

Eskom, the Water Research Commission and the Forestry Research Institute are starting to investigate the likely patterns and intensity of acid rain. The work is still at an early stage, but one bad omen is that emissions from Highveld power stations will be spread over a far smaller area than in West Germany and some other European countries.

Weza and Tweefontein — are jointly-owned with the Hans Merensky Foundation.

State enterprises are the largest suppliers of softwood sawlogs and veneer logs with a market share of around 45%. They also account for about 15% of pulpwood sales, but for less than 5% of sawn timber and less than 1% of mining timber shipments.

Calls for the government to disengage itself from commercial timber activities have grown in the past decade or two as private growers and processors have flourished. Although State plantations and sawmills are given high marks in some areas — such as fire prevention and safety — businessmen are convinced that they could be more efficiently run under private ownership.

That is not easy to prove, however. The directorate of forestry does not publish separate accounts for its commercial operations, so no one outside government (and perhaps not many inside) are sure exactly how profitable the forests and sawmills would be if they had to operate as private companies.

The difficulty of ascertaining the profit history and outlook of these enterprises is an immediate obstacle to quick privatisation. Bruce Mackenzie, chairman of the SA Forest Owners Association, observes that "no one will invest large sums of money until he has a track record."

The most frequently voiced objection to the State selling off its forests and sawmills is the fear of being gobbled up by the half dozen or so giants of the industry. "Anglo

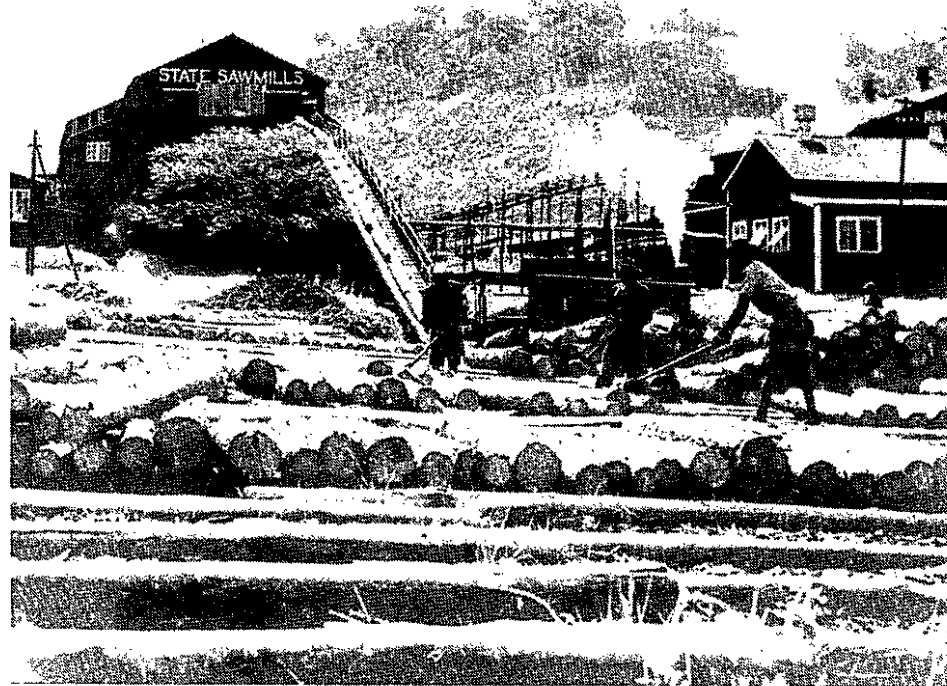
American would get hold of the forestry department," exclaims a lobbyist for many small timber growers.

Even some of the larger companies express reservations about a complete withdrawal by government from forestry and sawmilling. "Who would be able to buy its operations?" asks Jan Roets, MD of the Hans Merensky Foundation. He answers his own question: "It would be the larger organisations." The market value of State-owned forests and mills is estimated at R800m-R1 billion.

Pretoria has gingerly begun to sell off some of its interests. Sappi bought the Elandshoek sawmill near its new Ngodwana mill and the Merensky Foundation has a 50% stake (as well as responsibility for management and marketing) in the Weza and Tweefontein mills.

The delicacy of the issue was clearly illustrated in 1981 when tenders were called to purchase government's Blyde sawmill near Graskop in the eastern Transvaal. But shortly after the expiry date for submission of bids, the authorities withdrew the sale and announced a Competition Board probe into the sawmilling industry.

Danie Jacobs, chief director for the forest and timber industry in the Department of Environment Affairs notes that the purpose of selling State-owned sawmills is "rationalisation." He argues that "sound rationalisation would not have come out of the sale of Blyde. We gave the private sector an opportunity to put a case for rationalisation, but we didn't think a very sound case was



State sawmill ... does rationalisation mean favouritism?

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put forward.”

Many others are convinced that the full story has not been told, and that the sale was cancelled because the highest bid came from Mondi, already by far the most powerful force in the sawmilling industry. What's more, Mondi (or its associate Bruynzeel Plywoods) would be the most obvious purchaser of two other State-owned mills, Timbadola near Louis Trichardt and Wemmershoek in the western Cape.

It seems that the proposal for a parastatal timber corporation is a compromise between total withdrawal by government from commercial activities and the maintenance of the unsatisfactory *status quo*.

But even the compromise suggestion has by no means been greeted with overwhelming approval. “It would be an unmitigated disaster,” says the chief executive of one timber company bluntly. The Association of Chambers of Commerce has in the past been highly critical of the commercial activities of some public utilities and has urged that they be denationalised where participation by the private sector is feasible.

One fear is that the creation of a timber corporation would result in a dizzy climb in

timber prices, similar to the recent hikes in steel, electricity and transport charges by other State-controlled bodies. Although the commercial activities of the Directorate of Forestry are regarded by many as being less efficient than private companies, they at least have to operate within budgetary constraints set by the Treasury.

Timber corporation critics worry that, left to itself, a public corporation will give higher priority to spending programmes than to income constraints, and will do its damndest to ensure that revenues keep pace with ballooning outlays.

Others are less pessimistic. “Anything is better than government running a commercial activity,” says Merensky's Jan Roets. Safoa's Mackenzie agrees: “In principle we think it's a good idea. If it functions as an entrepreneurial organisation, that's fine. But if it's just going to be another State organisation, we won't have got much further.”

Government officials scoff at the comparison between a timber corporation and existing parastatals. “Escom is a monopoly. We are a partner in an industry,” affirms Wilson van der Merwe, head of the director-

ate of forestry. His colleague Danie Jacobs adds: “I don't think a utility will ever be in a position to say: ‘We're going to do what we like.’”

A partial solution may be to make a timber corporation more accountable than other parastatals to the private sector. Businessmen representing a cross-section of the industry should be appointed to its board, and private investors should be given a chance to subscribe to equity in the new body — perhaps with a ceiling for any one shareholder.

One consequence of setting up a timber corporation is almost certain: the chances of more sawmills or plantations being sold to the private sector will be considerably diminished. The history of other parastatals has shown that they tend to build up a momentum of their own, usually citing “strategic” considerations.

Will a public corporation for instance, be more willing than a State department to allow private interests to erect a mill on its newly afforested plantations? Van der Merwe gives a straightforward and revealing answer: “If I were the corporation, I would build a sawmill myself.”

Holding the price

Lion Match works wonders in cost control — and worries about raw materials

In the Forties a newspaper and a box of matches each cost a penny. The paper now sells for 25c, the matches for 3c, and Lion

Match MD, Bob Harker promises that “we're going to delay putting the price up for as long as we can — but that will be for

at least two years.”

That is a remarkable achievement for an industry whose market is growing by only 1% a year in real terms. Match sales in SA total around R35m a year.

Match prices would almost certainly be much higher had SA not become self-sufficient in the main raw material for matches — timber from the poplar tree which, because of its light colour, long fibre and other properties, is ideal for match making. Imported poplar would cost about four times as much as the locally grown product.

The local poplar industry is being threatened, however, by an obscure but controversial amendment to the Forest Act being proposed by the government. In terms of the Forest Amendment Bill, timber growers will be barred from planting trees within 20 m of streams, vleis, marshes or other perennial water courses. If these areas are already afforested, they may not be replanted when existing trees are felled.

The provision is aimed at conserving water and soil, but has blown up a storm among timber growers. According to the SA Timber Growers Association, it will “effectively put an end to the poplar industry if this were to become law.”

Harold Churchill, Lion Match's chief forester, estimates that the measure would affect about 50% of SA's 4 400 ha of commercial poplar plantations. “It would have



Bob Harker ... looking for greener pastures

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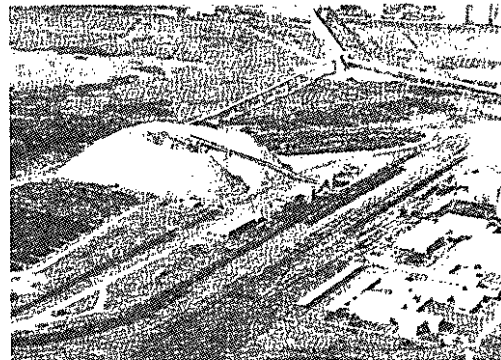
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disastrous consequences for the match industry," he reckons, arguing that the benefits of the measure would be minimal. Poplars cover less than 0,5% of total afforested area and, although they require moist soil to grow, do not compete for water during dry winter months.

SA's poplar production is threatened by another environmental measure which will prevent Pretoria and Pietermaritzburg municipalities irrigating their sizeable poplar plantations with purified effluent. Lion Match hopes that a settlement can be reached acceptable to environmentalists as well as the match industry.

Poplar supplies are already declining. Planting has tailed off in the past six years and the area under matchwood poplars fell from 5 262 ha in March 1981 to 5 116 ha a year later. Planting should increase by 350 ha a year to meet future demand. Satga says that "this is going to result in a serious shortfall in supply to the mills in future."

Lion's own plantations — started during the Twenties — account for about a quarter of poplar supplies. Another quarter comes from private farms whose production is controlled by Lion in terms of lease agreements, allowing the company to plant and manage the plantations. Many other farmers have looser arrangements with Lion, including the purchase of cuttings, supervision of trees and felling. "A farmer once told me that every poplar tree is stamped



Lighting up ... without inflation!

Lion Match," says Harker.

Lion, which is 64%-owned by Allegheny Ludlum Industries of Pittsburgh, has diversified away from the slow-growing match business in recent years. Other interests include razor blades, household appliances and, most recently, packaging.

Nonetheless, Harker says he has "no fear at all" that matches will lose their appeal.

Matches are more versatile than lighters, he argues, and the lower (initial) outlay will continue to make them appealing to many customers, especially to lower-income groups. Cardboard stick matches have gained a sizeable market share in the US, but have so far not caught on here. A cardboard match venture in SA in the early Seventies fizzled out quickly.

Timber frame keeps pushing

Slowly — very slowly — timber frame housing is catching on in SA

For the first time since lumber millers began promoting the concept in the mid-Sixties, substantial sums are being invested in factory facilities to manufacture timber frame homes. On-site construction is picking up too.

Martin Done, MD of CI Homes, which had sold about 40 timber frame houses by early May, forecasts that timber-based building systems will eventually grab about 10% of the total housing market, slightly more than the present share of all non-conventional methods.

"We're supposed to be in a building depression, but we don't have a slow-down at all," says Keith Nash, director of Framebou, the largest on-site builders of timber frame homes on the Reef. His company is building four houses a month, all sold before construction starts.

A 15-man mission visited Australia during May to learn more about timber frame

housing. "We intend to get back into this field," says Hans Scharfetter, assistant director of the CSIR's National Timber Research Institute, which dropped a research programme in the late Sixties when it seemed that the concept was a dead duck in SA.

CI Homes has invested R4m in a plant near Boksburg to manufacture factory-built timber frame homes. Its production target is two houses a day by the end of this year. The company's Pinetown plant, which it hopes will be kept busy by orders from Natal utility companies, came onstream early this year. The next step will be to set up a third factory in the western Cape.

CI Homes has appointed several builders and property developers to market the houses. "We're selling direct only to get the ball rolling," says Done.

The latest entrant to the market is Ready-built, a subsidiary of LTA, which is setting

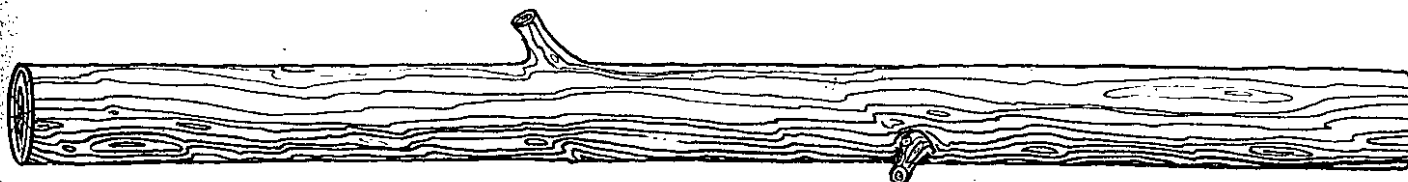
up a factory on the East Rand.

The lumber millers' struggle to convince consumers, local authorities and construction companies of the merits of timber as a prime building material at last seems to be paying off. They have fought against a long list of prejudices including — in the words of Salma's assistant director Willie Hattingh — fear, ignorance, conservatism and hard-headedness.

Even now, many experts remain sceptical — not because of any of those reasons, but because of carefully considered business judgment.

Schachat Cullum, which builds more homes in SA than any other private company, disbanded its timber housing project earlier this year after building about 40 timber frame homes over a period of more than two years. Rob Crockett, executive director of Schachat Holdings who led the project, says that "we came to the conclusion that the timber frame home did not offer any substantial advantage over the conventional home. It isn't substantially better or cheaper."

Even the proponents of timber frame



agree that there is little cost advantage in using timber rather than bricks. Indeed, they worry that attempts to portray these homes as a cheap way of building have damaged their image.

An SA Bureau of Standards official told a Salma seminar last year that "because the idea has been put out that a timber building is cheap, manufacturers have tried to prove that it is so. As a result, they have produced buildings which, in those countries that have experience of timber construction, would be regarded as distinctly sub-standard in quality."

SA manufacturers readily point out that walls — the part made of wood in a timber-frame house — account for only 18%-23% of total cost. Prices in SA are thus not particularly low. CI Homes's smallest house, with a floor area of 133 m², sells at a retail price of R42 600 ex-factory. Transport and assembly costs another R5 000.

Done thinks, however, that prices can be reduced by up to 15% once the company's factories are at full production. Framebou's 260 m² home, which includes two-and-a-half bathrooms, a lounge, family room and three to four bedrooms, sells for about R80 000, excluding land.

Timber fans do contend however, that timber frame homes have many other advantages. They can be manufactured in a factory and easily assembled on site by anyone with an elementary knowledge of carpentry and the ability to use simple hand tools. The simplicity of timber construction also facilitates alterations and extensions.

A well-built timber frame home usually has better finishes than a brick house. Interior walls, normally clad with gypsum, are straighter with sharper corners.

The timber construction industry scoffs at many of the disadvantages attributed to timber frame houses. They argue for instance, that a timber home can be insulated



Martin Done ... breaking down barriers

from temperature extremes and from noise as well as any other. "If it seems noisy that may be because the doors have not been fitted properly," says Nash of Framebou.

Consumer acceptance of timber frame homes has been helped by the fact that it is almost impossible to distinguish them from brick-made models. With very few exceptions, South African municipalities insist that timber houses should look like brick houses.

Brick veneers are widely used. CI Homes has introduced an Australian-designed system of a simulated brick pattern moulded on to exterior-grade asbestos board. But other claddings widely used in the US, Can-

ada and Australia (where 80% of the population live in timber houses) are not permitted.

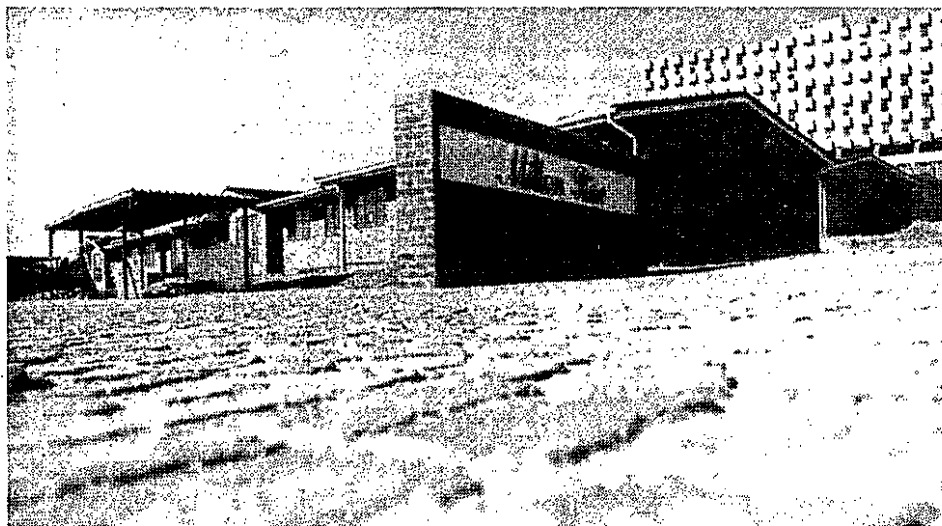
The timber lobby is trying hard to gain acceptance for these variations, saying it would cut costs. Most local authorities are, however, proving as stubborn as they were in approving the original timber frame concept. Johannesburg municipality still refuses to allow even timber frame-brick veneer houses.

The industry is trying to break down resistance by obtaining certificates of approval from the Agrément Board, set up by government in 1969 to evaluate innovative building systems and materials which do not comply with standard building specifications.

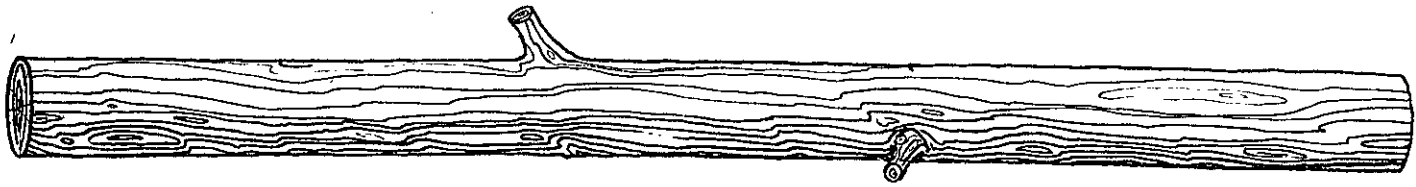
The board, which consists of private and public sector building experts, as well as representatives of local authorities and architecture, engineering and quantity surveying disciplines, uses the National Building Research Institute to carry out evaluations.

An agrément certificate is not a magic key to local authority approval, nor is it always necessary. But according to Brian Wallis, the board's technical secretary, it "gives an assurance to local authorities and to users by making them aware of the technical performance of a system."

Four certificates are currently in force for timber frame systems and another two have been approved in principle. Cape-based McCarthy Contractors has one for the construction of timber-based schools. Timbrik, (a Mondi's subsidiary), the first com-



Timber-frame homes ... some like 'em, some don't



pany to receive an agrément certificate for timber housing in 1973, still has one for its timber framed panel building system. The other for its "rhino shield" design. Gypsum licenses contractors to use its systems, but they, too, must be registered with the board. The fifth and sixth certificates will shortly be granted to CI Homes and the SA Lumber Millers Association.

The simplicity of assembling a timber frame house masks the considerable exper-

tise needed in designing and manufacturing a system.

Schachat Cullum's Crockett observes that "it's a pretty high technology business if you want to do it properly." Contrary to others' claims, he says that it was difficult to train labour for the construction of timber frame houses on site. Furthermore, the company was not satisfied with local timber quality.

Some of Crockett's arguments are confirmed by others that have chosen to stay in

the game. CI Homes relies heavily on expatriate skills — it employs a German architect as its R & D manager and an Englishman as building systems designer. Framebou employs New Zealanders and an Australian.

These teething troubles have not detracted from timber's acceptance in the marketplace. A timber frame house with a cement plaster skin in Randburg was sold last year for R92 000, double the price paid in 1979.

Indigenous is beautiful

Buyers of indigenous timber still have to wait a year for delivery

SA's indigenous forests account for only a tiny fraction of the country's total timber production. But demand for stinkwood, yellowwood, blackwood and other local species is far greater than supply.

"We can't cope with the orders," enthuses Cassie Lamprecht, production manager at Jonker Brothers, one of about 15 furniture

manufacturers in the Knysna area which use indigenous wood for their products. Ludwig Fechter, MD of George Fechter and Sons, probably the best known of these companies, notes that sales have sagged in the past year. But lest anyone sheds tears for the industry, he quickly adds that customers still have to wait about a year for their

orders to be processed, compared to the 18-month wait in 1981-1982.

The felling of indigenous trees (which include stinkwood, yellowwood, blackwood and white elder, as well as some less important species) is strictly controlled by the authorities. Almost all existing plantations are government-owned and logs are sold at only two auctions a year, although the southern Cape furniture manufacturers are given an annual quota of around 2 500 m³, roughly half the total sold.

Private growers such as Thesen and Com-

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Indigenous wood furniture ... prices strain belief

forests."

According to official estimates, about 3m m³ of wood was removed from the indigenous forests between the Seventies and the outbreak of World War 2, about a third of it in the 10 years to 1918. Many areas covered by forests a century ago are now used as farmland.

The indigenous forests of the southern Cape now cover an area of around 300 000 ha, of which 84 000 ha are privately owned by companies such as Thesens.

The government has attempted to revive the forests by, for instance, forbidding private woodcutters from entering the area and restricting the timber yield since World War 2 to a mere 5 500 m³ a year. In addition, the directorate of forestry aims to plant 800 ha-1 000 ha of blackwood on its southern Cape plantations.

But the damage has been done. The *Forestry Guide Plan* concludes that "it is highly improbable that the management of these forests will ever become economic." Their yield is not expected to increase for at least the next 50 years.

Not surprisingly, stinkwood in particular has become more than a raw material for valuable furniture. It is also a sought-after investment. Several of the 80 to 100 prospective buyers at each auction expect the value of their purchase to appreciate significantly.

The experts advise, however, that anyone wanting to stash away some stinkwood or yellowwood should buy cut and seasoned timber from a sawmill or merchant, rather than raw logs at the auction. Sawmills already sell to the public, especially those do-it-yourself enthusiasts who can make a stinkwood or yellowwood table at a cost far below prices charged by the Knysna retailers.

pany (in which Barlow Rand has a 51% stake) and George Parkes and Sons, require official permission for every indigenous tree they cut down.

As a result, the timber is almost unbelievably expensive. Auction prices for stinkwood range from R4 000/m³ to R7 000 for the best logs. Blackwood and yellowwood sell for between R800/m³ and R1 300/m³.

Furniture made from these trees is thus equally pricey. Jonker Brothers sells an impressive stinkwood diningroom suite with a table just under 3 m long and 1,4 m wide and a solid pedestal for around R30 000. The smallest suite costs R6 000. Fechtters charges an average of R2 500 for a stinkwood grandfather clock.

Other popular items made from indig-

enous species include bedroom furniture, cocktail cabinets and occasional furniture, such as coffee tables and wine tables. George Parkes, MD of the timber merchants which carry the family name, observes that yellowwood and blackwood are the two most popular varieties at present, largely because of the high price tag on stinkwood. Combinations are also in demand.

SA's indigenous timber would be more freely available if the southern Cape forests had been carefully conserved. The 1982 *Forestry Guide Plan* notes that the history of the indigenous forests "is a tragic story of mismanagement, wastage and over-exploitation ... Large areas of these forests were completely destroyed or reduced to scrub

Local breakthrough

Despite problems, local laminated pine sleepers are coming into their own

One of the local timber industry's most impressive breakthroughs is the rapid rise in sales of laminated timber sleepers to SA Transport Services (SATS).

Since SATS signed the first major contract for pine sleepers in 1981, its share of the wooden sleepers market has bounded up from 6% to 44%. SATS buys about 500 000 timber sleepers a year.

Philip Deetlefs, MD of Silvagric, Bonuskor's timber and farming subsidiary, asserts that "laminated pine sleepers are here to stay."

SATS seems to agree. Although total consumption may fall to around 300 000 sleepers within the next five years as expansion of SA's rail network slows, the local product's market share is likely to increase. "The majority will be laminated," says SATS's track engineer Louis Wildenboer. He is unwilling to commit himself to a specific ratio — "it could be 60% or 80%; we don't know yet," he says.

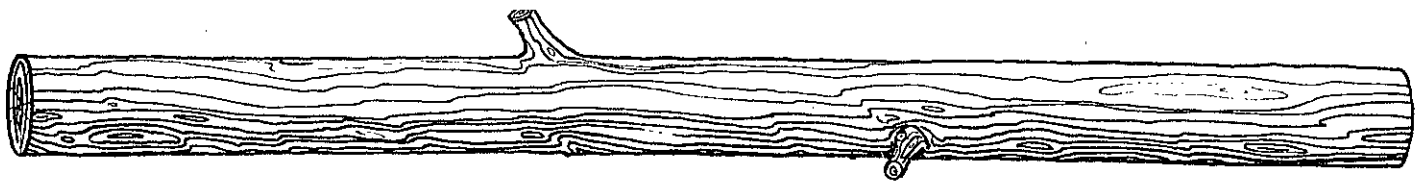
The laminated product is by no means perfect. Even the four suppliers — Bonuskor, Merensky, Mondi and Yorkcor — con-

cede that there have been teething problems. "It hasn't entirely lived up to expectations," says Wildenboer.

One drawback of laminated sleepers is that the coach screw which fastens the rail to the sleepers frequently strips away as a result of vibrations caused by trains moving over the rail. SATS and its suppliers are currently examining ways to improve the local product's performance.

In a sense, the lower resistance of the laminated sleepers is not surprising. They are made from pine, a fast-growing softwood, while imported sleepers are slow-growing hardwoods, notably kempas, a type of hardwood bought largely in south-east Asia.

According to recent trade statistics, SA is



Wooden railway sleepers ... pine can do the job

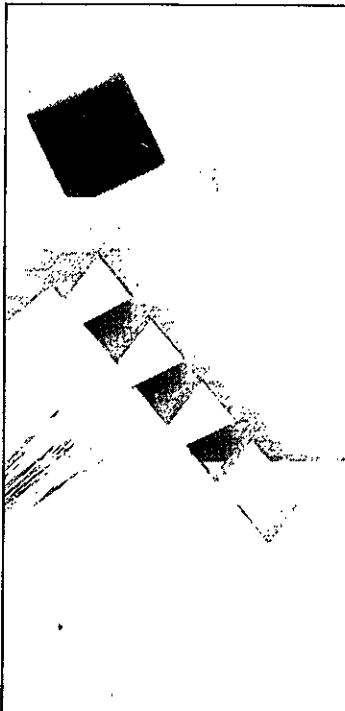
one of the largest buyers of graded sawn timber from Singapore. Since Singapore is a small city-state, chances are that the real suppliers are other countries in the region, such as Malaysia and Indonesia. "Singapore" exports to SA totalled over 43 000 m³ worth R6,5m in the first four months of last

year. Some hardwood sleepers are also imported from Brazil.

Imported sleepers are 10%-15% less expensive than the local laminated product. "We're prepared to pay that to get the local industry established," Wildenboer says. But he adds: "We won't be willing to do so

indefinitely. If the local industry cannot compete, we cannot keep it alive."

Fortunately for SA suppliers, the quality of imported sleepers has deteriorated lately. Several shipments have been infested with beetles and worms, and timber has been broken on arrival in SA.



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NTRI — seeking acceptance

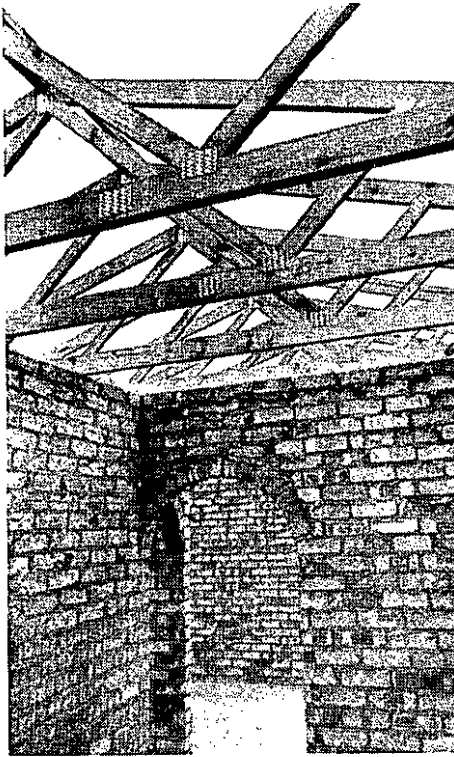
Researchers say they can see the wood for the trees

"One of the obstacles is to get acceptance from industry for what we're doing here." That plaintive complaint could come from a scientist in almost any research laboratory. In this case, the words are those of Hans Scharfetter, assistant director of the CSIR's National Timber Research Institute (NTRI), which is trying to prove to business that it can see the wood for the trees.

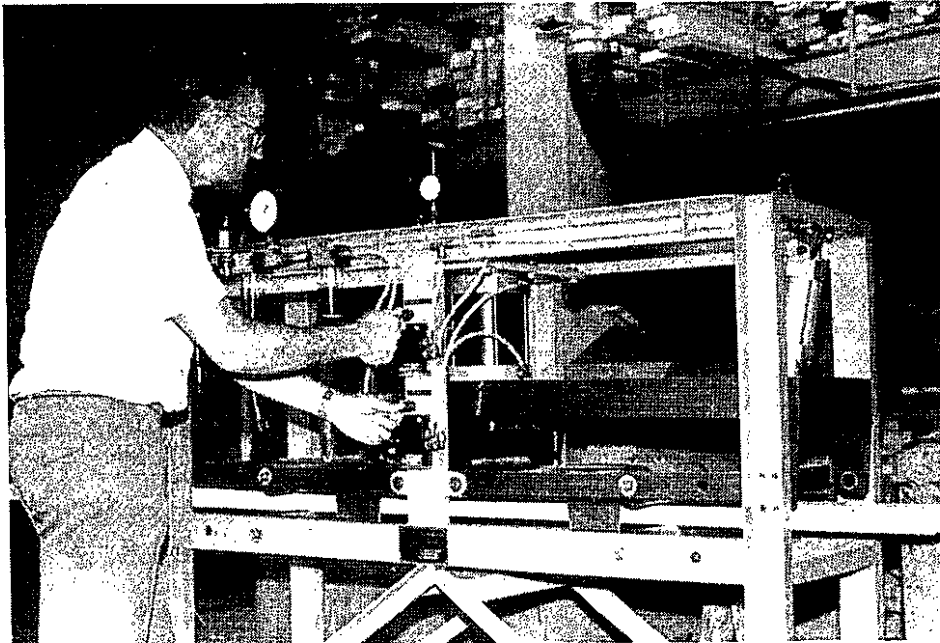
It has made substantial progress. About one third of the NTRI's income this year will come from forest products companies which have contracted it to carry out specific (and usually confidential) assignments. Among the current assignments is one for Hunt Leuchars & Hepburn to improve the resistance to fire of mining timber, and a survey of charcoal manufacturing potential in SA.

Like many other research bodies, however, the NTRI has had less success translating its ideas into marketplace practice. "We met every six months and nothing ever happened," says a participant in one of 28 working groups set up to liaise between the NTRI and private industry.

Perhaps the best example of both the Institute's achievements and its battle to win businessmen's hearts and minds is the system of mechanical stress-grading of timber.



Timber roof trusses ... a big success



Timber grading machine ... trying to educate merchants

Up to about 10 years ago, all timber was graded visually according to features such as the size of knots, and density and slope of grain. This method is inaccurate, wasteful and expensive, since by differentiating more carefully between strong and weak boards, the quantity of timber used can be reduced and profit margins increased.

With the encouragement of roof truss manufacturers (and later sawmillers), the CSIR has developed a grading system and mechanical stress-grading machines.

There are only four different grades at present (measured in megapascals). According to Paul Bryant, head of the NTRI's engineering division: "We're not looking for more grades but for higher yields in the better grades. A lot of high-strength timber is currently lumped into the lower grades."

The NTRI has licensed private companies to sell over 100 of its hand grading machines, with several going to Britain and Australia. Bonuskor and Yorkcor are among the companies which have installed large automated stress-grading machines at their mills.

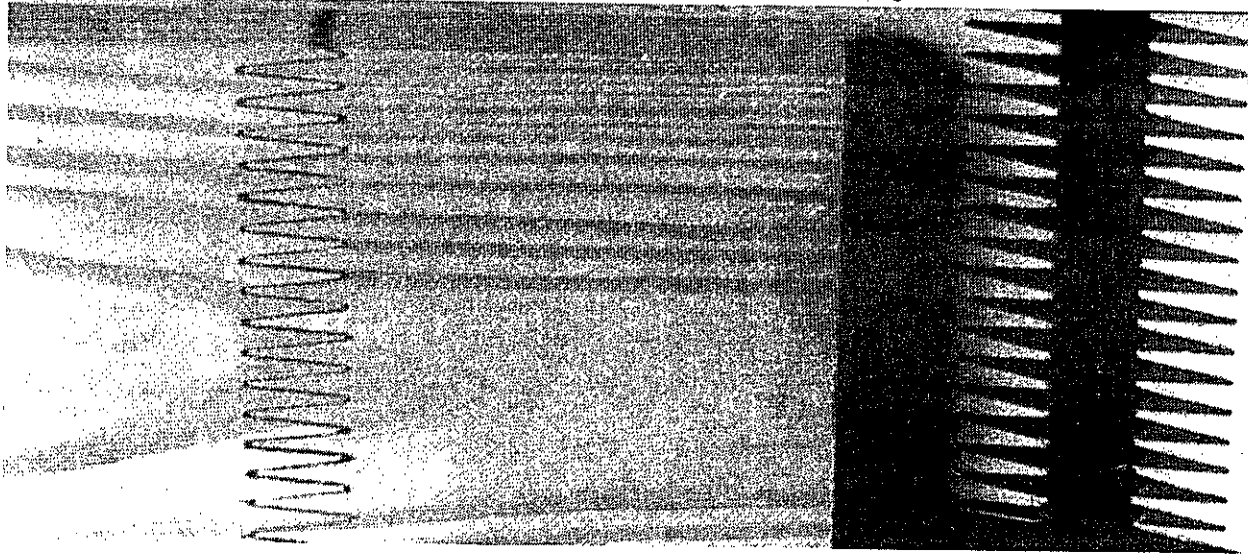
Philip Deetlefs, MD of Bonuskor's forest and farming division, observes that the machines have "increased the return and improved our turnover." Stress-grading has enabled the company to launch new products, such as laminated scaffolding boards.

But timber merchants all but ignore the niceties of grading, thus giving many sawmills little incentive to invest in grading equipment. "It's the merchants' thinking that governs what the millers do. It's incredible how many merchants know nothing about stress grades," Bryant asserts. Some merchants use graded timber for roof trusses, but do not sell it for other purposes. The Timber Trades Federation has set up a technical directorate to spread the word on stress grading.

Another important NTRI breakthrough has been in adhesives. Not only has its tannin-based product replaced scarce imports, it has also provided a useful outlet for wattle bark, the raw material for tannin. All exterior-grade particle board is now produced with locally made adhesive.

Thanks to a "honeymoon" adhesive developed by the NTRI (but in this case partly using imported raw materials), SA is one of the few countries where finger jointing is accepted as a method for joining structural timber. The adhesive consists of two separate components, one of which is applied to each of the surfaces to be glued. The two components react when they come together — hence the "honeymoon" label.

The NTRI is trying to promote this system for the glueing of laminated beams.



Finger jointing ... snug as a honeymoon couple

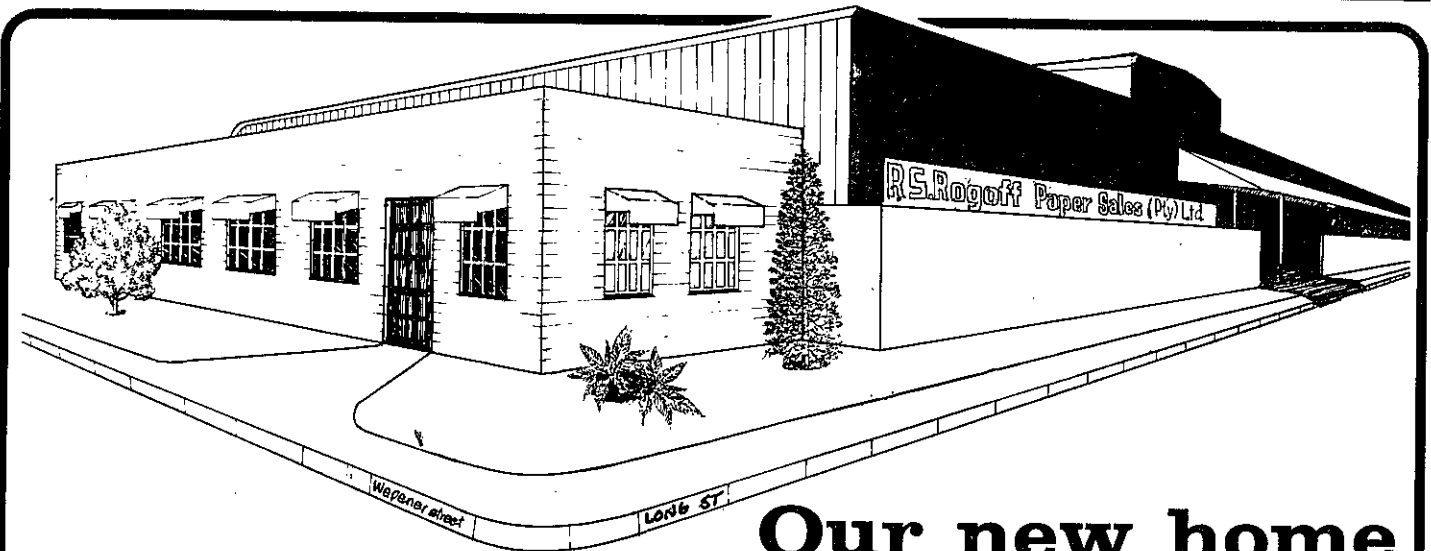
One of wood's biggest drawbacks as a structural material is its gradual deterioration over time by weathering, pests, moisture and several other causes. To improve its competitiveness against inert materials (such as steel), the NTRI devotes a sizeable chunk of its research efforts to improving

wood preservation.

One aim has been to find a substitute for creosote. Besides the poor adhesive qualities of creosote-treated timber, supplies of the oil-based material may be threatened if Sasol recycles increasing quantities into heavy oils. Creosote prices have shot up

recently.

The NTRI has developed new applications for water-based preservation known as CCA (copper, chrome and arsenic). Though its preservation qualities are lower in some applications than creosote, it reacts chemically with wood. It can be used with



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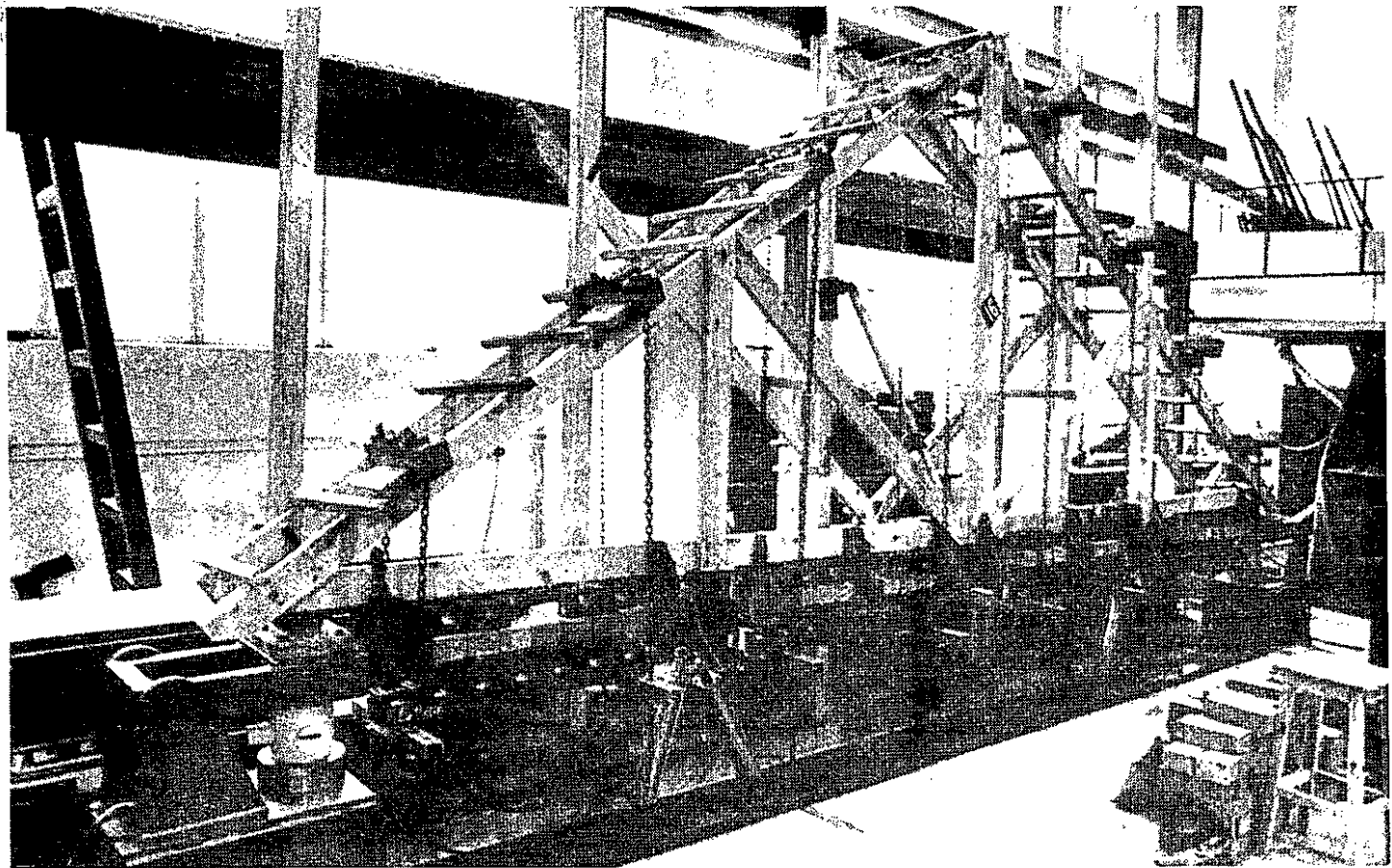
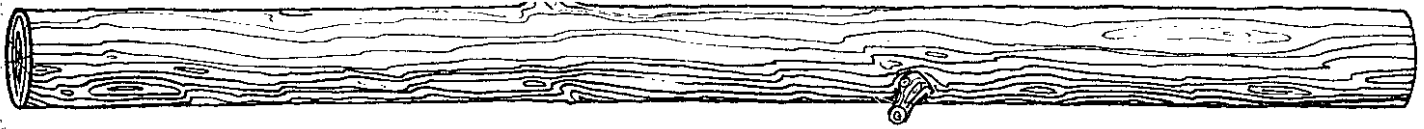
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Roof truss testing ... putting theory into practice

glues needed for laminating sleepers, beams and so on.

The bulk of the NTRI's current activity is in the pulp and paper field. It is looking for ways to improve the yield of pulpwood without sacrificing quality. According to Sarel Venter, head of the institute's pulp and paper division, a chemical process has been developed to increase the yield of wood pulp by up to one-third to 65%.

But, once again, industry is reluctant to accept the process. Its implementation is also held up by the need to recover chemicals used in the pulp mill.

Charcoal use is growing by about 20% a year in volume, mainly as a reductant in metallurgical plants and as a briquetted fuel. The NTRI is looking for ways to improve charcoal yields from raw materials, notably wattle jungle, offcuts and waste. The brick or metal kilns used at present give a yield of only about 16%, while more modern methods using retorts can increase that to around 33%.

Dorbyl recently acquired a licence from the Belgian company Lambiotte to produce carbonising retorts for charcoal manufacture. One executive estimates a potential market (both local and export) of 200 000 t a year, compared to current production of around 75 000 t.



Charcoal ... burning bright

The NTRI is examining new materials for charcoal manufacture. Possibilities include sugar cane bagasse, pine and eucalyptus.

Another area where the institute is trying to apply modern technology to the timber industry is in sawmill management.

Its Simsaw computer programme, which simulates sawing operations to extract the maximum amount of timber from a log for the market available, has been bought by several companies. Mondi, Hans Merensky Foundation and Bruynzeel Plywoods are among those which have installed main-frame computers to use the programme.

To attract smaller mills, the NTRI recently began marketing a Simsaw programme for mini-computers. The software costs about R1 000, but an NTRI official estimates that it improves marketable timber recovery by about 2%. The institute is now working on programmes to simulate not only sawing but the entire operation of a sawmill, including stocks and orders. It hopes to have a basic model ready by the end of this year.

On the other hand, a US-developed simulation programme for felling and transporting timber — known as Hatsim — has failed to have much impact on the local market. Sappi used it occasionally, but interest has fizzled out.

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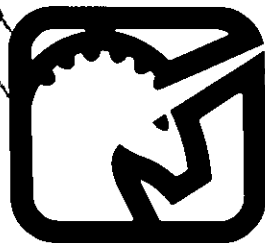


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Ciskei to acquire forestry estates

EAST LONDON — A number of inland and coastal state forests are scheduled to be transferred to the control of Ciskei in April next year.

However, the Director-General of Agriculture and Forestry in Ciskei, Mr Mongezi Dambuza, said yesterday the transfer of some three-quarters of the Isidenge

Forest and several stretches of dune forest between the Fish and Chalumna Rivers had not been finalised.

He said it was hoped that arrangements for the transfer would be finalised at a meeting between South African and Ciskeian officials scheduled for early next year.

The section of Isidenge scheduled for handover covers the entire Pirie Forest and the Evelyn Valley plantation, including the Evelyn Hiking Trail and the Rooikrantz Dam.

The Maden Dam, the main water reservoir of King William's Town which forms part of this area, will, however, remain under the control of that municipality.

The coastal stretches to be transferred are several narrow strips of protected dune forest and run almost continuously between the

Chalumna and Fish Rivers.

All the forests were on Ciskeian territory when it took independence, but have been administered by South Africa's Department of Forestry due to staff shortages in Ciskei.

The department's regional director, Mr John Cobby, said yesterday his department's control was to end on March 30 next year.

He said the Evelyn Hiking Trail would be maintained and administered by the Ciskei National Tourism Office (Cinto) and that this would be governed by an international agreement on hiking trails between South Africa and Ciskei.

In addition to the imminent forest transfers, the entire Katberg state forest would eventually become part of Ciskei, said Mr Cobby.

The northern part of that forest was scheduled for incorporation

and the latest consolidation proposals would also place the remainder in Ciskei.

The Department of Forestry in the Border region, said Mr Cobby, would as a result of the incorporations be left with the control of the remainder of the Isidenge Forest, as well as the Kubusie, Fort Qacu, and Hogsback forests. It would also administer the dune forests between the Chalumna and Kei Rivers.

Mr Dambuza said yesterday Ciskei would either request seconded staff from South Africa or recruit its own staff to run the forests scheduled for transfer to the country. — DDR

Trains collide: 5 killed

LISBON — Two trains collided near the central Mozambique port of Beira leaving five dead and 28 injured, a report here said.

An official investigation has been opened into the incident, the report said. — SAPA-AP.

TIMBER

AGRICULTURE - TIMBER

1984 - 1987

(3) Timber S. Times 29/1/84
TIMBER Felled BY R80-m LOSS

Business Times Reporter

THE R150-million a year forestry industry lost R80-million in 1983 because of the drought, according to estimates by the South African Timber Growers Association (SATGA).

This figure is backed up by the Department of Forestry and Environmental Affairs, but it excludes a R75-million wattle-bark loss. About one year's loss in growth has been sustained in the past five years, says SATGA.

An upturn in demand for wood is expected when the large Mondi and Sappi plants come on stream in the second half of this year. A Sappi spokesman says: "Growers can expect better terms, especially for large volume."

Foresters will market between 10-million and 11-million tons of timber this year at an average price of about R15 a ton.

The wood and paper industry has three main timber producers, each contributing about a third. They are the Government, the large growers like

Anglo American and Sappi, and the 2 300 farmers under the SATGA umbrella.

The department says: "Virtually the only afforestation expansion being carried out at present is by large growers Hunt Leuchars Hepburn, Mondi, Saicor, Sappi and the Government. HLH, Mondi and Sappi have bought farms, some under plantation, some unplanted, to ensure future supplies of raw material."

Sappi says its land purchases were specifically for increased supplies of timber to the mines in its holding company, Gencor.

Buyers in the industry cancelled quotas last year because of slack demand and stockpiles.

SATGA says: "Competitiveness of the industry at an international level has come under pressure. Inexpensive finished paper has been landed in South Africa. Suspicions that the paper is being dumped to maintain production at some foreign source may not be unfounded."

But the department replies: "Comparisons of the cost competitiveness of South African products are difficult — if not impossible — because of differences in end-use products."

The Government realised the strategic value of timber in the Second World War when imports were cut off, but State plantings were sufficient to satisfy demand. It has remained close to the industry, the most important trend of late being the move to commercialise its activities. Part of this strategy includes moving away from processing and concentrating more on growing timber.

The results of an investigation into what strategy the Government will adopt have not been published, but it is believed the legislation may be tabled this year.

The department says: "The committee appointed to investigate the commercial activities of the Directorate of Forestry recently completed its assignment. It will report to the minister."

ARSA 2/5/84 3 Timber

Govt probe into timber problems

Staff Reporter

A Government-appointed committee is seeking a solution to dissatisfaction in the timber industry which buys valuable wood such as stinkwood, yellowwood and blackwood from State-owned forests in the Southern Cape.

The committee, appointed by the Minister of Environment Affairs and Fisheries, Mr Sarel Hayward, is under the chairmanship of the former Auditor-General, Mr Gerald Barrie.

It will report to the Minister on marketing practices of wood from the

State's Tsitsikama and other Southern Cape forests.

It will also investigate shortcomings, if any, in the present marketing practices. The committee will examine methods for the proper marketing of indigenous woods as well as blackwood.

The director-general of the Department of Environment Affairs and Fisheries, Mr J F Otto, said that, until now, part of the wood from the State's forests had been sold at auctions, while some wood was held back for sale to local manufacturers in the Knysna area.

This had caused some dissatisfaction to people who bought at auctions and to local people who complained they did not receive enough of the supply, he said.

Unhappiness

There had also been unhappiness at prices charged to local manufacturers, as opposed to the prices fetched at auctions.

Interested parties who wish to make a contribution to the investigation can send written submissions by May 16 to the secretary of the committee, Mr K J Scholtz, Department of Environment Affairs, Private Bag X447, Pretoria, 0001.

Timber! Furniture, housing prices to rise

By Don Robertson ^{(3) Timber}
3/2/85

LATEST in the round of price increases comes from the Lumber Millers Association — an average 8%.

The increase will affect the cost of building and furniture, the two largest consumers of timber.

Because of increased production costs, soaring interest rates and the high cost of transport, timber growers — private and Government — have raised their selling prices by 8% and this has been passed on to the consumer by the lumber millers. The industry is worth R300-million a year.

The last increase in timber prices was 10% a year ago. Price increases have always been below the inflation rate, says Apies du Toit, deputy manager of the Lumber Millers Association.

The higher price of timber should mean an increase of about 0,5% in the cost of building a home, says Lou Davis, executive director of the Building Industries Federation of South Africa.

Warning

He says building costs generally could rise by between 12% and 14% this year. This compares with 12% last year, but he warns that once the economic climate improves, "costs will go through the roof". Tender prices, however, are at their lowest for many years because of competition in the industry.

Siggy Redelinghuys, executive director of the Furniture Traders Association, says most retailers have fairly large stocks, so the increased price of timber is not expected to have an immediate effect, but all new production will carry a higher price tag.

"What will probably happen is that increases of 2% will be phased in over about four months. They are unlikely to be any higher because of competition."

RDM 24/4/85

Interim rail deal fails to satisfy timber men

By BRENDAN RYAN

THE timber industry and South African Transport Services (Sats) have reached an interim arrangement on rail freight tariffs.

However, discussions on the structure and cost of the tariffs will continue because the timber industry is still not happy with the new system.

Mr Mike Edwards, the director of the Forest Owners' Association, said in Johannesburg yesterday: "We have negotiated an interim arrangement with Sats whereby the rail freight costs for timber will revert to a charge per ton transported and not a charge per truckload, as previously announced by Sats."

"This has had an immediate beneficial effect for the industry in that the weighted average rail rate cost increase has now dropped to about 15%.

"However, we still view this level of increase as excessive and further discussions with Sats are to be held."

Estimates by timber company executives had put the effect of Sats' original increases in rail rate charges at an average of 23% for the industry.

Sats announced in March, shortly after the budget of the Minister of Transport Affairs, Mr Hendrik Schoeman, that it was changing its rail rate charge for timber to a rate per truckload from the previous system of a rate per ton transported.

Sats also introduced a special levy of R2/ton on timber railed over branch lines.

Mr Edwards said: "In principle, we do not object to the system of charging a rate per rail truck, which contains an incentive to the industry to achieve a better load per truck and so benefit from lower rail rate costs.

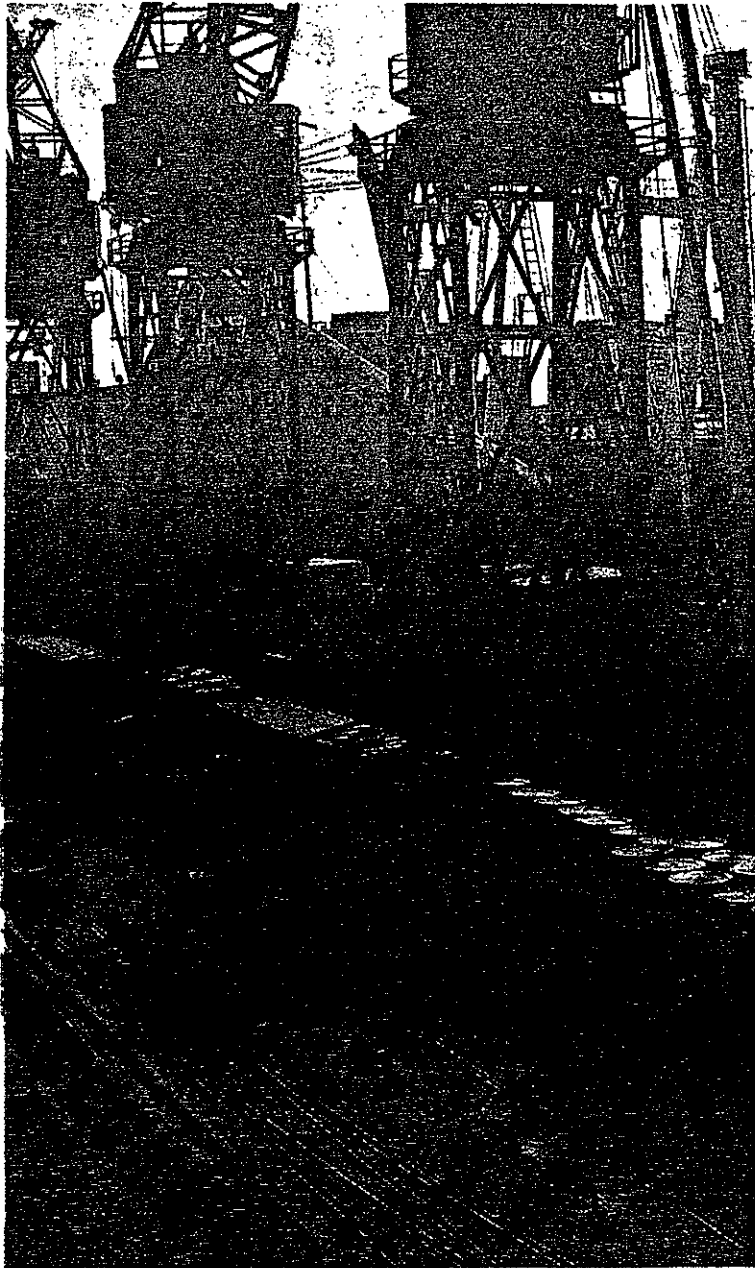
"However, we do not accept the base on which Sats is charging its rates, which is a load of 39 tons of timber per truck.

"The timber industry is divided broadly into the supply of softwoods and hardwoods and we would like Sats to recognise this by bringing in a differential rate per truck for the type of timber being transported.

"The present system discriminates heavily against suppliers of hardwood," Mr Edwards said.

He said that softwood could be supplied wet and would therefore weigh more than hardwood, which was supplied dry.

"You can easily load more than



Paper products from Sappi Kraft being loaded in Durban on to the Safari Service vessel, SA Morgenster, for shipment to the Far East. Sappi expects to increase sales of its products on Far East markets by 250% this year.

40 tons of wet pine into a truck and so benefit from the proposed truck freight tariff.

"However, the maximum weight of mining timber you can load into a rail truck is 32 tons, and the average load is about 30 tons.

"The hardwood timber suppliers are therefore being penalised by the new system when compared to the softwood suppliers," Mr Edwards said.

The remaining bone of contention in the new tariff structure is the R2/ton levy imposed by Sats on

timber railed over branch lines.

This levy is aimed at earning additional revenue from what Sats considers to be uneconomic railway lines in certain areas.

The effect of this levy on the industry varies from company to company, but one timber executive estimates that more than 90% of his firm's timber production is railed over branch lines.

"We are very unhappy with this R2/ton levy, and intend to take the matter further in our discussions with Sats," Mr Edwards said.

Timber men win better deal on rail truck levies

Mercury Correspondent

JOHANNESBURG—The timber industry and South African Transport Services (SATS) have reached an interim arrangement on rail freight tariffs. However discussions on the structure and cost of the new rail freight tariffs will continue because the timber industry is still not happy with the new system.

Mr Mike Edwards, director of the Forest Owners' Association said: 'We have negotiated an interim arrangement with SATS whereby the rail freight costs for timber will revert to a charge per ton transported and not a charge per truckload as previously announced by SATS.

'This has had an immediate beneficial effect for the industry in that the weighted average railrage cost increase has now dropped to about 15 percent. However we still view this level of increase as excessive and further discussions with SATS are to be held.'

Estimates by timber company executives put the effect of SATS' original increases in railrage charges at an average of 23 percent.

Budget

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lower railrage costs.

'However we do not accept the base on which SATS is charging its rates which is a load of 39 tons of timber per truck.

'The timber industry is divided broadly into the supply of softwoods and hardwoods and we would like SATS to recognise this by bringing in a differential rate per truck for the type of timber being transported.

Hardwood

'The present system discriminates heavily against suppliers of hardwood,' Mr Edwards said.

He pointed out that softwood, for use in pulp mills, can be supplied wet and would therefore weigh more than hardwood for use as mining timber which is supplied dry.

'You can easily load more than 40 tons of wet pine into a truck and so benefit from the proposed truck freight tariff.

'However the maximum weight of mining timber you can load into a truck is 32 tons and the average load is about 30 tons.

Softwood

'The hardwood timber suppliers are being penalised by the new system when compared to softwood suppliers,' Mr Edwards said.

'The remaining bone of contention for the industry in the new tariffs is the R2/ton levy imposed by SATS on timber railed over branch lines.

This levy is aimed at earning additional revenue from what SATS considers to be uneconomic railway lines in certain areas.

The effect on the industry varies but one timber executive estimated that more than 90 percent of his production was railed over branch lines.

'We are very unhappy with this R2/ton levy and intend to take the matter further in our discussions with SATS,' Mr Edwards said.

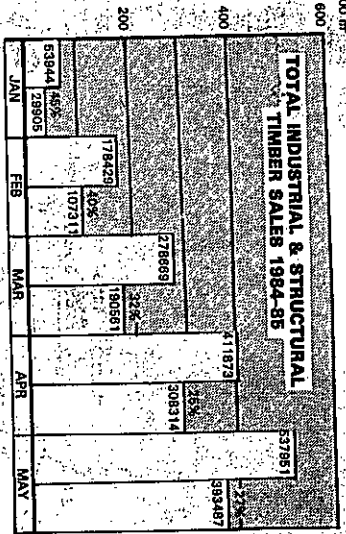
INDUSTRY

3 Timber

taking hard knock

Industrial and structural timber sales

BY LAWRENCE BEDFORD



Source: Salma

SAWMILLERS are pushing production towards pulpers as industrial and structural timber sales fall. Sales of timber for pallets, cable drums, crates, boxes and furniture as well as for building for the first five months of this year are more than 30% down on January to May 1984.

The SA Lumber Millers' Association (Salma) blames the recession. Executive director David Elof says its industry marketing agreement had helped stabilise prices for furniture and ceiling panels as well as structural products. "Obviously, the industry is not as affluent as one

would expect," he says.

But not everyone agrees with Salma. Techno-economic consultant Louis Heyl blames the situation on a "lack of investor confidence," prompted by the unrest in the black townships and the general socio-economic situation.

"It is largely psychological, but it has a tremendous effect on the residential building cycle. There has been a rapid demand for timber after each major incident in the townships. As a result of what is

happening now, we won't see any increase until 1987," he says.

Heyl, currently preparing timber demand forecasts for user industries, predicts a 5% to 6% increase in demand for wood for the pulping industry in the next 15 years, a 3% to 4% increase in sawn timber and nil growth in the mining sector.

He also predicts a shortage of hardwoods (walnut and gum) in the next five years and softwoods (pine) towards the end of the century.

Director of the SA Timber Growers' Association (Satga) Bruce Ferguson says the annual new plantings target figure of 39 000 ha needed to provide additional

supplies is not being met.

"They have been declining steadily over the last 10 years. In 1982-1983 total new additional plantings were 8 000 ha. I believe we're falling short of target."

Ferguson says growers have had nothing on top for railage increases (latest R2 a ton).

They had to contend with rail tariff increases of up to 20% in the period April 1983 to 1984.

Johannesburg Stock Exchange (JSE) analyst Jerome O'Regan of Ed Herrin Rudolph Inc., reviewing the pulp and paper industry, says growing costs increased by an average 12% a year between 1980 and 1984.

SA timber ^{(S)umber} exported to ^{21/10/85} Japan

TIMBER exporters believe they have gained an important foothold in the Japanese market.

They say a cargo of timber logs and sawn squares just shipped to the Far East is the first commercial consignment of these products to Japan.

According to Carl Fenwick, MD of Sampaguita Technology, which handled the deal, the exports are a breakthrough after several attempts to find acceptability in a very competitive market.

"Until now, South Africa has exported mainly wood chips to the Far East. This shipment could lead to a regular supply of about 15 000m³ of logs a year, depending on the availability of the timber."

The first cargo was 2 100m³ of pine

sawmill logs and 1 250m³ of wet-sawn squares. Said Fenwick: "Although these items have been shipped to Japan before, they were only samples. This is the first commercial consignment."

As the world's largest timber importer, Japan consumes about 48-million m³ a year, of which more than half is imported.

"It could become a lucrative market," said Fenwick. "But we will only be able to judge the overall success once the wood has been to the mills in Japan."

The logs will be used to make packing crates as well as in the manufacture of plywood core. The squares are needed to produce packing crates for motor vehicles.

R. Day 13/11/10
Wood up 15%
LAWRENCE BEDFORD

TIMBER merchants will have to pay 15% more for sawn softwood from January.

The increase, announced by the SA Lumber Millers' Association (Salma) yesterday, mainly affects structural timbers.

Salma increases over the past five years had consistently been below the rate of its cost increases, said executive director Andries Swart.

He said analysis by independent consultants showed millers' total production costs had risen an average 15% a year, compared to the average increase in sales price of 11.4% over the past five years.

Without corrective action, industry viability would come under pressure, he said.

Price of soft wood to go up

The South African Lum-
ber Millers Association
(SALMA) has announced
that the price of sawn
soft wood will increase
by 15 percent from Jan-
uary 1.

Executive director, Mr
Andries Swart said the
sawmilling industry has
adopted a very responsi-
ble approach in an at-
tempt to keep inflation
down. Price increases
over the past five years
had consistently been
well below the rate of
cost increases.

SALMA had commis-
sioned a detailed study
by independent consul-
tants to investigate the
current cost structure of
the softwood sawmilling
industry, changes in the
cost structure over the
past few years and the vi-
ability of the industry,
taking into account the
nature and extent of the
risks involved.

The analysis showed
that the total production
costs of millers had risen
on average by 15 percent
a year compared with the
average increase in sales
price of 11,4 percent over
the past five years.

"It was clear from the
report that if these trends
continued without an ef-
fective correction, the vi-
ability of the industry
would come under severe
pressure".— Sapa.

11/11/77

SHELL (SA) has continued its long-term diversification programme by moving into the timber-growing industry.

This follows international involvement by Shell in coal and metal as alternatives to its oil interests.

The international parent already has two timber-growing projects in New Zealand and one each in Chile and Brazil.

However, a spokesman for the South African operation said yesterday:

"We have no plans at this stage to expand downstream into timber processing."

He said the company had decided to move into timber following an in-depth survey of this country's timber-growing potential.

The final report highlighted South Africa's ideal forest-growing conditions and the expected timber shortage by the turn of the century.

Figures released in October by the SA Timber Growers' Association show that the shortage is increasing. New afforestation is running at about 8 000 ha a year, significantly below the estimated 29 000 ha needed to meet the timber industry's future demands.

"With superior silvicultural techniques in care-

fully-selected locations Shell believes there are attractive business opportunities," said the spokesman.

The company's pilot project has been launched in Northern Natal with the purchase of a 4 000 ha smallholding at Kwambonambi.

However, the company could meet opposition from the region's sugar cane farmers.

Rex Hudson, assistant GM of the SA Cane Growers' Association, said although cane farming in the area was proving only marginally profitable, farmers were wary of alternative development.

"Farmers in Northern Natal are not too keen on industrial giants joining the agricultural industry. Sappi and Mondi are already buying vast tracts of land for timber growing. However, it's rands and cents that count in the end."

② Timber B. Day 28/11/85
 Shell moves into timber

ALAN PEAT

Sats switch-off for foresters

FORESTRY owners say they will shift rail traffic to the roads in the face of a 15% increase in railage rates from the new year.

Timber accounts for about 3.2%, or 5.2-million tons, of commodities railed. Sawn timber railage is down 25% on the 1.2-million-ton peak of 1980-81 and rough-hewn is down 27% on its 1976-77 high of 5.9-million tons.

The annual increase in railage over the past five years has been 18%, says Forestry Owners' Association economist Mike Edwards.

He says SA Transport Services' (Sats) new tariffs will cause industry-wide havoc and kill the pole market, which faces crippling railage increases.

"We have done a detailed study on the loss of traffic and revenue to Sats if

LAWRENCE BEDFORD

rates continue to escalate, and we are saying to them, 'Give us a decent rate and we will give you sufficient additional tonnage to ensure that your revenue does not decrease'.

"I think the crunch has come. We have got to the stage where something has to be done."

Sats marketing director Andre Heydenrych says timber has always been carried under cost.

He says Sats is negotiating contract rates with the larger, heavy-timber concerns on major routes. The rest will be faced with rates at cost level.

"We want to negotiate with the industry to let them cross-subsidise within the sector," he says.

Timber growers tell Sats their rail tariffs are chopping profits

16/10/86
Financial Correspondent
DURBAN — Timber growers and SA Transport Services' officials confronted each other in Pietermaritzburg yesterday over the problem of rail tariffs.

The forestry men maintained their profits were being chopped by ever-increasing costs of transporting wood by rail, while Sats officials — led by Minister of Transport Hendrik Schoeman — said the rail

service had to be run at a profit.

Bruce MacKenzie, chairman of the Forest Owners' Association, said that in the past 10 years, railage costs had increased from 25 percent to 50 percent of the delivered cost of softwood pulp to the paper mills.

"We are very concerned about what effect this is having on our export capability."

Criticising the Sats proposal to charge growers a per-truck tariff in place of the current per-ton basis, a Greytown grower said rail increases had far outgrown delivered prices.

Satga chairman Werner Weber called on the mining houses to let forestry men share in the gold boom through better wood prices.

He also criticised the pricing policies of the "Monopolistic" processors — companies such as Mondi, Sappi and Saiccor taking softwood pulp, and Hunt, Leuchars and Hepburn on the mining timber side.

Low rand lifts import costs

Unfavourable conditions hit timber growers

TIMBER growers have been hampered by unfavourable economic conditions for the past year, says the SA Timber Growers' Association (Satga).

Its annual report says a high inflation rate and the low value of the rand raised the cost of imported materials.

"On the other hand, exporters were able to find favourable markets for timber and timber products overseas.

Resourceful

"Sanctions moves against the Republic have had the effect of making exporters more resourceful and in general this has not had a serious influence so far on the timber industry, although the possible effects cannot be ignored."

Depressed conditions in the softwood market persisted throughout the year, with many growers deciding to convert to hardwoods once softwoods were felled.

"The demand for hardwoods remains buoyant with the spectre of

MICK COLLINS

a hardwood shortage becoming very real."

Growers were able to recoup the calculated cost increases by way of increased prices for some categories of roundwood on offer.

"The serious backlog which has accumulated in cost recovery in the case of softwood remains. In most instances, growers of this commodity made less in real terms in 1986 than they did in 1980."

Negotiations with SA Transport Services (Sats) over proposed changes to the tariff structure for rail transport were successful, Satga says.

"Although Sats has still some way to go to effect a 100% cost recovery on the transport of roundwood, the new per truck tariff proposals to be implemented for pulpwood allow for a measure of cost savings for those loaders who load trucks efficiently and can obtain consistently high tonnages."

Timber
3

DID 24/11/87

Timber growers: we are being squeezed

JOHANNESBURG — Corporation-owned timber companies are deliberately squeezing the independent opposition out of business, it is claimed.

Sappi, Mondi and other timber-processors are depressing prices to such an extent that private timber-growers are having to sell their forests — to the processors themselves.

The accusation is made by the 1 800-member SA Timber Growers' Association (SATGA), but is denied by the Forest Owners' Association (FOA), which represents the processors.

FOA members control about 75 per cent of the country's private-sector forests and 81 per cent of pine plantations.

According to SATGA, processing companies have bought an additional 4 per cent of private-sector forests in the last three years from independent growers. Calling it a "disturbing trend", SATGA chairman, Mr Werner Weber, says more individually owned plantations are in danger of going the same way.

The FOA has over 30 members, many of them in the Anglo American and Gencor groups. SATGA claims that because FOA members both own forests and process timber, it is in their interests to create a near-monopoly. This they are doing by holding down prices to timber suppliers, even at the cost of reducing their own forests' profitability.

SATGA claims price increases have been below the inflation rate for several years, while costs have increased to the point that many growers are making

losses.

It says processors are using short-term market conditions to set prices, when a long-term approach is necessary in an industry where it takes up to 15 years for plantations to grow.

SATGA says a study has shown that because of the financial squeeze, many farmers and labourers are leaving the land and development of new pine plantations has been impeded.

It adds: "The monopoly control of giant corporations such as Anglo and Gencor over the private timber industry is escalating, with no evident offset through increased efficiency."

The FOA strongly denies its members are trying to destroy the independent opposition.

Director Mr Mike Edwards says the processors welcome competition to their own plantations and do not seek a monopoly. In some cases, he says, FOA members have gone into partnership with independents rather than buy them out.

He says: "The strategic objective is not to remove small growers but to ensure a continuing source of raw materials."

He admits processors are not paying forest owners what they need for their timber, but says this will continue as long as timber is in over-supply.

"I agree prices sometimes haven't been what we would like them to be, but you have to consider the ultimate market. If the cost of the raw material becomes prohibitive, the processors will be priced out of the

market.

"We admit growers haven't been able to recover cost increases. Had they done so, our competitiveness would have been eroded."

TIMBER - ~~1988~~

1989

Pine-price increase after privatisation

③ Timber

TIMBER merchants fear that the price of pine may be increased by as much as 35% in the new year and that a shortage of building material could develop.

The Department of Environmental Affairs plans to lift log prices by between 26,8% and 31,5% soon. Prices have risen by more than 46% in the past three years.

The latest price increase will be caused by the decision to privatise forests and establish a State forestry corporation. Approval in principle of the privatisation of State forests was given in the middle of December, but interested parties have until January 31 to make comments or representations to the Government.

Ominous

The State controls about 29% of the forests in SA, but 75% of its timber is produced in sawlogs which are used in the construction industry.

The main protagonist in the price issue is the SA Lumber Miller's Association (Salma) which has asked for urgent discussions with the Government. It hopes that the "staggering" price increases averaging 29,5% will not be implemented.

Salma executive director Andries Swart says there are ominous signs that timber growers are switching to supplying the pulp and paper industry.

It takes only 15 to 18 years to grow trees for pulp pro-

By Don Robertson

duction, but 30 to 35 years for pine of a suitable size and quality for the building industry.

Danie Jacobs, director of wood production at the Department of Environmental Affairs, says it is necessary to increase the price of SA pine if the future of producers is to be secure.

Inflation

Mr Swart believes that the increases now envisaged will be even higher because lumber mills will lift their prices to keep abreast of inflation. He fears that rises could reach the "mid thirties".

Although he agrees that timber growers should be encouraged, he says drastic price increases over the short term could do the industry more harm than good.

Bill Smith, director of the Association of Wood Merchants, is shocked at the price increases planned by

the State. He believes they will cause building prices to rocket and builders of low-cost housing might be forced to switch to steel.

The increases could also hamper the export of pine products, estimated to be worth R80-million a year.

The Timber Products Export Manufacturers Association believes that higher log prices will force furniture makers out of the export market. It fears that increases of this proportion will not be accepted in Western Europe and that orders will be switched to Eastern bloc countries which are able to profit from barter deals.

Cas Pretorius, secretary of the BC Furniture & Wood Products Association, which is involved in the export of pine products, has asked the Government to establish a committee to investigate the industry's problems.

He says that in the past year the price of timber has been increased by 27%, forcing about 10 factories in SA and Swaziland to close at a cost of thousands of jobs.

Cool for Kendal

COOLING specialist DB Thermal will soon complete its 2 000th heat exchanger for the world's largest dry-cooling power station, Kendal.

The 2 000 heat exchangers have used 8 000km of elliptical tube and 380 000km of fin strip, sufficient to circle the equator 9,5 times or reach the moon.

In all, 3 000 heat exchang-

ers will be built and will be arranged in six draught cooling towers. When completed, they will provide a heat exchange surface of 11km².

The exchangers are assembled at a rate of about 12 a week at DB's Nigel workshops which contain the finishing, assembly and specialised galvanising plant necessary for the 15m long elliptical tubes.

3 Timber


Business Report

Green light for forestry

By BRUCE WILLAN

SOUTH AFRICA'S forestry industry has the potential to double its present plantation area, construct up to 21 new processing plants and create 150 000 new jobs over the next 30 years, according to the far-reaching second Strategic Forestry Development Plan.

The official plan was compiled by the senior specialist forest scientist at the Department of Environment Affairs, Dick van der Zel, in collaboration with the Forestry Council's planning committee.

Van der Zel estimates that demand for roundwood timber will increase by an average of 2.5% per year until 2010 to approximately 29.3m cubic metres — almost double current output.

The plan urges forestry strategists to plan for an expansion of 35 000 hectares per year — which it says is feasible and vital to the industry's continued growth.

Industry 'could create 150 000 new jobs'

It is estimated that an additional 1 132 500 ha of forests could be established in 13 identified priority development areas without exceeding existing water runoff limits or prejudicing other agricultural operations.

The effect of this afforestation, says the report, would be to create 56 625 permanent employment opportunities, plus roughly the same number of jobs in wood processing industries with multiplier effects in secondary and service — many of these in rural areas where unemployment is rife.

In addition, afforestation will raise the capital value of each planted hect-

are to R4 300, adding R4,87-bn to the national land value and producing additional timber to the value of R7,12bn.

The report envisages that the private sector will undertake the bulk of the new development with only 6 600 ha of the 35 000 ha of new forests, to be planted by the state.

But, the report urges immediate action to make up for the existing backlog estimated to be 192 000 ha.

Not only will the expansion anticipated in the report save SA millions through import replacement, it will ensure the continued expansion of forest products' export markets which

last year were worth R1.5bn.

According to the report, seven new pulp and paper mills and as many as 14 saw- and boardmills could be established throughout SA.

The SA Lumber Millers' Association (Salma) has welcomed the envisaged privatisation of the state's forestry activities.

"The private sawmills are the state's largest customers — this year we will be buying R100m worth of sawlogs from state forests — and we would like to negotiate on all aspects of privatisation," says Andries Swart, executive director of Salma.

According to Swart some 55% of the sawlogs processed at the more than 100 sawmills owned by Salma members came from state plantations under the control of the Department of Environment Affairs.

Swart concluded that while SA as a country was relatively poor in timber, it was however self-sufficient in sawlogs and had a vigorous forestry industry.

Timber firm's workers strike

Daily Dispatch
Reporter

EAST LONDON — Some 150 Hodgetts Timbers workers began an illegal strike on Tuesday after declaring a dispute with management over wage increases.

The workers are members of the Paper, Printing, Wood and Allied Workers' Union, but the union's local organiser, Mr David Mabengeza, said it was union policy not to comment on a dispute until after consultation with the employers.

He indicated that a meeting had been arranged for yesterday afternoon.

A senior shop steward and spokesman for the strikers, Mr Otto Mpetha, said the dispute began with a demand of a R3,26 an hour increase on top of the present R1,45 an hour minimum wage at the company.

This would bring the wage in line with the minimum wage recommended by the Congress of South African Trade Unions.

Mr Mpetha said the workers had compromised to a point where they were demanding 55c an hour more — but management had indicated that it considered the demand to be unreasonable.

The general manager of Hodgetts Timbers, Mr K. Fleischman, said he saw "little purpose in commenting until there is finality in the matter".

3 Timber

Sappi gains market share in R1,5bn deal

3 Timber
CAPE TOWN 16/7/88

By AUDREY D'ANGELO
Financial Editor

SAPPI will acquire control of Saiccor (Pty) and of the Swaziland-based Usutu pulp mill in a R1,5bn transaction, it was announced yesterday.

The deal, resulting from a decision by British-based Courtaulds to withdraw from the wood pulp industry world-wide, sent Sappi shares R2,25 higher yesterday to R31,75. They had already risen on Thursday on rumours that the deal was pending.

The purchase of the Usutu pulp mill is subject to the consent of the Swazi government.

Saiccor was originally set up by the Industrial Development Corporation (IDC) in partnership with British Celanese and an Italian company, Snia Viscosa, to produce pulp for the manufacture of viscose cellulose for the textile industry. It now supplies 11% of the world market.

A statement issued by Sappi yesterday said that as part of the deal it would link up with the international marketing consortium which has bought control of the Speciality Pulp Trading Group (SPT) from Courtaulds.

In addition to marketing both Saiccor and Usutu's products world-wide which it does at present, SPT would also assume a pivotal role in the international distribution of Sappi's other products.

The purchase of Saiccor also gives Sappi an additional 82 000 hectares of high growth timberlands located conveniently to its own resources and operations.

The statement says that "flowing from Courtaulds' decision to get out of the woodpulp industry world-wide, the opportunity arose for Sappi to acquire, with overseas investors, 80% of Usutu.

"This part of the transaction is subject to the approval of the authorities of the kingdom of Swaziland. The Swazi authorities will retain their holding of preference shares in Usutu."

Usutu, a low cost producer, is located near Manzini in Swaziland, and supplies about 12% to 14% of the world's unbleached kraft softwood pulp. About 40% of its product is sold on the SA market and the balance is exported.

Sappi has undertaken to invest a further R30m in Usutu to increase production.

Sappi, along with overseas investors, is buying Courtaulds' stake in Usutu and part of that held by the Commonwealth Development Corporation (CDC).

The deal is complex. Sappi is buying direct control of 33,3% of Saiccor and shareholders' claims of R17m from Industrial Selections (Indsel), National Selections (Natsel) and the IDC. This portion of the transaction, involving about R305m, will be effected by the issue of a total of 10 520 000 new Sappi ordinary shares to the three parties.

The purchase of the remaining 66,7% of Saiccor from Courtaulds and shareholders' claims of R34m against Saiccor, and the acquisition of 80% of Usutu, will be effected by the issue of a further 10 016 000 new Sappi shares, and a R41m cash payment.

In addition Sappi will assume certain liabilities amounting to approximately R480m and will repay these in instalments over an extended period of time.

The announcement says the 10 016 000 new shares issued will be renounced in favour of Gencor.

Sappi MD Eugene van As said that the deal made Sappi one of the largest suppliers of pulp and paper in the world.

~~FORESTRY~~
Star 17/3/89 ~~FORESTRY~~
Forestry
firm axes
trade with
S Africa ³ *timber*

AUCKLAND — New Zealand's largest listed company, forestry giant Fletcher Challenge (FCL), said yesterday it would cease trading with South Africa, but added the move was not in response to anti-apartheid protests.

"We've basically made an economic judgment drawn from the minuscule levels of trade we do with South Africa," chief executive Hugh Fletcher told Radio New Zealand.

FCL exported seeds to South Africa and imported natural stone in two-way trade worth NZ\$500 000 (\$286 800) in the year to June 1989.

The company, which has annual turnover of about NZ\$12 billion (\$6.89 billion), will sever links by October.

Anti-apartheid protesters, waving proxy votes, earlier this year forced FCL to hold an extraordinary meeting to debate the issue and threatened to use the company's rules to force a meeting every 40 days at a cost each time of NZ\$100 000.

Dick Cuthbert, spokesman for Halt All Racist Tours (Hart), said his group would now turn its attention to the largest trader with South Africa, the New Zealand Dairy Board.

The board, which is New Zealand's sole exporter of dairy products, last year sold NZ\$7 million worth to South Africa. This compares with its total trade last year of NZ\$2 billion.

However, Dairy Board spokesman David Graham said the board did not make political judgments on the more than 100 countries it traded with.

The New Zealand government follows Commonwealth and United Nations guidelines on trade with South Africa, banning imports of mainly agricultural goods. — Sapa-Reuter.

TIMBER.

1990 -1992

Probe into commercialising state forests

THE commercialisation of the state's forestry interests, representing 105 300ha, was being investigated by consultants Ernst and Young, an Environment Affairs Department spokesman said yesterday. ³ *Timber*

The state's forestry interests represented about 25% of SA's total planted forestry area.

The department had asked the consultants to propose alternatives to the type of body required to manage the state's commercial forestry interests.

Bloom 29/10/90
EDYTH BULBRING
and to recommend interim management of these interests, he said.

The report would be presented to Environment Affairs Minister Gert Kotze at the end of November.

The investigation was to examine whether the Timber Production Chief Directorate could be commercialised, he said.

It was hoped commercialisation would increase the directorate's efficiency and effectiveness, the spokesman said.

Commercialisation would "level the playing field" between the state's forestry interests and those of the private sector.

It would also encourage an emphasis on income, rather than expenditure.

At present, the Timber Production Chief Directorate "was just breaking even," he said.

The separation of the Timber Production Chief Directorate from Environment Affairs depended on the report's recommendations, he said.

Farmers urged to grow trees as well

ACHMED KARIEM

FARMERS should grow trees in their mixed farming patterns to meet the expected 60% increase in SA's roundwood timber needs over the next 20 years, says the SA Timber Growers' Association (SATGA). *Friday 29/6/90*

The SATGA represents 2 000 SA timber growers, most of whom also carry out other agricultural activities. *3 Timber*

SATGA director Bruce Ferguson said in its annual report 500 000 ha had to be planted for future needs. "Not only will this result in better

land use, but also in better profits for the farmers over the longer term."

Ferguson said the appeal came amidst a row in Natal in which large timber companies were reported to be purchasing land for afforestation.

Referring to the SA Cane Growers' Association's appeal for a moratorium on cane land sales to timber companies, SATGA said market conditions should regulate the situation.

Plantation sales boost Bolpro

CMT Timber 4/5/90

3 Timber

JOHANNESBURG. — The sale of most of Bolton Properties' (Bolpro) pine plantations in the Southern Cape which was announced in January is reflected in the sharp boost of 131% in earnings before extraordinary items to 39,1c a share for the year ended February.

The extraordinary items, totalling R1,39m for the year, mainly represent profits on the sale of land and buildings.

Abnormal sales

The proceeds of these abnormal sales were effectively distributed to shareholders via a reduction in share premium account of 230c a share on March 2.0 The final dividend of 15c a share, making a total of 19c for the year, is therefore based on the cash available for this purpose.

Commenting on the future outlook, the directors emphasise that "the realisation of assets and distribution of surplus funds will considerably diminish shareholders' income and dividends will similarly have to be reduced."

Looking to the current year and assuming no further sale of assets, an anticipated net income per share of 10c will be distributed to shareholders in full. — Sapa

JANUARY 1990

Timber provides cushion for BoP

TIMBER is proving nearly as valuable as gold as a foreign exchange earner for SA and a cushion to the country's balance of payments commitments, says the January issue of Southern Africa Special Dispatch. ~~(24)~~

The industry is SA's fourth largest exporter of non-mineral products and earned an average of more than R2bn a year in export revenue over the past two years.

"Yet the industry has grown without the support and subsidies so many other sectors get from the state," says Dispatch.

The importance of the industry to SA's future is more than just wood production. ~~(3)~~ *Timber*

The article says that although the gold price has improved dramatically, government officials and private sector economists insist that SA cannot rely too heavily on the metal as an export.

The magazine concludes that timber prices are more stable and predictable in the long run and, coupled with the world shortage, will provide a substantial amount of foreign exchange. ~~(24)~~

- Sapa.

Forestry schemes out of

the woods

By JULIE WALKER

FORESTRY still offers attractive investment opportunities in spite of a judge's ruling against certain tax allowances.

Such investments have not been banned, declared illegal or undesirable by the tax man.

The scheme in question was attacked under Section 103 of the Income Tax Act on the grounds of abnormalities, including contrived partnerships, structures, promissory notes, compound interest charges not yet incurred, dubious leases and excessive accounting charges.

It was found that the scheme had been founded on tax evasion, not tax avoidance. It is a dispute about tax — not forestry investment.

Bond

One such scheme is offered by Farmgroup, whose managing director Stan Sherratt says it bears no similarity to the scheme involved in the court case.

Farmgroup's scheme is of a long-term nature, up to 22 years for pine pulpwood. The forests are, in the Drakensberg. The costs of establishing plantations, followed by maintenance and insurance charges for the 22-year cycle, are funded by a guaranteed loan.

Costs are based on a figure guaranteed against escalation, so the risk of profit or loss in respect of costs rests with Farmgroup.

The risk of plantation profits or losses rests with the participants, but tax benefits accrue from the outset.

The scheme involves:

- An individual plantation investment, not a partnership;
- A lease payable in advance, but deducted from taxable income annually. This is secured by a covering bond;
- A fixed and guaranteed cost for the 22-year growth cycle;
- A good return on investment, plus the benefit of farming. Farmgroup estimates a gross return of up to R1,2-million a hectare taxed at a preferential rate;
- Unrestricted access to the farm.

Farmgroup will arrange a loan to meet the the cost of the 22-year scheme to participants, repayable from

R400 a hectare annually, payable in advance and tax deductible each year.

Interest paid on the loan is at 5% a year, but there is a charge, and therefore tax deduction at prime. An annual management and audit fee of R210 a hectare is also payable in advance.

Reasonable

A condition of the lease is that the plantation be professionally maintained. The lessor and the management partnership are not the same.

"That participants are plantation farmers is beyond dispute, and the forestry costs included are reasonable. As the tax benefits are ongoing for the entire rotation, the participants' plantation interests may be disposed of at any time because the buyer will take over most of the continuing tax benefits," says Mr Sherratt.

tree proceeds. Interest on the loan is charged at prime overdraft rate.

As a concession and deferment of profits, Farmgroup will accept an annual payment of interest at 5%, plus a management fee. The balance of the interest will be paid out of the plantation proceeds. The claim by participants against taxable income is based on the amount actually charged — prime.

Mr Sherratt has guaranteed the cost of farming for 22 years at R105 000 a hectare. Participants lease a minimum of four hectares. This cost is funded by a loan through Farmgroup for settlement at the end of the cycle.

The leasing cost is R250 to

'Rare habitats being destroyed'

Own Correspondent

DURBAN — Government foresters have come under fire again for destroying rare natural habitats, this time from the Wildlife Society of Southern Africa.

The society's executive director, Tony Ferrar, claimed that afforestation permits issued for Government plantations only considered the impact on agriculture and water production, with no reference to implications for nature conservation and tourism.

He also accused senior officials of the Department of Forestry of withholding information of vital public interest from the society.

Last month, similar criticism was voiced by conservationists in Zululand following the planting of pine trees at Langapan, outside Kwambonambi, an area con-

taining rare and valuable indigenous plants.

Mr Ferrar said the society was particularly concerned about the fact that the Forestry Branch of the Department of Environment Affairs could issue afforestation permits to itself.

"Indications are that Guidelines for the Application of Conservation Practices in Production Forestry are being ignored by the Forestry Department.

Permits

"The society has also learnt that over the past two years at least 80 permits have been issued for afforestation on land supporting populations of threatened species.

"We have tried to verify this via the official channels but were denied access to the relevant information which only serves to confirm our worst fears.

"The Society finds this unacceptable and can only adopt a critical po-

sition if the Department of Forestry is not prepared to divulge information that is of such vital public interest."

Mr Ferrar urged members of the public to help the Wildlife Society by reporting harmful forestry practices to its conservation officers.

In Natal, conservation director Keith Cooper can be contacted at (031) 21-0909.

J M Harris, Chief Director of Forestry Development, said yesterday he was unable to comment on the criticism at short notice, and would have to study the complaints first.

However, commenting on the issuing of afforestation permits, Mr Harris said it was not true that the Forestry Branch issued permits to itself.

It was true that the issuing of permits was done by Forestry Branch officials, "but we scrutinise the applications a lot more closely than those submitted by private people".

3 Timed

Star 7/2/91

Yorkcor earnings fail to match their target

FOREST products group Yorkcor's earnings a share fell 43% to 22,9c (39,9c) in the year to end-December in what was "a tough and turbulent year" characterised by a deepening recession and general social unrest.

The results are below the target of 25c a share forecast at the interim stage when earnings fell 92% to 1,5c (19,3c) a share. As a result senior executives could miss out on a performance bonus of 250% of a portion of their second-half salaries sacrificed in terms of a bonus scheme.

Chairman Solly Tucker says Yorkcor would have beaten its target had it not had the hurdle of getting the New York Pine operation off the ground in its first year. It cost Yorkcor over R1,65m — a loss in earnings of over 17,6c a share — to get this pine products manufacturer up and running. However, Tucker says the investment is well worth the cost.

In the annual report, released with the results yesterday, Tucker says management's target is earnings growth of more than 20% to at least 29c a share for the current year.

For the 1990 year, Yorkcor declared a final dividend of 8c a share, bringing the total for the year to 14c (13c) a share, an increase of 7,7%. It can be taken in cash or

in the form of bonus shares on the basis of four for every 100 Yorkcor shares held. A dividend of 17c a share is forecast for the current year.

Yorkcor's turnover rose 2,5% to R36,9m (R36m), but operating margins more than halved to 7,5% (16,2%) leading to a 52% fall in operating profit to R2,8m (R5,8m).

The interest bill rose to R1,8m (R803 000), with interest cover down at 1,6 (7,3) times. The normal tax rate fell to R56 000 (R497 000) and there was a reversal of the deferred tax provision from the previous year of R1,2m (R752 000).

The group posted attributable profits of R2,2m (R3,8m). However, extraordinary items amounting to a loss of R1,4m (R905 000) relate to the closure of the truss fabricating and timber retailing branches at Cor Delfos, Pretoria.

Tucker says Yorkcor's gearing of 31% (19,5%) indicates it is substantially under-borrowed and shows its capacity to grow.

Yesterday, Yorkcor was the first SA saw-milling operation to receive the SABS 0157 listing. Tucker says this will open large local and export opportunities for Yorkcor, especially to Europe after 1992.

ZILLA EFRAT

More in life than a pay slip for forester Chris

(3) Timber SA Times 17/2/91

By DIRK TIEMANN

CHRIS GRIFFITH was not one of the farmers protesting in Pretoria, but he does sympathise with their predicament of high input prices and controlled market prices.

With an expected profit of R1,5-million annually on a R4,5-million turnover farmer Griffith does not need to take to the streets in protest.

The former Sigma and Mondi chairman, who helped to set up the McCarthy Group and Tongaat-Hulett, left Anglo American in 1984 to settle on his 2 500-hectare timber farm. He bought the farm near Natal's Midmar Dam in 1979.

Mr Griffith believes there is more to life than collecting a monthly cheque and being stuck in traffic jams.

One of the top dogs in Anglo, Mr Griffith left amid speculation that huge losses at motor-maker Sigma, now Samcor, caused his departure. Sigma went from a R23-million profit in 1981 to a loss of R55-million in 1982.

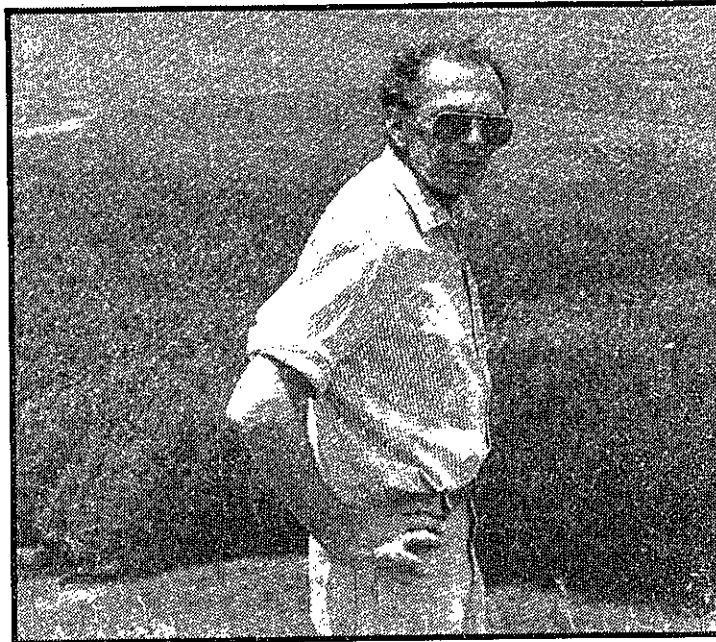
Mr Griffith says: "This had nothing to do with my leaving. I felt constrained, not enough time for my own interests."

Mr Griffith regards timber as a hobby. "I would rather have these trees than an equivalent number of gold shares," he says.

His farm is 74% under timber, with 1 100 stems to a hectare and given a 10% mortality, about 1 000 remain. Each tree is worth R6. He expects to harvest 33 000 tons a year.

The farm is close to Durban for export and to the Sappi and Mondi pulp and paper mills. Mr Griffith believes the pulp mills are squeezing timber growers, by paying only R40 a cubic metre, of which R5 is profit to the farmer. Processed wood fetches R300 and yields the grower R100 profit.

Mr Griffith intends to build a R2-million saw mill to enable him to export pallet material.



CHRIS GRIFFITH: More satisfaction from trees than thousands of gold shares

"French pulp wood goes into the saw mills at a cost of R150 a ton. We get a free on rail price of R40 a ton for pulp. I will also be able to give small growers a better deal than they would get from the pulp mills."

Mr Griffith is also a partner in a 600ha sugar farm in Zululand, but his primary interest is wood.

"Timber is equivalent to a small mine with a perpetual ore reserve. Even Shell is buying up timber land as part of a global strategy to go into renewable resources."

Mr Griffith's farm is surrounded by Sappi and Mondi forests, and although they have offered R20-million for his property he does not view them as a threat but as customers.

"They are feeling the pinch, but as markets improve and raw materials become scarce the pendulum will swing and better prices will be paid for my product."

Does he wish to return to Johannesburg or Anglo? Leaning back in his

chair on the patio in the enormous white-washed house overlooking forested hills, a relaxed Mr Griffith, dressed in jeans, smiles: "Here I am at my own beck and call. I had a fantastic time there, but what can you ultimately do at Anglo? You can't double its size. I have grown my farm in multiples."

"I watch the chase for the Allied and think, who cares which bank is going to be the biggest? Ultimately it's the service that counts and size does not matter. I was part of the lunacy once."

Mr Griffith is impressed with the potential unbundling of Gencor. "I think Derek Keys is doing the right thing, but I am surprised that no other big corporations are considering similar action."

"I wrote a memo to Anglo in the early 1970s suggesting the same thing, but it was an idea ahead of its time. I don't believe in the advantage of size."

"I am surprised at the apathy of shareholders. Shares in a holding company always trade at a discount."

Unbundling also makes sense in the context of the new SA."

Mr Griffith seeks challenges. "Grassroot ventures, business strategy and balancing risk in the long term intrigue me. The sugar-cane co-op at Umfolozi is a venture where we are taking something and making it work better."

He believes that most people work to live like he does.

"One can live comfortably exporting to Europe because of the low rand. Nowhere in the world have I found a timber owner wondering where his bread will come from or what he should do next."

Mr Griffith has two properties and the one I visited has a brick-and-tile village of 10 three-bedroom units — "in case I may have to live in it one day", he says tongue in cheek.

The farm also has a trout reach, by the Lions River which runs through the property for eight kilometres. A workshop ensures that the roadworking equipment and logging machines are kept in order.

"There is an example of an SA success story," he says, pointing to a Bell log loader. "If local products are not internationally competitive, why should they be manufactured here? Import them. So what if a bit of foreign exchange is saved by local manufacture. That does not take into account the jobs lost because of high production costs. Atlantis Diesel should be scrapped if it cannot compete. It produces expensive engines, raising transport costs."

"When I go ahead with my saw mill I will buy local equipment because it is good and competitively priced. When I export to Europe, I will be competing with the world. Why can't others do the same?"

"If I adopted the protectionist attitude, I would ask the Government to regulate the pulp price."

Mr Griffith believes in delegating work to those who can do the job as well as he can. He has a manager who looks after his timber, one for his few thousand sheep and a computer programmer.

CURRENCY volatility has become one of the most important variables in the world paper and pulp industry, says Davis Borkum Hare analyst Pierre Greyvensteyn in a recent report.

He says currency volatility destroys the predictability of the business and erodes competitive relationships between sellers. In particular, it stimulates the cyclical movements of pulp prices, causing higher highs and lower lows.

Currency volatility is a

Volatility erodes competitive edge

new phenomenon which emerged in the 1980s. The period 1944 to 1970 had stable exchange rates because they were pegged under the Bretton Woods agreement. Even in the 1970s, fluctuations in the world's major currencies were relatively modest.

Since 1985, the exchange rate of the overvalued dollar at the time has fallen significantly against most currencies. With the weaker dollar, American

exporters are deriving huge benefit by selling their goods abroad within the limits of their production.

Fluctuations

However, the benefits of an advantageous exchange rate cannot last over time and so cannot be used as a basis for long-term commitment. When the dollar does change course, experience has shown that fluctuations of

10% to 20% in one year are common.

Greyvensteyn says US pulp producers in particular are reaping benefits from the weaker dollar. By lowering prices, their mills can operate at full capacity.

On the other hand, the fall in the dollar is forcing European, Canadian and Latin American producers to lower their prices to bring them into line with

the reference price — the dollar price of US pulp.

One way the industry can protect itself against currency volatility is to maximise the efficiency of the mill. Another defensive technique is to minimise debt levels.

In addition to currency hedging, another approach is to sell product in a basket of currencies such as the ECU. Buying into downstream businesses such as the Nordic pulp industry is another strategy, says Greyvensteyn.

Industry committed to conservation

10/14/91 *(3) Humber*

THE forestry and forest products industry has a vested interest in environmental conservation because it depends on the integrated functioning of nature for its raw materials.

Because of this, Forestry Council promotion committee chairman Bruce Mackenzie says the industry's continued activity in conservation can be counted on.

He says in creating an asset vital to SA, the industry has inevitably caused some changes to the environment, as have other industries.

Counter

However, not all the changes caused by afforestation have been harmful. For example, trees synthesise certain airborne chemicals and so help counter the rising carbon dioxide level which is a factor in creating the "greenhouse effect".

Mackenzie says the forestry industry is acutely aware all reasonable measures must be taken to conserve the environment, but without unreasonably sti-

fling the progress so necessary to accommodate the SA's growing population.

He says it is precisely because the forestry industry is scientifically managed, and hence profitable, that it can increasingly afford to promote environmental conservation.

The Forest Act, introduced with the full cooperation of the industry, contains strict measures for the planting of trees in river catchment areas to conserve water resources.

The industry is the only dryland, or non-irrigating, user of land that is controlled in this way.

Its activities cover a vast and increasing area of land, which includes numerous natural and historical sites and features worth conserving.

All the large forestry companies have appointed conservation officers and they all include conservation practices in their operational policies, as do many of the smaller operators in the industry.

Twelve sites have been registered by forestry companies in the National Heritage project.

In addition, the Southern African Institute of Forestry, to which more than 400 foresters and related scientists belong, has a strong conservation ethic and spends at least a third of its time on conservation matters.

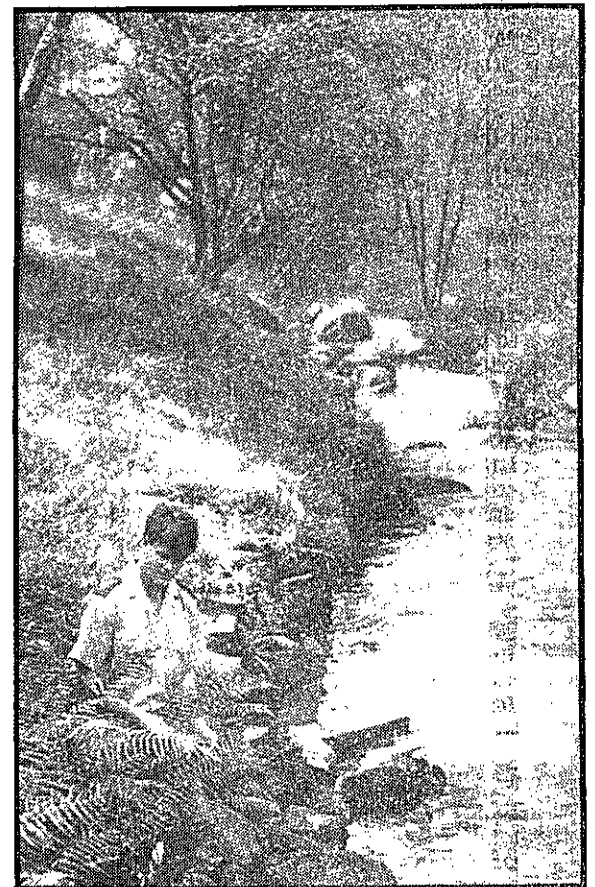
Mackenzie says the forest products industry, which produces sawn timber and pulp and paper products, is also doing its utmost to operate with the minimum possible impact on the environment.

Spotlight

The kraft pulp mills, whose gas emissions have a characteristic smell, come under the environmental spotlight most often.

He says there is a tendency to assume that because the emissions are odorous, they are harmful to health. But these gases also occur naturally, arising from vegetative decay in marshy areas.

International health authorities concede that pulp mill emissions are not harmful to human health, but the pulp manufacturers are still taking positive steps to reduce them wher-



All the large forestry companies have appointed conservation officers.

ever possible.

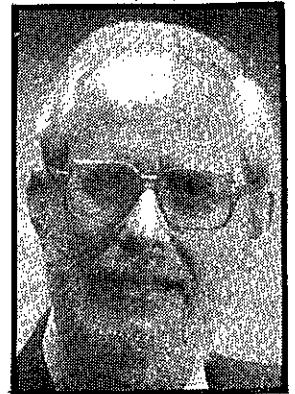
Looking to the future, a multi-disciplinary group of experts from across the forestry industry last year drew up an industry-wide set of "guidelines for the application of conservation practices in production forestry", similar to codes already adopted by

individual companies.

The code lays down guidelines for the management of commercial forests to ensure the protection of the ecology, fauna and flora, and it focuses attention on the importance of environmental conservation within the industry.

Lumber millers are waiting for word on forestry corporation

5 May 14/3/91. (3) timber



SOILY TUCKER

LUMBER millers, in tough negotiations with government over log prices, are awaiting an announcement on the formation of a National Forestry Corporation.

At the end of 1989, government gazetted draft legislation for this corporation from the state's forestry interests.

The government controls 29% of SA's planted forests and is the largest grower of softwood timber.

Prompted by widespread opposition to its draft legislation, government commissioned an investigation into the possible "commercialisation" of the state's timber production interests.

The report was recently submitted to government, and Water Affairs and Forestry Minister Gert Kotze is expected to make an announcement about it in his Budget speech in Parliament.

The sawmilling industry, which has a turnover of R700m a year and employs about 50 000 people, is like-

ly to be the most affected by any move.

It relies on state forests for more than half its sawlog intake and takes up about 70% of the state's log output.

During 1990, a team representing lumber millers and silviculturalists visited a number of overseas countries which had recently dealt with similar problems with varying degrees of success.

Misnomer

While lumber millers are reluctant to discuss the matter, their views are represented by Yorkcor chairman Solly Tucker in his company's annual report, in which he says: "Commercialisation by means of a giant state-owned corporation is a misnomer."

He says a case for privatisation in SA has been made out, but not of the state's timberlands.

These should remain in custodianship of government.

The best way to commer-

cialise the state forestry's undertakings would be a business-like transfer of its various ancillary operations, like planting, harvesting, pruning and road making, to entrepreneurs.

However, he says whatever model is finally accepted by the cabinet, none can deny that tampering with the sawmiller's security is tantamount to tampering with unsubsidised jobs where they are most needed — in the platteland.

Sawmillers are convinced that a National Forestry Corporation could become a new Goliath that would destroy competition he says.

However, Forest Owners Association (FOA) director Mike Edwards says his organisation supports the principle of the National Forestry Corporation as long as it operates on business principles and is profitable and productive.

His views appear to be supported by the pulp and paper industry which believes there should be no hidden subsidies that give

the Corporation an advantage.

At the same time as the draft legislation relating to the forestry corporation was gazetted, the authorities announced their intention to increase the log price by as much as 29,6% on average and bring about changes to security of tenure entrenched in the long term sawlog contracts.

Some observers believe these steps are being taken to make the proposed new forestry corporation more profitable so that it can be privatised in future.

Depressed

In his annual report, Tucker says these moves depressed timber demand and prices and confidence in the lumber milling industry. But the industry took up these challenges.

Renewals of existing state long term sawlog contracts have been negotiated effectively providing security of tenure of not less than 10 years and access to guar-

anteed timber quotas from government forests.

There is also an understanding that the standard contracts will be renegotiated on a basis of mutuality and modern commercial principles.

Also agreed was an increase of log prices, not by about 29% , but by 19,5%. But sawmillers had to accept a material reduction in payment terms.

Tucker says this was a tough deal, "but we were still in business, although the fundamentals are as yet far from settled".

A new and intense round of negotiations for another log price increase is currently underway.

Tucker says there are reasons why the industry should not accept such significant price increases as last year.

About 40% of the state's plantations is not and probably will never be commercially viable. There can be no justification for loading the price of sawlogs to cope with the losses sustained in unprofitable plantations, he says.

He adds that any injudicious rise in the log price would seriously hurt SA's international competitiveness, which does much for the the stability and growth prospects of the sawmilling industry.

In the past, the lumber millers were guaranteed a minimum quota but got more. They now get the minimum and the rest goes into open tender at much higher prices.

Forestry industry is quiet giant of the national economy

SA's forestry industry has often been called the quiet giant of the national economy.

In 1989, the forest and forest products industry contributed 3,4% to SA's GDP — almost double its stake in the national economy of just four years ago.

Its contribution to the national manufacturing GDP was 13,7%, larger than that of the motor industry.

Some 122 000 people are employed directly in timber growing and processing, many of them in the rural areas where jobs are sorely needed.

Over R13bn is invested in the forestry and forest products industry, in which the private sector is the major player.

Last year, timber growers were paid R900m for their products with the value of finished industrial products sold amounting to around R6,8bn.

The industry's star performer in recent years has been the pulp and paper industry with an annual turnover nearing R6bn.

Sawmilling and mining timber were the other main contributors, with a combined annual turnover of R850m.

Surplus

In 1981, imported timber products exceeded exports by R133m. Just four years later this has been turned around to a net surplus of R500m and last year export earnings stood at a staggering R2bn — a net surplus of R850m.

Few South Africans realise just how diverse and important SA's forestry industry is, because only 1% of SA's land surface, covering 1,2-million hectares, is planted in timber.

SA produces more than 17-million cubic metres of timber a year, entirely

from man-made plantations, making it one of the world's foremost plantation forestry countries.

SA's plantations are located in an arc stretching from the northern and eastern Transvaal, through Natal, Zululand and Transkei to the southern and western Cape.

Because of favourable climatic growing conditions, SA is able to grow trees on much shorter rotations and with yields comparable to those achieved elsewhere in the world.

Of SA's 1,2-million hectares of plantations, half is dedicated to growing softwoods. SA pine has become the staple product of the local softwood forestry industry and has found its way into virtually every facet of SA industry and life.

Pine timber is used extensively for building purposes, largely roofing timbers. SA is only starting to

follow the world-wide trend towards timber frame housing.

In the industrial sphere, pine timber is used for the manufacture of doors, furniture, cable drums, crates and pallets.

The other major timber species planted in SA are eucalyptus and wattle, both native to Australia.

Mining

Eucalyptus is used primarily in the pulping industry, from which many grades of paper and board are manufactured, and by the mining industry as the major form of underground support.

Wattle growing accounts for some 11% of plantation production, most of it concentrated in Natal. The tree's bark is one of the most important ingredients in the leather tanning process, while the wood is mostly pulped.

Merchants expecting tougher times

PAPER merchants have been experiencing harsh trading conditions and things could get tougher this year.

Graphtec CE Frits Waldeck says the local recession has affected nearly every facet of the paper merchants' market.

Reduced adspend has dented the print advertising market and business firm sales are down. Many of the smaller and medium sized printers are struggling and a few have gone

out of business.

With the market declining, the merchants face increased competition which resulted in price cutting and has placed pressure on their margins, eroding their levels of profitability.

However, Waldeck says to counter the drop in their markets, merchants are concentrating on controlling costs and improving their productivity.

Demand for paper in 1990 remained static and he expects it to show a decline of

between 1% and 3% this year.

While 1991 will be a tough year for paper merchants, Waldeck does not expect any shakeout in the market place. This is because all the paper merchants have the support of three large groups, Gencor, Barlow Rand and Anglo American.

He hopes to see an improvement in the market in the second half of 1992 as the SA economy moves out of the downturn.

Waldeck says long-term prospects for the paper merchandising business are sound. Once normal patterns of paper consumption resume, he expects the market to show an average yearly real growth of around 4,5% for the decade.

This growth will come from a broad range of factors in a changing SA such as increased spending on education, more people entering the work environment and a higher level of skills.

Portuguese started the logs rolling

TIMBER has been part and parcel of SA everyday life for centuries.

The first recorded use of indigenous wood dates back to 1630 when a Portuguese caravel was wrecked at what is now known as Plettenberg Bay.

Marooned on an unknown, inhospitable coast, the 20-man crew of the Jose Santa Rita used timber from the local forests to build two boats in which they returned to Portugal and civilisation.

Two decades later, Jan Van Riebeeck arrived at the Cape and woodcutting began in earnest. As the colony grew, its surrounding forests were soon depleted and woodcutters moved into the forests of the southern Cape.

Exotic

The early rulers of the Cape realised the indigenous forests would not be able to support the colony's timber requirements and that exotic species would have to be planted.

The common oak, followed by the fast growing cluster pine and stone pine, were first imported more than 250 years ago.

In the 18th century, timber from the Cape was often exported to the Dutch East Indies where it was

fashioned into "ball and claw" furniture, much of which was re-exported to the Cape Colony.

The legendary George Rex is reputed to have built SA's first sawmill at Knysna in 1802.

In 1876, SA's first commercial plantation, consisting of eucalyptus trees imported from Australia, was established at Worcester to supply fuel for railway locomotives.

A decade later, the first wattle plantations were established in Natal to provide extract for the leather tanning industry.

During the depression in the late 1920s and early 1930s, 17 white labour forestry camps were established in various parts of the country.

Apart from providing a lifeline to thousands of impoverished families, these settlements increased the area of state plantations four-fold to 140 000 ha by 1938.

According to a special report on the forestry industry, the initiative to develop commercial forestry on a really large scale was taken by the state after the First World War.

German submarines had made importing difficult during the war, which left government to decide SA

should strive to become self-sufficient in construction timber within 50 years.

That decision, and the afforestation that it produced, was vindicated when similar import difficulties were experienced during the next world war.

After the Second World War, hundreds of thousands of hectares were planted following a shortage of imported timber.

Encouraged

Sawmills sprang up around the country and the booming mining industry encouraged entrepreneurs to establish eucalyptus plantations for mining timber.

In 1920, SA got its first paper mill at Klip River near Johannesburg — laying the foundation for the modern multi-billion rand pulp and paper industry.

By the late 1940s, the private sector decided that the timber-growing industry was worth investing in.

The state, however, remains the largest single player, although three companies — Mondri, Sappi and Hunt, Leuchars and Hepburn (HLH) — together account for over 40% of the total area of afforestation, and over 50% if Swaziland is included.

Farmers are urged to grow trees

THE SA Timber Growers' Association (Satga) is urging farmers to include trees in their mixed farming patterns to help meet the expected increase in the country's roundwood timber needs.

Not only will this result in better land use, but in better profits for the farmers over the long term,

ultimately promoting rural stability, the association says.

Satga's appeal, made in its latest annual report, says some 500 000 ha must be planted to trees in Natal alone over the next 20 years to meet the country's projected timber needs.

If farmers themselves

took part in the programme, they could help keep some 1 000 individual farmers on the land over the long term.

Satga, which is based in Maritzburg, represents 1 800 timber growers throughout SA. Most of them are farmers who have stands of timber among other agricultural activities.

Sappi sees potential in adjacent countries

THE opening up of southern Africa in the wake of political changes in SA could present the local forestry industry with large opportunities in the future.

While Sappi is already involved in afforestation programmes in southern Mozambique, good timber lands exist in northern Mozambique, Zimbabwe, Malawi and Angola.

Sappi Forests MD Ken Lechmere Oertel says there are opportunities to exploit these in partnership with local interests.

Expertise

Forest Owners Association director Mike Edwards adds that SA has the expertise and technology, the markets and processing facilities to become a major force in developing the southern African forestry industry.

Oertel says Sappi's arrangements in Mozambique are close to finalisation and it expects to start trial plantings in June this year.

Over the next 10 years Sappi hopes to plant over 30 000 ha in the area.

Sappi has the rights to the timber it grows in Mozambique, but no commitments have been made as to where the timber will be sold, he says.

However, the Sappi's timber lands in Mozambique are in close proximity to Sappi's Ngodwana Mill in the eastern Transvaal.

Pulp, paper and timber

Harsh trading times take a toll on Sappi and Mondi earnings

THE past year has been tough for the paper and pulp industry which experienced a cyclical decline after five years of strong growth.

Mondi executive chairman Tony Trahar says the world pulp market is particularly depressed with many mills around the world either breaking even or losing money.

The local paper market has been affected by the economic downturn. Local prices have shown inflation related increases, but have not risen to the level seen in previous periods of high inflation.

Demand for newsprint and magazines is weaker as a result of falling ad-spend.

The industry continues to face inflation-driven cost pressures. Softer prices and higher costs have eroded profit margins.

In addition to high interest rates and a stronger rand, the industry is being affected by political and economic uncertainty.

Dumping

Trahar says the weak international market has led to some dumping on the SA market of uncoated papers from countries like the USSR and Brazil.

Unlike many of its trading partners, SA does not have import protection on uncoated paper.

The industry has applied for a tariff protection of 15%, the same rate that applies to imported coated papers.

Last year's harsh trading conditions left their mark on the earnings of the major paper and pulp groups Sappi and Mondi.



TONY TRAHAR

According to Amic, which released its results last week, Mondi's results for the year to December 31 reflected a 43% decline in earnings to R89m.

Directors attribute the slump to "substantially" weaker pulp prices in international markets. The company also had production problems and prolonged strikes at some mills early in the year.

For the six months to August last year, Sappi's earnings fell 44%. The drop is largely attributed to the relative strength of the rand against the dollar and an adverse production performance caused by strikes and other exceptional events.

The group also experienced softer export prices for its products, higher interest rates and the slowdown in the local market.

But despite the market slowdown, Sappi and Mondi are involved in huge capital expansion programmes.

Trahar says this year Mondi will complete a R1.3bn expansion and replacement programme which it started in 1987.

Once this programme is

complete, Mondi will consolidate, aiming at using its expanded asset base at full capacity.

In its current financial year to February, Sappi will have spent R350m to increase capacity and replace equipment.

With the trend to rationalisation in the world industry, Sappi and Mondi gained strong footholds into Europe last year.

Sappi, together with a consortium, acquired five UK paper mills for R500m to form a company which has a turnover approaching \$300m.

Consortium

Called Sappi Europe, it ranks as the UK's second largest speciality paper manufacturing group and its fifth largest paper company.

In October, a consortium consisting of Mondi, Anglo American, De Beers Centenary and Minorco bought a 49% stake in Austrian papermaker Neusiedler AG for an undisclosed amount.

Neusiedler, with an an-

nual turnover of \$350m, is Europe's third largest manufacturer of woodfree papers for the fast growing A4 photocopy paper and business forms markets.

Trahar says the benefits of this acquisition are already being seen. It has resulted in a large offtake of Mondi's pulp, the exchange of technology and know-how and offers the local group a base to enter the European market.

While still in a cyclical downturn, the industry's prospects are looking rosier for 1991.

He says the easing of sanctions will give local producers a boost. It will enable them to enter markets that have been closed for some time, to recruit foreign skills and to ensure supplies of machinery from Scandinavian countries.

And when economic conditions on the local market improve, Trahar expects a steady resumption of paper consumption patterns. An average real growth rate of 3% to 4% a year is expected in the paper and board markets.

Endangered bird finds a new protector

SA's rare and endangered wattled crane has a new champion in its struggle for survival.

Mondi is developing a project with the SA Crane Foundation aimed at encouraging the birds to breed in the Mooi River area of Natal.

Permanent

The project, which Mondi group ecologist Ricky Pott expects to be finalised soon, will include land and hous-

ing for the SA Crane Foundation for permanent research work.

Pott says the wattled cranes feed on several of Mondi's Natal plantations.

One, which includes a vlei area on the Hlatikulu River, has great potential as a breeding site.

But Pott says this can only be realised if Mondi is able to reverse the vlei drainage process implemented when the land was

Planting stepped up to meet demand

OVER the last five years the forestry industry has stepped up afforestation to meet timber demand expected to rise by almost 60% over the next 20 years.

Huge timber shortages in the early part of the next century were forecast, but many in the industry now believe shortfalls will not be serious.

In fact, over the past 18 months the industry has moved from a shortage of hardwood, which pushed up prices, to a surplus.

Sappi Forests MD Ken Lechmere Oertel says part of the reason for this was a drop of about 40% in mining timber consumption.

Six years ago the industry began increasing its planting of hardwood, which accounts for half the timber used in SA, in the face of shortages.

Oertel says this will result in a surplus in the market in years to come.

He says the forecast shortages were based on the number of pulp and saw mills expected to be built. If these are not built, there will be no shortage.

Mondi executive chairman Tony Trahar agrees fears of huge future shortages of timber are abating.

Timber Surplus

"While Mondi and other companies are predicting a surplus in hardwoods, the future of softwoods is harder to predict."

Oertel says there may be a slight shortage of pine towards the end of the century.

However, Forest Owners Association director Mike Edwards says long term forecasts of future shortages still stand.

He says forestry is a long term business going through a slump because of the economic downturn.

While demand for timber has eased and will remain slow possibly for the next few years, Edwards expects shortages in the future.

As a result, the forestry industry must continue its afforestation programmes and improve planting methods.

In recent years, all the major players in the industry have been accelerating their planting rate.

Sappi has been involved in new afforestation and replanting of an average 22 000 hectares a year over the last two years.

Trahar says Mondi's R110m seven-year programme to plant 60 000 hectares in the eastern Cape is well underway.

Shallow

This will re-create the shallow open waters that the wattled crane requires to breed successfully.

Apart from the wattled crane, the rarest in Africa, the other two SA species,

being commercially farmed. As the new owner of the land, Mondi has begun operations to fill in all the canals and halt the drainage of the vlei areas.

the blue crane and the crowned crane, are also in the area.

"Our ultimate aim is to attract and retain breeding pairs of wattled cranes in an area where they will be safe and can be studied by the Crane Foundation," says Pott.

"In the past, cranes have been jeopardised by, among other man-inspired activities, poisoned grain, electrified cattle fences and destruction of breeding habitat."

STATE FORESTS ^{③ Timber}
PRUNING TIME ^{FM 5/4/91}

Ernst Young's report on the commercialisation of State forests, currently on the desk of Minister of Water Affairs and Forestry Gert Kotze, is likely to be well received by the major interested parties in the private sector when it eventually becomes law.

But that, of course, depends on whether or not the recommendations are watered down before they work their way into legislation. They are, in fact, the precursor to privatising the State's forests.

The report has been studied and comment-

BUSINESS & TECHNOLOGY
^{FM 5/4/91}

ed upon by the Department of Forestry, which has assumed a watchdog role on behalf of the State. The Forestry Council, which is composed of representatives of all branches of the timber industry, provided the private sector's views.

The proposals have been well received by the big forest owners, but their smaller rivals have reservations. They fear the big operators will use their financial muscle to snap up the choice bits of State forest and leave them with the crumbs.

Lumber millers support the principle of commercialisation, but they do have some reservations. These have been spelled out to the Forestry Council and, according to Alfred Hardwick, chairman of the SA Lumber Millers' Association, have been included in the document now before Kotze.

Many lumber millers have long-term contracts with the State, which owns 25% of all the afforested land in SA and supplies 55% of their raw material. They regard these contracts as on-going — subject to periodic review with few, if any, alterations — and they are afraid the new forest owners might insist on radically altering them.

"We support the principle of commercialisation and accept that anyone who grows trees is entitled to a fair return on his investment. But we don't want forest assets valued at artificially high levels, because that will increase the return on investment forest owners require to artificially high levels," says Hardwick.

"It's a good report and it's sound," says Bruce Mackenzie, chairman of the Forest Owners' Association which represents the really big owners. "It recommends the State form a company in which it is the sole shareholder, run it until it is operating successfully, then privatise it."

He understands lumber millers' reservations. "They have nothing to do with the formation of a company, but with the way it will be administered. The last thing they want is that it turns out to be a State department in drag."

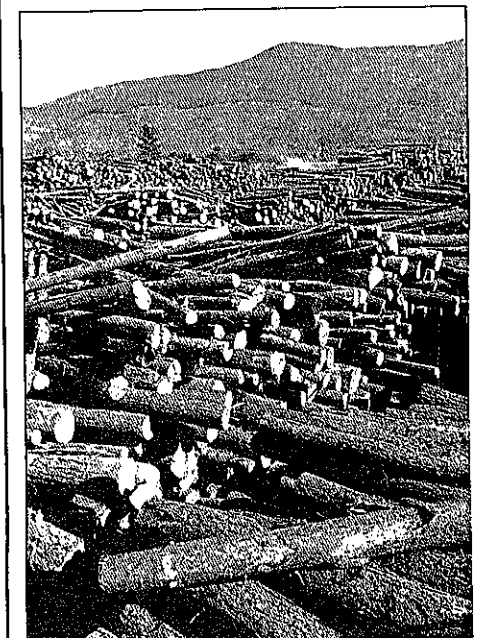
Ken Lechmere-Oertel, MD of Sappi Forests, likes the idea of privatising the forests only after they have been run successfully as a company using private sector norms. He says: "There is no way the State can privatise them in their present state. Their cost structures are so skewed and intertwined with other State activities that there's some question as to whether they're being run profitably or not."

"They are, for example, burdened with the costs of environmental projects that don't concern them, but they aren't debited with the cost of their offices and the transport they use."

The report recommends that a board of directors, two-thirds of whom will be appointed from the private sector, run the forests in their commercialised form. Lechmere-Oertel would like the board to be composed entirely of businessmen experienced in forestry and timber matters with no representatives from the civil service. He

^{③ Timber} also feels that the board should not be obliged to report to parliament.

The ideal, he says, would be for the company to forget it is bonded to the State in any



State forests ... will the small operators lose out if they are privatised?

way and to develop as a commercial company with adequate funding, private-sector audits and the ability to negotiate contracts and keep a careful watch on efficiency levels.

He appreciates that lumber millers have to ensure continuity of supply and their concern that there could be a substantial increase in timber prices once the forests are privatised. He's also sympathetic to smaller growers' fears that the big timber companies will become even more powerful, which could, of course, happen if government follows through and privatises the State's entire timber holding.

But Lechmere-Oertel does offer a solution to some of these problems. He suggests that the State should hold the land and privatise as many operations as possible to small concerns.

"It could, for example, hire out land to big and small companies to grow timber. We could then find the lumber millers themselves vying for their own tracts of timber land. It could also appoint smaller companies to plant and harvest trees and others to prepare the ground for planting purposes." ■

Timber firms need more softwoods

③ Timber
Mcus 1516/91
TIMBER processing companies are pulling out all stops to get private foresters to plant softwood trees.

As well as loan schemes to plant fast-growing softwoods like pine and gum, the big firms are offering incentives for small growers to plant hardwoods like wattle so that they can convert more of their estates to softwoods.

SA Timber Growers Association (Satga), which represents about 2 000 independent growers, says in its 1990-91 annual report "an extremely serious backlog is developing in softwood afforestation, particularly in Natal".

Growers appear to have caught up the backlog of hardwood afforestation identified a few years ago — although new planting in Natal has since the mid-80s slipped further behind the shortfall increased from about 2 000ha in 1986-87 to 11 045ha in 1988-89.

Surplus planting, particularly in the Transvaal, however, is believed to have taken up the shortfall.

In softwoods, the country needs a further 56 218ha, Satga estimates, 38 945ha of it in Natal.

On the basis that new forests should be sited as close as possible to where it is processed, 80 percent of new planting is required in Natal.

Hard times for timber growers

By ZILLA EFFRAT 2/4/91

INDEPENDENT timber growers had a tough time in 1990, the SA Timber Growers' Association (Satga) says in its annual report.

After a few years of outstanding demand for roundwood and buoyant timber spot market prices, demand declined towards the end of 1989 and remained low in 1990. Timber

Satga says although the downward trend was rapid, the supply position remains finely balanced. (NOR)

Tree farmers feel Receiver's axe

INLAND Revenue has ended the automatic tax advantages associated with timber plantations through a blanket prohibition on all tax deductions arising out of such investment. (3) Timber

Tree farmers must now argue with the Receiver for tax concessions available to farmers of other long-term crops.

Inland Revenue chief for the Smit said the department's general approach was to disallow deductions automatically on plantation costs.

Taxpayers had to motivate the reasons for their involvement in timber plantations before Revenue would consider allowing the deductions, he said. Timber farmers are up in arms as several claim they now have the aggravation and cost of win-

ning tax benefits to which they believe they are legitimately entitled.

Smit is unrepentant. "Tax-avoidance schemes are an endangered species. We are not interested in paper transactions."

However, he denied "real farmers" were being jeopardised by the timber decision and believed it was unrealistic for taxpayers or farmers to expect timber plantations to be treated the same as vineyards, for example. Normally, establishment and operating costs are allowed against a farmer's current income. He pays tax on his timber when it is felled and sold. But while trees are growing, tree farmers are at risk

□ To Page 2

Plantations

from nature and the possibility that there will be no market for their wood when the mature trees are felled.

Revenue's action follows a recent court case against an investor involved in a scheme devised and managed by Deloitte Pim Goldby in which all deductions were disallowed — either up-front or as and when the expense was incurred.

One tax expert believes Judge Melamet's rulings on the Deloitte scheme ap-

pear to have no relevance in the case of a real tree farmer. The Receiver, he says, has misinterpreted the Melamet decision.

The case is now expected to be taken on appeal.

The tax advantage of a forestry venture was upfront deductions on the compounded interest on the initial investment, as well as deductions for establishing, maintaining and insuring the plantation.

□ From Page 1

Tree-planting a 'waste of money' in some areas

(3) *Timber*
Star 2/18/91

Two-thirds of rural South Africa is unsuitable for planting trees because of the climate — and “any attempt to plant large numbers of trees in these areas will only meet with economic and ecological problems”, warns Tony Ferrar, executive director of the Wildlife Society.

The same does not apply to urban areas, where tree planting of any kind is to be encouraged, he says.

Reacting to some of the statements made about Arbor Day this month, he says: “Indigenous trees are the best to plant because they attract other living species such as birds and insects, which further enriches the urban environment.

“Invader trees like the syringa, jacaranda and flowering gum should be avoided at all costs.”

Among “common misconceptions” of tree planting enthusiasts is that planting trees contributes to combating global warming and restores the ozone layer, which is definitely not the case.

“Compensating for the loss of tropical forests by planting trees elsewhere or attempting to improve our treeless Karoo landscapes by vast plantings are vain hopes. At best you will be wasting your money, at worst you may be doing ecological harm,” he says.

TRENDS REPORTER

star
More plantations needed to cope with demand for wood

Finance Staff (3) *Timber*

At least 15 000 hectares of new forest plantations will

be needed every year to meet the demand for wood in the long term, says the Forest Owners

Association (FOA). *21/8/91*
It expects demand for roundwood to reach 34 million cu m by 2020,

compared with a potential supply of 25 million cu m from the existing plantation area.

Private sector 'must provide forestry land'

6/Day 8/10/91 (3) Timber

PICTURE serried ranks of trees: a massive green belt of pine, eucalyptus and wattle marching in a semi-circular arc from the northern and eastern Transvaal, through Zululand, Natal and Transkei to the southern and western Cape.

That is the extent of SA's exotic tree plantations. To many, it seems as if timber growers have more than enough real estate to grow trees. The reality is that plantation land takes up only 1,2-million ha or 1,1% of the country's total land area (compared with 511,6-million ha or 26,4% in the US), the third-largest planted area after maize and wheat.

Add to that relatively lengthy rotations. A pine tree takes 25 to 30 years on average to reach harvesting age, while a eucalyptus takes about 10 years to reach economic size.

Plantations are restricted to areas which receive more than 800mm of rain a year, and the issue of afforestation permits is strictly controlled by the Water Affairs and Forestry Department.

To prevent plantations affecting water resources, little timber farming is allowed in catchment areas, Forestry Department spokesman Bosman Olivier says. Depending on the area's importance, a maximum of 10% may be afforested.

Short

Timber growers are also restricted to marginal land, as prime land is reserved for food crops.

About 30 000ha of timber will have to be planted each year to meet projected demand by the year 2010.

The industry is currently short of that target, Olivier says.

While SA is a net exporter of wood products, increasing local demand means imports will be necessary.

Every day 360 000 trees are planted. Government has no more land for forestry, and the private sector will have to provide the balance.

In the race to meet demand, Mondi is involved in a 70 000ha afforestation project in the northeastern Cape.

About 73% of plantations are privately owned. Government controls the rest. The three major public companies are Sappi, Mondi, and Hunt, Leuchars and Hepburn (HL & H). They account for more than 50% of SA's total plantation area.

The industry has 247 processing plants. These include 16 pulp, paper and board mills and 153 sawmills, and employ about 58 000 people permanently.

Timber growers are represented on the Forestry Council while the industry is administered by the department.

The predominant softwood species grown is pine (44,7%).

Eucalyptus, imported from Australia after the Boer war, is the favoured hardwood (49,2%). Wattle and species such as poplar make up the balance.

Paper manufacturers, saw mills and the mining industry are the three main consumers of commercially grown timber, Forest Owners' Association director Mike Edwards says.

SA pine is processed mainly by the industry's sawmills for use in building and related industries while eucalyptus is used primarily for pulp and by mines for underground support. In production terms, sawlogs account for 4,19-million cubic metres (26,2%) a year, pulpwood 7,67-million cubic metres (47,9%) and mining timber 3,40-million cubic metres (21,3%).

In 1990, SA's timber growers produced about 16-million cubic metres of wood. This earned them R900m. The value of

PAUL ASH

finished industrial products sold amounted to about R7bn.

In 1981, timber imports exceeded exports by R133m. By the end of 1990, export earnings stood at R1,94bn — a net surplus of R710m. The industry, which employs about 122 000 people, contributed 2,5% to SA's GDP, a 50% higher stake than just five years previously.

Timber is traded on an open and informal market. Edwards says: "True to SA tradition, prices are often high to recover investment costs."

For the past few years prices have been market-driven, and the fact that there has not been a price hike this year shows this, he says. Growers sell directly to pulp- and sawmills, which market their products through in-house marketing arms. Mines buy timber direct from the sawmills.

HL & H has two-thirds of the mining timber market and is involved in a selective-breeding programme to improve harvested timber's yield quality.

Cloning trees ensures that each tree raised specifically for mine support grows uniformly and quickly and is resistant to environmental factors.

HL&H has also begun cloning four indigenous trees, including the stinkwood and pepper-bark, which are heavily exploited for traditional herbal medicines.

Few indigenous trees are grown commercially in SA. A major factor is the long rotation — about 60 years for yellowwood — and few growers are prepared to wait that long for a return on their investment.

Attempts to grow yellowwood, the only indigenous tree suitable for paper production, in plantations in the southern Cape have been unsuccessful.

Exotic species such as pine and eucalyptus have a proven track record and fulfil the demands made on the timber industry, Edwards says.

While critics have pointed out the environmental problems caused by growing millions of exotic trees, the problem would be greater without them. "Indigenous forests cannot sustain domestic needs, and by growing exotic trees, natural forests are preserved," Olivier says.

Premium

Scattered pockets of kiasat are harvested, as are stinkwood and yellowwood, now protected by the Forestry Act.

Farmers are encouraged to grow trees on underutilised areas of their farms or as windbreaks which could be harvested. While yellowwood is popular, the SA Timber Growers' Association (Satga) has started a drive to increase interest in other species which do or could command premium prices as saw timber.

Most of these are exotic species such as sawtooth oak, redwood, black walnut and liquid amber, Water Affairs and Forestry extension officer Harry Haigh says. The 20-year rotation of sawtooth oak has boosted that species' popularity: about 13 000 have been planted.

However, demand for imported timber remains steady, says Interwil MD Trevor Fish. His firm, which supplies the joinery industry, furniture manufacturers and merchants with commercial hardwoods such as oak, imbuia, beech and sapele iroko, imports about 50% of the 241 000 cubic metres of wood imported every year from South East Asia, the US, West Africa and Europe.

Fish estimates the imported hardwood market at R300m a year.

Rochelle Gosling-Hughes reports that forestry in SA is cleaning up its act

Seeing the wood from the trees

STAR 7/11/92

③ Timber

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FORESTRY in South Africa is cleaning up its act. Managers and directors in the industry have devised a code of environmental conduct which has been universally accepted by the industry.

Companies such as Sappi, Mondi and H&H — the three biggest in South Africa — along with the Government's Department of Forestry have joined forces to promote the Forestry Council's new initiative.

One of forestry's dilemmas is the limit on the amount of land that can be covered by plantations. Already one million hectares are covered by plantations, and the industry says another one million will have to be covered

soon if South Africa is to avoid a timber and pulp shortage next century.

One strategy has been to clone a super-tree — fast growers which need minimum water and are not too fussy about where they grow. H&H has produced a "super eucalyptus tree" which grows twice as fast as a normal gum tree. Thus, with eucalyptus at least, the industry may soon be able to halve its demand for land.

A prime example of forestry's new commitment to the environment is the White River Water Project where rivers in the White River area, are being stripped of invasive pines and gums. The industry is also beginning

to accept the idea of environmental auditing where progress is weighed against environmental damage. While Sappi's forestry division accepts this, there has been no environmental audit, as yet, for Sappi's industrial division. However, the bulk of Sappi's research and development budget is spent on environmental protection.

Mondi Paper Company state that they do not hesitate to "draw upon the international pool of technology resources where proven developments could further reduce the impact of its operations on the environment".

Indeed the forestry industry has little choice — manufacturers

which use forestry products for export goods are being questioned by overseas buyers about where their timber comes from and how it is grown.

Bruce Mackenzie, chairman of the Forest Owners Association, says production must be doubled within the next three decades to keep up with export demands.

He says the southern hemisphere is the only available place for increasing production.

A doubling in production is expected for South Africa for the period from 1989 to 2020.

At present, South Africa caters for about four percent of world export needs. □

Govt plan to sell off plantations condemned

STAR 13/2/92
3 Timber
By Peter Wellman

The Government is determined — and in a hurry — to sell off State forests which would mean the end of cheap housing timber, saw milling sources said yesterday.

New Zealand is the only other government in the world that has tried to privatise its plantations — but it scrapped plans after 40 mills closed down.

Middle and lower-range housing would be most affected because it is the building industry's staple homes-market, said Solly Tucker, chairman of York Timber Organisation Ltd.

The Government plans a State-owned National Forestry Corporation which would later be privatised.

This concept has horrified millers, who regard the forests as a national resource no one should tamper with.

Yesterday the SA Communist Party raised the issue at a Codesa Working Group meeting in Kempton Park.

The privatisation would be in defiance of an ANC/SACP/Cosatu demand for a moratorium on restructuring the economy, said Essop Pahad, SACP member of the working group.

He expected Magnus Malan, Minister of Water Affairs and Forestry, to present the plan to next week's Cabinet meeting.

It was originally scheduled for this week.

Milling sources contacted by The Star also said they expected legislation by next month.

They did not wish to be identified because they feared repercussions when they negotiate new log contracts with forestry officials.

Mr Tucker said: "Uncertainty has shaken the confidence of long-term contractors in the Department of Forestry and its plans for their future.

"Privatisation is no more

● To Page 3 ●

Plan to sell off State forests condemned

STAR 13/2/92
3 Timber
● From Page 1

than a cover for expropriation without compensation, and the handing over of the driver's seat of a strategic industry to a money-making monopoly," he said.

The Star faxed questions on the privatisation issue to General Malan yesterday.

A spokesman said the minister would reply before the end of the week.

Andries Swart, executive director of the South African Lumber Millers Association, said Salma did not seek a public confrontation with the Government.

"But now that the matter has been brought into the public arena, I have to say that selling the plantations to profit-driven private buyers would mean:

● "Rough log prices to sawmills would jump.

● "Sawn timber prices would have to follow.

● "Wood for home-building would be much more expensive for the average citizen."

If saw-log prices rose annually by 20 percent, production costs for sawn timber would double in the next 3½ years.

The State's 263 000 ha of timber plantations provide 55 percent of the logs cut at the country's 114 mills each year.

Salma's last annual report said: "The log price has risen by an average of 16,5 percent a year over the past five years and sawn timber has increased by 10,5 percent a year."

Mr Swart said Salma had big plans for helping to solve South Africa's informal housing crisis, with at least 7 million people in need of homes.

Malan mum
ARG 17/2/92 (3)
on sale of TIMBER
state forests

The Argus Correspondent

JOHANNESBURG. — The Minister of Water Affairs and Forestry, General Magnus Malan, has refused to reply to questions about a government plan to sell off state forests.

Reports of the plan were published last week, quoting several sources as saying legislation was expected before the end of March.

The saw-milling industry said the plan would mean the end of cheap wood for housing.

Among questions faxed to General Malan was one asking how soon legislation could be expected.

General Malan replied on Friday that the matter "is still sub judice" — and refused to answer the questions.

He said he would deal with the matter during his budget vote later in the parliamentary session.

Attached to his reply was a speech by his predecessor, Mr Gert Kotzé, which referred to a long-term possibility of selling the state's forestry and timber processing interests to "the investing public".

Saw millers said they feared the consequences if the forests ended up in the hands of profit-seeking investors.

STAR 17/2/92

Malan mum on plans to sell forests

By Peter Wellman (3) ~~Times~~

Minister Magnus Malan has refused to reply to questions about a Government plan to sell off State forests.

The Star reported the plan last Thursday, quoting several sources as saying legislation was expected before the end of next month. And the saw-milling industry said the plan would mean the end of cheap wood for housing.

Among questions faxed to General Malan, Minister of Water Affairs and Forestry, was one asking how soon legislation could be expected.

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Friday that the matter "is still sub judice" — and refused to answer the questions. He said he would deal with the matter during his Budget Vote later in the Parliamentary session.

Attached to his reply was a speech by the previous Minister of Water Affairs and Forestry, Gert Kotze, which referred to a long-term possibility of selling the State's forestry and timber processing interests to "the investing public".

Saw millers said they feared the consequences if forests ended up in the hands of profit-seeking investors.



Magnus Malan ... refusing to answer questions about a plan to sell off State forests.

Cosatu to fight forest privatisation

COSATU will soon add its muscle to the range of forces lining up against government's plan to privatise state forests, according to a union source.

The source said Cosatu would this week take a plan of action to its alliance partners, the ANC and SACP, to try to halt the privatisation plans.

Last week Forestry Minister Magnus Malan told a delegation from the Forestry Council that he was determined to finalise the privatisation of forests before July.

The Forestry Council told Malan it was disturbed that the private sector had not been consulted.

Council chairman Fred Otter said yesterday he could not comment on the meeting. Government plans a state-owned national forestry corporation, the Companies Act and later be privatised.

DIRK HARTFORD

Malan has said it would be premature to comment on the plan. He would deal with the issue in this parliamentary session.

The 1,5-million strong Cosatu has more than 16 000 forestry workers organised into the Paper, Pulp, Wood and Allied Workers' Union (Ppwawu).

There are about 80 000 workers in the industry.

Cosatu has called for a halt to all privatisation initiatives until an interim government is in place.

It insists that any economic restructuring be a product of negotiations between the key players — labour, employers and the state.

The issue of privatisation has already been raised at Codesa by the SACP.

Bumblings feared in forest privatisation

THE SA Lumber Millers Association (Salma) and the Timber Trade Federation (TTF) have joined several organisations in querying the Government's decision to privatise State forests.

By DON ROBERTSON

STIMWES Buss

1/3/92

3 TIMWES

They do not oppose privatisation in principle, but are worried that a transfer to a free-market system will not be properly handled by the Department of Forestry.

They also fear that a new monopolistic supplier will be set up and that prices will increase.

They are upset because their own input on privatisation has been largely ignored.

Salma relies on State forests for about 55% of its saw logs. The forestry industry, including mining and pulp timber, is worth about R7-billion a year.

Salma said in its latest annual report there were fears that an uncontrolled monopoly could be established, endangering existing private companies.

"The point was made that the sawmilling industry was the least concentrated and in this respect, the healthiest sector in the timber processing industry.

"It would be most vulnerable if such a 'commercialised' monopoly was created. It could lead to undisciplined intimidation and serious implications for the competitiveness of individual sawmillers, especially if the new organisation followed world trends and went downstream into processing."

The report said that in anticipation of privatisation, forestry officials "were already behaving like a monopolistic supplier".

At a time when efforts were under way to curb inflation, forestry officials asked for log price increases of 29.5% for 1990 and 35% for 1991.

"It was only through long and difficult negotiations that Salma could avoid these disasters.

"It is well known that the forestry officials are pressuring individual members of Salma to break ranks and to negotiate separately — a monopolistic approach to divide and rule.

"Intimidation on contractual entitlements, log volumes and quality is also generally experienced by individual contractors."

Pulp

They believe the R650-million-a-year sawmilling industry could be hurt in the long term.

Saw logs need about 30 years to grow to the required size. They believe privatised forests will switch to growing pulp logs which can be harvested after about 10 years.

Salma relies on State forests for about 55% of its saw logs. The forestry industry, including mining and pulp timber, is worth about R7-billion a year.

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"The point was made that the sawmilling industry was the least concentrated and in this respect, the healthiest sector in the timber processing industry.

"It would be most vulnerable if such a 'commercialised' monopoly was created. It could lead to undisciplined intimidation and serious implications for the competitiveness of individual sawmillers, especially if the new organisation followed world trends and went downstream into processing."

Overnight

Mr Swan says privatisation is inevitable, but it must be done by people who know something about forestry and business. Officials in the Department of Forestry do not fit this bill.

"The only people who have these skills are the large millers and they will have to be involved."

He does not believe large millers will ever become involved in price collusion.

Mike Edwards, executive director of the Forest Owners Association, says his members — they control 75% of private forests in SA — support privatisation in principle. But it should be preceded by commercialisation.

Mr Edwards says the principle is not in dispute, only the process by which it takes place.

His members support privatisation if it is done on pure business lines and is not merely a change of name.

Failure

He concedes that prices may rise in the short term, but says that putting State forests on a sound commercial footing will be beneficial to all in the long run.

Sappi chief operating officer Ian Heron says the department should first look at commercialisation, with the emphasis on productivity improvements, before it considers privatisation.

Len O'Haughey, managing director of HL&H Timber Products, says: "We support privatisation in principle, particularly in view of the need to optimise the productivity of State plantations."

"Our concern is not the formation of a company, but the failure of the Government to articulate the exact positioning of the company to members of the industry."

● A Department of Water Affairs and Forestry spokesman says: "Salma's input has not been ignored and a section of the consultant's report expressly deals with its viewpoint.

"Forestry officials did not ask for log price increases of 29.5% and 35%. These increases were merely suggested. The actual increase was only 14.3%. By contrast, prices of sawn log increased by 17.7%.

"No State land will be sold to the company and existing long-term timber contracts will be honoured for at least the next 8½ years."



LEN O'HAUGHEY: Tell us more



9 APR 1992

REPUBLIEK
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SUID-AFRIKA



REPUBLIC
OF
SOUTH AFRICA

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Vol. 321

PRETORIA, 30 MAART 1992
MARCH

No. 13901

GOEWERMENSKENNISGEWING

DEPARTEMENT VAN WATERWESE EN BOSBOU

No. 990

30 Maart 1992

WYSIGING VAN HEFFING OP HOUT EN INGEVOERDE HOUTDERIVATE

Kragtens die bevoegdheid my verleen by artikel 55 (1) van die Boswet, 1984 (Wet 122 van 1984), wysig ek, Magnus André de Merindol Malan, Minister van Waterwese en Bosbou hierby die Bylae by Kennisgewing 577 van 31 Maart 1988 in die mate in die Bylae hierby uiteengesit.

M. A. DE M. MALAN,

Minister van Waterwese en Bosbou.

BYLAE

1. Deur die woorde "dertig komma agt (30,8) sent" in paragraaf 2.2.1.1 met ingang van 1 April 1992 deur die woorde "twee-en-dertig komma nul vyf (32,05) sent", te vervang.

2. Deur bykomende paragraaf 2.2.1.2 met ingang van 1 Maart 1992 in te voeg om te lees:

"Elke houtkweker, met die uitsondering van die Staat en alle geregistreerde lede van Forest Owners' Association betaal 'n addisionele heffing van 4,7c per m³ in die ronde maat wat deur hom van die hand gesit word waarvan die totale inkomste uit hierdie heffing betaalbaar is aan die Suid-Afrikaanse Houtkwekersvereniging. Hierdie heffing word ingevorder soos in paragraaf 5 voorgeskryf."

243—A

GOVERNMENT NOTICE

DEPARTMENT OF WATER AFFAIRS AND FORESTRY

No. 990

30 March 1992

AMENDMENT OF LEVY ON TIMBER AND IMPORTED TIMBER DERIVATIVES

By virtue of the powers vested in me by section 55 (1) of the Forest Act, 1984 (Act 122 of 1984), I, Magnus André de Merindol Malan, Minister of Water Affairs and Forestry, hereby amend the Annexure to Notice 577 of 31 March 1988 to the extent as set out in the Annexure hereto.

③ Timber

M. A. DE M. MALAN,

Minister of Water Affairs and Forestry.

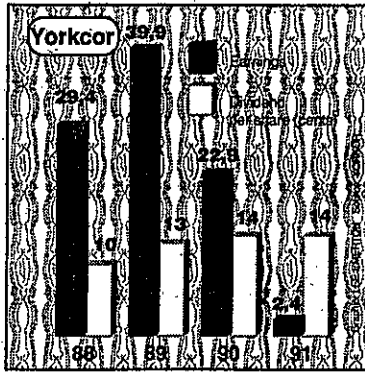
ANNEXURE

1. By the substitution with effect from 1 April 1992 for the words "thirty comma eight (30,8) cents" in paragraph 2.2.1.1 of the words "thirty two comma nought five (32,05) cents."

2. By the insertion with effect from 1 March 1992 additional paragraph 2.2.1.2 to read:

"Each timber grower, with the exception of the State and all registered members of the Forest Owners' Association, shall pay an additional levy of 4,7c per m³ of timber in the round disposed of by him, the entire proceeds of which levy shall be payable to the South African Timber Growers' Association. This levy shall be collected as prescribed in paragraph 5."

13901—1



Yorkcor's share earnings dive

610 *31992*
MICK ELLINGHAM

FOREST products group Yorkcor's earnings a share fell 89% to 2.4c (1990: 22.9c) for the year ended 1991, but an unchanged dividend of 14c was declared. *3 Timber*

Chairman Solly Tucker said plans to promote active trading in Yorkcor shares would get under way in the near future.

Speaking at the group's AGM in Pretoria yesterday, Tucker said he regarded the annual turnover in Yorkcor shares on the JSE — just over 2.6% of issued shares — as far from satisfactory.

The accounts show an 8% increase in turnover from R37m to R40m, with net cash of R1.4m being generated, an upswing from 1990's R4.8m negative net cashflow.

Tucker attributed improved cash flow to improved working capital management, containment of capital expenditure and the fact that under-performing operations were closed in 1990.

Sawmilling and timber marketing were responsible for most of the group's profit, contributing R5.9m of profit and R34.5m of turnover — little changed from 1990. Furniture manufacture provided R4.7m turnover, but lost R1.4m.

Land sales generated R364 000 turnover and R238 000 profit, while warehousing was responsible for R290 000 turnover and R230 000 profit. Tucker said the group expected to improve earnings to at least 50c a share in 1992, with dividends rising to about 20c a share from 14c a share.

SMALL mining timber suppliers believe they are being squeezed out by the big two in the business — Sappi and HL&H.

They say these two control or hold more than 90% of all mining timber forests.

They are said to be gradually withdrawing supplies to small sawmillers and out-bidding them.

Independent millers say they can provide timber more cheaply than the large groups.

The small operators, all of whom wish to remain anonymous for fear of victimisation, say Sappi and HL&H are intent on dominating the mining timber market. That would allow them to dictate terms to the mines.

Andre Wagenaar, managing director of Sappi Timber Industries, says timber was withdrawn from some millers because they owed the company money for as much as eight months.

"We will continue to supply any independent trader

By DON ROBERTSON

who meets his commitments."

HL&H does not supply timber to independent millers, says Andrew Gallow, managing director of HL&H Mining Timber.

The company has about 100 000ha of forests for mining timber, but uses only about 60% for its own needs. It buys the rest on the open market, in which independent millers have to compete.

Mr Gallow denies that HL&H buys timber at any price. He insists that prices move according to supply and demand.

Rush

The independents say that the two companies have for some time enjoyed long-term contracts with most gold mines and that independent growers and millers are largely precluded from offering their product to these mines.

One says timber represents between 6% to 8% of working costs a kilogram for mines. Last year, the mines spent about R800-million on timber.

"Because of the monopolistic situation, mines are paying up to 20% more for timber than the price at which we could supply. This could mean they are paying an additional R160-million a year."

Because of the rush to buy land by the major groups, the price of forestry land has soared and independent growers can no longer afford to extend their plantations.

Muscle

Another independent miller says "we are totally at their mercy and they dominate us".

"Some time ago, we borrowed money to buy farms and can now supply about 80% of our needs, but we have no chance of expanding. Although we can find markets for our products, the large companies keep us short of raw material."

Another says the large companies are "intent on forcing us out of business".

"Twenty years ago, the large companies supplied about 70% of the mines' needs. The big companies now supply about 90%. They are also able to buy up any surplus stock because they have the financial muscle to do it with their large volumes."

Although most independent millers support the Government's plan to privatise State forests, they say "collusion, intimidation and a monopoly" exist in the private sector. They fear it will intensify if privatisation goes ahead.

ST (Timber) (BKS) 19/14/92

Mine timber millers accuse the Big TWO

② Timber

The trouble with trees is they drink too much

By PAUL STOBER

CONSERVATIONISTS are aiming to plug an unsuspected drain on South Africa's scarce water resources — plantations.

The charge that they are also one of the worst water abusers has led to fiery debate. But there is more to it than a simplistic, blanket condemnation of greenery.

The debate has focused on the effect of South Africa's plantations — reported to be the largest in the world — on the natural environment and the life it supports. And it has sparked a review of the impact of the plantations on water sources.

Pine tree plantations are disrupting catchment areas, leading green activists to say that "South Africa is effectively exporting its most valuable resource — water — through timber".

David Cooper, of the Group for Environmental Monitoring, outlined two perspectives on the issue. Foresters believe they are making more effective use of water by planting trees high in catchment areas where the rains fall. Excess water which is not used by the trees, still runs off to feed rivers. Conservationists counter that plantations reduce the amount of rainwater which reaches the earth and flows into rivers, further reducing South Africa's usable water resources.

According to South African Wildlife Society conservation ecologist, Andrew Duthie: "There is no doubt that plantations reduce run-off."

He listed three reasons why pines, mainly used for the manufacture of paper, reduce run-off: pines have tap-roots which penetrate deep into the earth and draw up groundwater which then transpires into the atmosphere through their leaves; the tops of the trees form a canopy which catches rain, preventing it from reaching the ground and allowing it to evaporate much faster; pine trees are large living organisms and need a lot of water.

Very few montane grasslands, which are important for water production, are left along the Transvaal escarpment where 50 percent of the endemic plants occur. At least 80 permits have been issued on land supporting red data species, said Duthie.

"Even though the Nature Conservation Department is required to make an input into the issuing of permits, there is no legal back-up for these recommendations. This is a disastrous situation considering the impact on biodiversity and tourism."

Duthie does not dispute the right of the foresters to use the water, like any other sector of agriculture, but maintains that the reduction of run-off is a problem. "The water does return as rain," he said "but less becomes useful to people and animals downstream in rivers."

According to the spokesman for the Department of Water and Forestry, Bosman Olivier, the Forestry Act of 1984 is designed primarily to limit the potential use of water by foresters.

Under the Act, anyone who wants to establish a plantation has to apply to the department for a permit "Even the state has to apply to the department for permission to plant forests," said Olivier.

He explained that the Department of Water and Forestry, which is responsible for state forests has two parts; national forestry planning and timber production. Timber production has to apply to forestry planning for permission to plant trees. Olivier said the department checked how much of the proposed plantation fell within the catchment areas of rivers. Plantations may only cover between five and 10 percent of the total catchment area. In some areas, like that of the Vaal river, this level has been reached and no further afforestation is allowed. The planting of trees within 20m a water course or wetland, which store water and release it over time, is forbidden.

"Forestry is the only industry which manages itself no other agriculture has such a system of land management," says Olivier.

The forestry sector is self-sustaining and the most profitable in agriculture. According to the Forestry Owners Association, the industry has a turnover of R6-billion.

However, Cooper indicated disquiet existed among conservationists about the effectiveness of the laws in protecting the natural forests, wetlands and grasslands. "There is a feeling that the percentage formula should refer the land left in its original condition," he said.

Timber industry fears monopoly

Blooms 215792
KEY industry players in the timber business have expressed concern that government's strategy to privatise state forests could lead to a monopolistic supply situation within the sawmilling industry. (40)

The reaction follows the recent release of a draft Bill to Parliament in which the Forestry Department outlined a proposal that it be turned into a state-owned company at first, with plans to offer shares on the JSE soon after formation. (3) *Timber*

SA Lumber Millers' Association executive director Andries Swart said Salma had proposed buying the forestry business from the state which would still own the land, but was turned down.

One industry source said government could be making a hasty decision with its privatisation plans. "They are trying to unload before an interim government is in

MEREDITH JENSEN

place to protect themselves.

Other sources said a state-owned company could be disastrous for the sawmilling industry.

Referring to the recent De Looer inquiry's report on monopolies in the building sector, Swart said the "sawmilling sector, unlike the cement producers, do not fix the price of their product".

SA's 114 sawmills, belonging to 54 companies, "have no marketing agreement or cartel nor are their marketing activities influenced by an association".

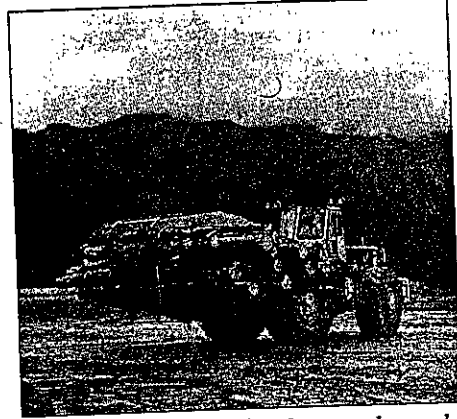
Lack of import controls meant imported timber was competitive. But privatisation might mean the timber sector "could very well be operating within a monopoly".

FM 22/5/92

3 Timber!

tor, the pole market, where steel for fencing and concrete poles for electricity transmission in townships are chipping away at timber demand. Roundwood pulp also faces competition from substitute fibre products. Pulp had a 70% roundwood content in 1987. By 1990 this had fallen to 67%.

Internationally, world pulp consumption has fallen while production capacity has climbed to undermine world prices. But the report says the local pulpwood market has grown, though slower than expected. It says production and consumption in the paper-and-board sector have increased slowly in recent years but production surpluses are



Bringing logs to the market ... demand has been cut

growing to add to the increasing amount of paper and board products being offered on world markets.

Paper prices have slipped, though not to the same extent as pulp. Mondi's John Barton says the world recession and growing paper imports have more than offset any advantages created by new international trade opportunities. The result is that the country's two major paper manufacturers, Sappi and Mondi, have had to rationalise production.

"Our Merebank facility outside Durban, which is large even by world standards, has reduced two of its five machines to two-weeks-on, two-off cycles instead of operating continuously," he says. "Since it takes 5 t of timber to manufacture 1 t of paper, these reductions have a dramatic knock-on effect on employment throughout the forestry industry."

In spite of these conditions the forestry industry pushed up the annual value of exports by 3,8% in real terms between 1985 and 1990.

The industry is relatively bullish about the future, the report says. Companies will continue to plant timber in new areas, mostly on a scale of between 2 000 ha and 10 000 ha a year. And a considerable amount of capital has been invested in new pulp and paper capacity, based on an industry assumption that the pulp and paper sectors will grow by 3%-5% a year, saw timber by 2%-3%, and composite board products by 3% annually over the next few years.

TIMBER INDUSTRY Almost out of the woods

The timber industry has seen its profits trimmed and markets eroded in recent years, but it is counting on a surge in low-cost housing development, a rebound in international pulp and paper demand, and a gold-price recovery to turn the situation around. A fall in township violence and the expected world recovery should be enough to do the trick.

In its first economic review, the SA Timber Growers' Association economic advisory committee analyses the performance of the industry's main sectors: saw milling, mining, poles, pulp and paper, and board over the past few years. The report, released recently, outlines the heavy toll taken by the recession. The current level of roundwood consumption is roughly the same as it was three years ago. Worst hit are saw milling, down 10% in three years because of the building slump, and the R800m-a-year mining-timber market, where consumption slumped 32% in three years because of cost-cutting by gold mines. Product substitution has hit another sec-

Forestry industry boosts exports to R2bn

^{B/Dam} ^{11/16/97}
THE SA forestry industry had increased exports to offset the effects of the weak economy, SA Timber Growers' Association (Satga) director Bruce Ferguson said yesterday.

Ferguson said exports, which had climbed steadily since 1988, had topped R2bn at end-March.

Far Eastern countries such as Japan and Thailand were the biggest importers of SA timber, and Satga had received inquiries from

^{3 Timber}
MEREDITH JENSEN

western European countries, the Ukraine, Middle East and Finland.

The drought had affected the industry in the short term, but the industry was expecting a 3% increase in pulpwood sales next year from 8,834-million cubic metres to 9,1-million.

Ferguson said: "The Department of Forestry has proposed transferring the state's forests to a private

¹⁵ ¹⁵
company, to be formed under the Companies Act. The state will initially be the sole shareholder, though it is believed shares will be offered to the public eventually."

However, a spokesman from the SA Sawmillers' Association said the current monopoly of supplied timber was not as threatening as it would be if it were private. "A government monopoly behaves differently from a private company.

"We are in favour of commercialisation, but if you give the forests to one company, it could be dangerous."

Finland to import wood chips from SA

STAR 16/6/92

The Central Timber Co-operative is set to increase its export of eucalyptus wood-chips by over 40 percent this year with the opening of a new market in Finland.

General manager of the Pietermaritzburg-based exporter, Mr Rein Franz, said yesterday CTC would export between 250 000 and 260 000 tons of wood-chips to Finland during 1992.

CTC began exporting to Finland earlier this year. (3) Timber

CTC's traditional market in Japan would receive 550 000 tons of wood-chips worth about R110 million this year, while the value of exports to Finland would be approximately R40 million, Mr Franz said.

— Sapa.

1992
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DEC

Howard

Howard

lished on 6 December 1991 and became effective from that date.

- (2) (a) yes, a medical technologist must formally apply to the South African Medical and Dental Council for authority to enter into private practice. Proof must be submitted of having had at least two years post registration experience in an appropriate category; and
- (b) the Council determines which tests may be performed by the applicant.

Orderly medicine provision/good dispense practice

358. Mrs C H CHARLEWOOD asked the Minister of National Health:

Whether, with reference to her reply to Question No 13 of 26 February 1992 in regard to the ruling by the Appellate Division that the provisions of the Medicines and Related Substances Control Act are not applicable to the State, she has taken any action in terms of the National Policy for Health Act, No 116 of 1990, to ensure orderly medicine provision and good dispense practice; if not, why not; if so, (a) what action and (b) when?

B856E

THE MINISTER OF NATIONAL HEALTH:

No, the Health Matters Committee at a recent meeting took a decision whereby the individual members of the health family within the public sector are bound to adhere to the spirit of the requirements of the Medicines and Related Substances Control Act, 1965 (Act 101 of 1965).

Howard

Howard

HOUSE OF REPRESENTATIVES

QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

Afforestation permits: East Griqualand

4. Mr P T C NAPIER asked the Minister of Water Affairs and Forestry:

- (1) Whether any assurances were given in the recent past to the effect that no more afforestation permits would be issued in respect of East Griqualand; if so, (a) when, (b) why and (c) by whom;
- (2) whether such permits are still being issued in respect of East Griqualand; if so, (a) why and (b) to what extent;
- (3) whether his Department intends taking any action against persons contravening regulations in this regard; if not, why not; if so, (a) what action, (b) when and (c) against whom;
- (4) whether he will make a statement on the matter?

C33E

The MINISTER OF WATER AFFAIRS AND FORESTRY:

No, but the total afforestable area for which permits could be allocated, has already been allocated:

- (1) (a), (b) and (c) fall away;
- (2) Yes.
 - (a) If a permit holder's permit expires then a permit for the afforestable area which was coupled thereto, can be allocated.
 - (b) Indeterminable because there is uncertainty whether the existing permit holder's permit will expire.

Howard

HOUSE OF REPRESENTATIVES

QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

Suspension of provisions of Defence Act

8. Mr L T LANDERS asked the Minister of Defence:

- (1) Whether, in the re-opened inquests into the deaths of Matthew Goniwe, Sparrow Mkhonto, Fort Calata and Sicelo Mhlantli, he will suspend the relevant provisions of the Defence Act, No 44 of 1957, so as to enable certain witnesses to come forward to give evidence; if not, why not, if so, what are the relevant details;
- (2) whether he will make a statement on the matter?

C45E

THE MINISTER OF DEFENCE:

- (1) No. I have no authority to suspend any provision of an Act of Parliament.
- (2) No.

Murder of late member for Alra Park: police investigation

9. Mr W J DIETRICH asked the Minister of Law and Order:

- (1) Whether, since his reply to Question No 1 on 17 April 1991, any progress has been made in the police investigation into the murder of the late member for Alra Park; if not, why not; if so,
- (2) whether any person has been arrested and/or charged in this connection since then; if so, what are the relevant details;
- (3) whether he will make a statement on the matter?

C52E

environment

All that grows isn't green, reports **Claire Keeton** on the threat posed by commercial forestry:

EXTENSIVE FORESTRY development in the north-eastern Cape is threatening rivers and indigenous plants. The planting could extend as far as the southern Drakensberg

Progress may take its toll on NE Cape flora and fauna

South 2016-24/6/92.

Escarpment, an important water catchment area for South Africa and Transkei.

The disruption of water resources is particularly worrying to Cape Nature Conservation (CNC) officer Mr Jan Vlok.

"The streams flow into three perennial rivers in Transkei. It is important to maintain these rivers as people downstream do not have waterholes or pumps. I am worried

about the vleis and marshes. They could dry up and disappear."

Conservation officials fear large plantations of exotic trees will also crowd out indigenous species, create a fire hazard, irrevocably destroy the natural grassland, and squeeze out communities.

Large-scale forestry arrived in the area with the Mondi Paper company, which bought 167 farms in the Elliot and Maclear districts. Local

farmers are keen to sell, since stock theft is increasing and the costs of transporting stock to far-away markets are rising constantly.

Mondi may shift its focus from high-profile forestry development in the eastern Transvaal to concentrate on the north-eastern Cape. While the region welcomes the investment, conservation officials are wary of Mondi's track record in the eastern Transvaal, where the company was

accused of putting profits before concern for the environment.

North-East Cape Forests (NECF), managed by Mondi, plans to plant 80 000 hectares over the next 10 years. The rolling hills and valleys of the region, now covered with water-conserving veld, will be covered by thirsty trees.

NECF regional manager Mr Gawie van Wyck said Mondi had learnt from mistakes in Transvaal. Two rivers flowing into the Kruger National Park no longer run in the dry season, after the upper catchment area was forested.

"There were no rules when that was planted over 40 years ago. Now there are conservation norms," he said.

Besides the 167 farms bought by NECF, local farmers have applied for forestry permits, covering 25 000ha.

"The problem is we don't know where it will stop. If we know it is 100 000ha we can plan for it. We don't know if it will be 300 000 and we can't plan.

"Our biggest problem is we don't know the limit," said an officer from CNC's regional office in Port Elizabeth, Mr Jan Briers.

Conservation officer for NECF, Ms Felicity Weir defends the company's environment record.

For example, she says progress was made concerning the removal of alien vegetation like wattle and poplar, while farmers did not root out exotic species.

A study of the fish, birds and mammals indigenous to the area is being completed. Buck species have been re-introduced to the natural heritage sites at Prentjiesberg and Rush Valley Endorheic Pan.

"In the field it is difficult to see that sheep-rages, where most of the rare species are found, are not planted," Mrs Weir concedes.

The Department of Forestry, which does inspections, said NECF has a fair track record though they made some mistakes. Initially they planted too close to streams, drove lorries through wetlands and their terracing broke, exacerbating erosion.

Mr Breijs warns the trees reduce the minimum flow of water in the dry season.

"All systems depend on the minimum flow. Apparently it is already lower, even with young trees that have been growing for a few years," he said.

Before it is too late, there must be proper planning of land use, nature conservation officials warn. They have appealed to all parties from the Departments of Water Affairs and Forestry and Agriculture, the company and the farmers to plan the region's future together.

— Elnews



Planet Earth as seen from 36000 kilometres.

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environment

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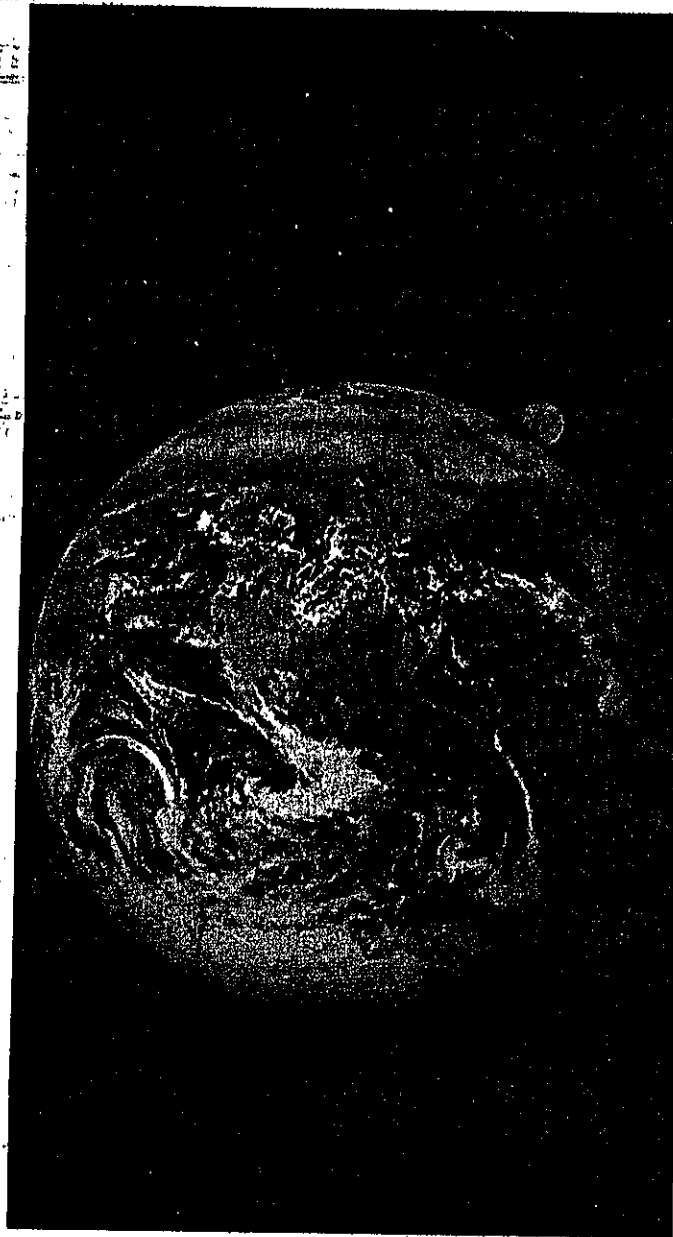
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—Elnova



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SA's forests are expanding

15/10/92
RAY HARTLEY


SA WAS the country in Africa enlarging its forests, forestry industry spokesman John Grunewald said yesterday. ³ *Timber*

The UN's latest Africa Recovery paper said that of 40 African countries studied, 13 had lost more than 60% of their total forest area. Among the most denuded were Gambia and Mauritania, which had lost 91% and 90% respectively of their original forests.

Grunewald said that in addition to SA's "vigourously protected" indigenous forests, the country's forestry industry had expanded the total amount of land under forest to 1,1% of SA's surface area. An average of 36,000 trees were planted every day by the industry. The total area under plantation was 1,830,000ha.

9/10/97
12
SIDNEY

Wood losses

THE wood industry could lose millions of rands as a result of the crippling drought in SA's major forest regions.  Stellenbosch University's dean of forestry Prof Hennie Vermaas said investigations by one company had shown it would lose almost R7m this year because of stunted tree growth.

R2bn exports from timber

MEREDITH JENSEN

EXPORTS for timber-based products totalled nearly R2bn for 1991, according to figures published by the Customs and Excise Department.

Forestry Council promotion committee chairman Bruce MacKenzie said forestry's foreign trade balance had risen from a R110m deficit 10 years ago to a R600m credit balance at present.

"With the dropping of sanctions, export prospects for SA forest products have never been better," MacKenzie said.

Forest Owners' Association executive director Mike Edwards said the industry was rapidly expanding with plans to put an additional 100 000ha under

timber over the next 10 years. This could mean the creation of over 8 000 jobs.

"We have been concerned we won't have enough wood fibre, pulp and paper to meet both domestic and worldwide demand." He said the industry had decided to avert the problem by planting more trees and improving yields from existing forests.

Nearly 50 000ha of forest were planted last season, representing a capital investment of R105m.

An additional R2,2bn has been invested over the past 18 months, primarily by Mondi and Sappi, to upgrade production facilities and increase productivity.

Wood products grow in importance

Finance Staff (3) Timber

The forest products industry has become an important earner of foreign exchange, with exports totalling more than R2 billion last year. STAR 10/8/92.

Figures published by the Department of Customs and Excise show that the sector is now among the top earners in the non-gold manufacturing and processing sector — alongside the giant chemical industry, and ahead of textiles, household appliances and transport equipment.

Major forest-based exports are pulp and paper, wood chips, sawn timber, floor boards and manu-

factured goods such as ceiling and particle board, plywood, knock-down furniture, wattle extract and charcoal, as well as pallets and packaging materials in which other products are exported.

Bruce Mackenzie, chairman of the Forestry Council promotion committee, says the industry's performance is commendable because it is based on just 1,1 percent of SA's surface area.

Forestry products now have a favourable trade balance exceeding R600 million, compared with a negative balance of R110 million a decade ago.

Drought, fire bring havoc to forests

By TERRY BETTY

FORESTS in the Tzaneen area of the Northern Transvaal have been devastated by the worst drought on record.

Forest Owners Association executive director Mike Edwards says: "Entire plantations have been killed off in the normally lush George's Valley near Tzaneen."

The area, which has an annual rainfall of 1 300mm, has had less than 40mm this year.

About 50% of plantations have been severely damaged by drought.

The Eastern Transvaal has received about 25% of its normal annual rainfall, says Weather Bureau deputy director Mike Laing.

Experts say this is the first time that lack of water has killed so many trees — normally it merely stunts growth.

Fires have added to farmers' woes. Normal fire destruction affects about 7 000 ha of plantations a year. But trees covering 35 000 ha are believed to have been destroyed by fire this year.

Mr Edwards estimates timber farmers could have lost the equivalent of what has been planted in the past two to three years.

Dead

However, not all trees damaged in the Northern and South-eastern Transvaal are a write-off.

Saplings are destroyed by fire, but younger trees can sometimes be used for pulp and the older ones for saw timber — if the foresters can fell the trees before the woodborers and disease set in.

Mr Edwards says it is not always possible to use the dead wood because it needs moisture to be processed. Drought has also destroyed the fibre.

Even if they can salvage the trees, timber companies will struggle to sell them, says Department of Forestry assistant director Bosman Olivier.

Some of the timber industry's main customers, mining and construction, have halved demand because of the recession.

"Lumber millers have built up huge stocks of timber.

But the shortage of trees will affect the timber, pulp

and paper industries in about three years' time when the depleted forests will be unable to meet demand."

Hunt Leuchars & Hepburn (HL&H) forestry director Doug Dell says HL&H expects huge losses.

Mr Dell says the losses are set to be even greater because drought has stunted growth and reduced the yield of trees still standing.

Farmers predict at least a year's loss of growth.

Mr Dell says this means farmers lose 16 tons of wood for every planted hectare.

Considering that 526 000 ha is planted with trees in the Transvaal, the timber farmers will lose about 8,5-million tons of wood.

The loss could even be double that, says Mr Edwards.

He expects figures early next year to show a two-year loss in growth.

Similar

But Mr Laing says the drought should not take sole responsibility for the lack of moisture in the soil.

He says this has been exacerbated by people drawing water from underground for human, animal and agricultural use.

"The water table is being depleted by growing demands placed on it."

A drought of similar proportions to this year's a century ago would probably not have had such disastrous consequences. Underground moisture would have supplemented the lack of rain.

Proof of the severity of this year's drought is that indigenous rain forests, which are normally too damp to burn, have been destroyed by fire.

Spoornet knocks pulp and paper division into shape

By Sven Lünsche

Spoornet's pulp and paper division is pulling out all the stops to reduce the costs of pulp products to the consumer and boost the export revenues of the timber industry. *STAR 30/11/92*

The pulp and paper division, which has a turnover of about R260 million a year, is responsible for the transport of forestry products (paper and pulp) along with mining timber.

Pulp wood exceeding 2,5 million tons is transported every year, accounting for over 50 percent of the division's volumes and 40 percent of pulp transported in SA.

Karel Hancke, general manager, pulp and paper, says it is in this area that the division has introduced drastic savings over the past two-and-a-half years.

"Transport costs account for up

3 Timber
to 40 percent of the cost of paper and from our side we have effected tremendous cost savings in the past two years."

The key to lower costs has been the more effective use of its 7 000-strong freight truck fleet.

The bulk of the fleet is now attached to seven block trains used by most pulp companies to transport volumes in a more cost-efficient way.

For example, the turnover time per truck has improved from 11 days in 1989 to only 3,5 days last year, while the number of trucks per train has risen from 39 to 50.

Other trucks have been remodelled to suit specific needs and the division has hired about 270 surplus trucks to Tanzania and Zimbabwe.

The cost-cutting exercise has also allowed SA pulp exporters to realise larger margins.

PAC's claims on violence in PWV area 'ludicrous'

STEPHEN COPLAN

POLICE have described as "ludicrous" PAC claims that the activities of its armed wing Apla are behind a decrease in violence in the PWV area.

The SAP has suggested that Apla might have been responsible for train attacks on the Reef.

Any decline in train and other violence could be attributed to increased police action and national peace committee initiatives, police said.

PAC West Rand regional chairman Ntsundeni Madzunya said on Friday that his organisation had noted a sharp decline in political violence since Apla attacked whites at King William's Town and Queenstown. This was in contrast to "international scarecrow" suggestions that the attacks would increase violence.

The general decrease in political violence, train attacks and attacks in which more than six people died indicated that Apla's threat of retaliation for every black killed had "borne fruit", Madzunya said.

The decline in the wake of the Apla attacks in the eastern Cape and subsequent threats proved that a "mercenary" element under the state's control was primarily responsible for

violence in the PWV area. "It is common cause in international relations that the threat of military action by those who have a demonstrable capacity to retaliate always serves as a preventative measure in the conduct of aggression by opposing forces," Madzunya said.

The response of ordinary citizens, who were joining the PAC in large numbers, showed there was a perception "on the ground" that Apla was responsible for stemming violence.

The PAC had declared 1993 constituent assembly year but believed "the bullet cannot be abandoned until the ballot has been secured".

The PAC and Apla would refuse to co-operate with the Goldstone commission's probe of Apla's activities.

In response to growing international criticism of the PAC, Madzunya said the organisation's policy had always been "to accommodate the wishes of the oppressed" and to shape its own destiny.

The PAC still owed allegiance to the OAU, which had recently criticised the organisation for not distancing itself from Apla's attacks.

Trees go to retain view

GAVIN DU VENAGE

THE Forestry Department has been forced to remove hundreds of pine trees it had planted along the scenic Long Tom pass and to halt afforestation that would have affected tourism and ecology in the Lowveld.

Seedlings planted over an area of 35ha, with a commercial potential of R500 000, were removed after local residents and the Wildlife Society lodged objections.

More than 2 000 residents of the Lydenburg/Sabi district petitioned the department to remove the trees, which they said would obscure the panoramic view for which the pass was famous.

Wildlife Society conservation ecologist Andrew Duthie said the department had undertaken to remove up to 20% of the young trees planted along the pass that links the Highveld to the Lowveld.

The trees would have obscured "the entree to the Lowveld", as well as threaten natural vegetation in the area, Duthie said.

Seasonal flowers that bloomed spectacularly would have disappeared as they could not compete with the trees.

Department spokesman Bosman Olivier admitted that the planting was a "mistake" and that a new policy of environmental assessment had been drawn up.

Planting would continue in the area, but in such a way as not to obscure the view. Trees would be planted only behind hillocks along the road and along the natural contour lines of the pass, instead of in uniform rows.

The cost of uprooting the trees, estimated at R20 000, came off the department's trading budget and not from government, he said.

Justice slams Comsa allegations

THE Justice Department has denied allegations that SA's criminal justice system had broken down and lost the confidence of the majority of the people.

The allegations, made by the Commonwealth Observer Group to SA (Comsa), also said that SA courts were not interested in the protection of human life.

The Department described the findings as a generalised, ill-informed and superficial evaluation of the country's criminal justice system.

"SA is justifiably proud of its legal system, which ranks amongst the foremost in the world," it said.

"The SA legal system is continuously involved in a process of dynamic change and the Minister of Justice and Department of Justice have not and will not hesitate to take the lead in this regard."

An invitation was issued to Comsa to meet officials and present any proposals which could help improve the administration of justice. — Sapa.

BIDAY 21/12/92

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TIMBER

1993

Timber exporters critical of state's 'new monopoly'

Finance Staff *Star 21/1/93*

DURBAN — Timber exporters are concerned that the state's formation of a "commercial monopoly" handling former state forests will push up prices and impede exports.

They believe the recently formed South African Forest Company will be pressured in the short-term to meet expectations of its employees, many of whom are civil servants, "who will want to protect their pensions and ensure job security".

Dr Winston Smith, chairman of the Timber Products Exporters' Association, said the association's concerns had been raised at a meeting in Durban.

"The South African Forestry Company (Safcol) is a state-owned company created by recent legislation to take over the forestry assets and undertakings of the Department of the Environment," he said.

"This development is contended by the authorities to be the so-called 'commercialisation' of substantial public sector interests."

Dr Smith said the Safcol development had been opposed by major groups with interests in the industry — long-term sawlog contractors, timber merchants, manufacturers and exporters of wood-based products.

Timber
3
"One of their major concerns is that the new company will be staffed by seconded or transferred civil servants from the Division of Forestry.

"Such people have a limited exposure to free enterprise and would have little knowledge or experience of commercial activities.

"They would be inadequate to deal with the disciplines and challenges of the business arena."

Exporters

Exporters of timber products feared the creation of Safcol could lead to unjustified increases in the domestic price of sawn timber which could possibly have been avoided.

This would harm the interests of timber product exporters who had made a significant contribution to foreign exchange earnings, despite an upward moving cost spiral in their basic raw material.

"The creation of Safcol appears to be the transfer of a state monopoly with benign intentions to a possible commercial monopoly which will be pressurised in the short-term to meet the expectations of employees."

He said appointment of businessmen to the board of Safcol was encouraging but there were a number of key questions which needed to be answered urgently.

You can't see the woes for the trees

SITimes (BUS) 28/2/93. ^{(3) Timber}

THE latest in the current vogue of describing last year as an *annus horribilis* is timber group Yorkcor.

The group, which on Friday announced a R3,8-million loss for the year to December, says 1992 was the worst year in living memory for lumber millers.

The volume of lumber sold by the industry fell to the lowest level in two decades. Home building, normally the biggest consumer of timber, almost came to a standstill on the back of a slump in the building industry and turbulence in the townships.

Yorkcor's turnover fell from R40-million in 1991 to R36-million and it passed its dividend.

Its timber marketing division was its main casualty because of tough market conditions. It lost R2,4-million for the year after waging a fierce discounting battle for

DIAGONAL STREET



By Zilla Efrat

the little business that was going in the market.

Nonetheless, chairman and chief executive Solly Tucker is not put off by 1992's loss of 38,3c a share — and earlier forecasts for the year which

never materialised — in making optimistic predictions for 1993.

Based on a list of assumptions, he forecasts earnings of 20c a share and a dividend of 8c a share on a turnover of R40-million for the year.

At the end of the previous year, Tucker envisioned that Yorkcor would achieve earnings growth of about 50c a share and pay out a dividend of 20c a share in 1992.

Tucker claims Yorkcor outperformed most producers in 1992, a year when the whole of SA's timber milling industry bled.

He says Yorkcor was among SA's lowest cost producers of sawn timber. During the year it excised uncompetitive operations and pulled in its belt.

Staff was reduced from 1 273 in 1991 to 966. Even its annual report, released with the results on Friday, was produced at costs 10% lower than the previous year's.

Given its tough environment, the timber group also

focused its products and services on higher levels of the value added chain. It developed new products and packages for new markets in 1992 "but not in time ... to contribute decisively to this year's results".

During the year Yorkcor realised R2,6-million by selling under-performing realty and manufacturing plant. It intends to sell further assets at more than double this sum in 1993 and use these funds to improve automation and secure hi-tech development.

Tucker says the group has embarked on a two-pronged strategy to take it out of the doldrums gripping most of SA's timber industry.

It has orchestrated a special building timber thrust into the hinterland and informal sector. Known as the "Shoulder Trade," customers literally carry off on their shoulders packages of components of ready-to-erect structures.

In addition, pine-based furniture manufacturer New York Pine is expected to be a substantial contributor to group profits in 1993 on the back of an export drive.

Mr Tucker says its export order book already looks encouraging.

Yorkcor has also been working towards setting up a network of independent contractors to make furniture and components to its designs and specifications. This is because its furniture marketing capability has overtaken its capacity to make all it sells, says Tucker.

His comments on the SA Forest Company Limited (Safcol) highlight the general uncertainty among sawmillers over how this recently formed state controlled company will affect their lives in years to come.

Yorkcor, however, may be well placed as two of its directors have relinquished their posts to take up appointments on Safcol's board.

Fedsure banks on rerating insurance

SITimes (BUS) 28/2/93.

FEDSURE Holdings has yet again maintained its consistent record of producing compound annual growth in earnings of above 20% a year.

Despite much more difficult economic conditions, attributable earnings grew by 47% to R42,4-million in the year to December 1992.

Earnings a share were 21% higher at 51,8c because of the issue of 18 million new shares as part of the strategic alliance with Investec early last year.

The final dividend of 21,5c brings the total distribution for the year to 36,75c (30,5c) a share.

uct range to the society's clients.

Last year's alliance with the Investec group, and the subsequent rights issues, has helped Fedsure to considerably strengthen its capital base. Shareholders' funds jumped from R111-million at the end of the previous year to R348-million at the end of 1992.

Total assets, which grew by 25% in 1991 to top R5-billion for the first time, increased another 28% to R6,5-billion by the 1992 year end.

Life assurer Fedlife, Fedsure's core business, improved its gross premium income by 40% to R1,2-billion. Its slice of the premium market also rose in 1992.

Recurring premiums grew by 22% to R775-million, while single premiums jumped 85% to R470-million.

erty portfolio performed particularly well, reaching a market value of R1,1-billion. Average occupancy levels exceeded 97%, mainly because of the selective tenant mix, and the aggregate return over the year was over 23%.

The group's short arm arm Fedgen showed a creditable turn-around in performance, transforming a R5-million loss in the previous year to a R5-million profit in 1992. It benefited from the emphasis placed on careful underwriting and control of claims costs.

Unit trust Fedgro increased its value over the year from R27-million to R40-million.

Timber prices up after tough year for sawmills

B/D/A/M 2/3/93

(3) Timber

TIMBER prices improved substantially over the past two months after a year of cut-throat competition, said York Timber (Yorkor) chairman Solly Tucker.

Commenting in Yorkor's annual report, he said a significant number of sawmills were driven out of the market in the teeth of knockout discounts — up to 45% — by dominant players who plunged prices below production costs.

Mondi held the largest chunk of the SA sawmilling market with 27%, Hans

EDWARD WEST

Merensky Foundation held 17%, Bonuskor 10%, Yorkor 8% and Sappi 5%, he said.

Despite the last two-month upswing, timber industry sales volumes were the lowest in two decades due to the building slump and township violence, he said.

Yorkor was planning an export thrust with new pine furniture, and a hinterland marketing drive with timber components of ready-to-erect structures, Tucker said.

"Confidence in our pine manufacturing facility at New York Pine has been vindicated by a substantial order book of new and repeat export business for several parts of the world," he said.

He forecast 1993 earnings a share at 20c and the dividend at 8c.

In the year to end-De-

cember 1992 Yorkor reported a loss of 38,3c a share from a profit of 2,4c in 1991.

SA Lumber Millers' Association executive director Andries Swart said that up to five mills had been temporarily closed.

Last year's sales volumes — 970 000 cubic metres compared with an industry capacity norm of around 1,35-million cubic metres — was the lowest in two decades, he said.

Industry sources said SA's third largest sawmilling group, Hunt Leuchars & Hepburn, was reviewing its assets for a shift in direction from rough sawn building timber toward value-added products with export potential.

Meanwhile, a Sappi spokesman confirmed yesterday that it had acquired Hans Merensky's Clan plantation and sawmill in Natal and Hans Merensky's Zululand sawmill and timber supply contracts.



Yorkcor's Tucker ... still open to acquisitions (3) Timber
 FM 5/3/93

YORKCOR
 FM 5/3/93
Price squeeze

(3) Timber

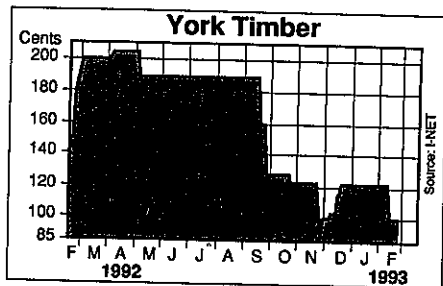
Activities: Sawmiller and maker of wood products, as well as property investment.
Control: Max Tucker & Sons (Pty) 42,8%.
Chairman: S Tucker; MD: I S D Tucker.
Capital structure: 9,98m ords. Market capitalisation: R9,98m.

Share market: Price: 100c. 12-month high, 205c; low, 100c. Trading volume last quarter, nil shares.

Year to Dec 31	'89	'90	'91	'92
ST debt (Rm)	1,7	1,8	2,0	2,1
LT debt (Rm)	8,1	8,4	7,0	11,0
Debt:equity ratio	0,27	0,51	0,36	0,67
Shareholders' interest	0,5	0,5	0,6	0,5
Int & leasing cover ..	7,3	1,6	1,1	n/a
Return on cap (%) ..	14,8	7,5	6,2	n/a
Turnover (Rm)	36,0	36,9	39,8	36,2
Pre-int profit (Rm) ...	5,8	2,8	2,5	(1,5)
Pre-int margin (%) ..	16,2	7,6	6,4	n/a
Earnings (c)	39,9	21,6	2,4	(38,3)
Dividends (c)	13,0	14,0	14,0	—
Net worth (c)	205	199	240	194

1992 has been a difficult year for timber group Yorkcor, which suffered severe price competition in the second half of the year with up to 45% price discounts to its major clients. Volumes also came under heavy pressure — about two-fifths of sales come from the depressed construction market — resulting in a negative R1,5m operating profit after a 9% fall in turnover.

A comparison of Yorkcor's forecast 1992 results (made at the end of 1991) and the actual results illustrates how bad the condi-



tions were: instead of the forecast EPS of 50c there was a loss of 38,3c and the dividend, forecast at 20c, was passed.

Chairman Solly Tucker says: "We are not a big ship but it still takes time to turn around." The group is changing its focus away from construction and industrial timber to more value-added products, like furniture. The export market is expected to provide about four-fifths of the furniture division turnover; furniture is targeted to account for about a third of group sales.

Yorkcor's 1993 forecasts, (EPS: 20c; DPS: 8c) look ambitious given negative cash flow of R2m and net interest charges of R2,2m in 1992. The construction and industrial markets remain significant contributors to earnings; a pickup in these sectors is not expected for 1993. But a recent focus on informal sector demand is expected to reduce dependence on the formal construction sector.

Net interest charges will continue to undermine profitability unless interest-bearing debt can be reduced. Gearing increased from 0,36 to 0,67 in 1992 after the acquisition of Phoenix Doors, the Cape door maker and exporter. Tucker says he remains open to acquisition opportunities, but does not expect this to affect gearing; existing assets will be sold to allow for the purchase of new, more productive assets.

The share is on its 12-month low at R1, down from over R2. The obvious risk is negative cash flow coupled with high financing charges. There has been little activity in the shares; they did not trade during the last quarter. A recovery will depend on improved timber prices, a pickup in the construction market and the performance of the furniture division.

Louise Randell

~~Handwritten scribble~~

(d) The ECB will consider the comments of Durban and Ballito on 17 March 1993. In terms of Section 13 (5) of the Electricity Act, 1987 the ECB may, at its discretion, hear the objections in public at a time and place of which at least 14 days notice shall be given to the applicant, the transferor or transferee, as the case may be, and every objector.

(2) No.

Broadcasting licences: moratorium

*24. Mr R J LORIMER asked the Minister of Home Affairs:

- (1) Whether a moratorium has been placed on the granting of new broadcasting licences and the upgrading of broadcasting facilities; if so, what are the relevant details;
- (2) whether any services of the South African Broadcasting Corporation have been extended and/or upgraded while this moratorium has been in force; if not, why not; if so, what services;
- (3) whether any extension and/or upgrading of services is being envisaged; if not, why not; if so, what is being envisaged;
- (4) whether any permission for new licences or the extension and/or upgrading of facilities has been granted to other radio stations during the moratorium period; if so, what are the relevant details? B340E

The MINISTER OF HOME AFFAIRS:

HOUSE OF ASSEMBLY

decision has been made to implement a moratorium. In accordance with ~~point~~ the spirit of the task group's recommendations, no further new licences or extension of any existing licence has been issued to the SABC, since the publication of the above-mentioned report.

With regard to the upgrading of broadcasting facilities no moratorium has been recommended by the task group or been implemented.

(2) Bearing in mind the afore-mentioned approach to honours a moratorium, no services of the SABC, which would have required supplementary licensing, have been extended. However, various services have been upgraded and/or replaced in the course of the SABC's normal programme of rendering an improved service to listeners.

(3) The extension, upgrading and improvement of the SABC's services are constantly under review in terms of the corporation's aim to adjust and improve services to listeners.

(4) Apart from a landline link between Radio Bop's studios at Sandton and their transmitter in GaRankuwa and a few very limited and temporary licences which have, *inter alia*, been granted to Radio Tuks, Voice of Wits, Showtime Music Radio and others, no permanent licences or extension and/or upgrading of facilities have been granted to other radio stations.

Police cells: detainees

*25. Mr A J LEON asked the Minister of Law and Order:

(a) How many persons under the age of 18 years were being detained in police cells as at 31 January 1993 and (b) how many of these persons (i) had been charged and (ii) remained to be charged as at that date? B342E

The MINISTER OF LAW AND ORDER:

- (a) 722
- (b) (i) 611 were charged with a crime at police stations.

(ii) 75 were not yet charged with a crime at police stations as they were only still suspected.

Note: 36 were released on the same day because investigations revealed that they could not be charged.

Department of Forestry: newsletters in English only

*26. Mr A GERBER asked the Minister of Water Affairs and Forestry:

(1) Whether his Department has distributed a notice entitled: "Rationalization of forestry technology—newsletters" in which it is stated that newsletters will in future be issued in English only; if so, (a) how is this justified and (b) what are the further particulars;

(2) whether his Department will consider issuing these newsletters either in both official languages or in Afrikaans and English alternately; if not, why not; if so, what are the relevant details;

(3) whether he will make a statement on the matter? B347E

The MINISTER OF WATER AFFAIRS AND FORESTRY:

(1) Yes.

(a) To save costs by means of rationalizing publications, especially where 75 percent of the readership is English speaking and to allow for changing needs and to achieve new goals.

(b) The Forestry Technology Newsletter is an internal publication to keep the Forestry Extension Officers of the Forestry Branch of the Department of Water Affairs and Forestry up to date with technological developments in commercial forestry and also contains handy information and hints regarding forestry matters. The Newsletter was initially launched as a service between the researchers and the Extension Officers, but in the course of time this publication was

also supplied free of charge to private timber growers.

(2) Yes, for the time being the publication concerned will still be available in both official languages.

(3) Yes. There are mainly two aspects which gave rise to this particular decision and on which I would like to elaborate to provide perspective on the decision. Firstly, with the view to the commercialization of the forestry and wood-processing activities of the State with effect from 1 April 1993 it was necessary to consider the mission of the Chief Directorate: Forestry Development of the Forestry Branch of the Department as this Chief Directorate will not be commercialized and will remain under central Government control, and secondly, it was necessary to look critically at all the facets of the future expenditure of this Chief Directorate due to the fact that only limited funds are available.

The Directorate: Forestry Extension and Conservation of the Chief Directorate: Forestry Development, which is responsible for the distribution of publications such as the one under discussion, will in future focus on the development of agro-forestry and not commercial forestry activities. The reason for this change in accent is firstly to be found in the fact that certain parts of South Africa are degrading to such an extent as the result of over-utilization of vegetation that this has become a menace for the country as a whole and secondly, in the commercialization of the commercial forestry activities of the State.

I have already referred to the question of limited funds and, it having been decided that the Chief Directorate: Forestry Development will rationalize its publications so as to effect savings on direct and indirect expenditure, I can announce today that it is the intention to cease the publication of the Forestry Technology Newsletter with effect from 1 June 1993. This does not mean, however, that the transfer of information will be impeded by such a step. The Extension Leaflet which was distributed separately in the past, will still be published in

HOUSE OF ASSEMBLY

both official languages and will contain the information applicable to agro-forestry which was previously published in the Forestry Technology Newsletter.

B. Tucker

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Private schools: State subsidies

*1. Dr F H PAUW asked the Minister of Education and Culture:

- (a) What is his Department's policy in respect of Christian national schools which are run as private schools and
- (b) what are the requirements with which such schools have to comply in order to qualify for State subsidies?

B356E:INT

*The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, there are two measures which apply to private schools. One is the Private Schools Act (House of Assembly), Act 104 of 1986. [Interjections.] The other is the Regulations Regarding the Registration of and Financial Grants to Private Schools—Private Schools Act (House of Assembly) of 1986. In the nature of things these measures reflect the departmental policy in regard to private schools. If schools comply with the provisions of that Act and those regulations, they qualify for registration as private schools with my department, and they can also be considered for subsidies after the qualifying period.

The requirements which a registered private school must meet in order to qualify for a government subsidy are dealt with in full in subregulations 5(5) and 5(6) of the regulations to which I have already referred. My standpoint is that the education system should be a developed system with more choices, and that the private schools should also be available as an option for those who want them.

It is an old tradition in most countries of the world, including our own country, that persons who believe that their particular view of reli-

gion, culture and life cannot find full expression in the State-aided education system, should have the right to their own schools.

Furthermore I believe that that right should be entrenched, but as in any other country the authorities also have the responsibility to ensure that the principles of fairness, justice and non-discrimination are also applied in the private school sector.

However, I suspect that the hon member Dr F H Pauw is concealing his true intentions behind fine sounding terminology, and that he is not really interested in schools with a Christian and national character, but that he is actually only interested in White schools. I also believe that he is not so concerned about whether the pupils are Christian or whether they belong to the Afrikaner people; as long as their skins are White. I should like to know from the hon member whether my suspicions are correct. [Interjections.]

*The CHAIRMAN OF THE HOUSE: Order!

*The MINISTER: If he confirms that I am correct, I shall supply him with further information in this regard in my next turn to speak.

What I want to know in particular is whether a Zulu or Tswana child who together with his parents fully associates with everything for which a school with a Christian and national character stands, and who has a deep desire to be admitted to such a school, would in the view of the interpellant be eligible for admission.

*Dr F H PAUW: Mr Chairman, I would be pleased to reply to the hon the Minister's question. The Afrikaner people is obviously a White people. I do not know of a Zulu or Tswana who is a White man, or who can be regarded as an Afrikaner. [Interjections.]

This matter relates to schools with a Christian and national character, and the people are experiencing problems with registration at their schools. These schools were not established because the parents have too much money. They were established to a large extent because most Afrikaner parents made a promise to the Lord at the christening of their children. When our children are christened, we promise to educate them and have them educated in the Doctrine. We promised to pass on the Reformed Doctrine to our children at home and at school. This is

what we promised. I do not know why the hon the Minister is now suspicious with regard to our standpoint in this regard. The people made promises. It is for this reason that these people are building and are giving their money and possessions to establish these schools and to have them succeed. They do not cost the State any money in the process. These children are taught and it does not cost the State a cent. I am grateful to be able to say that schools with a Christian and national character in the Cape and in the Transvaal receive reasonably good co-operation from the hon the Minister's department. However, we do have a problem. It would appear to me that the provincial education departments can exercise a discretion with regard to the requirements that are set for the registration of these schools.

For example the Dankbaar School, a school with a Christian and national character in Bloemfontein, can be required to acquire a sophisticated microscope, when it is not possible to find any lesson in the syllabus for which such an instrument would be necessary. For example, even if there are only three pupils who take needlework, the school can be required to acquire six sewing machines, and to have the space to accommodate and use them, in case there might one day be more pupils who take needlework. Even if there is only one child who takes typing, a number of typewriters may be requested. If these requests were to be implemented without discretion and without common sense, this might result in obstruction. In the Free State we have a problem in this regard. We have officials who are causing these people to struggle. We hope that after today there will be a changed climate—the signs are already there. We hear we have a director-general by the name of Stone. We understand that a load of bricks have come down on the people, and it sounds as though matters are already proceeding better.

*Mr J A JORDAAN: Mr Chairman, the hon member Dr F H Pauw is an expert in the art style. Listening to this interpellation I honestly think that it would have been more appropriate to have said nothing at all in respect of this discussion on education. I want to be very honest with hon members about this. He talked about the promise that is made when christening one's children. I actually prefer to talk about a christening vow in that regard. In terms of this vow one undertakes to be instructed in the

Doctrine. If one couples this to a Christian private school, we are fully in favour of it.

We are also fully in favour of Afrikaners as a medium. However, one now comes to the other facets. Unfortunately the hon the Minister referred to a Zulu or a Tswana in this regard. Perhaps it would be more relevant, for argument's sake, to refer to Coloured Afrikaners, because there are people in the ranks of the CP who are in fact Coloured Afrikaners.

Then the following question becomes relevant. On what basis does one keep those people out of one's schools? As long as those people are prepared to accept what the educationists call the ethos of the school in respect of its Christian character and language, there are no grounds on which these people can be refused. I believe that this is the course we will have to adopt in this country, and this also applies to private schools. The CP is going to adopt that course together with us.

*The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, I listened carefully to what the hon member Dr F H Pauw had to say. It is clear to me that he is not concerned with Christian education of a national character. He is concerned about Christian education, and there I have no quarrel with him. I support this. Room must be created, in the future too, for schools to have a particular Christian character.

The hon member is not concerned with what is particular to a specific people, but he is concerned about White education. This is the second element. He stated clearly that the Afrikaner is White. He pointed out to the CP's allies in Cosag, that their children were not welcome to attend the same school as the CP's children. He also indicated that no other White in South Africa, no matter what his origins, would be able to attend the same school as their children, unless he was an Afrikaner.

The hon member for Heilbron gave us a clear indication the day before yesterday of the approach of the hon members of the CP when he quoted the hon the Leader of the Official Opposition. He said their party, the CP, was not a party of the Afrikaner. He said they stood for the Whites, and not for the Afrikaner. [Interjections.] Therefore this means that the future of the Afrikaner is not safe in the hands of those hon members. [Interjections.] This is why the hon member for Heilbron was able to point out

Commercial timber now responsibility of Safcol

BOM 16/4/93

(3) timber

MARINNE MERTEN

THE SA Forestry Company Limited (Safcol), formed in September, this week officially took over SA's commercialised timber production which previously fell under the Forestry Department.

All assets and liabilities relating to commercial timber productions were acquired by Safcol on April 1.

The organisation has two years in which to reach agreement with government on compensation for the assets it has taken over. The timber plantations will remain government-owned, and lease agreements are being negotiated.

Safcol board chairman Leendert Dekker said at the launch this week that the organisation was committed to being cost-effective and profitable in the long term. Priorities were customer satisfaction and market development, he said.

Safcol public relations officer Bosman Olivier said government was still the sole shareholder in the company and there were no definite plans to privatise it. However, the company did not enjoy "fiscal privileges" from government.

As part of the commercialisation process, Safcol has reduced its timber growing areas from nine to five plantations and cut head office staff from 140 to approximately 30. Further rationalisations were expected.

Safcol had an annual turnover 175 000m³ of timber in the form of

pulp, logs and by-products such as wood chips, with an estimated value of about R200m.

Forest Owners' Association executive director Mike Edwards said he would be happy for Safcol to join the association because it was the right place for the company to be. Safcol's membership application was still being discussed.

Sapa reports CEO Tiennie van Vuuren said Safcol expected to start showing a profit within two years.

"If we can't show a profit by the end of the second year of our existence, we're going to have to take a hard look at ourselves."

Safcol runs 265 000ha of former state forests, about a quarter of the total land under afforestation in the country, and predominantly supplies sawlogs to domestic clients as well as to the Far East and Pacific Rim nations.

Van Vuuren said Safcol would be "demand-driven" however, according to private sector principles in running its interests.

He said this could involve supplying more wood for pulp used in paper-making at the expense of its longer-term timber product operations.

He envisaged Safcol co-operating with other private sector forest product groups such as Sappi and Mondi as part of its rationalisation thrust.

PAPER INDUSTRY has pioneered measures to protect resource

Invaluable resource is taken for granted

Star 2/6/93. (3) timber

■ **Tree cheers:** From a country relatively poorly endowed with natural forests and timber resources, SA has grown into a world leader in plantation forestry.

Paper ranks as one of the most useful commodities ever invented, and perhaps the one most widely used by people in everyday life.

We tend to forget that when we read the daily newspaper, write a memo, send a fax, fill a cardboard box or blow our nose, we are using a product that originates from trees.

With a paper-making tradition dating from 1920, SA has paper and pulp mills which produce printing papers — from the finest quality paper to newsprint, packaging papers, various types of carton board and speciality products.

SA has grown into a world leader in plantation forestry. It all started with a pioneering plantation in the western Cape established in 1876 to supplement the sparse natural sources of fuel for the early railroads reaching into the interior.

Today plantations cover well over a million hectares. In these plantations, every tree is planted individually. Suitable conditions have favoured the establishment of plantations along the southern and eastern mountain ranges, and today plantations reach from Table

Mountain to the Soutpansberg in the far northern Transvaal.

Driven by competitive urgency, the forestry industry in the country utilises the most modern technology. Advanced tree-breeding and selection techniques have led to the development of superior trees — trees that grow as much as 15 mm a day and increase the timber yield substantially.

Forestry has brought growth and prosperity, employment and advancement to rural districts. The employees and their families in forestry and forest-based industries total more than 700 000 people.

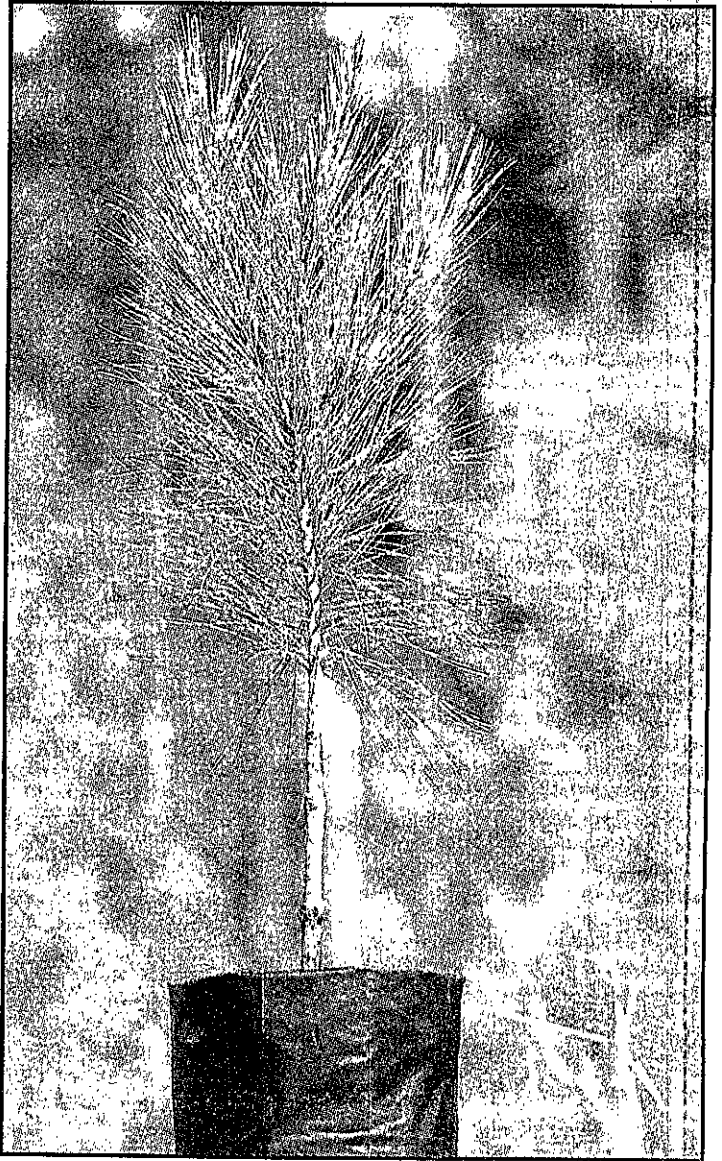
Conservation

The forestry industry claims to have introduced environmental conservation to the country, by initiating the first Forestry Act of 1888, which laid the foundations for the modern management of plantations and protection of indigenous forests, and which prescribed the first conservation measures.

A century later, the forestry industry adopted an environmental code of practice. This code embodies and formalises sound conservation and land management principles — which have been accepted forestry practice for many years.

Because timber is a renewable resource, growers are necessarily sensitive to environmental factors and take care to conserve ecosystems.

● *Information for this article was obtained from the Forestry Council.*



The beginning . . . the paper industry is constantly reminded of its responsibility towards protecting the environment.

775. S S Seepersad 11005467 A M Moola School
 776. D Naidoo 10998501 Northdale Technical College
 777. V D Naidoo 11015047 Northdale Technical College
 778. P K Moondley 10998322 Northdale Technical College

~~STATE~~

HOUSE OF ASSEMBLY

lation; if not, why not; if so, what are the relevant details?
 (3) whether he will make a statement on the matter?
 B843E

THE MINISTER OF DEFENCE:

- (1) No. The K53-system is applied.
- (2) Yes. All SA Defence Force Examiners are qualified at the School of Armour in accordance with the K53-system.
- (3) No.

~~STATE~~

QUESTIONS
 † Indicates translated version.
 For written reply:
 General Affairs:

SADF: military/civilian drivers' licences

361. Mr A E DE WET asked the Minister of Defence:

- (1) Whether the test for a military driver's licence differs from the test for a civilian driver's licence; if not, why not; if so, (a) why and (b) in what respects;
- (2) whether examiners testing prospective candidates for a military driver's licence are competent to perform this function in accordance with road traffic legis-

Afforestation applications

376. Mr M J ELLIS asked the Minister of Water Affairs:

- (a) How many afforestation applications were received by his Department in each province in 1992, (b) (i) how many of these applications were approved and (ii) for what areas were they approved, in each case, and (c) (i) how many applications were refused and (ii) for what reason was each application refused?
 B872E

THE MINISTER OF WATER AFFAIRS:

	TRANSVAAL	NATAL	CAPE PROVINCE	ORANGE FREE STATE
(a)	32	42	31	NII
(b)	26	40	31	NII
(c)	4 514 ha	10 902 ha	5 981 ha	NII
(d)	6	2	NII	NII

The maximum permissible area for afforestation in the relevant catchment or sub-catchment, which had been determined earlier by the Central Afforestation Permit Committee, had already been fully allocated.

~~STATE~~ 3 timber

Wealth policies lack detail, says Schwarz

B/Day 22/6/93

PRETORIA — Greater clarity was required from political parties on the question of the redistribution of wealth, SA's ambassador to the US Harry Schwarz said yesterday.

Speaking at a business strategy conference in Pretoria, Schwarz said it was difficult to appeal for foreign investment when key factors in a future economic policy remained uncertain.

The need to make sacrifices and the demand for redistribution were two issues which had arisen continuously in debates about the future of SA, Schwarz told about 200 local and foreign businessmen.

But very little had been said about what should be sacrificed, and how, and to what extent there would be redistribution.

"It does not appear unreasonable to ask those who speak of sacrifices and redistribution to define what they mean, what they intend to do and how they intend to do it," Schwarz said.

Promises of redistribution created expectations which would be difficult to meet or control. There were also too many people who believed that SA owed them something, "that without qualifications, skill or education to work, suddenly everything will be better".

The illusion that inequalities of the past could be redressed without effort and through redistribution needed to be dispelled, Schwarz said.

"Without a work ethic we will not solve

ADRIAN HADLAND

any problem in the long term."

He added that improved productivity was a major challenge to SA's economic revival. Calls for a lowering of tariffs, more exports and an open economy should be weighed against SA's competitiveness in the international market.

"Can we compete with other countries, without incentives, in manufactured products and in commodities which are benefited with our own labour?" International Academy for Quality president James Harrington said the key to increased profits and market share lay in improving business processes.

While most employees were just unwilling pawns controlled by obsolete operating processes, managers allowed organisations to use these processes untuned to contemporary needs.

People should not be attacked in the quest for improved market share and profits because they were not the problem, Harrington said.

"What must be attacked and restructured are the operating processes that govern the organisation's performance."

Other speakers at the conference included US Service Quality Institute president John Tschohl, management consultant Alan Sheffield and former president of the American Society for Quality Control Robert Maas.

Drought hits timber growers

MARIANNE MERTEN

DROUGHT has damaged SA timber plantations and threatened the future of many growers.

SA Timber Growers' Association (SATGA) director Bruce Ferguson said tree growth in some areas had been "virtually nil".

Significant tree deaths had occurred, especially near Tzaneen in the northern Transvaal and in KwaZulu/Natal.

This had affected both profit and capital investment of the approximately 2 000 timber growers the association represented, he said.

SATGA's annual report said the organisation's had applied through the SA Agricultural Union for subsidies on 10-year loans — relief worth about R70m — in January, but Cabinet had not yet taken a decision.

Growers needed drought relief to re-establish damaged plantations, the report said.

The application was submitted after assessing tree damage in the summer rainfall areas.

Although growers were also affected by depressed international prices, export opportunities for wood chips had increased when Finland joined Japan and Taiwan as export markets, the report said.



~~DEPT~~ AGRICULTURE - OTHERS

TEA - 1985 - 1986

Rooibos sales
RD 19 19/4/85
on the rise

Mail Reporter 3 Tea

ROOIBOS tea is becoming popular with consumers again after recent marketing problems experienced by the industry.

According to the Rooibos Tea Board, sales are increasing at a rapid rate. By yesterday, 210 tons of rooibos tea had been sold this month — an improvement of 27% on last month.

Honey and lemon flavoured brands are being introduced for the first time at the Rand Show.

Tea prices drop to lowest level in 18 months

LONDON— Tea prices ended last week at their lowest level in 18 months, and traders reported speculation they could fall below profitable levels for certain producers.

The average price of tea at the London landed auction fell to 170,84 pence per kg from 193,44 pence last week.

Major British tea retailers Brooke Bond Oxo said

they had no plans to reduce prices. Britain and Ireland are the largest tea consumers per capita in the developed world.

— (Sapa-Reuter)

NM 29/4/85

3 - Tea

~~211~~

'Marketeers' slated for price rise

Rooibos tea "marketeers" ve come under fire for increasing prices excessively under cover of the expense of the irradiating process.

3-709
Mr Peet J Wessels of the Directorate of Agricultural Product Standards stated in a paper presented to SAA-FOST '85 that it seemed some "marketeers" had used the necessity for radurisation (irradiation) to "add to the profits beyond any reasonable limits and this was finally explained to the consumer as radurising costs".

He said he had discovered that "in some cases the cost of transport and radurisation accounted for an increase of about eight percent while the increase at the stage of reintroduction of the tea was in the vicinity of 38 per-

cent". ~~STAR~~ STAR
Dr Andreida Plessis, managing director of Iso-Ster, the company which irradiated the tea, said the cost of the irradiating process plus the additional transport involved in transporting the tea to the Transvaal was about 47c/kg. The price of rooibos tea to the consumer went up by about R2,50/kg. 2/9/85

It has been alleged there has been little drop in the cost to the consumer of the tea which is no longer irradiated. But a statement issued by the Rooibos Tea Control Board says twice-monthly price surveys at 17 supermarkets indicated prices had fallen by an average 1,6c to 1,4c for a 200 g packet of tea.

3-Tea

Tea still contaminated — claim

STAR 2/9/85

Board's decision to stop irradiation of rooibos criticised

By Jackie Unwin

Irradiation processors say the arguments given by the Rooibos Tea Control Board for stopping the irradiation of the bulk of rooibos tea are unfounded. The board has cited the cost involved and consumer resistance to irradiated foods.

It was revealed this weekend that the rooibos tea industry had stopped irradiating most of its tea in May, but scientists claim salmonella bacteria are again present in samples taken from supermarket shelves.

However, the chairman of the Rooibos Tea Board, Mr A J van Zyl, released a statement assuring users of "the absolute safety" of rooibos.

The industry faced ruin last year when rooibos tested was found to contain the bacteria and most stocks were re-

moved from shops throughout the country.

Mr van Zyl said that since the middle of July, all batches of rooibos had been tested by the Department of Health.

The SABS had conducted an extensive investigation and had found no poisonous residues or toxic gases in the tested tea.

But Dr Andre du Plessis, managing director of Iso-Ster, the company which irradiated about 95 percent of rooibos tea after the last salmonella scare, said microbiologists would find the statement about the SABS tests "somewhat amusing". According to the Press statement the tests were for pesticides and not for bacteria, which is totally different.

At a food conference, SAAFOST '85, Professor W H Holzapfel, of the University of Pretoria,

said that 60 percent of rooibos tea samples tested a few weeks ago contained salmonella. His results were confirmed by Dr J G Niemand, Iso-Ster microbiologist, who recently tested samples from supermarkets throughout the country.

The board stated that it had been forced to consider methods other than irradiation because of the increased price of irradiation and consumer resistance.

But Dr du Plessis said yesterday: "There is no foundation for saying the process is too expensive."

The cost of irradiating, plus the additional transport involved, was "pessimistically" about 47c a kilogram.

He disagreed with the argument that the public is against food irradiation. This was contrary to what surveys had found.

Testing tea for salmonella

Govt in new rooibos probe

3-TEA

3/9/85

STAR

The Department of Health is investigating allegations that rooibos tea which has not been irradiated is again contaminated with salmonella.

Dr Gert Oberholster, chief director of the Division of Consumer Goods of the Department of Health, said the investigation should include further testing will take up to four days. The results may be known on Friday.

It was revealed at the weekend that the rooibos tea industry had stopped irradiating most of its tea in May.

Scientists claimed at public meetings that salmonella bacteria are again present in samples taken from supermarket shelves.

The chairman of the Rooibos Tea Board, Mr A J van Zyl, released a statement assuring users of "the absolute safety" of rooibos tea and said the board was surprised when it was alleged that rooibos tea which had not been irradiated was still contaminated.

The industry faced disaster last November when a consignment of tea destined for Australia was found to be contaminated with salmonella.

Rooibos tea tested in South Africa was also found to contain salmonella and most stocks were removed from

supermarket shelves and only allowed back after being irradiated.

But in May the Rooibos Tea Control Board decided to stop irradiating because of what it claimed was the high cost of irradiation, consumer resistance to irradiation and the fact that irradiated goods could not be exported to some countries.

The board is investigating a method to "steam" the tea instead. A pilot project is claimed to be successful.

RECOMMENDATIONS

Dr Oberholster said he knew the irradiation processing of most of the tea had been stopped.

He said that after the previous salmonella scare, the Department of Health had conducted an investigation at the Rooibos Tea Board and made recommendations on improvements.

These included hygiene on tea farms, quality control at the board's factory and microbiological control which the board undertook to comply with.

The scientists who claim to have found salmonella in recent samples of rooibos tea are Professor W H Holzappel of the University of Pretoria; Dr H van der Linde, head of the Radiation Technology Division of the Nuclear Development Corporation; and Dr J G Niemand, microbiologist with Iso-Ster.

Rooibos producers deny tea contaminated again

3-Tea Mercury 4/9/85

Mercury Reporter

THE Rooibos Tea Board denied yesterday that stocks of the tea on sale to the public were again contaminated with the faecal bacteria salmonella.

However, the board's manager, Mr P Saayman, said a new steaming sterilisation programme was being introduced which would effectively rid the tea of any harmful bacteria.

He said some tea which was in storage was contaminated, but this was not on sale to the public.

'We only offer tea to the trade which has been thoroughly checked by a microbiologist and which is in accordance with regulations laid down by the Department of Health,' said Mr Saayman.

'I repeat — there is no contaminated tea on sale to the public.'

Sapa reports that the Department of National Health and Population Development's consumer goods division said it was satisfied the tea met the standards set down by it.

Mr Saayman also denied that the department had begun to investigate the possibility that rooibos tea had

again been contaminated with salmonella.

It was reported yesterday that the investigation was launched as a result of allegations made at a recent food congress held by the Council for Scientific and Industrial Research in Pretoria.

It was allegedly claimed that traces of salmonella were found after the irradiation programme was stopped.

'We recently received a clearance certificate from the Department of Health saying that rooibos was clean and of no harm to the consumer,' said Mr Saayman.

'The investigation referred to is a routine check.'

He said the control measures introduced at the factory since the irradiation programme was stopped should safeguard the tea from contamination.

The new steaming sterilisation programme, when in operation, would clean stocks already contaminated as well as all new stocks coming into the factory.

Rooibos tea was removed from shop shelves last year after some brands were found to have salmonella bacteria, but after undergoing an irradiation process the tea was back on sale in January.

Rooibos ^{3-Tea} findings ^{STAR} due soon ^{6/9/85}

The results of the Department of Health investigation into rooibos tea are not available yet, Dr Gert Oberholster, director of National Health and Population Development, said today.

Dr Oberholster expects them early next week.

The investigation arose from claims by scientists that rooibos tea which had not been irradiated had been found to contain salmonella.

The rooibos tea industry suffered a severe blow in November last year when salmonella was found in a consignment destined for Australia. Tests in South Africa also revealed salmonella contamination. Suspect tea was removed from shelves and allowed back only after the tea had been irradiated.

The Rooibos Tea Control Board stopped irradiating the bulk of the tea in May.

Choose irradiated rooibos

11/9/85
The Consumer Council advises consumers to choose rooibos tea which has a radura (irradiation) emblem since this tea is guaranteed safe from salmonella contamination.

The council said yesterday that from inquiries received about rooibos tea, it was obvious misunderstandings still abounded.

Consumers should note that though suspect rooibos tea was made harmless by boiling it, other fresh food could be tainted by coming into contact with contaminated tea.

Mr Jan Cronje, the Consumer Council director, has pointed out that the price of 200 g of radurised rooibos tea should not rise by more than 10c. The council has learnt that some packets are being sold at up to 50c more.

Tests conducted by the SA Bureau of Standards have also proved that South African rooibos tea is not polluted by residual pesticides.

Rooibos gets clean bill of health

Rooibos tea has been given a clean bill of health by the Department of Health. All tests for salmonella in the tea have proved negative, said Dr Gert Oberholster, director of National Health and Population Development. The investigation followed recent claims by three scientists that salmonella had been found in rooibos tea which had not been irradiated. Dr Oberholster said the department regarded the matter as "closed". The Rooibos Tea Control Board has repeatedly reassured the public of the "absolute safety" of the tea.

The rooibos tea industry stopped irradiating most of the tea in May because of the high cost of irradiation, consumer resistance to irradiation and because irradiated goods could not be exported to some countries. The industry faced disaster last November when a consignment of tea destined for Australia was found to be contaminated with salmonella. Tests in South Africa also revealed salmonella in rooibos tea. The board is now involved in a project to "steam" the tea instead of irradiating it.

3-Tea

STAR

26/9/85

BUS DAY 17/1/86 (3) TEA

Rooibos sales soar

AFTER last year's 45% growth in Rooibos tea exports, the Rooibos Tea Board expects sales to reach a record 3,25-million kg in 1986.

Rooibos Tea Board GM Piet Saayman said in a statement in Clanwilliam yesterday that sales last year exceeded all expectations.

"There was a sharp increase in sales in South Africa as well as abroad and we expect this ten-

dency to be maintained during 1986," he said.

No increase in the price of Rooibos tea during the year was contemplated.

Saayman said Minister of Agriculture Greyling Wentzel had approved an interim payment of 27c a kg to producers for the 1985 crop. The board's recommendations for prices to be paid to packers had also been approved by the Minister.

— Sapa.

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Wool price hit by stronger rand

20/1/86 STAR (29) WPR

By Frank Jeans

The rising gold price and improved rand-dollar exchange rate knocked wool prices at last week's auction in Port Elizabeth.

With prices down five percent, the market indicator dropped by 49 points to 933.

Since the previous week, the value of the rand increased by 6,3 percent against the currencies of South Africa's most important wool import countries.

In overseas terms, the price of the local clip increased by a further 1,3 percent and is now 3,7 percent more expensive for wool buyers than a week ago.

The rise in value of the clip can be explained by the fact that the wool market did not move down in relation to the strengthening of the rand.

There was good competition from the trade at the latest auction and 98 percent of the 20 000 bales was taken up.

About 23 000 bales of merino and other wool will be offered next week.

Rooibos tea sales heading for record

STAR 20/1/86 (3) EA

By Frank Jeans

The rooibos tea business has shaken off any stigma it may have suffered in last year's "contamination crisis" with 45 percent growth during 1984 and the expectation of record sales this year of 3,25 million kilos.

The Department of Health gave a clean bill of health to rooibos tea after the discovery of salmonella in a tea consignment to Australia, and the Rooibos Tea Board added its reassurance that its tea was "absolutely safe".

Mr Piet Saayman, general manager of the board at Clanwilliam in the Cape, says sales of rooibos have exceeded all expectations.

"We expect this tendency to be maintained", he says.

No increase in the price of rooibos this year is contemplated.

Mr Saayman says the Minister of Agriculture, Mr Greyling Wentzel has approved an interim payment of 27c per kilo to producers for the 1985 crop.

Coffee growers, packers differ on pricing policy

The Argus Correspondent

DURBAN. — While coffee drinkers are affected by higher world prices, the local industry is the scene of disagreement between growers, roasters and packers over pricing policy.

The growers (14 of them in Natal) want buyers to agree to peg local producer prices to international levels. But the roasters and packers want to stick with the current "willing seller, willing buyer" pricing method.

Meanwhile, the whole industry is waiting for a report by the Industrial Development Corporation on the viability of farming the crop.

The rand's poor performance on foreign exchange markets has added to the higher cost of imports — already climbing because of the world under-supply caused by a Brazilian drought.

Local coffee could join the spiral.

WORLD PRICES

The relatively recently-formed Coffee Growers' Secretariat of Southern Africa has tried to persuade the SA Tea, Coffee and Chicory Association (SATCCA) — representing roasters and packers — to accept world prices as a base.

Mr Johan Kriek, secretary of the secretariat says producers have invested considerable sums in their operations and want protection from "dumped coffee".

Earlier efforts to get SATCCA to set local prices according to producer costs were rejected, and the latest proposals are on ice pending the IDC report, says Mr Peter Dovey, chairman of the Coffee Growers' Association of Natal.

Producers — like other branches of agriculture in South Africa — want an element of control in the prices of their produce, says SATCCA member Mr Toby Gawith, managing director of T W Beckett.

"As commodity buyers on international markets, we are used to taking the rap when prices go against us,

and making a profit when prices are favourable.

"I do not want to be obliged to buy raw materials at the same price as my competitor, and for this reason we oppose local controlled prices."

REMAIN THAT WAY

Marketing is presently done on a "willing seller, willing buyer" basis — and SATCCA wants it to remain that way.

The 14 producers with the Natal association — all of whom grow coffee as a supplementary crop, mainly to sugar cane — send the beans grown on about 250 ha along the North and South coasts, to the Tongaat-Hulett plant at Kearsney.

There it is hulled and graded and then sold to roasters and packers via brokers at prices negotiated according to grade.

Natal expects to produce 225 tons of coffee this season.

For the past year, prices have been thrashed out on behalf of producers by the Coffee Growers' Secretariat.

This body was formed last year to take in the increasingly important coffee growers in the Eastern and Northern Transvaal homelands of Lebowa, Gazankulu and Venda.

OVERTAKEN NATAL

In recent years, the Eastern Transvaal has overtaken Natal as the country's most important growing area. It is estimated that 1 675 tons of mainly Arabica coffee will be produced around the country this season, of which 90 percent will be grown in the hot, irrigated soils of the Eastern Transvaal.

Meanwhile, the unpalatable fact is that the retail price of ground coffee is now about R18 a kg, compared with R8,80 two years ago.

Roasters and retailers have warned that the collapse of the International Coffee Organisation (ICO) — which regulated sales before the Brazilian drought — is pushing prices up.

**Rooibos
board
sued for
R236 000**

SCM
3
17/9/86

CAPE TOWN — The liquidator of a company that used to distribute rooibos tea is suing the Rooibos Tea Control Board for damages of more than R236 000 because "the salmonella bacteria was directly responsible" for the company's failure.

In papers before the Cape Town Supreme Court, the liquidator of Reed and Williams (Pty) Ltd claims the control board had been aware since about 1977 that the tea was contaminated by salmonella and ecoli bacteria.

The contamination was made publicly known in October 1984 after Australian Health Department tests. Then regional and central government health authorities confirmed the presence of these bacteria and further sale was prohibited.

The papers claim customers had refused to pay Reed and Williams or claimed refunds of what they had paid. The company had incurred transport and packaging costs and was unable to meet its debts.

Liquidation followed in April 1985. — Sapa.

COMPANIES

Bus. DAY 15/9/86

Tea

Coffee

T W Beckett finds tea has a profitable taste

T W BECKETT, the tea and coffee supplier in the Anglovaal group, expects a continued improvement in profits this financial year, chairman Jan Robertze says in the annual report.

Although the country's total tea sales were below the previous year's levels, Beckett increased its market share with its premium, Five Roses brand maintaining its position while the new value-for-money brand, Trinco, was an instant success.

Prices of imported teas in rand terms have remained fairly constant because the lower rand absorbed the effect of decreased world market prices, thus making home-grown tea once again the most expensive brand component.

Prevailing stable conditions in the world tea markets are expected to continue.

Mervyn Harris

The ground coffee market was hit by cost increases flowing from escalating world prices and the lower value of the rand. Robertze says: "Although the final effect of a series of cost increases has not yet reached the consumer, this market has already shown signs of weakness.

"Fortunately, the company has maintained its position within the market, while in the instant coffee segment, it improved sales and market share. Sales of coffee creamer and Isotonic Game were most satisfactory."

SA roasters had another sharp increase in coffee costs because of unfavourable climatic conditions in the growing countries. Nor is there any immediate prospect of

sufficient supplies coming into the market to have any marked downward effect on prices.

High prices are therefore expected to continue with a consequent adverse effect on local prices and, ultimately, consumption.

Coffee growers and roasters are waiting for government's reaction to the Industrial Development Corporation's report on the feasibility of increasing local coffee production.

Robertze says: "Roasters believe further planting would not be in the interest of consumers if it requires price support mechanisms similar to those enjoyed by local tea growers."

Beckett does not expect any problems in obtaining supplies of either beverage from overseas.

Rooibos farmers to be paid more

CAPE TOWN — The packer's price of rooibos tea will be increased at the beginning of next year by 4,4 percent — the first time in three years that rooibos tea farmers will benefit from a price adjustment.

Sales of rooibos tea are up 20 percent.

Canned fruit up

WORCESTER — The Canned Fruit Board has increased prices. The minimum price for apricots has been increased by 20 percent to R252 a ton, the minimum price for pears has been increased by 15,3 percent to R222 a ton, and peaches by 10,9 percent to R316 a ton.

PFP calls for poll in homeland

Pretoria Bureau

The Progressive Federal Party has called on the Government to hold a referendum on independence for the kwaNde-

**Roobos farmers
to be paid more**

CAPE TOWN — The packer's price of roobos tea will be increased at the beginning of next year by 4.4 percent — the first time in three years that roobos tea farmers will benefit from a price adjustment.

Sales of roobos tea are up 20 percent.

SA raises its cups
to rooibos sales

Industrial Staff

MORE than 3,1-million kg of rooibos tea has been sold by the Rooibos Tea Board this year.

Board chairman Abraham van Zyl says: "This represents a growth of more than 20% over 1985 and we see this as a tremendous breakthrough for the industry."

He says the record sales are the result of a campaign aimed at the health-consciousness of South Africans.

"Our whole marketing campaign was planned this way. We are now at the beginning of big things."

Marketing manager Dirk Human says the use of Gary Player as a spokesman for the product has been a major factor in the product's success.

Board GM Piet Saayman says rooibos prices have risen only 4,4% in the last three years.

S.M.
③ Ten 1/12/86

Rooibos sales up by 20 pc

Record rooibos tea sales are attributed to increased quality and health consciousness.

The chairman of the Rooibos Tea Board, Mr Abraham van Zyl, said more than 3,1 million kg had been sold during 1986. This was an increase of more than 20 percent and was seen as "a tremendous breakthrough" for the industry.

The South African consumer was health conscious and rooibos tea was the right product for the times, he said.

A promising future was seen for the product: "We are now at the beginning of big things".

Mr Piet Saayman, general manager, said in Clanwilliam, home of the rooibos tea industry, the board was delighted with the products performance, particularly in a tough economic year.

The board has extended its laboratories, personnel and quality control measures.

Mr Dirk Human, marketing manager, said consumers had full confidence in the product.

The rooibos tea industry underwent a severe slump last year, when some tea was found to be contaminated.

TEA

AGRICULTURE - TEA

1987

AUGUST

Workers challenge tea estate

23/8/87
C/11/100
THE court action by two Sapekoe Tea Estate workers, challenging their eviction from the estate, was this week adjourned for the hearing of oral evidence.

The applicants, Aaron Sithole and Gilbert Mankinyana, claimed in the Maritzburg Supreme Court that they had been unlawfully evicted from their accommodation on the estate without a court order.

The application, which is being opposed by Sapekoe, is being brought as a test case on behalf of other workers evicted after a work stoppage last month.

Judge Page said he was unable to settle the dispute on the papers put before the court and ruled that the cases should be adjourned until September 2.

In an affidavit, Sithole said the dispute had arisen over the workers' dissatisfaction with low wages and because of management's attitude towards the workers since they had become members of the Food and Allied Workers' Union.

Sithole, a shop steward, said Sapekoe management had refused to negotiate with workers, saying they would only deal with an appointed liaison committee.

However, he claimed the committee had become defunct as workers had joined Fawu.

Sithole said that, on July 14, deadlock was reached and workers were told they would be dismissed and evicted if they did not return to work.

He alleged that, the following day, police, acting on instructions of the estate manager, had fired teargas into various buildings on the estate and chased workers with sjamboks as they emerged from the buildings.

CP Correspondent

He said workers were chased into an office, made to pay R14 or R16, then forced onto trucks which took them to the nearby railway station.

He said many spent the

night at the station and were taken back to the estate the following day where they were asked to write down the names of people they believed were



Sapekoe workers Nomusa Mkhize and Maram Nkomane and their children await the result of the court action against the estate's management.

stopping them from working.

As a result of this 35 people, including himself and Mankinyana, were told to leave immediately.

Sapekoe's production manager, Abel Erasmus, said in an affidavit that workers had been told on July 13 that strike action was a breach of contract and strikers would be dismissed.

He also claimed they had been told Sapekoe was a farming operation and was, therefore, not subject to the Labour Relations Act and was not obliged to recognise Fawu.

He claimed workers had been intimidated during the strike and that three workers had to receive medical attention after being assaulted for working.
- Concord News Agency.

Tea farm workers teargassed, court told

August 1987

(3) ~~See~~ ~~See~~
MARITZBURG. — An application restraining a State owned farm from evicting more than 900 workers has been filed in the Natal Supreme Court.

This followed after police teargassed the Food and Allied Workers Union (FAWU) members at the Saapekoe Tea Estate in Richmond.

In an affidavit Aaron Sithole said on July 15, the protesters against the poor living conditions and low wages at the farm.

"We staged three work stoppages against these conditions. The police gave us five minutes to leave the premises. Then we were bundled into trucks and dumped at Richmond railway station," he said.

They worked an average of 12 hours a day and earn an average of R55 a month.

He said the next day union lawyers advised them to return to the farm.

"At the farm we were asked to write down the names of the workers who stopped us from going to work. After that 35 workers were dismissed," Sithole said.

The court gave Saapekoe until August 14 to respond

—Concord

AGRICULTURE — TEA

1988

BUSINESS

Magwa blends up R3m ^{Tea} ²

by Matthew Moonleya
business editor
EAST LONDON —
Magwa Tea Corporation
deserved a substantially
greater share of Trans-
kei government funds,
the chairman, Mr Archie
Nkonyeni, said in his an-
nual report which re-
flected a profit of
R3 446 680.

The profits, recorded
in the 10th year of op-
eration of the tea planta-
tions at Lusikisiki, were
recorded after writing
off R1 328 065 of devel-
opment expenditure.

Mr Nkonyeni
said: "The corporation
has proved its worth, in-
tegrity and capability of
using capital effectively
to promote development
and deserves a substan-
tially greater share of
government funds.

"I am only to dream of
the greater things which
would have been
achieved by the corpora-
tion if not faced with
these constraints."

Favourable climatic
conditions, a substantial
increase in the producer
price of tea and produc-
tivity gains had contrib-
uted to the successful
year.

Tea production ex-
ceeded that of 1985-86 by
571 tons to register a
crop of 3 010 tons for the
year. This is the first
time the 3 000 ton level
had been bettered.

"A closer analysis of
the corporation's results
reveal significant im-
provement in virtually
every financial and
physical aspect. An ex-
ception is the net inter-
est position which re-
flects a relatively
significant turnaround
from R168 385 in 1986 to
minus R244 147."

Mr Nkonyeni said the
season was character-
ised by heavy cropping
which exceeded the
budget by 65 per cent
following record rainfall
in August. Favourable
growing conditions in



Mr Nkonyeni proved worth.

December resulted in
exceptional daily vol-
umes and factories were
tested to the limit.

Dealing with pro-
spects and strategy for
the season, Mr Nkonyeni
predicted a more chal-
lenging and difficult
season in the light of the
Industrial Development
Corporation's in depth
report on the Southern
African tea industry.

He said the full impli-
cations of the report

were not known but it
would appear that tea
growers would be grad-
ually exposed to market
related pricing mecha-
nisms.

"This would no doubt
necessitate a far greater
involvement in active
marketing."

Mr Nkonyeni said the
corporation had already
made the decision for a
new strategy to be for-
mulated which would be
initiated through a think
tank process involving
management, local auth-
orities and government
representatives.

Some of the more im-
portant issues to be con-
sidered and needing
clear cut decision were
land ownership, privati-
sation and expansion of
the industry.

"I deem it vital that
Transkei continues to
press for some dispensa-
tion from South Africa
to continue expansion of
its tea industry," he
said.

AGRICULTURE — TEA

1991

Rooibos tea set to be Japan's favourite cuppa

6 10 24
22 5 91

MARCIA KLEIN

3 Tea

JAPANESE tea drinkers will be drinking at least 640 tons of rooibos tea over the next three years.

The Rooibos Tea Board will be exporting R3,6m worth of the tea, which is cultivated only in the Cedarberg area of the western Cape, to Japan via Rooibos Far East — the company which has obtained the sole rights to market the tea in the Far East.

Rooibos Far East will be importing a minimum quantity of 180 tons in 1991, 210 tons in 1992 and 250 tons in 1993.

Board marketing manager Arend Redelinghuys said: "The Japanese interest in rooibos tea stems from their desire for natural and healthy products."

He said the Japanese used it to make powdered instant tea and it was also sold in the beauty and health markets.

Rooibos makes up 16% of SA's tea market. Over the past year national trade increased by 12% and export figures by 66%. Sales figures rose by 27%, Redelinghuys said.

"It is predicted that rooibos will become the number one selling tea in Japan, hence Rooibos Far East," he said.

Farmers in the Cedarberg area had increased production already in anticipation of 1992 exports to the Far East, Redelinghuys said.

Rooibos tea is rising in the East as sales to Japan soar

Star 28/5/91. ③ Tea

South Africa's Rooibos Tea Board will be exporting 640 tons of tea worth R3,6 million to Japan during the next three years.

"The Japanese interest in Rooibos tea stems from their desire for natural products.

"They use Rooibos to make instant tea in a powder form, and for beauty and health products," said Arend Redelinghuys, marketing manager of the

Rooibos Tea Board.

Rooibos tea, which is cultivated only in the Cederberg area of the Western Cape, makes up 16 percent of South Africa's tea market.

Export figures have increased by 66 percent during the past year and total national trade by 12 percent.

According to Mr Redelinghuys, sales figures for Rooibos rose by 27 percent

last year.

In anticipation of the 1992 export drive to the Far East, farmers in the Cederberg area have already increased production of Rooibos tea.

"Importers from the Far East are really pushing Rooibos, and it is predicted that Rooibos will become the number one selling tea in Japan," said Mr Redelinghuys.

TRENDS REPORTER

SR
S

Rooibos for Japan

S. Times (Sun Times) 1/6/67
THE Rooibos Tea Board will export 640-tons of tea worth R3,6-million to Japan in the next three years. *Tea*

The board says: "The Japanese interest in rooibos tea stems from their desire for natural and healthy products. They use rooibos to make instant tea in powder form, and for beauty and health products."

Farmers have increased production because it is predicted that their tea will become a bestseller in Japan.

Rooibos is cultivated in the Cedarberg area of the Western Cape and comprises 16% of SA's tea market. Sales rose by 27% last year as a result of relaxed sanctions and an increasing awareness of health and fitness.

SUN... ..

A high price to pay for SA tea in

WILLIAM GILFILLAN

SOUTH African households are paying through the nose for tea.

Tea is the world's cheapest beverage, but in SA local growers' prices are protected by an agreement between the SA Tea Council and local packers.

This agreement obliges local packers to take 54% of their tea requirements from local growers at a price set well above international prices.

The local price is about R11/kg compared with the imported price of about R3,50/kg. This increases the cost to the local consumer from about 3,5c a cup to about 5c a cup.

Tea imports, mainly from Sri Lanka and Malawi, are also subject to a 5% duty.

Analysts say without the council agreement, the local industry would face collapse. Spokesmen for the packers say the price is high but concede that the tea growing sector, which is in its infancy, could not exist without a certain amount of protection.

Farmers have created jobs in rural areas which would never have come about had they not gone into the labour-intensive tea growing industry," one said.

Tea Brokers director Lionel de Roland-Phillips says wages on local tea estates are substantially higher than those paid by the traditional tea produc-

ing countries in Africa and the Far East.

"There are also considerable forex savings involved as our import levels of tea have fallen in line with increasing local production."

Tea produced by the local industry, which employs about 15 000 people, is of a similar quality to imported Sri Lankan tea, says SA Tea, Coffee and Chicory Association (SATCCA) secretary Ben Pienaar.

The R11/kg price paid to local growers makes SA one of the few profitable tea producers in the world — but only temporarily.

The Tea Council agreement, signed in 1988, stipulates that local tea prices are to rise annually at a rate equivalent to 80% of the local inflation rate.

Surplus

But production costs have been escalating at faster rates, largely because of increasing labour costs which account for up to 70% of production costs.

SA tea production, which began in 1963, has spread from Venda, down to Transkei and through to the Cape. A crop of about 12 000 tons is forecast in the 1991/92 season, says Tea Council chairman Roy Glover.

Local consumption of tea is about 20 000 tons a year. This means that local packers are obliged to take about 10 800 tons from local growers who have to sell

surpluses on the open market at international prices.

Glover says that in the recent past international prices have been lower than local production costs.

He expects local output to rise to 15 000 tons, not because more tea bushes are being planted but because yields from bushes rise as they mature. The lifespan of a tea bush can be as long as 100 years.

If local consumption remains at about 20 000 tons, as it has for the past five years, local growers could end up growing tea at a loss.

SA barely exports any tea other than rooibos, a product unique to this country. About 640 tons of rooibos worth R3,6m will be sold to Japan in the next three years.

Japan accounts for about half of rooibos exports but Germany and the US are also important markets.

Roland-Phillips says the international tea industry is struggling to survive because production costs have continued to rise while international prices remained constant.

The 1983 international price for a kilogram of average quality tea was about £1,52; it is now about 95 pence.

Pienaar attributes the present slump in the tea market to the aftermath of the Gulf war and the drop

in demand from the Soviet Union.

"Oversupply on world spot markets and, pressure on futures contracts have depressed international prices," said a tea broker, who added that there were no bulls in the market at present.

World demand has shrunk because of a shortage of foreign exchange in major tea-drinking countries, such as the Soviet Union and the Eastern Bloc countries, and Iraq — once a large tea consuming country.

International prices largely depend on how much tea is exported by India, the world's largest producer. India's production is about 750-million kg a year but exports only about 200-million kg.

This compares with 95% of output exported by African countries.

One problem for growers is that tea cannot be stored and it has to be sold as soon as it is harvested. This makes for volatile prices.

Although the local harvesting season is open all year, the busiest time is from November to April as tea bushes grow faster during summer. Employment can rise to about 20 000 workers over this period.

Other large producers are China (600-million kg), Sri Lanka (230-million kg) and Kenya (180-million kg).

Thanks mainly to the Kenyan growers, Africa as a whole has increased its share of world exports to 22,7% in 1989 from 22,2% in 1983.

Other countries which have helped Africa gain

③ Tea

10 (Day) 24/9/91

ODITIES dustry

market share are Uganda, Rwanda, Burundi and Zimbabwe.

The international tea market operates through major auction centres in Calcutta, London, Mombasa and Jakarta, among others. The London market is unique because it deals in teas from all the tea-producing countries.

In 1990 the Soviet Union overtook Britain to become the world's largest importer. This indicates the large potential market in eastern Europe — provided these countries can acquire foreign exchange.



Tea pickers on an estate near Tzaneen. They pluck the leaves off each plant about once a week. Picture: ROBERT BOTHA

Tea plant opened

6/Dec 29/10/91
Paddock A R5-
million project to process and market tea was opened at Paddock in southern Natal yesterday by Agriculture Minister Kraai van Niekerk. (2) Tea

Van Niekerk said 300 new jobs had been created and 1 500 people would be employed on completion of the the project in 1996.

Eighteen farmers at Paddock began cultivating tea about four years ago after visiting tea plantations in the eastern Transvaal.

The construction of a factory started in October 1989 and the processing of tea leaves began about six months ago. — Sapa.

AGRICULTURE — TEA

1992

Business personality of the week

Rooibos tea reaching world

ALIDE DASNOIS
Business Staff

THE marketing of rooibos — “the tea of Africa” — started with a Russian emigrant in Clanwilliam early this century, explains James van Putten, general manager of the Rooibos Tea Board.

“The first recorded reference to rooibos is in the work of the botanist Thunberg, who described the plant in 1790. People living in the mountains have probably been drinking rooibos tea for a very long time. But it was first marketed by Benjamin Ginsberg, who owned a little shop in Clanwilliam.

“He came from a Russian family, the Popoffs, who were the main distributors of tea in Western Europe, so he knew about tea. He traded in the area and he asked people to bring him processed tea leaves for marketing. Gradually he taught them to improve their processing methods.”

Benjamin Ginsberg sold the tea under the label “11 o'clock”, which still appears on some Rooibos

packs, with his original packet design in the corner.

“It’s said that the clock which appears on the packet was Ginsberg’s own watch, which he copied”, says Mr Van Putten.

But rooibos — otherwise known as *aspalathus linearis* — has come a long way since then.

Today the board has 275 supplying farmers, all in the Calvinia-Vanrhynsdorp-Clanwilliam-Piketberg area, which is the only place in the world where rooibos is grown.

South Africans absorb 3 500 tons a year, mostly in tea (hot or cold). Rooibos is also blended into two alcohols and fruit juice manufacturers are considering using it as a base. Because of its skin

care properties, the tough little fynbos is also used in beauty products. Exports are at 500 tons a year — with Japan one of the promising new markets — and increasing.

Mr Van Putten, who was appointed general manager last August, describes himself as a “true Sandvelder”. Born in Graafwater in the Clanwilliam district, this keen mountaineer who enjoys diving for crayfish at Lamberts Bay graduated with a B.Sc. agriculture from the University of Stellenbosch and with qualifications in marketing from the University of South Africa. He worked for 10 years on the family farm before joining the Board.

“I love farming and I like working with farm-

③ TEA
ARG 5/12/92
markets

ers. In this job I’ve been able to blend farming with marketing,” he says.

The Rooibos Tea Board differs from other marketing boards, he says.

“For one thing, we handle the product itself. Farmers deliver the processed tea to the Board and we grade it according to length and taste, screen and pasteurise it and blend it for uniformity before selling it to the packers.

“The Board also has a research function, advising farmers on cultivation methods to ensure good quality and regular supply.”

Four fifths of the tea is bought by two packers, Becketts and Liptons.

Mr Van Putten says the local market for rooibos tea is slowly levelling out, but foreign sales are rising.

“Since the lifting of sanctions, we’ve re-entered traditional markets in Europe and in the United States, where one of the world’s biggest herbal tea distributors is now considering using rooibos as a base for herbal teas. And we’ve recently entered the Eastern European market, with the first order from Czechoslovakia. But the Far East — Japan and Korea — are the big growth areas.”

In Japan the tea is sold in tea-bags, in granules for instant tea, and even ready-brewed in long life tetrapak bricks. Books have been written about it in Japanese and it is increasingly used in the health food industry.

“The Japanese are much more conscious than we are of the health properties of the tea. It’s caffeine free, contains no additives and very little tannin and is grown in an unpolluted area high up in the Cedarberg. All this appeals to the Japanese.

AGRICULTURE — TEA

1993

Storm needed for the teacup

NAIROBI. — Tea output fell in southern African growing states in 1992 mainly due to the worst drought in 100 years, a top Kenyan-based brokerage firm said.

After the 40 529 913kg-record crop produced in Malawi in 1991, the severe drought in the region last year reduced the crop 30% to 28.13m kg, the African Tea Brokers (ATB) said.

“In Zimbabwe, drought conditions decimated the crop — the 1992 output was about 50% below the level of 1991.”

In South Africa, the crop, initially estimated at 15.75m kg, declined to little over 9.8m kg. — Reuter.

Tea output on recovery course

NAIROBI — Tea output fell in southern African growing states in 1992 mainly due to the worst drought in 100 years but appeared to be on course for recovery this year, a top Kenyan-based brokerage firm said yesterday.

SA was badly hit by the drought and the crop, initially estimated at 15,75-million kg, fell to about 9,8-million kg, 62% of the estimate.

3) Tea.

REPORTS: Sapa-AP-Reuters

01/09/16/3/93

(TS)

Rooibos tea enters the free market

JOHN DLUDLU

THE Rooibos Tea Board said yesterday a restructuring would lead to the commercialisation of the marketing organisation.

Chairman Martin Bergh said on request by an "overwhelming majority of the active producers of Rooibos tea", the Minister of Agriculture decided to repeal the Rooibos Tea scheme from October 31.

The single-channel marketing scheme would fall away and make way for free enterprise. Producers would no longer be required to pay levies.

A new public company, Rooibos Natural Product, would be formed. Permission had been granted to divide the remaining assets of the board among producers by issuing shares in the new company, Bergh said.

Shares would be issued in proportion to levies and special levies paid during the past three production years, he said.

About 55% of shares would be given to the current 260 producers. This would entitle them to a management stake. The remaining shares would be issued to other investors, the board's GM James van Putten said last night.

The board's management would be retained to manage the new company.

Van Putten said commercialisation would allow producers to regulate their own industry and would increase its competitiveness.

The move was in line with international trends and the Kassier report on control boards, he said.

The industry has functioned under the single-channel system since 1954. It had enjoyed 10% growth during recessionary conditions of past years.

Effective farm award Natal man's cup of tea

The Argus **ARC 18/11/93**
Correspondent

DURBAN. — A Texas-born tea farmer from the Natal South Coast has walked off with top honours at the Agrelek Effective Farming Awards ceremony in Durban.

John Humphreys's "innovative approach" to introducing tea as an alternative crop in a predominantly sugar farming area won him first prize and a cheque for R20 000.

He was among the five finalists from farms all over the country asked to show how electricity intensive farming improves productivity and "creates a prosperous venture". The ceremony took place on Monday.

Five years ago the farmer, who had always been "used to growing sugar to put in his tea", was in a dilemma as restrictive sugar quotas meant farmers could not increase their production.

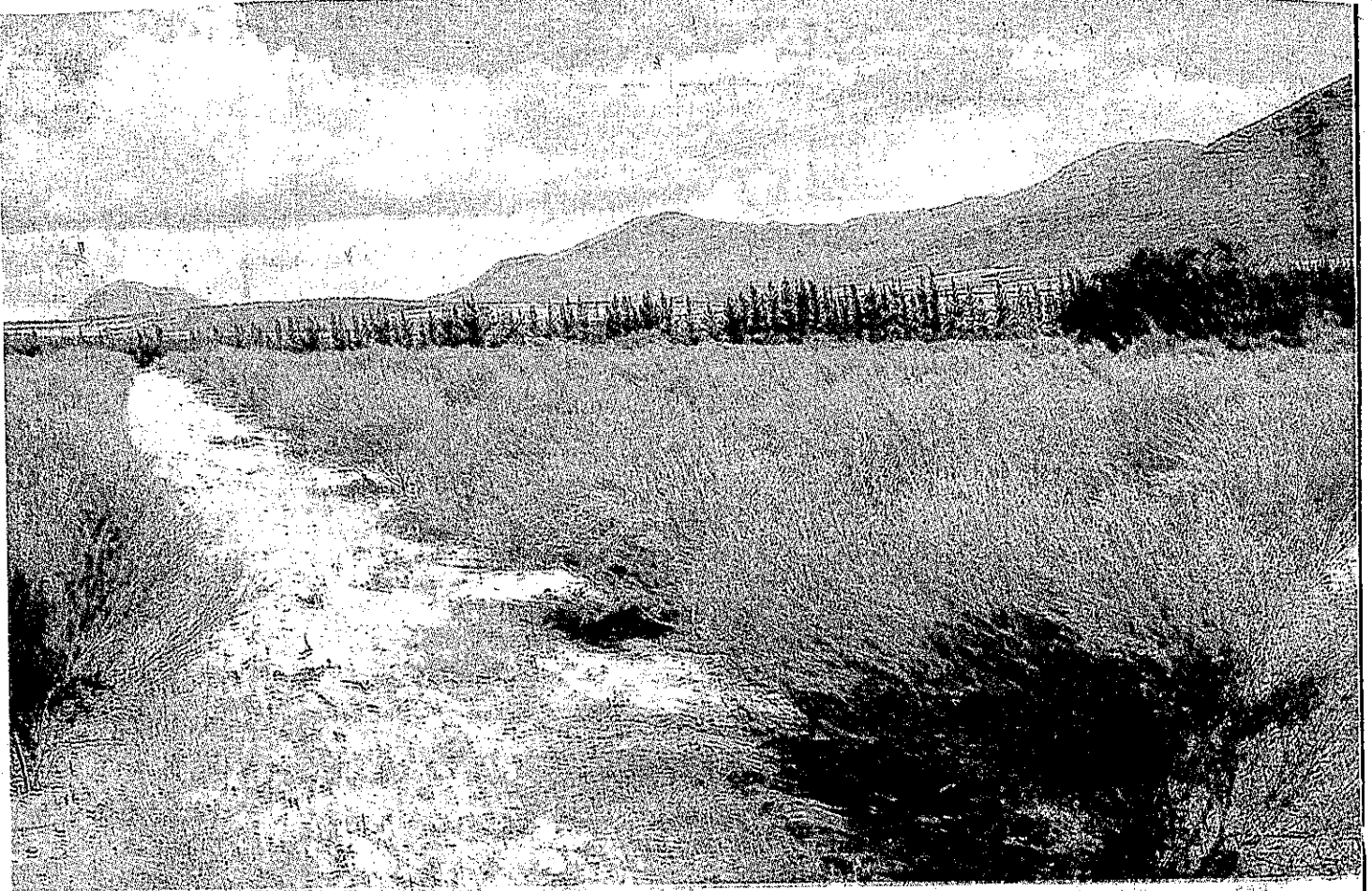
Mr Humphreys joined 14 other farmers in the area and began planting tea, which they later dried, packed and even marketed themselves.

Judges were impressed by Mr Humphreys' "armchair" approach to irrigation.

He divided each "tea slope" into different blocks, programmed his computer and looked to modern technology to watch over the crop.

AGRICULTURE - TEA

1994



ROOIBOS TEA ... Growing vitamins at the foot of the Cedarberg

Rooibos is a hit with the Japanese

By JEREMY WOODS

IF you want to live longer — drink rooibos tea. That's what the Japanese and others believe.

Not only do they like the taste and the colour of rooibos, grown beneath the Western Cape's Cedarberg mountains, but they rave about its health components and believe it contains anti-ageing properties.

Whether or not this is true, export figures to Japan are nothing but impressive.

The rooibos tea trade between South Africa and Japan started in 1983 when a few bags were exported and investigation of the product and test marketing was undertaken.

The Japanese were impressed as rooibos blended well with their other teas.

When sanctions were lifted against South Africa in 1990, the way was clear to import it.

An initial order of 180 tons in 1991 became 240 tons the following year, and 380 tons in 1993. This year the order is for 1 000 tons.

Medical analysis

The reason for this phenomenal growth is that medical analysis in Japan has identified that rooibos contains a vitamin — which has not yet been firmly identified — which has the same properties as Vitamin C but is not destroyed by hot water as Vitamin C is.

"Japanese scientists have found that the tea is rich in anti-oxidants as well as having strong anti-ageing properties," says Mr Marius Kotze, of Rooibos Tea Natural Products.

"They believe the tea fights the natural ageing process.

"What makes this remarkable sales story even better is that rooibos tea is marketed as an up-market product for the wealthy, health conscious, Japanese," said Mr Kotze.

17-14-94

(3) Tea

Rooibos demand set to beat supply

CAPE TOWN — The 290 rooibos tea farmers near the Cedarberg mountains in the western Cape would not be able to meet expected export demand this year, their representative organisation warned yesterday. *8 Day 2014/94*

Rooibos Tea Natural Products export manager Marius Kotze said export demand was likely to hit 1 200 tons this year, compared with 760 tons in 1993, but dry conditions could cut supplies to just 700 tons. *(3) Tea*

Demand was growing fastest in Japan, he said, with exports rising to 375 tons in 1993 from 210 tons in 1992.

SA had also been exporting the tea to South Korea for six years, and new markets had opened in Singapore and Taiwan.

Aside from the fact that rooibos tea did

EDWARD WEST

not contain caffeine and had a very low percentage of tannin, research in Japan showed it contained an as-yet unnamed component with similar and better health characteristics than Vitamin C.

The second-largest export market for rooibos was Germany and Switzerland, where about 240 tons a year was sold.

Potential new markets were being negotiated in Israel, New Zealand, Australia and Canada, but shortage of supply was limiting substantial market penetration in the short term.

Four-fifths of the total 1994 production of about 3 000 tons would be sold locally, but the ratio could swing towards exports in 1995 and 1996, when climatic conditions were expected to be better, Kotze said.

AGRICULTURE — TEA

1995

Rooibos hit by drought ^{③ Tea source 19/11/95}

HOARD your rooibos tea — if that beverage is your cuppa. The drought and increasing demand is limiting supplies.

The tea, sold as an health elixir, has an increasingly large band of adherents around the world. But an “abnormal drought” forced producers to limit allocations to both local and international buyers last year. “This tendency is expected to continue during 1995.”

Production is expected to be up 25 per-

cent this year but this will not be enough to make the cups flow over.

Rooibos producers had hoped to increase supplies with new plantings in 1994 but the drought undermined their intentions, while established plantations recorded reduced production.

In a statement the producers say they estimated supply would meet demand by 1996 — until then the imbibers will have to sip slowly.

Japanese Rooibos demand growing

JOHN VILJOEN

Business Staff

THE Japanese are discovering the pleasures and benefits of Rooibos tea — and that's good news for the Citrusdal-based sole worldwide supplier of the beverage.

ARG 18/3/95
Marius Kotze, export manager for Rooibos Tea Natural Products (Pty) Ltd, said he and chairman Martin Bergh planned to visit Japan this year in a bid to improve distribution of their product.

Rooibos was being marketed as a speciality upmarket health drink to the Japanese and other foreign markets, Mr Kotze said.

Supplies of Rooibos fell well short of international demand, but it was not his company's objective to supply a mass market, he explained.

"We are aiming for a niche market. It is more important to us to be positioned correctly than to greatly increase volumes."

This positioning was achieved through packaging and a market-related price.

Annual turnover for the company was about R25 million. Production had been hit by the bad drought in 1993-94 and a bigger crop was hoped for this year to meet marketing objectives.

In addition to ever-increasing consumption in Japan, new markets were developing in Taiwan, the United States and Germany.

Due to the shortage of Rooibos tea, the company can only plan its marketing on a limited basis — under ideal conditions only a maximum of 12 000 tons of the tea could be produced.

South African and Japanese researchers are exploring the popular health beverage's additional properties.

KwaZulu tea finds favour

³ TEA
Nicola Janvey

6029/5/95
DURBAN — A R50m tea estate development in the heart of rural KwaZulu/-Natal would create more than 2 000 jobs over the next eight years and bring national infrastructural investment to the region.

The Ntingwe tea estate, SA's only tea exporter, was demanding 215p/kg in April and May on the London market compared with the

current average price of 160p, estate manager Ryle Perera said.

He said UK connoisseurs were "finding favour with Zulu tea".

Tea planting at Ntingwe started in 1987. Initially 63ha were planted. In 1993 the decision was taken to fully develop 600ha by the year 2003.

To date 114ha have been developed with 75ha in production.

AGRICULTURE — TEA

1996

Rooibos tea in short supply

(3) TEA
Samantha Sharpe

60 6/2/96

DEMAND for rooibos tea would outstrip supply by about 30% this year, despite forecasts of a higher harvest, a spokesman for buyer and distributor Rooibosch Ltd said last week.

International sales manager Marius Kotze said local and offshore demand stood at about 6 500 tons, and though this year's harvest would be about 25% higher than last year, it would still be only about 5 000 tons.

But Kotze said a significant price hike was unlikely.

With the tea's increasing popularity in the Far East, Europe, and Asia, and an enhanced advertising campaign, it was unlikely that the shortfall in supply would be met for quite some time.

Rooibosch Ltd buys 98% of the local rooibos tea crop, of which about 80% is consumed in SA.

"It takes a new plantation about 18 months to produce its first crop, which means a lag time of at least that much before the shortfall can possibly be met," Kotze said.

Tea packaging company to take Manuel to court

Susan Russell

(3) TEA

BD 7/2/96

A TEA packaging company is taking Trade and Industry Minister Trevor Manuel to the Constitutional Court next month over legislation which forces them to purchase a quota of the locally grown product before they will be considered for a tea import licence.

YNUICO, which blends and packages tea under the name Red Label Tea for what the company describes as the "price-conscious consumer", are challenging section 2(1)(b) of the Import and Export Control Act which stipulates that tea companies must buy a pro rata percentage of the local product if they wish to apply for an import permit.

The company contends that implementation of this provision in this way violates section 26(1) of the constitution which guarantees the right to "freely engage in economic activity".

YNUICO also contends that the use of the word "freely" in section 26 must encompass the common law right to do so without unlawful interference. According to the company, section 2(1)(b) of the Import and Export Act unlawfully limits the right to import goods and thus curtails the right to economic activity.

The case was referred to the Constitutional Court from the Transvaal Provincial Division last year after YNUICO had applied for an interdict overturning the minister's refusal to grant an import permit unless it bought a pro rata percentage of local tea.

The court will be asked to firstly consider whether, under the disputed provision of the Import and Export Act, there has been a lawful delegation of power to the minister. The second issue the court will be asked to decide is whether the local quota requirement is a reasonable and justifiable limitation as envisaged by the Constitution.

YNUICO claims the provisions of section 2(1)(b) do not empower the minister to impose qualifying conditions to obtain a permit, but that any conditions he may wish to impose must form part of the permit.

Among the reasons advanced by the minister and his correspondents in the original court application justifying the implementation of a local quota requirement was that 18 000 people in rural areas benefited from SA tea estates through employment and ancillary benefits.

Big boost for SA health management

Kathryn Strachan

BD 7/2/96

THE US-based Kaiser Family Foundation and the University of Cape Town have announced the creation of a major new programme aimed at promoting leadership and vision in SA public health management.

To be called the Oliver Tambo Fellowship in Health Leadership, this new initiative will annually allow 20 senior-level managers in the national and provincial health administration to participate in an intensive 18-month training programme.

The programme will be designed and administered by UCT's department of community health in close conjunction with the health department.

The foundation has provided an initial grant of R1,6m.

The goal of the programme is to cre-

ate an opportunity for those earmarked for senior ranks of government's health administration.

It will not only help in the current transition in the SA health system, but is intended to provide an institutionalised base for health management and leadership development over the long-term.

The programme will combine both SA and international expertise to focus on topics such as change management, public health financing, public policy analysis and creative problem solving.

UCT vice-chancellor Stuart Saunders, said the programme would make a significant contribution to SA health management.

Since the inception of the foundation's SA programme in 1987 it has committed R110m to support efforts to establish an equitable health system.

Report on market fraud is due this week

Theo Rawana

BD 7/2/96

THE investigation into alleged wide-scale fraud and corruption at the Johannesburg Market was complete and a report would be handed to Greater Johannesburg Transitional Metropolitan Council CEO Nicky Padayachee by Friday, the Gauteng provincial auditor's office said yesterday.

The report was expected to be made public after Padayachee had seen it and discussed it with his council, said Shauket Fakie of the Gauteng provincial auditor's office.

The matter was referred to the auditor-general's office in October after council executive committee chairman Colin Matjila and Padayachee were handed a document in which independent investigator Bart Henderson re-

ported "an under-recovery of R400m in under-the-counter cash sales".

The auditor-general's office informed the council last week that the investigation was progressing satisfactorily and that the report was expected to be released on Monday this week.

Fakie said the field work had been completed and his office was "tidying up" the report before handing it over to Padayachee.

Padayachee was expected to report to the auditor's office, and if no adequate steps seemed to be taken, "we will include it in our own financial report in April on how things went — to make the public aware", he said.

Padayachee had been phoned, Fakie said, and the office hoped to discuss the report with him on Friday.

"We will give him time to respond."

Tea packaging company to take Manuel to court

Susan Russell

(3) TEA
BD 7/2/96

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Tea company tackles minister on import law

Susan Russell

BD 13/3/96

~~147~~

(3) TEA

A TEA packaging company went to the Constitutional Court yesterday to challenge a law empowering Trade and Industry Minister Trevor Manuel to prescribe what kind of goods may be imported into SA and to impose conditions on the issue of import permits.

Ynuico Limited is challenging the constitutionality of section 2 (1) (b) of the Import and Export Control Act which it contends unlawfully gives the minister powers which should rest with Parliament, and which in turn infringe its constitutional right to freely engage in economic activity.

Ynuico, which blends and packages its product under the name Red Label Tea, initially went to the Supreme Court for an interdict against the minister after it was refused a permit to import tea unless it also purchased a prescribed quota of locally grown tea.

Although the company had asked the Supreme Court for an interdict setting aside the minister's refusal to grant a permit on these grounds, the matter was referred to the Constitutional Court for a decision on the constitutional issues raised in the matter.

Counsel for Ynuico, N Singh SC, argued yesterday that section 2 (1) (b) amounted to an abrogation of parliamentary power to the minister.

Singh submitted section 2 (1) (b) of the Act enabled the minister to exercise policy-making powers which the constitution had vested in Parliament.

By empowering the minister to determine policy the legislature was unconstitutionally abdicating its own policy-making power, he said.

Opposing Ynuico's application, it was argued on behalf of the minister and government that although the powers conferred on him in terms of the Act were very wide, his decisions had to be guided by the criteria of what was "necessary or expedient in the public interest".

Although section 26 (1) of the constitution guaranteed the right to freely engage in economic activity, this was subject to section 26 (2) which provided for measures "designed to promote the protection or the improvement of quality of life, human development...".

Provisions of the Act empowering the minister to regulate import/export by way of permits was a measure envisaged by section 26 (2) of the constitution, it was submitted.

According to written submissions on behalf of the minister, Ynuico was informed when it began business in 1989 that permits for tea imports were granted only on condition that a company purchased a quota of the locally grown product.

Rebel farmers move to break monopoly in the rooibos tea market

③ TEA
CT(BR) 15/4/96

By CHRISTO VOLSCHENK

Cape Town — Competition was introduced into South Africa's successful rooibos tea industry last week when a group of rooibos tea farmers delivered their first batch of rooibos tea for export to the Cape Town harbour.

The 60-ton shipment will be delivered to agents in Europe. The farmers will receive a much higher price for their tea than other

farmers receive when they sell their produce to the only official processor and marketer of rooibos tea in South Africa.

Since the demise of the rooibos tea industry's statutory control board in 1993, Rooibos, a private company, has been the only regulator, processor and marketer of rooibos tea.

Rooibos assumed the powers of the statutory body and limited the annual production by allocating

quotas to farmers. Farmers who produced more than their quotas were prohibited from marketing the surpluses by an agreement they signed with the company. The agreement effectively prohibited farmers from supplying tea to anyone but Rooibos.

Earlier this year a group of disgruntled farmers complained to the Competition Board that the agreement restricted competition in the industry.

After an unofficial study, the board asked Rooibos to alter the written agreement with the farmers to allow competition. It is not yet clear whether Rooibos will comply with the request.

Pierre Brooks, the chairman of the Competition Board, recently said he expected Rooibos to comply with the board's request. He said competition law provided ways to compel a company that resisted to

comply to the board's requests. The renegade farmers have proceeded with plans to set up a rival marketing organisation.

A group of 20 farmers formed an organisation called the South African Rooibos Tea Producers Association and started looking for export markets. The association will market all its tea overseas.

Nefie de Beer, the chairman of the association and a rooibos tea farmer, said last week that the

response from overseas had been overwhelming. "The demand for rooibos tea far outstrips the supply," he said.

The association could not supply all the buyers and the price for the available tea had been bid up from R9 a kilogram to R11 a kilogram, he said.

The association pays its farmers between R8,30 and R9 a kilogram for their tea. The Rooibos company pays suppliers R6,30 a kilogram.

Competition Board decides to investigate rooibos supplier agreement

③ TEA CT (BR) 8/5/96

By Christo Volschenk

ECONOMICS EDITOR

Cape Town — Rebel rooibos farmers' efforts to break the stranglehold of the Rooibos company over the processing and marketing of rooibos tea have been bolstered by a Competition Board decision this week to launch a formal investigation into the industry.

Pierre Brooks, the chairman of

the board, said yesterday that a formal investigation would be launched.

The Rooibos company had not indicated whether it would comply with an earlier request by the board to amend a supplier agreement that supposedly stifles competition in the industry.

"Rooibos seems to be playing for time so we have decided to go ahead with a formal investigation,"

Brooks said.

Once a formal investigation gets under way, the trade and industry minister may compel the tea producer to change the agreement and free rooibos tea producers to supply their tea to processors and marketers of their choice.

A group of 20 rebel farmers has formed an organisation called the South African Rooibos Tea Producers' Association.

The association concentrates on the export market, but a shortage of rooibos tea has kept it from increasing its market share.

Should the Rooibos company change its agreement, more tea would be supplied to the association, which earns higher prices for tea on the export market.

After the demise of the rooibos tea industry's statutory control board in 1993, the Rooibos company

became the sole processor and marketer of rooibos tea.

Earlier this year, a group of rooibos tea farmers complained to the board that the agreement that suppliers have to sign with the Rooibos company prohibited competing processors and marketers from entering the market.

Rooibos was asked to amend the agreement about a month ago after an informal investigation by the

Competition Board.

"Legal opinion will be sought before we decide whether to comply with the board's request," said Martin Bergh, the chairman of the Rooibos company.

He said last week that the supplier agreement did not stifle competition in the industry.

"It certainly does not keep any farmer from supplying his tea to another processor."

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BD 22/5/96
**Provision in
import law
is upheld**

Deborah Fine

(3) TEA

TEA supplier Ynuico Ltd has lost its Constitutional Court bid to have a section of the Import and Export Control Act declared unconstitutional.

The section prohibits the company from importing foreign tea unless it also purchases a percentage of domestically grown tea.

It empowers the trade and industry minister to prescribe in the public interest that "no goods of a specified class or kind or no goods other than goods of a specified class or kind" may be imported except in accordance with the conditions stated in permits.

The trade and industry ministry, in a Government Gazette notice in 1988, prohibited the importation of tea into SA without a permit.

The company submitted that the section fell foul of section 37 of the constitution. It argued that section 37 meant only Parliament had the power to make laws.

In a unanimous decision yesterday, the Constitutional Court ruled that the section and the notice had been enacted before the 1993 interim constitution.

Section 37 dealt only with legislative power after the 1993 constitution. Moreover, all laws prior to the commencement of the 1993 constitution were preserved by section 229 of the constitution which stated that such laws would remain in force subject to their repeal or amendment.

BD 22/5/96 (4)

Dispute over political canvassing in factories

Linda Ensor

CAPE TOWN — Western Cape clothing manufacturers and the SA Clothing & Textile Workers' Union have clashed over factory access for canvassers ahead of next week's local government elections, with employers taking a hard line barring entry.

Rex Trueform and House of Monatic and others such as Pals Clothing, Modern Fashions, Peerless Shirt Manufacturers and Val Hua had refused access to canvassers in contravention of the provincial electoral ordinance, Cosatu provincial treasurer Randy Pieterse said yesterday.

In refusing Cosatu-affiliated Sactwu's request for access, several employers said they were abiding by Cape Clothing Manufacturers' Association policy.

Association chairman Jan Baard said the association believed that electioneering during work hours for party political purposes was "undesirable" and undermined the commercial interests of employers.

He believed it caused disruption and division among workers and lowered morale and productivity. Employers were therefore justified in turning

down requests for access if they had a reasonable apprehension that these negative consequences would result.

Baard felt chaos would ensue if all political parties were given access to factory premises during working hours, and would not accept canvassers had right to unfettered access.

In terms of the provincial electoral regulations "any canvasser or educator of voters shall have reasonable access to any public or private area where voters live or work". Baard said, however, that while the association was prepared to abide by a court ruling, it believed that electioneering on factory premises was not reasonable.

Rex Trueform personnel manager James O'Brien stated in a letter to Sactwu that "political electioneering in our factory is a sensitive issue with some workers having strong views on their political affiliations. Past experience has resulted in an unsettling of the work force which we can ill afford at this point in time."

Shop stewards were concerned, O'Brien said, that all political parties be given an opportunity to canvass.

Cosatu said it would continue addressing membership outside factories until the matter was resolved.

Nov 13/6/96
Rooibos keeps you
young, say experts

(3) TEA
Bloemfontein - Indigenous South African teas, such as rooibos and heuningbos, can delay the ageing process and prolong life, according to a team of researchers at the University of the OFS.

Team leader Prof Daneel Ferreira said rooibos had anti-oxidants that destroyed the reactive oxygen particles that were released when oxygen metabolised.

This eliminated damage done by reactive particles, which caused gradual ageing.

The aim of the research was to "scientifically prove" health claims by rooibos tea manufacturers. - Sapa.

SA teas can delay ageing, say researchers

BLOEMFONTEIN — Indigenous SA teas like rooibos can delay the ageing process and prolong life, says a team of researchers at the University of the Orange Free State.

Team leader Prof Daneel Ferreira of the chemistry department said that rooibos tea had phenological links or antioxidants that destroyed the reactive oxygen particles released when oxygen meta-

bolised. This eliminated the damage when reactive particles caused gradual ageing by destruction of body cells.

The aim of the research was to prove health claims by rooibos tea manufacturers so that international markets for the tea could be boosted.

Ferreira told the university news magazine Die Bult that his team had been aware of seven phenological links in

(3) TEA
rooibos tea, but had now identified a further 30.

The investigation has now been extended to the phenological profile of heuningbos tea, which has a bigger commercial potential as it can be grown in the whole Cape fynbos region, whereas rooibos is confined to Clanwilliam. Farmers could produce heuningbos tea from land unsuitable for traditional crops such as grains. — Sapa.

BD 13/6/96

Scientists claim rooibos tea can delay ageing

BLOEMFONTEIN: Indigenous South African teas like rooibos can delay the ageing process and prolong life, according to a team of researchers at the University of the Orange Free State.

Team leader Prof Daneel Ferreira of the Department of Chemistry said rooibos tea had phenological links or anti-oxidants that destroyed the reactive oxygen particles released when oxygen

metabolised. This eliminated the destruction of body cells by the reactive particles and consequent gradual ageing.

The aim of the research was to scientifically prove health claims by rooibos tea manufacturers so that international markets for the tea could be boosted.

Ferreira told the UOFS news magazine Die Bult that his team, Dr Kobus Steenkamp and Mrs

Charlene Marais, had been aware of seven phenological links in rooibos tea, but had now identified a further 30.

If those findings led to the export of more rooibos, production could be increased, which would mean more employment and income for the Clanwilliam community where the tea was produced.

The investigation has now been

extended to the phenological profile of heuningbos tea, which has a bigger commercial potential as it can be grown in the whole Cape fynbos region, whereas rooibos is confined to Clanwilliam. Farmers could produce heuningbos tea from land that was totally unsuitable for traditional crops such as grains.

A farmer of Lower Coega in the Eastern Cape exported four tons of

(3) TEA
heuningbos tea to Japan in 1995 and had been inundated with inquiries. The tea could only be successfully marketed, however, if its health claims were scientifically based.

Ferreira said rooibos, which was merely a "local wild shrub" 50 years ago, was now the basis of a dynamic and viable industry. His team believed the same could happen with heuningbos tea. — Sapa

ET 13/6/96

terial on the Internet. ever, plaintiffs in two seeking to block the law it infringed free-speech s, and could not be ced.

he court today did for en and adults what Con- did not — it decided that ital control tools, com- with user education and ement of existing laws, ore effective and consti- al way to protect chil- and safeguard our free- said Mr Bill Burring- lawyer for America — Sapa-DPA

Rooibos faces Competition Board

By Roy Cokayne

Pretoria — The Competition Board will launch a formal investigation into possible restrictive practices by Rooibos after the company failed to comply with its request to amend an agreement with its suppliers.

Wouter Meyer, the chief director of the Competition Board, confirmed that Rooibos had failed to comply with the board's request to amend the agreement, which supposedly stifles competition in the industry.

He said that there appeared to be barriers to entry into the rooibos tea market. Potential new entrants allegedly could not seedlings and people entering the market were allegedly virtually obliged to sell

their produce to Rooibos

Meyer said that the rooibos tea industry was previously controlled by a marketing board established in terms of the Marketing Act, which had given the board a dominant position in the industry.

He said the industry had been deregulated and a private company formed, but it appeared as if there had been an attempt merely to transfer the dominant position to the new company. The formal investigation follows the establishment of the South African Rooibos Tea Producers' Association by a group of about 20 rebel farmers.

The new group markets rooibos tea mostly to the export market; but has been unable to increase its mar-

ket share because of a shortage of supply.

Pierre Brooks, the chairman of the Competition Board, said the investigation had been launched to determine whether:

Rooibos was in a monopoly or dominant position in its class of business;

The supply agreement between Rooibos and the producers of rooibos tea constituted a restrictive practice; and

The agreement between Rooibos and the growers of rooibos tea seedlings constituted a restrictive practice.

Notice of the investigation would be published in the Government Gazette today, Brooks said.

CT (MR) 5/7/96 (3) TEA

providers are not viable.

and had been reduced. He said that the rental division was considering

revenue, which had risen by 58,3 percent to R567 million.

Rooibos faces Competition Board

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CT (MR) 5/7/96 (3) TEA

Rooibos rebels consider second processing plant

By Christo Volschenk

ET(BR) 16/7/96

ECONOMICS EDITOR

③ TEA

Cape Town — The roughly 20 rooibos tea farmers who accused the Rooibos Company — the only processor and marketer of rooibos at the time — of anti-competitive behaviour, have been so successful on the export market that they may build a second processing plant.

The farmers have been processing and marketing their own produce since the beginning of the year and have exported every kilogram.

Exports for the first six months of this year amounted to 95 tons, making up about 10 percent of the estimated total exports of the tea last year.

"We expect to process and export far bigger quantities next season," said Frans van der Westhuizen, on whose farm the rebel farmers have processed their tea for the export market until now. He said farmer contracts had been secured for about 400 tons in the coming season, which could hurt exports by Rooibos Company.

"We may build a second processing unit to cope with the bigger quantities," he said.

A bumper crop is expected after good rains and more farmers are expected to deliver their produce to the rebels for export next season. The recent drop in the rand has made the industry more profitable.

Shortly before the rand collapsed in February, the rebel farmers received on average R17 a kilogram for their product abroad, Van der Westhuizen said.

This figure rose to between R20 and R25 a kilogram after the rand meltdown. The rebel farmers have received numerous requests from other farmers wanting to join their operation since the Competition Board launched a formal investigation into the way Rooibos Company controls the rooibos-tea industry.

The rebels have objected to the way Rooibos Company determines production quotas and sets prices for the industry.

□ See Business Watch

Tea estate workers to strike over wages

More than 4 000 members of the South African Agricultural Plantation and Allied Workers' Unions employed by Sapekoe Tea Estates will embark on a national strike today after a deadlock on wages, the union said last week. The parties were unable to resolve the wage dispute and the matter was referred to the Conciliation Board, where the company offered a 10 percent increase. The union rejected the offer, demanding a R121 increase to the basic monthly wage of R193.50 — Mpho Mantjii, Johannesburg

ET (BR) 25/11/96

Tea workers' strike boils over wages

~~3 TEA~~
Renee Grawitzky

MINIMUM wages paid by the Industrial Development Corporation-owned tea company Sapekoe came under the spotlight yesterday, as 4 000 workers went on strike. **BD 26/11/96**

Peak season is approaching at the company, which grows and processes tea near Tzaneen.

The general secretary of the Congress of SA Trade Unions-aligned SA Agricultural Plantation and Allied Workers' Union, Dickson Motha, said yesterday that the strike had to be seen in the context of poor working conditions.

He said Sapekoe was one of the lowest payers in the sector, with the minimum wage at R179.

The company had offered a 10% increase, raising the minimum to R193,50, plus R88 for food following the closure of the kitchen.

The union had demanded an across-the-board increase of R121 a month for workers earning less than R300.

Sapekoe spokesman Calie Lombard said wages at the company ranged from R200 to R758 a month.

The strike followed four years of a devastating drought.

In its annual report last year, the Industrial Development Corporation said the inclusion of agricultural products within the ambit of the general agreement on tariffs and trade had created new challenges for the SA tea industry.

The industry faced a reduction in the selling price of tea of 6% a year over 15 years to bring it in line with world prices. Lombard said productivity had to rise to compete against wages 80% lower in third-world countries.

SA BUSINESS DIGEST

Tea strike continues amid ~~tea~~ (3) TEA union threats to extend protests

The South African Agricultural Plantation and Allied Workers' Union members at Sapekoe Tea Estates, which has its headquarters in Tzaneen, have entered their second week of a national strike. The Commission for Conciliation, Mediation and Arbitration will convene on Friday to discuss the wages and working conditions dispute. If the talks fail, the union will seek secondary strike action from Cosatu affiliates. In a secondary strike, workers from associated industries come out on strike in support of the primary strikers. Motlhabane Mogotsi, the union's national organiser, said about 4 000 members were striking. CT (BR) 4/12/96

The union is demanding a R121 increase, which is a 70 percent rise on the bottom scale of R193 a month, a 13th cheque and a 40-hour week. The management has offered a 10 percent pay rise, cutting the week from 52 hours to 48 hours, and an annual bonus of one-quarter of an employee's monthly wage. Calie Lombard, Sapekoe's industrial relations manager, said the R193 quoted as the lowest wage was not accurate because all employees had been given an extra R88 cash for food after the company made an agreement to no longer supply lunch. He said the dispute had severely affected production. — Guy Oliver, Johannesburg

AGRICULTURE — TEA

1997

World's lips smack for a soothing taste of Cederberg's

ARL 15/2/97

③ TEA

The Western Cape's unique rooibos tea continues to grow in popularity overseas and from its humble origins in the ragged mountains near Clanwilliam, it is now being enjoyed as a healthy beverage all over the world, writes **Paul Olivier**.

Medical science is only beginning to discover the many healing advantages of rooibos and ongoing research and case studies confirm its enormous benefits.

While the natural benefits of rooibos appear limitless, perhaps the most intriguing findings yet come from Japan, where scientists discovered rooibos could slow down the ageing process.

New research into the human ageing process points to toxic compounds called free radicals which are produced in the body as a by-product of normal cell function.

Free radicals attack healthy cells and the accumulated damage over a lifetime contributes to ageing and the decline of the immune system.

Japanese scientists have found rooibos to contain a mimic of the enzyme Super Oxide Dismutase (SOD), an anti-oxidant which scavenges on free radicals, limiting their damaging effect.

The story of rooibos is an interesting one.

The distinctly red-coloured bush has been known to botanists since 1772 when it was scientifically named *Aspalathus linearis*.

It was popular with indigenous inhabitants of the region for centuries before that.

In 1904 Benjamin Ginsberg, a Russ-

ian immigrant and pioneer in the area, became interested in rooibos and realised its marketing potential. A descendant of a family in Tsarist Russia, he had been involved in the tea industry in Europe for centuries.

In 1930 a well-known medical doctor and nature lover, P Le Fras Nortier, discovered the value of rooibos as an agricultural product and his enthusiasm inspired other farmers, and production began in earnest.

The Rooibos Tea Board was established in 1954. The industry was privatised in 1993 and Rooibos Limited was established.

Ongoing research and case studies confirm the tea's enormous benefits.

Good news for cooks is that rooibos is not only good for drinking. In baking, prepared rooibos can replace the liquid content of any recipe for added colour and flavour, and it makes a superb base for soups, stews and sauces.

And for those who are figure conscious and following a kilojoule-restricted diet, rooibos is the perfect drink.

It refreshes without adding kilojoules.

It has been found to relieve insomnia, stomach cramps and constipation, as well as allergic symptoms such as hayfever and asthma.

When applied directly to the affected area, it can significantly ease itching and skin irritations like eczema and acne.

It has seen increasing use in the cosmetics industry as a natural

additive for improving the complexion.

Rooibos is recommended for people with nervous tension, mild depression or hypertension due to its soothing effect and the absence of caffeine.

Mothers find rooibos tea ideal for easing common infant ailments such as colic and stomach cramps.

It also helps with nappy rash, relieving irritation when applied with every nappy change.

When given in addition to the baby's normal food, rooibos supplements the daily intake of calcium, manganese and fluoride needed by growing children to develop strong teeth and bones.

During pregnancy and breastfeeding the body's iron levels become depleted. Because rooibos is low in tannin it does not have the same negative effect on the absorption of iron as other drinks with a high tannin content.

The lack of caffeine means that a pregnant woman can drink rooibos throughout the day without increasing pregnancy's two biggest discomforts - nausea and heartburn.

Rooibos also contains zinc and alpha-hydroxy acid which promote a healthy skin and magnesium which is necessary for a healthy nervous system.

Since it contains no oxalic acid it can be drunk freely by people suffering from kidney stones.

Unique to a narrow strip of 15 000 hectares of land in the Cederberg, rooi-

'Scientists have discovered that rooibos tea could slow down the ageing process'

bos has charted phenomenal growth, and producers have their eyes set on expansion into the global market.

In Germany, Switzerland, Britain, the United States, South America, the Pacific Rim, the Far East and Southern Africa, the demand for this healthy herbal tea from the West Coast is increasing.

Rooibos Limited international sales manager, Marius Kotze, said a crop of about 6 000 tons was expected for this year of which 25 percent was earmarked for exports to Europe, the Americas and the Far East.

"In terms of global tea production it is a drop in the ocean, but for rooibos tea in South Africa it is a significant amount. Although the world market is open to us, there is a lot of competition from other herbal tea suppliers," Mr Kotze said.

"Producers seem to think that it is easy to enter international markets, but a new market has to be secured, a process that can easily take up to two years.

"The future for rooibos in the international marketplace is very promising, but it is going to take time to establish new markets and broaden the existing ones.

"Overseas we follow specific strategies in our marketing campaigns with educational programmes, distributing pamphlets and attending international shows.

"The point is not to sell just to sell, but rooibos must be established on the international market.

"Our vision is the successful internationalisation of rooibos as a worldwide winner, but we are equally committed to serve the domestic market," said Mr Kotze.

secret . . . rooibos tea

③ 15
60 17/12/97
Rooiberg Tin restructuring on track

ROOIBERG Tin's retained income increased to R3,8m from R3,7m in the quarter to November 31 as plans to restructure the company gathered momentum, a spokesman said on Friday.

An announcement on new plans for the company, under negotiation since last year, would be made by the end of the month. The company's "C mine village" sale agreement was also due to be concluded this month.

Rooiberg earned R169 000 (October: R150 000) from the sale of assets. After a decrease in operating expenditure to R386 000 (R471 000), income before tax increased to R94 000 (R21 000).



HEALTHY BEVERAGE Rooibos tea is popular in Japan even though it costs about \$100 a kilogram in health shops

PHOTO: JOHN WOODROOF

Japan takes to the taste of rooibos

PETER GALLI

Tokyo — Japanese tea drinkers consumed 500 tons of rooibos tea last year with a retail value of about R50 million, Per Knudsen, the managing director of Gold Reef Japan, said yesterday.

Gold Reef was appointed last year as the official distributor and marketer of rooibos tea in Japan, the single largest export market for the tea.

But only 5 percent, or 6,28 million, of the 125,6 million people living in Japan drink the beverage.

Gold Reef recently conducted a consumer survey to gauge the extent, knowledge and support rooibos had in the country.

The results of the survey are being analysed at present. A preliminary finding, however, showed that about 75 percent of those who participated in the survey liked the taste, even though they had not tried it before.

"Thus far availability has been limited to specialist and health shops, where rooibos has been very expensive, retailing at \$100 a kilogram.

"As Japan is a tea drinking country, particularly of herbal and health teas into which category rooibos falls, it fits perfectly with the drinking patterns of the Japanese," Knudsen said.

Gold Reef intended to promote the awareness and distribution of the product within Japan. "South African rooibos production is set to double to 10 000 tons a year," he said.

"The local market will be unable to absorb this, so any growth in demand from Japan can easily be met," Knudsen said.

CT(BR)10/4/97

③ TEA ~~TEA~~

Thousands of jobs in the firing line

Tariff row brewing up in tea trade

(3) TEA

NCABA HLOPHE

Johannesburg — The Board on Tariffs and Trade would have to walk a tightrope while restructuring the R110 million tea industry, balancing the need to conform to international trade rules against endangering thousands of local jobs, industry officials said yesterday.

Michael Cherry, the managing director of Sapeko, the country's biggest tea producer, said the present system was at variance with General Agreement on Tariffs and Trade (Gatt) rules and it would not be easy to reach an agreement on an alternative that would not upset the industry.

"That the present regime will be rationalised may not be debatable, but ... the country cannot afford to install a system that may result in job losses," he said.

According to an official in the department of trade and industry, total production of tea is 11 000 tons, about as much as is imported. The industry employs more than 5 000 people permanently and 7 000 indirectly.

Investigations into restructuring the industry have been

described as "sensitive and still at an initial stage" by insiders in the agro-processing industries wing of the department. They speculated that negotiations would take a clear direction after next month.

The investigation into the industry follows a request to the Board on Tariffs and Trade by Trevor Manuel, the former trade and industry minister, to investigate the customs tariff and the marketing of tea.

At present, permits for importing tea are issued to firms that also buy a calculated pro rata portion of South African-produced tea.

Yusuf Moosajee, the secretary of the Congress for Economics and Busi-

ness, has slated the system as restrictive and monopolistic. The congress, which represents small and medium business interests, has called for the immediate scrapping of the system, saying it should be replaced by an import duty tariff.

"We need to move away from this quantitative import system, which entrenches a monopoly on a big industry ... and at least introduce import duties," Moosajee said.

'The country cannot afford to install a system that may result in job losses'

CT (DR) 18/6/97

NEWS

But consumers benefit as companies are forced to lower prices

Illegally imported tea sours local industry

JUDY MOSES

Johannesburg — Small amounts of tea being imported illegally into the country were negatively affecting the local tea industry, said Steve du Preez, an executive member of the customs and VAT enforcement caucus.

This was because legitimate tea companies were having to reduce their prices to compete with the lower prices at which their illegal competitors were able to sell, he said yesterday. However, he said the illegal importation of tea was "to the benefit of the consumer".

Imported tea is less expensive than locally produced tea of the same quality. Thus, while consumers might benefit, the South African tea industry is suffering.

Du Preez said those who "are not playing by the rules have a greater advantage (than those who are packaging tea legally)".

The two largest tea packaging

companies, National Brands and Unifoods, would not disclose how much they were losing because of illegal tea importation.

The tea agreement states that tea companies have to buy South African tea in a ratio of 54 percent local to 46 percent imported tea. It was only when tea companies buy South African tea that they were given permits (to a certain value) to import tea, Michael Cherry, the chairman of the Tea Council of South Africa, said.

However, Du Preez said an agreement between the packers and the growers had been reached whereby packers would be required to buy local tea in a 50:50 ratio to imported tea. They were still awaiting the government's decision on this issue.

Customs and Excise figures show that 13 000 tons of tea was legally imported into South Africa last year. The Central Statistics Service said the amount of

tea blended and packed for the retail trade last year as 26 000 tons. This figure includes imported tea, so the recorded tea production figure for last year stands at a little less than 13 000 tons. However, a reliable tea broker estimated that there were "1 500 to 2 000 tons of tea that were not going in to the production figures".

A tea broker described the various ways in which tea could be illegally imported into South Africa. One of the possible routes was for tea to be brought through border posts in underinvoiced trucks so that, for instance, only 40 of 50 bags were declared.

Alternatively, tea consigned to customs union countries could enter South African warehouses on false documents and remain within the country. "As soon as you pick up the scam, they move the tea and disappear," the source said.

CT (PR) 17/7/97 (3) TEA (4)



TEA FOR TWO Dawid de Villiers, left, and Robert Meihuizen, the directors at Cape Natural Tea Products, have already secured lucrative markets for their rooibos tea in Japan, Germany and the US

PHOTO: ANDREW BROWN

Cape rooibos rebels want a free market

MARC HASENFUSS

CAPE EDITOR

Cape Town — Cape Natural Tea Products, a newly formed rooibos tea processor and distributor, is hoping to break the long-standing industry monopoly by bagging a sizeable slice of the local and international health tea market.

Dawid de Villiers, a director at Cape Natural Tea Products, said yesterday the company had been formed in response to the deregulation of the rooibos tea industry.

"The rooibos tea industry has been tightly controlled in the past, but our belief is that rooibos tea is an exciting product with much potential for creative marketing."

He said despite the privatisation of the Rooibos Tea Board, the organisation — now trading as the Rooibos Tea Company — still in effect controlled the local and international markets.

De Villiers said Cape Natural Tea Products, which is jointly owned by 30 "rebel" tea farmers

in the Cederberg and the marketers and distributors, had started production in mid-June.

"We want to produce about 300 tons in the next 12 months for local and offshore markets. Once we've expanded our Cape Town factory, we can probably double production and even reach 1 000 tons within a year."

He estimated the total rooibos tea crop at about 6 000 tons. "We view our role as giving a boost to the industry by opening the market and producing a quality product. The major benefit of our ownership structure is growers' commitment to the company's success."

"The marketers, on the other hand, will have direct contact with the growers and provide feedback from the market place," he said.

Cape Natural Tea Products already boasted markets in Japan, Germany and the US, De Villiers said. "The US market contains much potential because of the healthy properties, particularly anti-oxidants, contained in rooibos tea."

CT(MR) 18/7/97 (3) TEA

A TASTE
OF
HONEY:
Genaden-
dal farmer
Andre
Hector
samples a
cup of
honeybush
tea, a
traditional
brew
among the
Khoi, at a
communal
plantation
outside
the village

Picture:
JACK
LESTRADE



Ancient Khoi tea set to brew an industry

BOBBY JORDAN

(3) TEA

AN ancient honeybush tea first sipped by the Khoi has stirred interest among Cape farmers who believe it could develop into a multimillion-rand cash crop.

Many Khoi descendants who live in isolated communities are also willing to turn their forefathers' favourite tea into a potentially major source of economic empowerment.

National Botanical Institute researcher Dr Hannes de Lange said this week farmers were clamouring for a taste of the honeybush market and many looked set to turn experimental plantings into large-scale commercial ventures within the next few months.

De Lange, based at Kirstenbosch, initiated research about five years ago. He has since masterminded a breakthrough in germinating the "acorn-tough" honeybush seeds and has set up the first tea nursery to advance it as a commercially viable crop.

"We're expecting our first big commercial plantings in one or two months," De Lange said this week.

Similar to popular rooibos tea, honeybush is caffeine-free, low in tannin, sweet-tasting and is believed to be a natural cure for a variety of ailments.

Unlike rooibos, however, honeybush can be grown throughout most of the Cape — from the West Coast up to Port Elizabeth — because its unique root structure allows it to flourish in fairly moist conditions.

Since research began at the Kirstenbosch laboratory, 64 experimental plantings have been undertaken in the fynbos area of the Western Cape. This has included a bold co-operative development at Genadendal which, if successful, could have a significant impact on small-scale farmers in marginalised rural communities.

"The first harvest from a plantation was last year, so things are beginning to roll," De Lange said.

"Farmers are asking us for assistance and we're helping them to get going. Quite a few have come from the George, Heidelberg, Riversdale and Overberg areas."

Honeybush research has also been done by the Agricultural Research Council, the Plant Protection Institute in Pretoria and several researchers at the University of the Free State.

A small quantity of the tea has been exported overseas, where it has been well received, De Lange said.

"There's no doubt in my mind that this will become quite a big industry — we just need to sort out a few teething problems. It's a wonderful tea."

Permit system invites abuse, say sources

SA helpless to stem flood of illegal tea

ET (DR) 3/89/97 (3) TEA
~~(S)~~
SHIRLEY JONES

KWAZULU NATAL EDITOR

Durban — Widespread abuse of permits issued in Botswana, Lesotho, Namibia and Swaziland resulted in illegal imports of tea worth hundreds of millions of rand into South Africa, industry sources said yesterday.

South Africa had no means of either investigating or halting the widespread issuing of dubious permits or the abuse of legitimate permits, the sources said.

They said a light sentence given last week for the illegal importation of tea was no more than a tap on the wrist. They said it would not curb the massive problem that threatened the livelihood of the entire South African tea industry.

Ozair Essak, of Pietermaritzburg-based Royal Tea Packers, was sentenced to a R5 000 fine or 25 months' imprisonment, suspended for five years, for illegally importing tea.

Royal Tea Packers markets the Fresh Cup brand.

Industry sources pointed out that though Essak was found guilty of contravening section 21(1)b of the Import and Export Control Act, the light sentence would not act as a deterrent.

Industry investigators said they were informed that a consignment of tea en route from Zambia to Namibia would be diverted to Pietermaritzburg.

Two consignments, each declared to be worth \$31 000, were cleared at Beit Bridge using an import permit for Pangolin Holdings in Namibia.

The consignment was cleared

as goods in transit to Namibia, but the imported tea never reached its destination.

On August 20 it was seized in a Pietermaritzburg warehouse by the border policing unit. Essak has been ordered to re-export the tea to Namibia.

The local industry says this is the crux of the dilemma. When South African companies could previously not get permits to import tea, it was easy to use a permit issued in Botswana, Lesotho, Namibia or Swaziland.

These were either granted to a company that could not fully use the volumes it was allowed to import, or did not qualify for a permit in the first place.

In the Royalty Tea case, Pangolin was not entitled to the permit because it did not have a packing plant, the industry sources said.

Steve du Preez, the sourcing director for Unifoods and vice-chairman of the Customs and VAT Enforcement Caucus, said it was time to raise the profile of the tea import problem.

Du Preez said the problems the tea industry faced had been overshadowed by clothing, footwear and electronics smuggling scams.

He said tea smuggling was rife and vast amounts worth millions of rand were entering the country. The Royal Tea Packers case was the tip of the iceberg.

He laid some of the blame at the door of the permit system governing tea imports.

Attempts to persuade the trade and industry department to review the system had failed over the past three years, he said.

Tea grower gives IDC a headache

eJ (BR) 11/12/97

NCABA HLOPHE

③ TEA

Johannesburg — Sapekoe, the tea and coffee subsidiary of the Industrial Development Corporation (IDC), was still reeling from the four-week strike in its tea plantations last year which resulted in a 24 percent decline in turnover and group loss of R24,3 million this financial year.

Announcing IDC results, Khaya Ngqula, the chief executive said the strike "totally destroyed the tea-plucking surfaces, and 32 weeks' crop was lost due to the strike".

Although prospects for the next season were positive, Ngqula said the company would face stiff competition from international companies as a result of the liberalisation of the economy.

The inclusion of agricultural products within the ambit of the General Agreement of Tariffs and Trade (Gatt) created new challenges for the tea industry to become competitive against the world's major producers, some of which have wage rates 50 percent to 80 percent lower than Sapekoe's.

"Unfortunately, the long awaited final decision from the Board of Tariffs and Trade (BTT) in respect of future protection measures is yet to be reached," he said.

Established in 1963, Sapekoe grows and processes tea, coffee, paprika and macadamia nuts in various locations in the Northern Province and Kwazulu Natal.

NEWS

Rush for 'brown gold' brews conflict in Western Cape

Rooibos industry about to boil

CT (BR) 11/12/97 (3) TEA

LYNDA LOXTON

Cape Town — The rooibos tea industry was in turmoil, with surplus stocks slashing prices and scores of new entrants scrambling for a slice of the Western Cape's "brown gold", industry leaders said this week.

Farmers in and around Clanwilliam and the ancient mission town of Wupperthal have been told by Rooibos Ltd, the dominant tea processor, that prices for their tea would be cut from R6 a kilogram to R3 a kilogram because of surplus stocks.

Opinion in the industry is divided on whether the price cut is due to exceptionally good yields for the last few years, weak foreign demand in key markets such as Japan and Germany, or because the company has not

been as effective as it could be in marketing rooibos tea, which is only grown in South Africa.

At the same time, Rooibos Ltd — which refuses to discuss the details of its business with the press — has been faced with the advent of a number of new processing plants, set up by independents who claim that the company, formed from the Rooibos Tea Control Board in 1993, has had a stranglehold over the industry for too long.

It has been claimed that the company's efforts to keep prices high on export markets has resulted in a backlash, with export prices falling sharply to around R11 a kilogram.

As a result, local farmers have attempted to set up their own export links. The Japanese External Trade Organisation reports

that several farmers have contacted it in recent months to arrange trips to Japan to market their tea.

In Wupperthal, where rooibos tea was originally discovered by missionaries and "exported" to Clanwilliam 70km away to set up a new regional industry, the situation has been exacerbated by efforts of local community groups to "bring rooibos back to where it belongs".

They want Wupperthal, and not Clanwilliam, to be recognised as the rooibos capital of the world. They also want to restore the original tea processing facilities for their strain of tea, which they claim is purer than the version grown in Clanwilliam.

This attitude has aroused mixed feelings among the farmers. Some have become used to

the ways of Rooibos Ltd and the steady source of income it supplies, "even at R3 a kilogram".

They are not sure whether the new "tea court", as the processing plant is called, will be as efficient and reliable or able to provide them with the technical help they get from the company.

This help is particularly important in preventing outbreaks of salmonella, which nearly destroyed the rooibos tea market 14 years ago.

Everyone interviewed said the industry was in a "very sensitive stage" and did not want to be quoted.

Rooibos tea has been targeted by the department of trade and industry's West Coast Investment Initiative as a key produce for further investment and development.

AGRICULTURE — TEA

1998

Cedarberg's rooibos tea is brewing international interest

PAUL OLIVIER

Rooibos tea has come a long way from its humble Western Cape origins.

It is now in great demand by consumers from Japan and the countries of the former Soviet Union.

Impoverished communities in the Cedarberg could soon reap huge financial benefits from rooibos tea exports to these countries.

Named after the tiny Moravian mission station Wupperthal, in the Cedarberg, Wupperthal Tea is known for its exceptional quality

because it grows away from the salty winds of the Atlantic Ocean.

Wupperthal's tea industry was launched on a large scale about three weeks ago when the first drying slab was built and machinery introduced to cut the tea.

It formed part of a R12-million Reconstruction and Development Programme project aimed at uplifting the 2 500 residents who are mostly unemployed. About R220 000 was spent to build facilities to process the tea at Wupperthal and the rest of the money used for electrifying outlying areas and supplying running water.

(3) TEA
ARG 21/3/98

The tea grows on 36 000 ha of land which belongs to the Moravian Church which rents the land out to about 40 farmers. More than 160 people will depend on the income from the industry.

The Wupperthal Rooibos Tea Committee has been established to regulate its growth, harvesting, processing and marketing.

"In the past we were robbed of the cream because the Wupperthal tea was mixed with rooibos from the Sandveld to enhance the quality (of the Sandveld tea)," said committee member Willem Valentyn.

"We never received acknowledgement or an income from our own tea, but now that we can market it as a unique quality brand, the whole community can benefit from the income," he said.

After only three weeks, the plant already has processed 94 tons and is set to put the Cedarberg on the international map.

Peter Pullen of Wesgro, the trade promotional body for the Western Cape, said the organisation was excited over the international potential of Wupperthal's tea.

"Countries in the former Soviet

Union have become the largest importers of exotic teas and their interest in rooibos has overshadowed all expectations.

"Overseas representatives are scheduled to have final talks in the coming weeks and we are positive that we could move the entire production through the export market," said Mr Pullen.

The shoemaking industry in Wupperthal, which dates back nearly 150 years, also had a much-needed injection from RDP funds when more than R300 000 was allocated to the factory a year ago.

Competition Board to hand over report to Alec Erwin for ruling

Inquiry into rooibos tea industry nears completion

CHRISTO VOLSCHENK

ECONOMICS EDITOR

Cape Town — An investigation by the Competition Board into alleged anti-competitive behaviour in the rooibos tea industry was nearing completion, said Pierre Brooks, the chairman of the board.

Brooks said a report would soon be handed to Alec Erwin, the trade and industry minister. The inquiry has been lingering for nearly two years.

Players in the rooibos tea industry are expecting a ruling by Erwin to alleviate tension between farmers and marketers, caused by the deregulation of the industry in the early 1990s and the entrance of new marketers.

The inquiry was initiated in

1996 because of complaints by a group of about 20 "rebel farmers" in the Clanwilliam district. The farmers said that a supply contract of Rooibos, then the only processor and marketer of rooibos tea, had stifled competition.

Four new processing and marketing firms have since opened their doors in competition to Rooibos. But a surplus of rooibos tea and falling prices in the past 15 months have prevented many farmers from selling their produce to the newcomers at the risk of losing supply contracts with Rooibos, which is entrenched in local and foreign markets.

If Erwin rules the supply contract to be anti-competitive, farmers would be free to sell their produce to any marketer, or directly to retailers and consumers.

While the board investigates the legality of Rooibos's supply contract, the risk of farmers being barred from selling produce to Rooibos, the biggest marketer, remains real.

A well-known farmer, who asked to remain anonymous, was recently denied a supply contract by Rooibos because he had sold rooibos tea directly to the public.

Nefie de Beer, a "rebel farmer" previously barred from selling his produce to Rooibos, said he was confident the oversupply of rooibos tea, brought on by last year's bumper crop, would be rectified within two years.

Farmers would then be able to offer their produce to marketers paying the best prices.

Rooibos was unavailable for comment last week.

CT (BR) 11/5/98 (3) TEA

Stirring up state tea company

③ TEA M+G 5-11/6/98

Mungo Soggot

The state tea company has quietly axed its managing director after a disciplinary inquiry headed by a retired high court judge found him guilty of financial impropriety.

Sapekoe suspended Mike Cherry three months ago and fired him last week. The low-profile company has clung to its apartheid-era penchant for secrecy and sought to keep the matter under wraps.

Sapekoe, based in Tzaneen, produces nearly all South Africa's tea. Set up in 1963, Sapekoe rapidly turned into a job scheme for white management and is protected by regulations which force local tea manufacturers to buy its tea.

The company is controlled by the state's industrial holding group, the Industrial Development Corporation (IDC), which probed the charges against Cherry after he was suspended and then dispatched a forensic audit team to investigate further.

Judge David Melamet, who has retired from the Johannesburg High Court, found Cherry

guilty of breaking his fiduciary duty as MD and of conduct "not becoming his position".

The IDC and Sapekoe this week refused to discuss the allegations against Cherry. Sapekoe's acting MD, David Parken, said he did not know the details of the allegations against Cherry. "I was not party to the inquiry and I was not party to the detail of the alleged offences."

Sources said that in an open letter last week Parken congratulated officials on their efforts to keep the matter secret. He said he was pleased the matter was never made public and that any rumours that leaked out were ill-informed. He also urged that it should remain a private Sapekoe matter.

Cherry's departure takes place ahead of an imminent shake-up of the company. The IDC plans to partially privatise it sometime this year.

IDC MD Khaya Ngqula said the new partner would probably secure at least a 30% stake. Ngqula said that although Sapekoe had been unprofitable at times in the past, it was on track for a better performance this year.

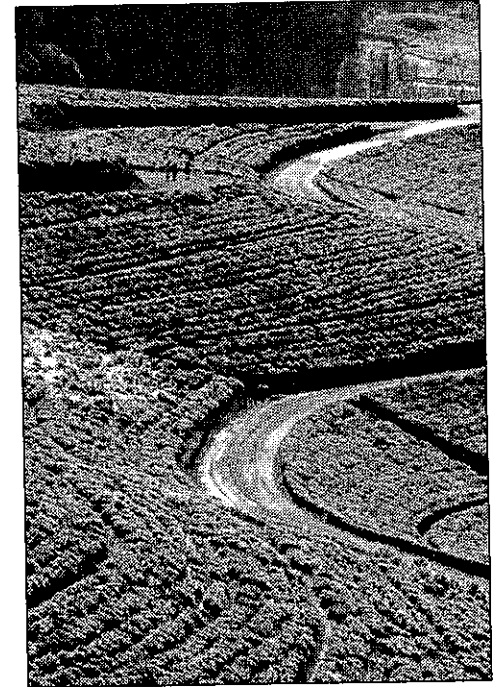
Last year the company was almost shut down by a strike for the entire summer harvest period. Ngqula said that after losing about R23-million last year, the company should post a profit this year.

It is understood that one possible equity partner is a very wealthy establishment farmer.

The quota system which is supposed to protect Sapekoe forces local tea manufacturers — such as Lipton and National Brands's Five Roses — to buy about 50% of their tea from the parastatal before they can import often cheaper and better tea. Sapekoe, which accounts for about 70% of South Africa's tea production, harvests about 7 000 tons of tea a year. Local tea manufacturers use about 21 000 tons a year.

Industry sources said that it is a reflection of Sapekoe's inefficiency that it has not managed to capitalise on its guaranteed market and turn the company into a lean, profitable operation. Sapekoe owed the IDC R155-million in the latest financial year.

Parken told the *Mail & Guardian* that as far as affirmative action was concerned, the company's policy was "in line with government ob-



Peaceful scene: But there was trouble brewing at the tea plantation

jectives". He said that of the 46 staff at Sapekoe's head office in Tzaneen, five were black. One is an executive.

AGRICULTURE - TEA

1999

INSIDE AGRICULTURE

Tea body makes honeybush formal

Honeybush tea growers in the Western Cape have formalised their industry in response to the growing demand for their product.

The South Africa Honeybush Tea Producers Association (Sahpa) was recently formed at George, following debate about whether it was premature to create such a body.

Hannes de Lange of the National Botanical Institute in Cape Town gave reasons in favour of such a step.

He said that honeybush tea researchers had recently been approached by overseas bodies who were seriously interested in a close association with this developing industry.

It was not the place of researchers to take any decisions in this regard. It posed problems that there was no representative body to which such enquiries could be referred.

By any measure, honeybush tea is an agricultural product in its infancy. Unlike rooibos tea, where most of the product comes from commercially planted crops, most honeybush tea grows wild.

The first experimental crops were planted only two years ago. The tea is harvested from the bushes in their natural state high in the Southern Cape mountains.

Harvesting requires a work force of hardy people who reach the bushes on foot, normally with picking bags.

Where the bushes are high up a pulley system, similar to one used in collecting wild mountain flowers, is used to convey the tea to



JUSTINE NOFAL

lower areas that are accessible to tractors and off-road vehicles.

From there it goes to the processing area on the farm.

The tea is cut wet, often with old tobacco machines, after which it is fermented, dried and packed, either sifted for tea bags or loose in bulk bags.

Most of the tea is exported as loose tea, mainly to Europe, though local marketing has increased lately.

There has been recent product diversification through marketing cold drinks, soap and shampoo containing the tea.

However, the industry's turnover still amounts to only a few million rand annually, involving only a few dozen growers.

The successful cultivation of honeybush is the way to create an industry of any meaningful size.

Large volumes of the product are required for the efficient development of the major overseas market, where there is great interest in the product.

The challenge is to be able to supply them consistently.

Sahpa is likely to tackle the main obstacles to creating a full-scale industry.

A serious shortcoming at this stage, apart from a lack of knowledge about how to cultivate the crop, is the absence of accepted standards for taste and flavour, physical properties and micro-organism counts.

Research has shown honeybush tea to contain a number of health-giving chemicals, especially anti-oxidants.

IDC seeks new partner for sugar beet project

③ SUGAR ET(BR) 4/8/99

ALLAN SECOCOMBE

Johannesburg – South Africa's state-owned Industrial Development Corporation (IDC) yesterday reaffirmed its backing for a major sugar beet project, but said its support would depend on finding a major technical partner.

The R500 million project to establish a sugar beet mill and farms in the underdeveloped Eastern Cape has been stalled since the withdrawal of Nordzucker, its German technical partner, in May.

Now the IDC has put its financial backing for the greenfield project on hold while a major new technical partner is sought, said Gerhard van der Westhuizen, who heads the IDC's agricultural projects unit.

"We want to see a good operator in the sugar industry become involved. We believe that is essential," he said.

"The IDC is in principle very keen to see the development take

place, but we must be satisfied that with Nordzucker out of the picture, we structure it so that it is a workable project again, which would include the location of a suitable technical partner."

Van der Westhuizen said the project could employ some 4 000 people either directly or indirectly in an area where jobs were scarce.

George Ward, the interim director of Sugar Beet RSA, said last week in Grahamstown that Nordzucker had said the viability of the project to produce 104 000 tons of sugar a season was not in question.

"They said they were happy to transfer technology and so on, but not to be an entrepreneurial partner," Ward said.

He added that Nordzucker

had said it preferred to focus its energies inside the European Union.

Companies in Germany, Spain and France were now being approached to take Nordzucker's place, he said.

Structural, technical and financial changes would be made known to interested parties and stakeholders this month, he said.

IPRO Industrie-projekt of Braunschweig would continue to act as lead industrial consultant.

Nordzucker, Germany's second largest sugar producer, held a 40 percent stake in the German consortium involved in the project in Cradock, about 150 km north of Port Elizabeth.

The cost of the project is now estimated at between R480 million and R550 million, up from a previ-

ous estimate of R420 million.

The project initially entailed importing a dismantled Nordzucker milling plant, but now it could either import 60 percent of the plant and 40 percent new equipment, or 80 percent new goods and the rest from the German producer.

Ward said trials on irrigated half-hectare size plots of beet were proving highly successful.

"Our trials are knocking spots off anything the sugar cane people can do. The last trials we just had put us top of the world as far as sucrose content is concerned."

He said the trials had shown that root weight yields of 80 tons or more a hectare could be produced with sucrose averaging 16,8 percent over a seven-month consecutive season.

Between 11 and 12 tons of refined white sugar could be produced a hectare compared to a seven-ton average from sugar cane, Ward said. – Reuters

The R500m project was stalled by the withdrawal of Nordzucker in May this year

Record cane, sugar production lifts Illovo's profit 9%

Nicola Jenvey

DURBAN — Illovo Sugar lifted operating profit 9% to R728,6m during the year to September, a year in which the group successfully completed the rehabilitation of the Maragra mill in Mozambique and acquired US-based Monitor Sugar.

The contribution to group profit from sugar was 45%, followed by cane growing at 39% and downstream operations at 16%. SA accounted for 38% of profit, Malawi 28%, Swaziland

19%, Mauritius 14%. The US contributed 1% given that only three months of operations from Monitor accrued to Illovo.

Attributable income was boosted 65% to R429,5m as the southern African group progressed towards becoming a broadly based international sugar company. Headline earnings rose 24% to R296,1m, but were diluted at the per share level due to the Monitor acquisition.

Headline earnings a share were 98,4c (1998: 81,8c) and a 30c (25c) final dividend brought

the total payout to 48c (40c).

Strengthened by record cane and sugar production in the 1998/99 season, turnover rose 4% to R3,79bn. This had come from exceptionally good growing conditions in SA, increased areas under cane in Malawi and Swaziland and the inclusion of production from newly acquired cane estates in Tanzania.

Chairman Robbie Williams said group cane production estimates for the 1999/2000 season have dropped 3% to 4,4-million tons due to drier conditions and

the sale of several medium-scale farms to black growers in SA. Severe drought in Mauritius has also affected production.

Despite these adverse factors, he said sugar production in the current season would be similar to the 1,8-million tons achieved last season, due to the increased production in Swaziland and Tanzania, the commencement of milling operations in Mozambique and the Monitor Sugar acquisition.

Exports currently account for 43% of sales and Williams said

that a major inherent strength in Illovo was that about 70% of sugar production by volume and 80% by value is sold into stable domestic or premium-priced export markets.

The world raw sugar price declined to a 13-year low of \$104 per ton during the current season, but had partially recovered to \$145 per ton by year-end.

He expects Mauritius to return to normal production levels in the new season, while overall group production should touch 2-million tons of sugar.

③ SUGAR

BD 10/11/99

VEGETABLES

1980, 1981, 1982 AND

1983 — DEC.

Tomato control—rejected but not squashed

5 MAR
19/6/80
3 Veg. Notes

Farming Column
by
Hannes Ferguson

The proposed Tomato Control Board, rejected by the Minister of Agriculture, could spring back in revised form.

The growth of the control board family has been stunted by justified criticism levelled against the concept.

Control can be useful, but only to supplement free enterprise — not to replace it.

The vegetable industry — growers, canners and traders — all favour stable prices and a narrowing of the gap between producer and consumer prices.

Farmers and market experts blame periodic gluts, mostly of undergrade tomatoes and losses and wastage in times of oversupply must be made good in more "normal" periods.

So, prices tend to fluctuate wildly because farmers have insufficient knowledge of who is growing, how much, and when. When the price is good, fly-by-night operators

climb on the bandwagon, only to find many others have shared their optimism. By the time their avalanche of often inferior tomatoes reaches the market, all lose out.

Lack of information makes tomato production a gamble. Free enterprise needs information to thrive.

Otherwise it becomes a gamble, say the growers.

This is the reason for the proposed Tomato Board, to keep undergrade tomatoes off the market in times of glut, by diverting them or processing them — and providing information.

Even so, farmers rejected the proposal.

Growers near cities reckoned present sky-high transport charges would give them a competitive edge over the distant Lowveld farms. They felt unhappy about a general control scheme.

Even if the natural advantages of the Lowveld, plus cheaper labour and better prices should out-

weigh the transport disadvantage, they will still view the proposed control with suspicion. In the present climate, farmers are the first to champion free enterprise, sheer weight of facts, though, will lead to some form of control, if only to protect consumers in an inflation-ridden economy.

Cost figures are well established. The wooden case costs 28c, transport accounts for 25c. Commission and fees amount to 8c. This totals 61c a case, before any part of the contents is paid for.

Break-even point is now around R1. How often is the actual price below this mark?

The global amounts involved are huge. Tomatoes have become a staple vegetable.

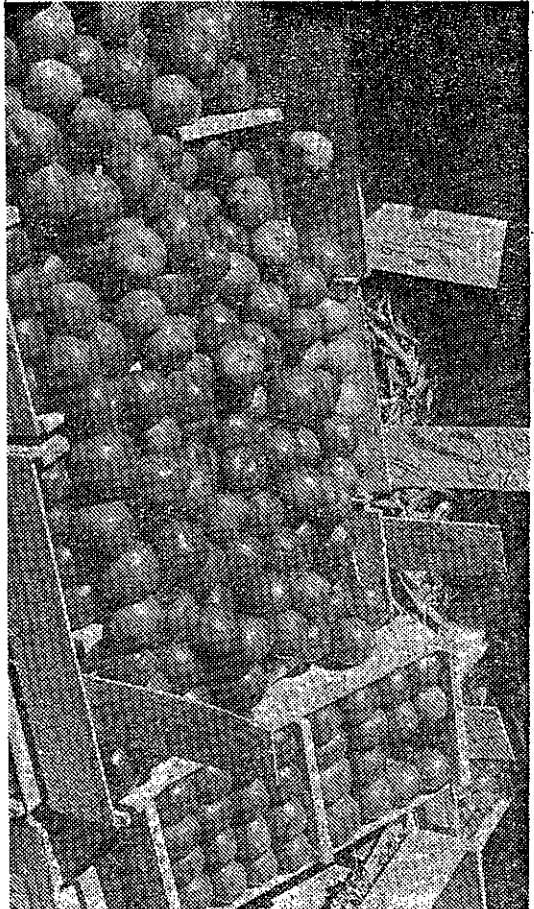
Consumption has increased from 29-million cases, in 1976, to 34-million cases in 1978, dropping to 33-million in 1979. Producers number about 2 000, of whom one big

tomato grower produces some 3-million cases annually. Other large producers account for another 3-million, and the rest comes from numerous medium and small farmers. Most are specialised tomato farms.

South African agriculture and consumers could not ignore the mounting woes of this industry.

When control is finally introduced in a form acceptable to all concerned, it could be, by consensus, cautiously expanded to incorporate other parts of the vegetable industry. A board for tomatoes, one for peas and another for carrots would clearly be ridiculous.

Caution is the operative word.



Tomatoes — free enterprise must be supplemented, not replaced.

Potato prices take a dip

80 - 20 11 312
 312 Vegetable

EAST LONDON — Good news for housewives is that the price of potatoes here has dropped sharply following an over supply all over the country.

The price is nearly half it fetched a few months ago.

The assistant Market Master at the municipal market in East London, Mr J. G. H. Rademeyer, said prices here were not quite as low as Johannesburg where a 15 kg pocket dropped from R3,96 to R2,07.

As an example of the lower prices Mr Rademeyer quoted R2,70 to R3 a pocket for grade 1 medium grade potatoes.

"Now is the time to eat potatoes, prices will not be so low again for a long time," he said.

The manager of the vegetable section at a local supermarket Mr Gerald Lawrence, said they experienced a good supply of potatoes recently.

He said prices had nearly halved in that he was now selling for R3,39 a pocket where he used to sell for nearly R6 a pocket a few months ago.

Mr Lawrence said next week he expected to sell at an even lower price of R2,70 a pocket.

The Johannesburg

market has been affected because of the more than a 100 per cent in supply from 61,000 pockets on October 11 to 150,000 pockets on November 17.

The biggest price plunge however, has been experienced in Cape Town where the average price went right down from about R5 a pocket in mid-October to R1,90 for grade 1 medium this week.

This Christmas-bonus for potatoes eaters was the result of an extremely good season for potato growers in Northern Transvaal where this year's crop was estimated at 6 million pockets compared

to last year's 4,8 million pockets and in the Clanwilliam area the crop was expected to be 2,6 million compared to 2,5 million last year.

The manager of the Potato Board, Mr D. van Rensburg said farmers could not hold back supplies any longer because the heat forced them to lift the potatoes as soon as they were ready.

"It is not possible to say how long the lower prices will last, but we expect them to rise in the foreseeable future as 70 per cent of the Transvaal crop and 60 per cent of the Clanwilliam crop have been sold," he said.



Stocking up with potatoes following the price slide is Reno Ioannides, of East London.

Sale of potatoes restricted

Star
29/6/81 By Caroline Braun,
Consumer Reporter

3 vegetables

The Government has prohibited the sale of certain third grade potatoes in an effort to ease the glut and stabilise prices.

Produce markets around the country are loaded with potatoes because of this year's record crop. The Free State crop is 20-million 15 kg-bags — more than double last year's figure.

Mr D. J. van Rensburg, general manager of the Potato Board, said every day large quantities of grades one and two potatoes remained unsold. As a result farmers were getting poor returns for their produce. Farmers needed reason-

able prices to encourage them to plant the following year.

"In order to limit this oversupply the Government has banned certain third grade potatoes which are hardly fit for human consumption. These are glassy, watery and green potatoes," Mr van Rensburg said.

"By keeping out the inferior produce, the markets will offer only better quality potatoes and the prices will stabilise."

Mr van Rensburg said average prices had been unrealistically low because of the third grade potatoes.

Once the potato glut was over, the Government would consider lifting the ban.

Dearer spuds

(3) vegetables
Stand by for a blaft-off in the price of winter potatoes. Prices are high already but could rise further. The drought that hit summer grain crops has also affected the Free State potato crop, one of the major sources of potatoes for the Reef.

The other is the frost-free irrigation area in the northern and eastern Transvaal where farmers have this year planted fewer hectares than usual.

They lost money last year because the Free State had a bumper crop. And they have been recently hit by the fuel crisis which has pushed up the costs further.

During the last 15 years the Free Staters have encroached on the Transvaal market. They have been helped by new potato varieties with good keeping qualities, and pesticides which make it easier to store the tubers in the ground.

Frost

The Free Staters plant in mid-summer to harvest before the winter frosts. Their climate allows them to leave the mature crop lying dormant in the ground until mid winter, when the main highveld summer crop has all been eaten and prices begin to rise.

Accurate estimates are hard to come by but seed potato producers who cater for the northern growers say they have had difficulty in selling their normal volumes. There is still time for a few irrigation farmers in the hot areas to plant for the late winter and early spring markets. But sky-high interest rates and memories of burnt fingers are likely to deter many of them.

Tomato
Mercury
growers
Vegetables
form new
18/5/82
committee

Agricultural
Correspondant

THE supply of reasonably priced tomatoes would be one of the priorities of the National Tomato Committee formed in Pretoria yesterday.

According to the chairman of the committee, Mr Bertie van Zyl, one of the first steps to be undertaken would be to find ways of shortening the marketing chain between the farmer and consumer.

He said the formation of the NTC meant that for the first time tomato producers would handle their own affairs. He said the committee would also examine the traditional means of containerisation to see if unnecessary wastage occurred. Grading regulations would also be examined he said.

Mr van Zyl said the NTC advocated the retention and even extension of the 14 national fresh produce markets and greater centralisation of sales from these markets was a priority.

He appealed to tomato producers not to evade the markets in order to gain short-term financial advantage.

According to the Department of Agriculture, the tomato industry contributed R50 million to the total vegetable turnover of R140 million last year.

VEGETABLES ³ Vegetables

Fresh approach

Fm 11/6/82

Two new national committees for vegetable producers have been added to the agriculture hierarchy.

Last month's decision by the SA Agricultural Union (SAAU) to establish the National Tomato and Vegetable committees (NTC and NVC) is an attempt to alleviate a conflict of interests within the SAAU. Previously, only potato farmers could make decisions on affairs affecting their market, while the remaining vegetable producers fell under the auspices of the SAAU's National Fresh Marketing Committee (NFMC).

Says Johan Bothma, Commodity Officer of the SAAU: "It was unfair to expect fruit and vegetable farmers to sit around the same table and have the NFMC serve as a mouthpiece for them all. Each market has different interests. Through the new committees they can make decisions pertinent to their own products and give direction to their businesses."

Vito Rugani, chairman of the NVC, says: "This is a much healthier situation. Now we can concentrate on our own products and on solving issues affecting farmers, such as rising energy costs, labour problems and the transportation of products to the markets."

Most retailers, although unaware of plans for these new committees, say they could be of great help.

Says Checkers' Graham Broomhall: "We appreciate this sort of organisation among farmers because it safeguards the future of the product. But this is only if they avoid a monopolistic situation and create an environment for free competition."

At present, it is unlikely that the NVC and NTC will start dictating prices and take on the status of control boards.

Says Rugani: "The committee is there to serve both farmer and consumer because we are totally interdependent. Our farmers

want to keep the market open and free. While I am in the chair, there will be no talk of becoming a control board and all vegetable farmers are behind me."

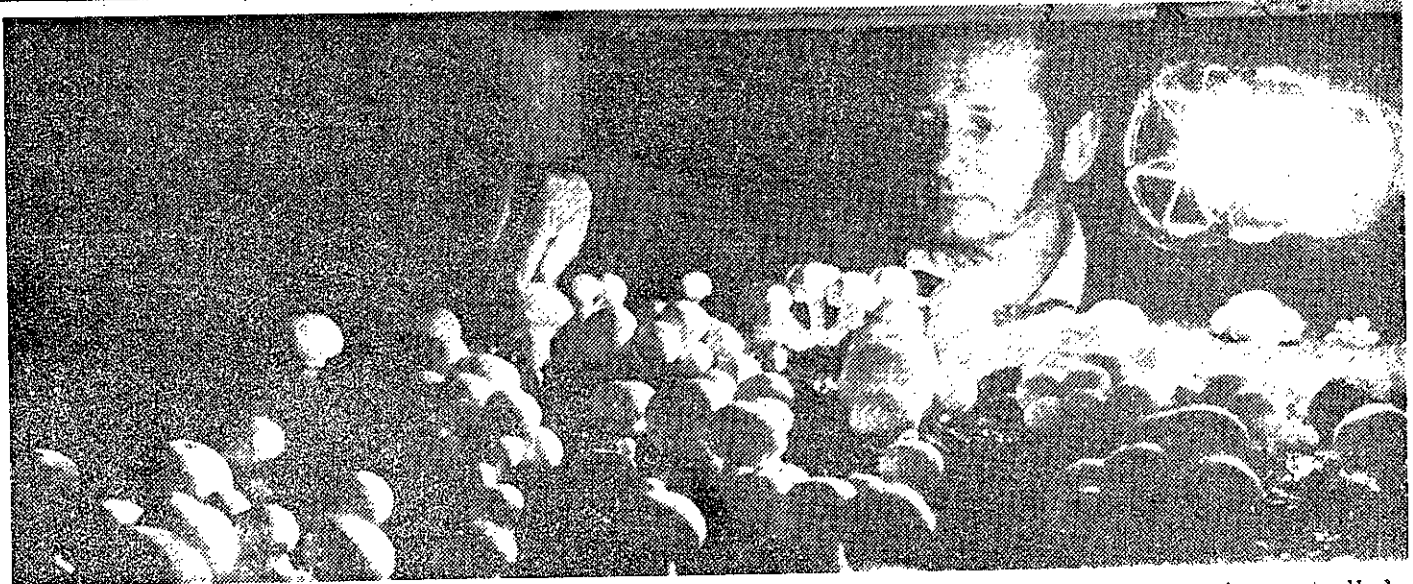
Bertie van Zyl, chairman of the NTC, agrees: "Tomato farmers are scared of

anything like a control board. What we want to do is work within the framework of the SAAU, concentrate on quality production and continue to support the national markets. Hopefully we will also be able to help the consumer by obviating exploitation

of high priced, low quality products."

Members of both committees say they would also like to shorten the farmer-to-consumer process and get rid of some of the middlemen who are coming away with the greatest profits.

~~Complete~~



Mushrooms - delicious fungi. Mushrooms are grown in specially prepared compost trays under controlled temperature and humidity.

③ Vegetables star 1/7/22

Putting a spotlight on a mushrooming industry

By Colleen Ryan,
Consumer Reporter

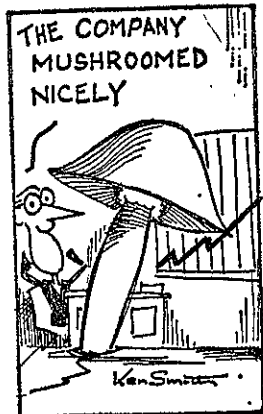
Mushrooms are popular with South African diners and as the demand has increased, so have the prices.

Yesterday The Star reported on the trends in this growing industry. It showed that one company now dominates the Transvaal market.

It may come as a surprise to some consumers that mushrooms are not grown from seeds, or nourished by the rain and the sun.

That delicious mushroom dish began as a culture in an overseas laboratory. The mushroom cultures are flown to South Africa where they develop for six weeks in temperature-controlled laboratories.

The fully grown mushroom spawn is then sold to farmers. Only one company is in the spawn-producing



business and they distribute all over South Africa, Zimbabwe and even in Mauritius.

Before the spawn can be planted, a specially prepared compost is prepared, pasteurised and steamed. The spawn then grow for two weeks in humid temperature-controlled rooms.

A casing layer of soil is then spread over the compost trays and they are placed in rigidly temperature-controlled rooms.

Two to three weeks later, mushrooms

start growing from the compost. They can be picked periodically for three to six weeks. After this time, picking becomes unprofitable and so a new cycle begins.

Mushrooms make a useful dish for slimmers, says The Star's cooking expert, Angela Day. There are only nine kilojoules in an average mushroom. Mushroom soup is always a family favourite.

CREAMY MUSH SOUP

Examiners' Initials		

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

③ Vegetables E. Post (8/9/82)

Housewives irate at carrot waste

By WAYNE ASHER
PORT ELIZABETH housewives are incensed at the loss of a R16 800 carrot crop which has been ploughed into the ground in the Gamtoos Valley.

"It's utterly ridiculous," said Mrs Betty Harden, founder and former chairman of the Port Elizabeth branch of the Housewives League.

"That was good food which could have been made available to housewives at a reduced price.

"The world is going crazy — when they have a glut of eggs they export them and when they have a glut of carrots they plough them into the ground."

Mrs Harden said that if Port Elizabeth had a housewives market — "something which I have persistently campaigned for" — then that food would not have gone to waste.

"But anything would have been better than such flagrant waste. Even if they had given to charity or

placed them in the townships.

"You could even have used them as horsefeed."

City Councillor Mr Solly Rubin, vice-chairman of the Port Elizabeth Utilities Committee which is in charge of the Port Elizabeth Produce Market, also expressed shock when he heard that 12 Gamtoos Valley farmers had ploughed 300 tons of carrots into the ground.

"I am totally opposed to it and I believe a hasty

decision has been made. The matter should be looked into.

"Even if there were no starving people to whom the carrots could have been given, it would have made excellent horsefood for about 1 000 horses in the Port Elizabeth area. Carrots are a delicacy to horses."

Mr Rubin said that ploughing good food into the ground seemed to be "one of the very worst aspects of capitalism".

The crop was ploughed

into the ground after the frozen food concern, Tabletop, told the farmers, who are under contract to them in the Gamtoos Valley, that their carrots were not needed as other contractors has supplied sufficient produce.

The chairman of the vegetable committee of the East Cape Agricultural Union, Mr Hannes Rens, said this week there would be an inquiry into the matter at Agricultural Union level.

Tomatoes, tomatoes, everywhere...

Picking tomatoes by the ton... workers toil in a sunny valley.

Tomatoes galore. On the hillside, in the valley. Up the next hillside and down the next valley. Everywhere.

This is Mr Bertie van Zyl's tomato farm near Mooketsi, south of Maseru.

On his 20 000 ha spread, fields are rotated and any season about 500 ha will be under tomatoes with about 100 ha under fine-cured tobacco. Mr van Zyl is also a stock farmer, with over 1 500 cattle in his kraals and a stud farm of Pinzgauers.

Employing 50 whites and 2 000 blacks — of whom 1 300 are women — this farm is a business organisation comparable to a well-sized factory.

Mr van Zyl's packing shed between 140 and 250 black women pack an average of 16 000 cases of tomatoes daily, filling nine heavy lorries.

Field operations are being scheduled and planned like an engineering shop. Still, this is a real

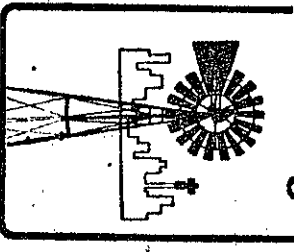
16 000 cases a day as big Bertie's dreams bear fruit



(3) Vegetable Star

1/10/82

Hannes Ferguson Farming



prices and prevented tomatoes from becoming the basic food they should be. To get farmers to plant according to full price and supply information and to keep low-quality, undergrade tomatoes from clogging the markets, were the objects of the proposed Tomato Control Board.

As chairman of the Fresh Produce Committee of the SA Agricultural Union Mr van Zyl has done much to promote this idea in a fine, public-spirited manner.

Farming on the scale he does, a scientific management approach is a must. Formal business administration does not come easily to farming — it must be willed into existence.

By putting his tomato empire under a registered company in which the well-known farm economist Professor W E Kassier accepted a directorship, and by having his two sons, trained in management techniques...

Labour force being Shangaans, rooted in nearby Gazankulu, he keeps close relations with the Gazankulu Government. Understanding well how the process of breaking down the African subsistence economy causes an initial over-

supply of unskilled labour, Mr van Zyl tries to contribute to the obvious remedy by throwing his full weight behind the economic development of the impoverished homeland. His directorship of the Shangaan-STOK

Tsonga Development Corporation is close to his farmer's heart. Sensing this, Gazankulu chief minister, professor Hudson Tsanwisi, has rewarded him with his confidence, relying heavily on his practical advice. In the present unfor-

tunate situation of economic neglect of the black states by the central government, Mr Bertie van Zyl and other farmers of the same calibre may be doing more to sustain black trust in the white men than all officials put together.

farm. Not only because it is subject to all the risk factors inherent to agriculture, or just because it produces a farm product, but mainly because its owner is a real farmer. To Mr van Zyl, farming is a way of life as well as a business — but his is a larger business than most.

His father was one of the pioneers of the old lowveld. He grew up in the years when farming in the lowveld was one long battle against malaria, bad roads and a thousand other odds.

Taking over a modest farm about 30 years ago, he got down to realising a dream — a vision of a large vegetable farm run like clockwork.

Ably assisted by his wife, a woman of remarkable intelligence and character, he built his empire step by step, overcoming setbacks with hard work and still more hard work.

Now his dream has come true, but it is a dream made of solid achievement on a par with anything mining or industry can show.

Bertie van Zyl has become a legend in his own time, proving an entrepreneur in the classical mould can also be a true farmer. He is equally at home between his rows and rows of tomatoes, in his up-to-date office, in the exacting stud cattle business, in committee meetings of the SA Agricultural Union — or in the board room of the Shangaan-Tsonga Development Corporation (STOK), trying to get the economy of Gazankulu off the ground. Production had to be efficient to the hilt on



Bertie van Zyl . . . sustaining black trust in the white man

tracting directly with growers at prices based on those on the produce markets. This was but a ploy to create a supermarket monopoly to the detriment of both producers and consumers, he maintains.

By removing part of the demand from the produce markets, farmer prices would spiral downward without benefiting the consumer.

According to Mr van Zyl, tomatoes should be recognised as a staple food. This requires a stable, economical price level for the consumer, a stable producer price through orderly supply, and the cheapest possible distribution through the mechanism of the open market.

Erratic supplies caused by fly-by-night operators who would plant large fields of tomatoes today and forget about them next month or next season, bedevilled consumer

ics, Mr van Zyl has brought the best of today's business know-how to his tomato fields.

He will need it — the challenges are real indeed.

Such as the staff situation. Mr van Zyl employs about 50 whites, all in key positions. But to compete successfully with city lights and attract well-qualified men prepared to share his own dedication to the job — and keep such men — is a major task. It puts human relations right in the centre of management.

It also means some jobs may have to be tailored to fit the men available instead of vice-versa. This may be against the textbook, but it works because a sound leadership on a personal level comes naturally to a true farmer. In the field of business economics, this is one of the few inherent advantages of a farming enterprise.

Motivating his 2 000 black workers is another major concern. More than 60 percent of them live on the farm, the others are commuters fetched daily from their nearby Gazankulu or Lebowa homes and brought back after work.

Understanding the nature of black labour relations means understanding the nature of blacks themselves.

Mr van Zyl does not only pay his labour well above the going rate, providing good food prepared in large modern kitchens and free medical care, for which he employs two qualified nurses.

This is what every large agricultural estate does for its labour. But Mr van Zyl also has a true farmer's personal approach to labour relations.

Crucial to proving his bona fides is his interest in his workers as human beings.

Most of his black

NOMMER ASSEBLIEF

More than 8 000 Pretoria downtown, telephone numbers, many of them belonging to businesses, will change on January 15 at 14h00.

Numbers starting with the predigit 3 will be changed to 323-. The remaining four digits will remain the same.

regions.

He says: "The PWV market, from now until June, will be the worst hit by the drought on the highveld and in the eastern Free State. But one cannot make predictions for crops in other areas which still have to be planted."

Whatever happens, Van Rensburg doubts that SA will be forced to import. "We have had enough in the past," he says, "and we should have enough this year."

Snack-makers like Willards and Simba will be hard-pressed to find supplies. The industry buys about 7% of total production but prefers large potatoes, which are particularly scarce at present.

Says Mike Benn, MD of Willards Foods: "If there are no potatoes, there is no business. So we'll pay the higher prices to cope with demand. Whatever happens, we will be loath to raise our own prices because we had a 15% increase late last year."

"Fortunately, only 55% of the snack market relies on potatoes, the rest on maize. But if a severe potato shortage comes, then it is a knock the industry will have to take."

Another processing company's agronomist says he does not expect a short-

age to affect business severely.

"By contracting producers, we are the first to get what there is," he explains. "And if some of our suppliers are short, we can get produce from other areas. It is for problem times like these that we diversified our contracts throughout the production areas."

ELECTRONIC OFFICES Standard buys in

South Africa's first "electronic office" will be installed this month at Standard Bank's administrative headquarters in Johannesburg (Superblock) by the Perseus division of Barlowdata. The sale of the R280 000 Data General Comprehensive Electronic Office (CEO) is likely to open up the market to more such sales to the country's leading financial and mining houses.

The CEO provides word processing, electronic mail, electronic diary and meeting scheduling, electronic document storage and retrieval and graphics.

Standard has ordered 25 workstations consisting of a terminal and a printer. This is the biggest initial order for the system Data General has taken worldwide.

Standard had already ordered a R600 000 Data General minicomputer for developing new systems. CEO is simply an extra application for the machine.

The bank plans to link its administration with its major banking systems which run on IBM mainframes. The link, via IBM's System Network Architecture (SNA), will be ready in June, says Perseus.

Barlowdata beat IBM to the sale because

POTATOES Chips are down

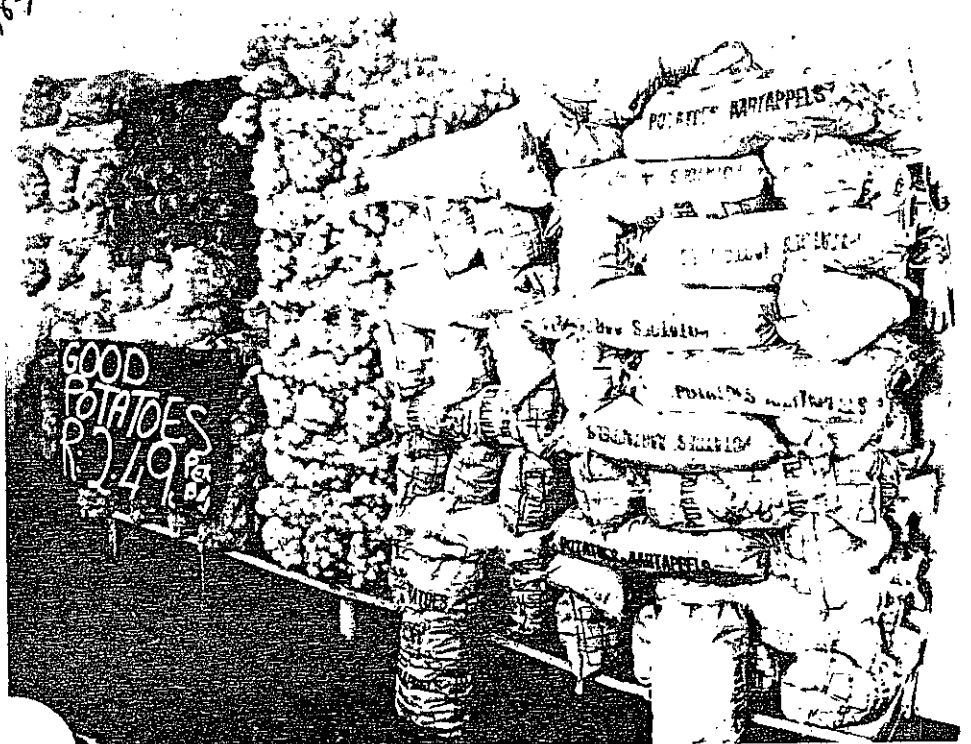
The Highveld's potato crop looks set to become the first casualty of the drought. The production drop is estimated at anything up to 80% in some areas and prices will inevitably come under pressure. Industrial users, like potato crisp manufacturers, will also be sorely hit.

Fred Kadish, who runs one of SA's biggest potato farms near Bethal, believes the crop could be down to only 1m-2m 15 kg pockets this year against 1982's better-than-average yield of 12m pockets.

"Without being unduly pessimistic, I can't see any hope for the yield, and the potatoes will be of a very low grade," he says.

The highveld crop, which makes up about 30% of domestic supply, is normally the first to be harvested each year. A poor crop in this region could induce farmers in other areas to plant more, weather permitting, and thus relieve the shortage to some extent.

Potato Board GM Danie van Rensburg does not believe the shortfall will be as dramatic. But he does foresee production plummeting by up to 50% in certain



Potato stocks ... slammed by the drought

Fresh produce prices soar

D. Oropet 10/2/83

EAST LONDON — Fresh produce prices have rocketed to all-time highs as a result of the drought and are expected to remain at their present levels for as long as the drought prevails, a spokesman for the municipal market at Wiltonia said yesterday.

"The drought has severely affected supply, but the demand for fresh produce has increased, pushing up the prices even further," the spokesman said.

Locally produced vegetables, particularly tomatoes, potatoes, carrots, beetroot and turnips, are "very expensive".

Tomatoes, which could be had for R1.25 a box during the glut in November last year, now go for R6 a first-grade box on the market. Greengrocers are selling first-grade six-packs for between R1.80 and R2, but lesser grades are up to 5 per cent cheaper.

"Potatoes too, are very expensive, going for between R6 and R6.50 for a first-grade pocket. Even at that price there is no shortage of buyers," he said.

Greengrocers are asking up to R9 for a pocket of first-grade potatoes.

Bunches of carrots, beetroot and turnips bought for between 40 and 60 cents on the market are retailing at up to 90 cents.

Cucumbers are fetching R2 a half a pocket of 12, and are retailing at up to 69 cents each. Pumpkins are being sold for up to R3.70 for a bag of between six and 10. Green-grocers are asking an average of R2 a pumpkin.

The quality of produce brought to the market has been fair.

"It's not outstanding, but it's being snapped up," the spokesman said.

Fruit, although expensive, had not escalated in price as a result of the drought, although locally grown pineapples are expensive. A bag of between 18 and 26 is selling for between R7 and R8 on the market and pines are being sold for up to 50 cents apiece at greengrocers.

"Other fruit, 'imported' to the Border from the Western Cape, is still fairly reasonable for this time of year although prices are up about 30 per cent on last year."

Red Delicious first-grade medium apples are fetching R6 a box (\pm 150 apples), while large Red Delicious are going for up to R13 a 100 and retail at 25 cents each.

Mangoes are fetching between R2.50 and R3 a dozen and are retailing at up to 72 cents each. Peaches, which cost on average 25 cents at greengrocers, sell for between R3 and R3.60 a half box of 50 on the market. New-season pears, going for up to R6 for 120 on the market, are retailing at 25 cents upwards each.

Referring to the shortage of locally produced fresh produce, the spokesman said that the reluctance of a number of farmers to pump water to irrigate their lands because they feared they would not cover their production costs had been a major contributing factor to the price rise.

"Once the drought has eased, things should be better all round, for the producer, retailer and consumer." — DDR

Fruit and veg prices rocket as quality takes a dive

~~3~~ Fruit. (3) Veg.
~~2/1/83~~
E. Post
26/2/83

THE drought in many of South Africa's vegetable producing areas has affected prices, which are starting to bite into the pockets of consumers nationwide and worse is probably on the way.

Buyers for supermarket chains in Cape Town say the situation is certain to get much worse before it improves and some expect many prices to be double last year's.

In their efforts to offer customers a higher quality standard of fruit and vegetables, one major supermarket chain is using refrigerated trucks to bring produce from as far as the Transvaal and Western Cape to Port Elizabeth.

Farmers in the Transvaal are no longer planting potatoes because of the drought, so the current price of about R7 for a 15-kilogram pocket is already double the lowest prices last year.

The price could approach R9 a pocket when the second crop from the Ceres area, which will have to supply the Transvaal and Natal as well as the Cape, comes on the market in April.

A spokesman for the municipal market in Port Elizabeth said the Port Elizabeth public was feeling the delayed reaction of the drought and prices would surely worsen even if there were substantial rainfalls. Almost all the prices of fresh produce were up on last year.

The supply of fruit is fair at the moment, but quality has suffered as a result of the dry weather.

Potatoes are in very short supply, as are lettuces and most greens. Customers have been charged as much as 90c a lettuce in cafes in the city and this week's prices at the market soared as high as R7 a carton.

The spokesman said R1,50 to R2 a carton was a fair price for lettuces. Cartons usually contain between eight and 16 lettuces.

Although most of Port Elizabeth's lettuces are produced in the Gamtoos Valley area, this year's hot weather affected the crops. Even the irrigation systems in the Gamtoos area could not improve the quality of the lettuces. Because they are grown above the soil's surface, scorching temperatures had damaged their quality.

The spokesman said the supply of greens at this time of the year was usually fairly good, but this year was exceptionally bad.

"Even if we get rain soon, it will still take another three months before we see the results," he said.

Shops blame drought, inflation

Potatoes R9 a bag as veg prices jump

(3) Veg
RDM
5/3/83

By PAT SIDLEY
Consumer Mail

THE severe drought has pushed price of potatoes almost three times higher than they were last year making this staple vegetable a luxury in many stores.

Most vegetables have been affected by the drought, and prices are at their highest for many years. Many vegetables are about 50% more than they were last year.

Because of the drought, what little has been produced has been of poor quality, further pushing up prices, adding to waste and exaggerating already short supplies.

A significant portion of price increase is accounted for by "normal" inflation and seasonal fluctuations. Supermarket operators estimate that inflation on fresh fruit and vegetables is about 15%.

Supermarket buyers warn that the normally dry winter season is likely to exaggerate prices, which are affected by supply and demand. Quality will suffer further as well.

They say farmers are already facing vastly reduced crop sizes, — and this could get worse. Some prices around Johannesburg are:
● **POTATOES** at the Johannesburg market are fetching about R9 a pocket — or about 60c/kg. In stores, prices vary between 80c/kg and 97c/kg. These prices are about 40% above last September's levels — but stores say they have been cutting margins.

On the Johannesburg produce market in December, potatoes fetched about R4 a pocket. This moved to R5,50 in January, between

R7,50 and R8,00 in February has been R9,00 this week. The price is expected to rise.

● **LETTUCES** vary between 45c and R1,20 each in stores. Even supermarket prices are about 99c each. Last September supermarket lettuces cost about 39c.

The shortage of lettuces is easing however, and the price is expected to drop. At the Johannesburg market at the beginning of last year, lettuces cost between 66c and 71c. This has now risen to between 75 and 83c each.

● **TOMATOES** are at their "normal seasonal high" according to one supermarket buyer. At the market they cost between R4 and R6 a box. At a similar time last year they cost between R3 and R4 a box. A supermarket prepak costs about R2,29/kg which is 28% higher than in September last year. One Hillbrow fruiterer, however, was selling tomatoes yesterday for between R1,30 and R1,60/kg.

● **CABBAGES** — a staple vegetable eaten as commonly as potatoes and tomatoes, have risen by about 40% in six months. They are around 65c each and were 45c in September.

● **CARROTS** cost between 75c and 86c a bunch at the market. A year ago they cost between 62c and 75c bunch — an increase of between 21% and 14%. Yesterday they were selling in stores for 89c a bunch. Carrot prices are expected to continue to rise as farmers are not planting as many as they used to — carrot farming is labour-intensive.

Fresh fruit, while having increased in price due to "normal inflation" has not been badly affected by the drought.

Business is booming as ...

'Rebel' farmers do their bit to curb inflation

~~(3) fruit~~ (3) vegetable
RDM 11/3/83

By DIANNA GAMES

FIVE farmers, all under 32 and who see themselves with a role in protecting the fresh produce consumer, are the masterminds and managers of a multi-million-rand business with 70 000 customers a month.

The "rebel farmers" formed a fruit and vegetable retailing outfit four years ago when they became frustrated at not being able to control the marketing or prices of their produce, or the condition in which it ended up on kitchen tables.

The unusual role of marketing their own produce went against the workings of the industry and earned them their name of "rebel farmers".

Competitors gave their ambitious project a six-month lifespan when it began, but in four years it has grown by 100% and the "rebels" plan to double their present capital within three years.

The men are all of farming stock from the Pretoria-Witwatersrand-Vereeniging area and see themselves at the forefront in protecting the consumer, especially in this time of serious drought.

They have only two outlets — one in South Hills, Johannesburg, and one in Roodepoort — although their suppliers are countrywide.

Last week a founder of the group, Mr Alan Texeira, spoke about the present situation in the produce industry which has seen prices soaring by more than 100%.

He said their produce was nearly all grown and transported by them, which saved up to 35% on packaging and commission. Also by cutting out middle-men they were able to

keep prices down and preserve quality.

"I feel we have helped the consumer by becoming a barometer for prices in the chain stores and larger outfits. But these outfits can't compare with our prices because they have too many people handling the stuff — too many middle-men taking cuts."

He said they bought produce from other sources when their own supplies were short, but were very selective in what they bought.

"But most things have been upgraded because of the drought. What would normally be third grade is now selling as first grade and even what was previously unsaleable is being graded and sold.

"This is why it is important for housewives not to buy in bulk. Because the quality is poor, the produce is less likely to last. While this situation lasts, people should only buy for their short-term requirements".

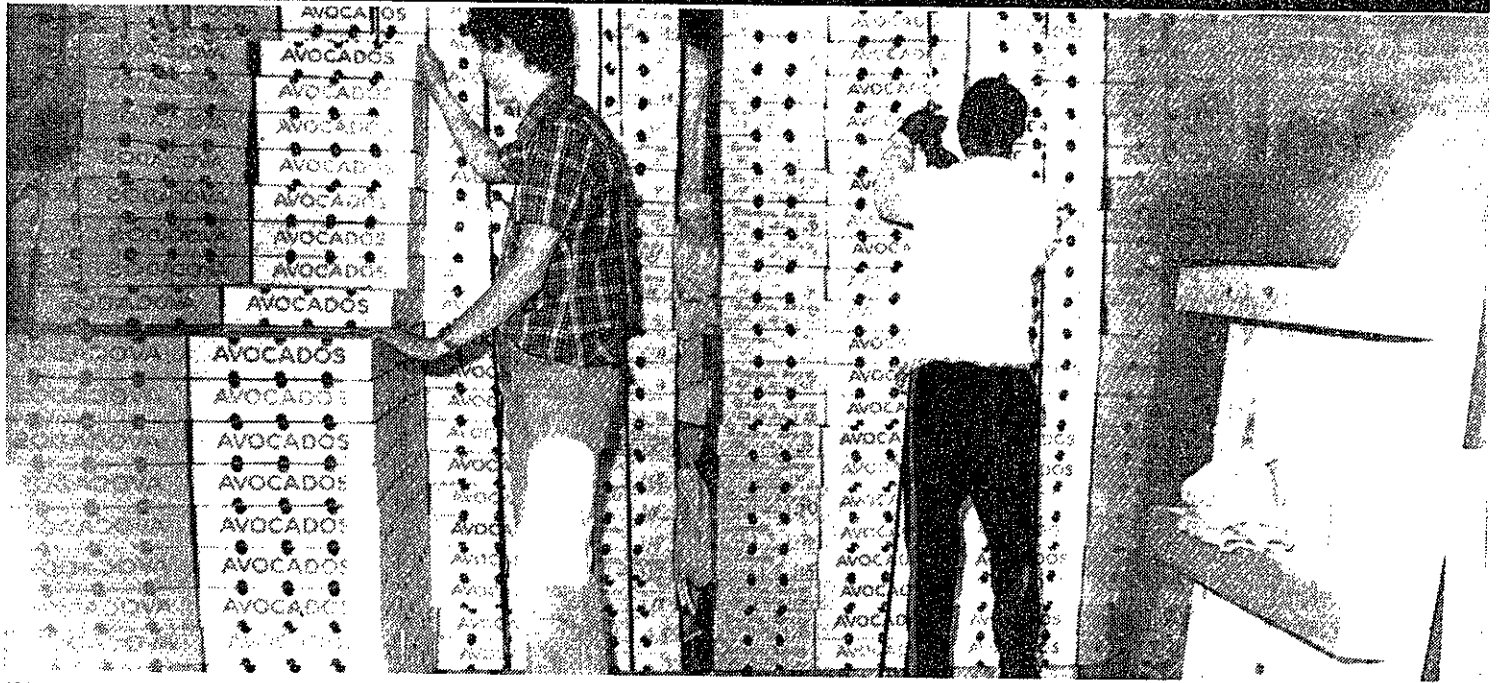
He said many retailers were deceiving the public who now expected to pay much more for fresh produce and often did not question prices or quality.

"Because farmers are not able to replant crops this year, shortages will be with us for the next few years. Winter crops such as cucumbers and green peppers have already been drastically affected by the drought.

"We must retain full participation in our retail outlets. When we set up, we wanted to ensure that fresh produce was sold to consumers at the right prices and we weren't going to capitalise on surplus situations and mark-ups."

Mr Texeira said they worked on a 20% profit margin, as opposed to a more average retail mark-up of about 60% to 80%, and only had 0,8% wastage.

All aboard, up avos and aweigh!



'Up avos and aweigh!' The consignment of 40 000 Patensie-grown avocados is packed into a container in Port Elizabeth for their overseas journey to Europe.

3 Vegetable E.Post
23/4/88

EP export crop

A CONSIGNMENT of some 40 000 Patensie-grown avocados was shipped to Hamburg aboard the SA Winterberg from the Port Elizabeth harbour this week.

The R15 000 cargo was shipped by Avocado Ritz (Pty) Ltd, a company owned and operated by enterprising Dr J L Edmondson, who received a special mention during the presentation of last year's Evening Post Export Awards.

This week's single container shipment already surpasses the R12 000-worth of avocados exported from the Eastern Cape to Europe last year, and Dr Edmondson believes there is likely to be a second container-load shipped before the end of the season.

The export crop is currently harvested from a limited number of mature trees — only some 1 500. Within the next three years, once the remaining trees among the 12 500 planted in Patensie in recent years begin bearing, "the export earnings could exceed R200 000 annually", Dr Edmondson predicts.

1583

FRIDAY, 17 JUNE 1983

Indicates translated version.

For oral reply:

Howard
Potatoes 17/6/83
Q. 61, 1583-1586

*1. Dr. W. J. SNYMAN asked the Minister of Agriculture:†

Whether potatoes were imported recently or are to be imported; if so, (a)(i) by whom or what agency and (ii) at what price were they, or are they to be, imported and (b)(i) in what way and (ii) at what price is it envisaged to make these potatoes available to consumers?

†The DEPUTY MINISTER OF AGRICULTURE:

Yes.

(a) and (b) As a result of shortages at times of specific types and sizes permits for the importation of potatoes for sale at municipal markets and for processing have been issued in terms of Proclamation R.20 of 1978 to Wilbur Ellis Co. (Pty.) Ltd.; Willem Muller S.A. (Pty.) Ltd.; Harvestime Frozen Vegetables (I.C.S. Foods Ltd.); and Irvin and Johnson Ltd. For the present no further import permits will be granted as production is adequate again. Since the imports are effected by private concerns, the buying and selling prices are not known.

†Dr. W. J. SNYMAN: Mr. Speaker, arising out of the hon. the Deputy Minister's reply, can he inform the House what quantity of potatoes was imported, whether the demand for potatoes in the trade exceeded the supply at any stage during the past month, and whether he is aware that the available

FRIDAY, 17 JUNE 1983

1584

supply of potatoes from the Northern Transvaal irrigation area for this week amounts to 151 000 pockets?

†The DEPUTY MINISTER: Mr. Speaker, I request the hon. member for Pietersburg rather to place this question of his on the Question Paper.

Foreign countries: discussions

*2. Mr. C. W. EGLIN asked the Minister of Foreign Affairs and Information:

(1) Whether he or any member of his Department is or was recently involved in discussions with representatives of the Governments of (a) Lesotho, (b) Swaziland, (c) Botswana, (d) Mozambique and (e) Angola; if so, (i)(aa) when and (bb) where and (ii) what is the nature of the discussions;

(2) whether any agreements have been reached; if so, what is the purport of these agreements?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING (for the Minister of Foreign Affairs and Information)—(Reply laid upon the Table with leave of House):

(1)(a), (b), (c), (d), and (e) Yes; both I and/or members of my Department have been involved in discussions with representatives of the Governments mentioned.

(i) Issues of bilateral concern, and of concern to Southern Africa as a whole, were discussed.

(ii) (aa) and (bb) Recent meetings took place as follows:

(a) Lesotho: 30 April 1983 in Pretoria and 3 June 1983 in Johannesburg.

(b) Swaziland: 9 April 1983 in

1585

FRIDAY, 17 JUNE 1983

1586

Pretoria and 3 June 1983 in Johannesburg.

(c) Botswana: 21 April 1983 in Johannesburg.

(d) Mozambique: 17 December 1982 and 5 May 1983 at Komati-poort.

(e) Angola: 7/8 December 1982 and 23 February 1983 in Cape Verde.

(2) Not in a formal sense but understandings were reached in some instances; in the case of Lesotho, an understanding was reached on 30 April 1983 on a formula for the control of the flow of water from the proposed Highlands Water Project. On 3 June 1983 it was agreed that urgent attention be given to the question of implementing in practice the principle that neither country should permit subversive elements to plan, encourage or be involved in, actions against the other. On 5 May 1983 it was agreed in principle with Mozambique, subject to confirmation, that a standing committee of senior officials from both countries should be appointed to discuss matters of bilateral concern. In the case of Angola efforts to reach an understanding on the conditions for a lessening of the existing tensions are still continuing.

The essential problem in discussions with some of the States in Southern Africa has been a mutual lack of trust in each other's motives. Thus in the case of Mozambique the South African Government made every effort to eliminate any lingering doubts on the Schoeman case to the satisfaction of the Mozambique Government in an endeavour to establish a basis of trust upon which discussions on other more important issues could take place. The South African Government, moreover,

requested and was given assurances that President Machel would personally be informed about the facts of Mr. Schoeman's background and unfortunate history of criminal activity and be reassured that South Africa would not be associated with any attempt on the life of any Head of State or member of a Government. However, according to press reports the Mozambique Government deemed it fit to parade Mr. Schoeman publicly a few days after our meeting as a member of the MNR without reference to his true identity as an habitual criminal currently being sought by the South African Police. It is simply not clear to the South African Government how another Government can act in this manner. The dilemma faced by South Africa in instances of this sort is what value can be attached to sophisticated agreements which might at some later stage be entered into, if assurances and undertakings of a relatively elementary nature such as the Schoeman case cannot be accepted and adhered to.

I have made it quite clear that the South African Government considers it essential for the sake of peace and development in Southern Africa, that firm understandings or agreements should be reached on the question of subversive elements using territories of neighbouring states to launch attacks on others. I have surely no need to emphasize the gravity of this matter. The time has come for the countries of Southern Africa to look seriously at their priorities and to agree on the basic principles of sound interstate relations.

(3) ~~Vegetable~~ Potato chips ~~Hand~~ Hand 17/6/83
Q. 91. 1588

*4. Dr. W. J. SNYMAN asked the Minister of Industries, Commerce and Tourism:†

Whether frozen potato chips were imported recently or are to be imported; if so, (a)(i) by whom or what agency and (ii) at what price were they, or are they to be, imported and (b)(i) in what way and (ii) at what price is it envisaged to make these chips available to consumers?

The MINISTER OF INDUSTRIES,
COMMERCE AND TOURISM:

Yes.

(a) (i) Table Top Limited, and Irvin and Johnson Limited.

(ii) The landed cost of the relevant product is unknown.

(b) (i) and (ii) The information is not available.

(1)
(2)
(3)
(4)

3) Vegetable Account
Potatoes
22/6/87 Q. Col. 1632
22. Dr. W. J. SNYMAN asked the Minister of Agriculture:†

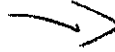
- (1) Whether the demand for potatoes on the municipal markets exceeded the supply during the past month; if so, on what date or dates;
- (2) what is the expected available potato supply from the Northern Transvaal irrigation area for the week ending 24 June 1983?

†The MINISTER OF AGRICULTURE:

- (1) No.
- (2) Approximately 84 000 × 15 kg pockets.

③ Vegetables Potatoes Hammond
22/6/83
Q. No. 1626 - 1627
*16 Dr. W. J. SNYMAN asked the Min-
ister of Agriculture:†

- (1) What is the tonnage of the potatoes



1627

WEDNESDAY

that were recently imported and to which he referred in his reply to Question No. 1 on 17 June 1983;

- (2) whether (a) organized agriculture and (b) other bodies or persons were consulted beforehand in this connection; if not, why not; if so, (i) which persons or bodies were consulted and (ii) what was their reaction?

†The MINISTER OF AGRICULTURE:

- (1) The actual tonnage of potatoes imported, is not yet known. Permits were issued for 700 tons of table potatoes and 2 000 tons of potatoes for processing.
- (2) (a) No.
- (b) Yes.
- (i) Potato Board and the National Marketing Council. Proclamation R.20 of 1978 stipulates that the quantities are determined by the Minister after consultation with the said bodies.
- (ii) Both the Potato Board and the National Marketing Council recommended the importation.

Potato Board, co-op deny price-fix cartels

Mercury 19/7/8

(3) ~~Cartels~~ Food

(3) ~~43~~ (3) Vegetables
Mercury Reporter

THE Potato Board and a Transvaal potato co-op have denied the existence of mini-cartels between farmers and market agents to keep prices high.

The manager of the Potato Board, Mr Danie v Rensburg, said he believed a number of farmers had merely formed a committee to stabilise supplies.

The board had not intervened because it did not want the price to drop so low that farmers would be discouraged from planting for the next season.

But a spokesman for a popular nationwide chain of supermarkets said they had stopped buying potatoes from city markets because of the prohibitively high cost over the past few months.

The price had soared from R3.56 for a 15 kg pocket of first-grade medium potatoes in January to an all-time high of R8.04 in May. In June the price dropped slightly to R6.18 a pocket.

It appeared as though the farmers were holding out for at least R6 a pocket. The average price last year was less than R3 a pocket.

About 80 000 first-grade pockets were being stored at the Johannesburg market and 30 000 bags in Durban.

Many had begun to rot because the price was forcing people to buy second- and third-grade potatoes, he said.

Unrealistic

Some smaller dealers said they had been threatened with having their supply suspended if they did not toe the line.

Strongest in the Northern Transvaal and in one or two Free State areas, the cartels would soon be left sitting on a huge surplus if they persisted with these unrealistic prices.

The growing season in those areas closed in four to six weeks, after which the Eastern Transvaal crop would enter the market at a much lower price.

By that time the older crop would be inferior and could not compete.

He said the chain was buying potatoes from individual farmers, and he collected a small reserve supply.

A senior official of the Transvaal Potato Co-op said that although he agreed that the price was dangerously high, it was because of the drought. The harvest was about a third of normal.

It was a curious and inexplicable characteristic of the market, especially with potatoes, that there was no direct relation between supply and price fluctuation.

If the supply dropped by 10 percent the price could increase by 50 percent, or vice-versa.

7 AUGUST 1983

1870

③ Vegetables
Q. 61. 1870
17/8/83
Dried beans
Hansard
*19 Mr. E. K. MOORCROFT asked the
Minister of Agriculture:

- (1) What was the outcome of the negotiations concerning the importation of dried beans referred to in his reply to Question No. 13 on 3 June 1983;
- (2) whether tenders have been called for in this connection; if not, why not; if so, (a) who is the successful tenderer and (b) what is the tender price per ton?

The MINISTER OF AGRICULTURE:

- (1) It has been decided that only 15 000 tons of dried beans will provisionally be imported.
- (2) No, dried beans is imported by private concerns for own account and as is customary import permits were issued to dried bean traders. (a) and (b) fall away.

Western Cape produce prices soaring

Very sharp
3 times
15/1/25

Staff Reporter

THE drought has pushed the price of fruit and vegetables in the Western Cape through the ceiling. In one of the more extreme cases, a pocket of squashes which sold for R1,50, now sells for between R5 and R5,50.

Although the Western Cape was not directly affected by the drought, the long term secondary effects are beginning to be noticed.

The flow of farm produce from the Transvaal and other drought-stricken areas of the country has slowed —

views with stall owners and attendants.

Earlier this year — before the pinch of the drought was felt — a pocket of squashes sold for R1,50 at the market, a stall attendant said.

Now the same pocket is sold at between R5 and R5,50, she said.

Prices of other farm produce, local and from up-country, have risen. These include tomatoes, baby marrows, green peppers, egg-fruit, beans, butter-nut, Hubbard squashes, cucumbers, lettuce, onions, apples, peas, oranges, pawpaws, carrots, pineapples, pumpkins, guavas, nairflies and pears.



A stall attendant at the Salt River market, Mrs. Miriam Gool, with some of the produce that has risen sharply in price because of the drought up-country and the heavy winter rains in the Western Cape.

Picture: Alvin Andrews

creases demanded by up-country farmers, a survey at the Salt River vegetable market yesterday revealed.

The price increase on gem squashes was one of the highest determined during inter-

'Washed out'

Potatoes were another expensive commodity, although their price had dropped from about R12 a pocket. They now sell at R8,50 a pocket, with second grade potatoes fetching R6,87 a pocket.

stall attendant at the market for the past 22 years, said the winter rains had "washed out" certain crops in the Western Cape.

"Lettuce has had to be brought in from George and carrots were picked earlier this year, while they were still young, otherwise they would rot in the water in the flooded fields," she said.

Another stall attendant, Mrs Fazlin Ally, said prices might drop towards the end of the year — provided local produce, due to be harvested soon, was sufficient to cover the gap in fruit and vegetable produce the drought has left.

Production drop

Last week, the Minister of Finance, Mr Owen Horwood, said the country's mean agricultural production had dropped by 34 percent in the first half of 1983 because of the drought.

In Johannesburg potatoes were selling to the supermarkets at R7 a pocket yesterday — over double the normal price of R3 for this time of year.

Similarly, tomatoes were going at R2,50 a case (normal price for the time of year R1,50); beans were selling at R12 a pocket against the normal price of R4; gem squash cost R5 against the usual R2; and cucumbers were R8 a pocket against R2.

In the red meat industry farmers are being forced to sell off carcasses at a "floor price" of approximately R2,23

"We haven't got refrigeration space, and we can't create freezing space to cope with a situation that only happens every 200 years," a Meat Board spokesman said.

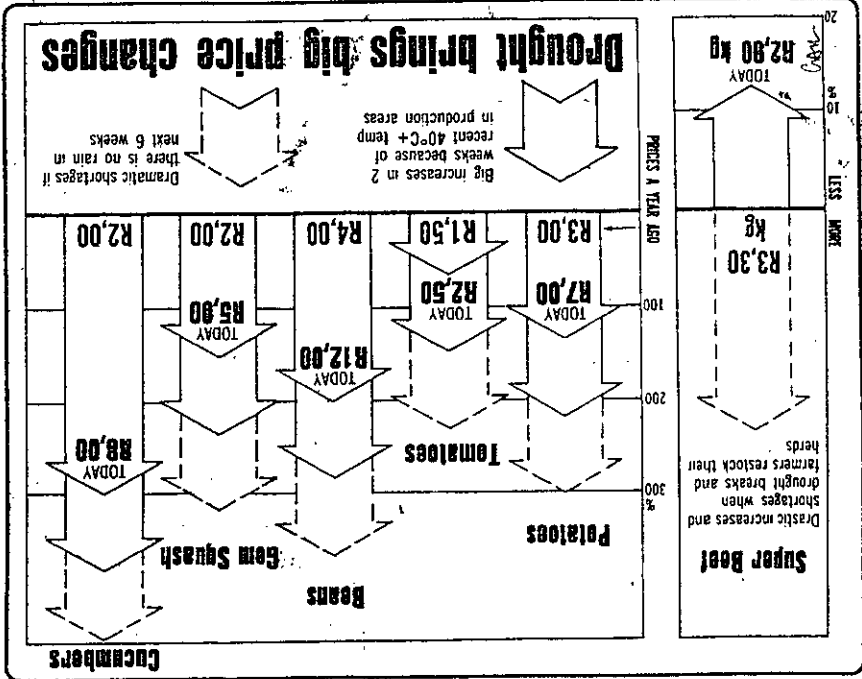
Rain will push up cost of meat

Food prices soar as hot days begin

By GEOFFREY ALLEN

THE drought has brought with it soaring food prices — many vegetables have doubled in cost — and when the rains do come, the price of red meat will zoom.

Sources disclosed yesterday that when the drought breaks, stock farmers will withhold animals from the market to force up prices so they can afford to replace herds decimated by the drought.



While meat prices continue to drop, fresh produce and even sunflower oil prices, are skyrocketing.

And inflation is being fuelled as the Government pours in public money to hold down the prices of imported and controlled staple foods, while the consumer is faced with rising food bills.

Yesterday supermarket buyers on the Reef said temperatures of up to 42°C had hit Transvaal fruit and vegetable production areas, and predicted drastic price increases in the next fortnight.

"They say that unless there is heavy rain before November, South Africa will be hit by a fresh produce shortage.

Yesterday potatoes were selling to the supermarkets at R7 a pocket — more than double the normal price of R3 for this time of year.

"Similarly tomatoes were going at R2.50 a case (normal price for the time of year at R1.50) beans were selling at R12 a pocket (R4) gems at R5 and cucumbers at R8.

There are fears that poultry prices could hit the ceiling by Christmas, with birds dying from respiratory diseases aggravated by the heat.

Meanwhile farmers are R1 800-million in the red, according to Dr A S Jacobs, deputy Governor of the Reserve Bank.

The price of maize has not been increased, even though more than R2-million tons of maize is to be imported this year following the failure of the local crop. Last season's production was only 3 800 000 tons, instead of a projected 14 600 000 tons.

South Africa normally uses 6 500 000 tons, and the surplus is exported.

The cost of importing maize is being met by the Government.

The milk price is also being held steady, but the price of bread could rise next month unless the Government is prepared to increase the R200-million annual subsidy, according to Mr Denis van Aarde, general manager of the Wheat Board.

In the red meat industry farmers are being forced to sell off carcasses at a floor price of about R2.23/kg as they cannot afford to feed the animals.

"The market is in a complete over-supply situation with 80 000 carcasses (two weeks supply) in cold storage," a spokesman said.

"There is a glut on the market with 80 000 carcasses, (two weeks supply) in cold storage," a spokesman said.

The Meat Board is supposed to buy everything offered at the floor price, but "We haven't got refrigeration space, and we can't create freezing space to cope with a situation that only happens once in 200 years," a Meat Board spokesman said.

A buyer for one of the country's major supermarkets said sunflower oil, which used to cost 99c/l, was now being imported at R1.55/l, forcing up the price of margarine.

Groundnuts were also being imported, and the price of peanut butter would rise as a result.

"It will get very much worse before it gets better," the buyer said.

2. 10. 53
3. Vegetables
Prices at
market
up 35%
2/10/53

Municipal Reporter

THE prices of fruit and vegetables handled by the Port Elizabeth Municipal Market in August showed a 35% increase over the prices paid in August last year.

Prices at the East London and Uitenhage markets increased by 37% and 42% respectively.

These increases are contained in a report by the Director of Markets, Mr J H D McKenzie, to the council's Utilities Committee, which meets this afternoon.

Turnover increased in Port Elizabeth from R1 208 294 in August, 1952, to R1 575 028 in August this year — a 30% increase.

Tonnage handled by the market decreased by 4% from 6 278 metric tons to 6 026 metric tons.

3

Vegetables

DEFINITION:

A COMMUNITY CENTRE CAN BE REGARDED AS A MEETING PLACE FOR A SPECIFIC COMMUNITY FOR PURPOSES OF A COMMON GOAL. THIS GOAL CAN BE ANYTHING FOR EXAMPLE, RECEIVING OR PERFORMING A SERVICE LIKE HEALTH OF CHILD CARE OR PARTICIPATING IN ACTIVITIES LIKE ENTERTAINMENT OR EDUCATION.

A COMMUNITY IN THE NORMAL USAGE OF THE TERM IMPLIES UNITY OF PURPOSE AND GOALS AND COMMONNESS OF LIFESTYLE. UNFORTUNATELY IN SOME AREAS OF OUR ^{COUNTRIES} COMMUNITY PEOPLE HAVE BEEN RESETTLED IN NEW AREAS WHERE THEY FIND THEMSELVES LIVING WITH PEOPLE THEY DON'T KNOW AND BECAUSE OF THE HARDSHIPS UNDER WHICH THEY LIVE AND THEIR FIGHT FOR THE BARE NECESSITIES OF LIFE AND THEY LACK A COMMUNITY SPIRIT WHICH IS ESSENTIAL FOR PROPER COMMUNITY LIFE.

IT IS IN THIS TYPE OF COMMUNITIES THAT THE ESTABLISHMENT OF COMMUNITY CENTRES WHICH WOULD ACT AS BASES FOR COMMUNITY DEVELOPMENT ARE ESSENTIAL. THE SPECIFIC NATURE OF THESE CENTRES WILL DIFFER FROM AREA TO AREA DEPENDING ON NEEDS, E.G. IN OUR AREA THERE IS NO COMMUNITY HALL, NO PUBLIC LIBRARY, NO ENTERTAINMENT FACILITIES, THEREFORE, IN PLANNING A COMMUNITY CENTRE IN SUCH AN AREA ONE HAS TO THINK OF A STRUCTURE THAT CAN MEET THOSE DIFFERENT NEEDS.

IT IS GENERALLY BELIEVED THAT FOR EFFECTIVE COMMUNITY WORK ONE HAS TO UTILISE THE CHEAPEST POSSIBLE STRUCTURE TO MEET THE NEEDS OF ANY GIVEN AREA IN ORDER TO MINIMISE COST AND SPREAD AVAILABLE RESOURCES TO COVER A WIDER AREA AND REACH A GREATER NUMBER OF PEOPLE. WE BELIEVE THAT IN DEPPRESSED POOR RURAL COMMUNITIES WHERE PEOPLE HAVE LOST THE ABILITY TO DREAM AND SEE BEYOND THE NARROW HORIZONS OF THEIR POOR LIFE IT IS ESSENTIAL FOR A COMMUNITY DEVELOPMENT ORGANISATION TO PUT UP COMMUNITY CENTRES THAT CAN ACT AS MODELS THAT PEOPLE CAN LOOK UP TO. THIS WE BELIEVE IS NECESSARY SO THAT ESPECIALLY YOUNG PEOPLE GROWING UP IN THE COMMUNITY CAN BE ABLE TO SEE BEYOND THEIR MISERABLE EXISTANCE AND ^{BEGIN} BEGGING TO ASPIRE TO BETTER LIVING CONDITIONS.

THIS WHY.....P/2.



CENTRE FOR SOCIAL DEVELOPMENT

RHODES UNIVERSITY P.O.BOX 94 GRAHAMSTOWN 6140

TELEPHONE 4483

Save Water and Produce more Vegetables

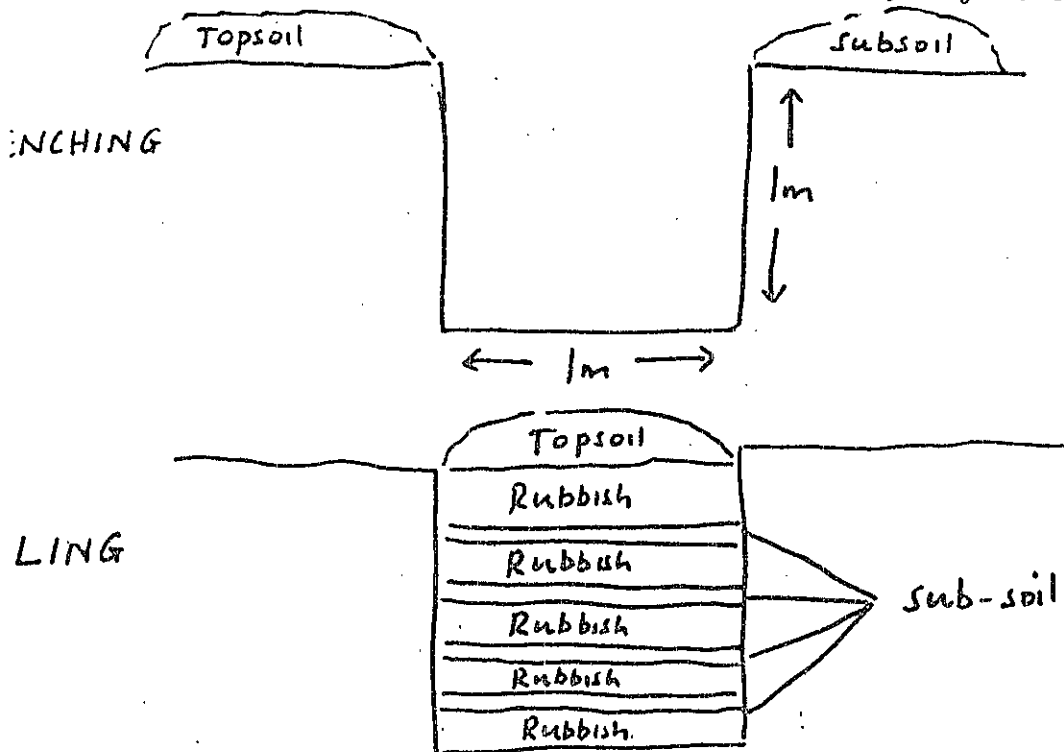
Dig Fertility Trenches and use Mulch

Use fertility trenches and mulch and so produce more and better vegetables, with less water and less labour. Experience has shown that it is possible to have double the production with less than half the water used in so-called normal gardening practices.

To make a fertility trench it is recommended that you mark out a bed 1 m x 3 m. A bed 1 metre wide allows you to reach the middle of the bed from either side. Thus you never need to walk on the bed itself, which damages the plants and compacts the soil.

PROCEDURE

- 1) Mark out the area, 1 m x 3 m.
- 2) Remove the topsoil (150 - 200 mm) and place on one side ready to put back on top when the trench is filled.
- 3) Dig out the trench about 1 metre deep and loosen the soil at the bottom of the trench.
- 4) Fill the trench with alternative layers of rubbish (about 250 mm) and soil (100 mm) until the trench is filled and finishes about 500 mm above general ground level. The soil will later sink down to about 100 - 150 mm above ground level.
- 5) The last layer to be put on top is the top soil which you placed on one side.
- 6) You will find that you have used 4 or 5 layers of rubbish.



3.

The mulch can be up to 25 mm deep around large plants, but only a few millimetres are needed for seeds or around seedlings. If you use too much the seedlings will have difficulty breaking through, and may become thin and yellow. Around shrubs mulch can be up to 50 mm deep and around trees it can be as much as 250 mm.

A general guide to the use of mulch is this:-
Use only enough so that the whole garden is lightly covered, and increase the depth where plants are well grown - up to the height of the bottom leaves. Never use coarse or heavy material and do not allow the material to become compacted.

It is astonishing what can be used as mulch - best is probably leaves, but small stones, wood shavings, even plastic can be used on trees and shrubs. For general use stick to leaves and chopped up grass.

CONCLUSIONS

These then are two methods of saving water and increasing production.

There are other ideas that can be used to help you improve your vegetable patch - companion planting, inter cropping of small and large plants, quick growers and slow growers. Closer planting is also possible and desirable, with the high level of fertility available in a mulched fertility trench.

The aim should be to have every square centimetre of your garden in use - bare gaps in between plants or rows are not desirable.

You will have greater and continuous production and the complete coverage by growth and mulch will keep down pests and disease will be controlled.

Pull up the weeds and drop them onto the beds as mulch, or put them into the nearest trench. Do not waste any plant or animal material, but be wary of grass roots which can easily re-root themselves.

If you use these ideas you will:-

- Grow good nutritious vegetables
- Feed your family good food
- Save water
- Save labour
- Save money.

You will have made and be using a micro-eco system!
You will also have a good vegetable garden throughout the year.

DUDLEY HALL

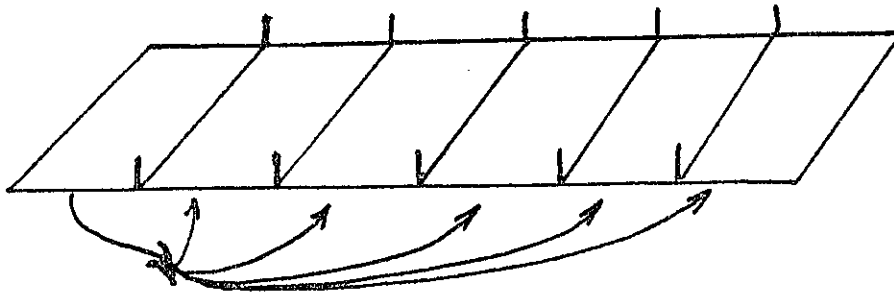
March 1983

1 African Street, Grahamstown.

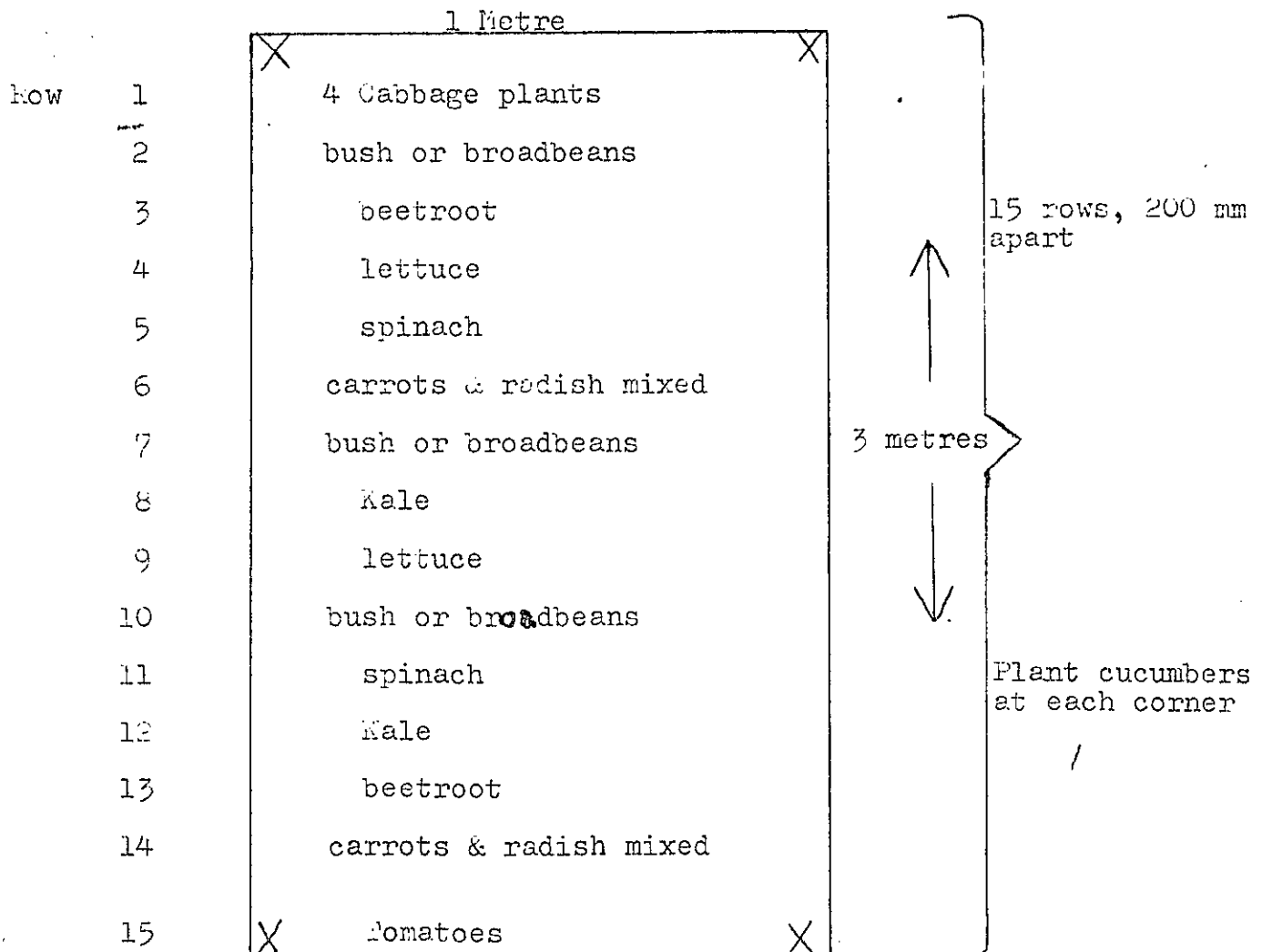
Telephone: 6752

PLANNING A VEGETABLE GARDEN - 1 METRE WIDE, 3 METRES LONG

Level your garden, cover it with mulch, and then draw straight lines across the bed 200 mm apart, using pegs and a string. Remove the string but leave the pegs in place and use these pegs to label what you have planted. This drawing show a garden 1.2 m long.



Spacings - 200 mm in a 3 metre long garden - would mean 15 rows of vegetables.
Plant your seeds or seedlings, as under, planting what you like according to the time of the year.



The above plan is only a suggestion - you may change the order or the kind of vegetable as you wish, but keep climbers (cucumbers, runner beans etc.) and tall plants (tomatoes etc.) to the ends, corners or sides.

Lettuce, cucumber, radish and carrots are companions and benefit by being near each other.

If space is very limited, plant kale or spinach in a small - bed, 1 m x 1 m, with the plants about 300 mm apart (9 plants to your garden) and underplant with cucumber in spring or carrots at any time. Kale planted in March should give you nutritious green leaves, 2 or 3 times a week for at least three months, from May to August. These small gardens if established in a fertility trench garden and kept well mulched, will require minimum water - your waste water will certainly be enough.

FRUIT TREES

Try growing a mulberry tree from a cutting about 300 mm long and as thick as your finger - you'll have mulberries within 2 years and its a delicious fruit full of vitaminC. Guavas can be grown easily from seed.

Tree Tomatoes is a quick growing shrubby trees and bears heavily.

CLIMBERS FOR YOUR FENCE

Granadillas, easily grow from seed.
Sou-Sou (Chou or Choko) is a fast growing vines (plant and whole marrow) and bears marrow-like-fruit in great numbers.

WHAT VEGETABLES TO GROW AND WHEN

All the year round
Spinach, Kale, carrots, beetroot, cabbage.

January and February
Bush beans, broad beans, lettuce, leeks, potatoes, egg plant, squash, parsley, sweet potatoes, tomatoes, cauliflower.

March to June
Broad beans, lettuce, parsley, peas, turnips, onions, tsunga, cauliflower, broccoli, potatoes, maroka.

July and August
Beans, leeks, lettuce, onions, parsley, peas, radish rhubarb, tomatoes, madumba.

September to December
Beans, egg plants, leeks, lettuce, parsley, pumpkin, cucumber, radish, squash, turnip, tomatoes, maize, sweet potatoes, potatoes, melon, cauliflower, sunflower.

This is only a general guide and you must be guided by the advice of local gardeners.

3) Vegetable
INegals.com
beetroots
destroyed
3/12/83

Mail Reporter

A LOUIS TRICHARDT shopkeeper lost R100 worth of beetroots after municipal officials confiscated and destroyed the vegetables yesterday.

A farmer, Mr. E. Hanisch, delivered his usual supply of beetroots outside a vegetable store in the town early yesterday morning, before trading hours officially began, unaware that the shop owner had been given a warning earlier in the week not to leave goods on the pavement.

The beetroots were taken away and destroyed, and the shopkeeper, Mr. Ajabar Chhayi, was fined R30.

"According to the Road Traffic ordinance we have to destroy any perishable goods we confiscate," said the town clerk yesterday.

"I spoke to Mr. Chhayi on Tuesday, and we agreed that he would not leave things on the sidewalk. He broke a gentleman's agreement."

Mr. Chhayi was angry about the way in which the matter was handled.

"This farmer has really been hard hit by the drought. They could have fined us and given the beetroots back to him," he said.

VEGETABLES — 1984

JANUARY — MAY

3) acceptable
Record
E.P.O.J
chicory
yield 71/84
ahead

Business Editor

CHICORY farmers who risked large plantings this season are set to reap record yields, judging by comments from two of the East Cape's biggest farmers.

With harvesting currently under way, dry-root yields of up to 300 bags (of 50kg) per hectare (normally around 150 bags a hectare) are evident and delighted farmers expect in addition a further increase on last year's price of R115/ton.

Were it not for the fact that many farmers avoided planting this year and turned to alternative crops as a result of last year's drought, this year would have produced a record crop, observed Mr Ingram Reed of the farm Hopefield, in the Albany district.

Mr Reed, who has 200 hectares of chicory planted, is the single largest chicory farmer in the Eastern Cape, the only chicory-growing area in South Africa.

Last year's price of R115/ton, explained Mr Reed, reflected the dramatic decline in production caused by drought. In total only 7,9 million kilograms of chicory was harvested for the 1982-'83 season, compared with 18,3 million kilograms in the previous year.

As the Chicory Board carried only some 4,2 million kilograms of chicory in reserve, 1,4 million kilograms had to be imported to supplement local demand.

Echoing Mr Reed's comments was Mr S. Kruger of the farm Newton, who said he too was harvesting around twice the normal yields.

Both Mr Reed and Mr Kruger — who has 170 hectares of ground under chicory — attributed the better-than-average yields to heavy early-winter rains in 1983.

Mr Bernard Wiech, general manager of the Chicory Board, said it was difficult to estimate the quantity of chicory which would be produced this year.

③ ~~potatoes~~ ^{Vegetable} 20/1/84
Potato exports plan

The Potato Board will try to develop export markets because of poor crops in several countries. In a paper submitted to this week's Agrocon '84 conference in Pretoria it said exports should rise in the coming season if production were normal.

Last season exports dropped because of high domestic prices. Exports of table potatoes fell to 2 333 tons from 7 257 tons in 1981/2 while shipments of seed potatoes dropped to 537 tons from 4 642 tons.

The next crop is expected to be considerably higher than last year when drought reduced production to 809 969 tons from 896 847 tons. — Reuter.

NR66
27/1/84
Vegetables

Farmers plough crops in — prices rocket

Staff Reporters

WESTERN CAPE farmers are ploughing food crops into the ground, creating a shortage which has sent salad-vegetable prices rocketing in Cape Town.

Mr. Emsie Carstens, manager of an agency at Epping Market, said low prices fetched on markets in recent weeks had not made harvesting worthwhile and had forced some farmers to plough crops into the ground.

In other cases, irrigation had been turned off and crops left to dry up in the fields.

The resulting shortage was forcing prices up again, he said.

A spokesman for the Department of Agriculture said this situation occurred often in the Peninsula, particularly among Philippi vegetable farmers.

UPSWING

"During the Christmas period there is an upswing in the demand for vegetables. All the farmers — each producing on his own scale — push through their produce at good prices.

"Vegetable produce is then in excess of the demand and the prices they can expect on the market do not allow them to make a profit.

"In these circumstances it is not worth their while to harvest. They might hold back supplies to create an artificial shortage and, when they are assured of better prices, they return to the market."

The spokesman said that because vegetables were a short-cycle product, fluctuations in supply and price did not have a lasting effect.

FLUCTUATIONS

He said he believed that many of the fluctuations which now occurred were a result of a lack of co-ordination of farmers' marketing policies.

An investigation into the prices of salad vegetables this week confirmed that lettuces in particular were in short supply and selling for R40 a case.

In supermarkets, small heads are selling for up to 79c each. Radishes are also scarce, if available at all, and are selling for 40c a bunch at the Epping market.

Fresh-produce buyers at supermarkets have denied that farmers from whom they buy were ploughing produce back into the ground.

3 Jege f...
P.T.O.

Will manual farm labour become a thing of the past?

ISRAELI agriculturists are turning to computers in a bid to contain soaring production costs and maintain their competitive edge on lucrative world fresh produce markets.

Computerisation in agriculture was initially developed by the Israelis to overcome the problems caused by terrorist attacks on farms, the country's political isolation, harsh climate and meagre water resources. But Professor Benjamin Zur, dean of the faculty of agricultural engineering at the Technion-Israel Institute of Technology in Haifa, believes computers also hold the key to cost-cutting farming methods.

"Farming is a complicated business," he says. "There are far too many variables, such as weather and soil conditions, capital investment and operating costs, for the farmer to handle alone. He needs a computer to help him."

The computer, he points out, has the ability to store all the vital information a farmer needs, then usefully integrate it so he can derive maximum yield at minimum cost.

"In a nutshell," the professor adds, "it is all a matter of control and automation, and the computer is involved in both."

An experiment now being done on the Technion campus by Professor Idio Segner involves two co-ordinated computer processes in computer-controlled greenhouses.

"First," he says, "the many factors which influence the growth of a particular plant in a greenhouse — such as temperature, humidity and daylight — are fed into the Technion's main computer, where they are analysed and integrated."

Gardener

"The computer report tells the gardener the most practical conditions for growing plants in the greenhouse under particular outside conditions. For example, on a chilly and overcast day late in winter, the computer will tell the gardener precisely what adjustments should be made to the environment inside the greenhouse to get the best growth from tomato seedlings.

"If the computer says a certain amount of heat should be added from a conventional furnace, the amount indicated will not be sufficient to waste fuel or so miserly that the plant doesn't grow properly."

The second computer process, says Professor Segner, eliminates the gardener.

Data from the Technion's main computer, he explains, is fed into a micro-computer, which functions like a robot.



Micro-computers are already used to sort and size fruit. Now new Israeli research projects also look into other ways of using computers to automate agriculture.

"Every two minutes, night and day, the micro-computer analyses all the data from appropriate instruments, such as thermometers, barometers and hygrometers, in the greenhouse. It then compares the existing conditions with the information which, according to the main computer, is best for plant growth.

P.T.O.

"If, for example, the main computer says that tomato seedlings grow best at a particular temperature, but the micro-computer reads a different temperature in the greenhouse, the adjustment is made automatically. This may merely mean opening a window if the inside temperature is too high, or closing it if the temperature is too low.

"If the windows are all closed and it is still too cool, the furnace may be started. But, whatever the computer's response, it will be cost effective."

The computer, says Professor Seginer, can determine if the cost of a particular function, such as burning fuel for heat, will result in a greater increase in value for the seedlings.

"We are," he adds, "trying to find the economically optimum conditions for a commercial greenhouse. The Technion greenhouses are of conventional designs that are common throughout Israel. It is only the computer operation which makes them different."

Packing

Another agricultural scientist at the Technion, Dr Kalman Peleg, is working with Dr Donald Dewey, of Michigan State University in the United States, to find ways of protecting produce from damage while in transit.

The project involves a study of crating, packing systems and methods of transportation.

Dr Peleg has designed several mathematical models for the packing of fruit and vegetables. He tests his theories by inserting a delicate sensor into pieces of fruit or vegetables, which are then packed into various types of crates.

"Sniff"

The crated food, he reports, is subjected to different types of transport. It is bumped along in trucks, pitched and yawed in ships' holds and slung into the cargo

compartments of aircraft.

"All the time," he says, "the sensors are picking up what is actually happening to the fruit while in transit — how much it is being crushed and how the motion of the vehicle contributes towards bruising."

One sensor, he claims, can even "sniff" damage.

"Crushed fruit and vegetables," he explains, "give off a particular vapour with an identifiable scent. The sensor picks up the scent and, with the help of a computer, assesses the extent of damage and determines if the damage is so great that it would be a waste of money to ship a particular crate."

Plan farm

Dr Peleg points out that micro-computers are also being used to automatically sort and size fruit as well as develop and design packaging for fresh produce.

Agricultural scientists at the Technion are also considering the feasibility of using computer technology to plan, build and operate a farm.

A computer-aided design/computer-aided manufacture (CAD/CAM) system can, according to Professor Zur, select the most practical location for a farm. It will then determine the best way to site the various components, such as farm house and sheds, internal roads and irrigation systems.

"Once it's all in place," he observes, "the computer can then govern the farm's operation so it is most productive at the least cost."

Irrigation

A Technion graduate, Mr Gabi Weizman, has already set up a company at Moshav Magen Shaul, to specialise in the computer-aided design of irrigation systems.

Fields in need of irrigation are plotted in computer language and integrated with such information as planned usage, water availability and price, flow rates and pressure. The computer then produces a print-out that details the most practical installation scheme for an irrigation system and provides a full plan of plots, elevations, pipe sizes and lengths, where and how pipes should be placed, the most efficient way of using the installed equipment and the cost of installation and usage.

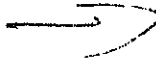
Mr Weizman estimates that the average farm using a computer to help with the design of its irrigation system saves about 20 percent of installation and usage costs.

(3) Vegetables Potatoes Hansard
Q. No. 646 16/3/84
*4. Mr T LANGLEY asked the Minister
of Agriculture:†

Whether any potatoes have been ex-
ported to Mozambique since 1 January
1984; if so, (a) what quantity, (b) at what
average delivery price and (c) by whom?

†The MINISTER OF AGRICULTURE:

Yes.

- (a) Approximately 48 267 × 15 kg packets.
 - (b) R1.30 per 15 kg f.o.r.
 - (c) Potato Board;
Transvaalse Aartappelkoöperasie;
Inter Impex Ltd;
- 

Farmers Commission Agency;
Segil (Pty) Ltd.

*5. Mr K M ANDREW—Co-operation
and Development—[Withdrawn.]

*6. Mr K M ANDREW—Transport Af-
fairs—[Withdrawn.]

Stellenbosch: by-election

*7. Mr R R HULLEY asked the Minister
of Law and Order:

- (1) Whether, with reference to his reply
to Question No 8 on 16 March 1983,
the investigation into alleged postal
vote irregularities during the Stellen-
bosch by-election in November 1982
has been completed; if not, (a) why
not and (b) when is it anticipated that
it will be completed; if so,
- (2) whether the relevant police docket
has been handed to the Attorney-
General for his decision; if not, why
not; if so, what is the nature of the
decision;
- (3) whether he will make a statement on
the matter?

The MINISTER OF HEALTH AND
WELFARE (for the Minister of Law and
Order):

- (1) Yes.
- (2) Yes. His decision is still being
awaited.
- (3) No.

and eastern Transvaal have replenished near-empty dams."

According to Mouton, lower-income groups are now being forced to cut down on food expenditure by their rent and hire-purchase commitments.

Potato farmers on the eastern Transvaal Highveld, especially, are producing bumper crops and the Potato Board is buying to support plunging prices. Also exports to Mozambique have been renewed following the signing of the Nkomati accord.

Growers

The eastern Transvaal Lowveld, long the vegetable "pantry" for the PWV area, has largely resorted to sugar production and the Letsitele, Letaba, Mooketsi and Duiwelskloof irrigation areas in the north eastern Transvaal are now the main vegetable providers for the Rand.

Irrigation farmers in the "middle area" at Skeerpoort, Hekpoort and north of Pretoria, as well as potato farmers in the eastern Transvaal and eastern Orange Free State have also had good crops.

Jannie Swartz, manager of the SA Agricultural Union's (SAAU) Horticultural Commodity Committees, says potatoes make up about a third of the turnover on SA's fresh produce markets. During the

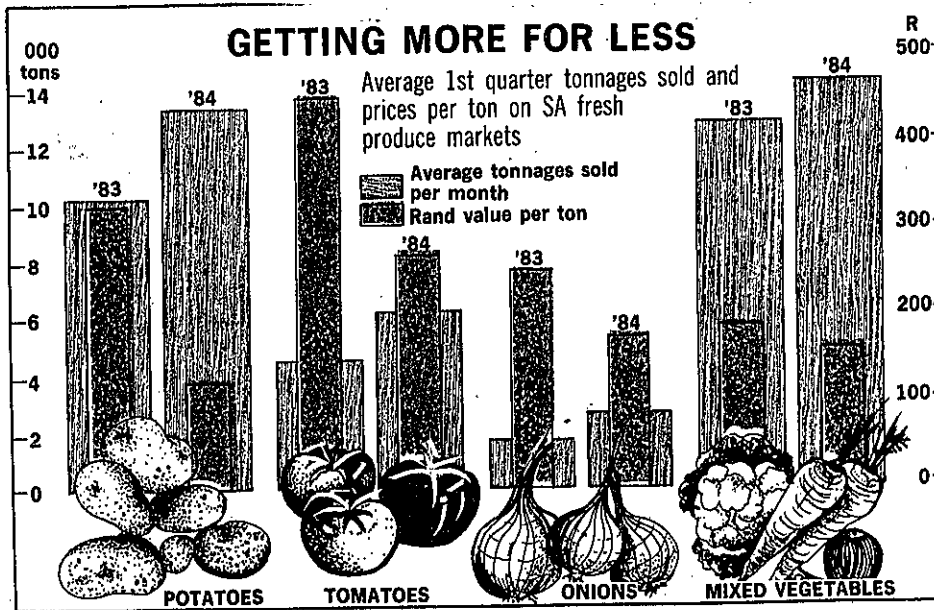
VEGETABLES

What drought?

3 vegetables FM 20/4/84

While most of the farm sector suffers the effects of the worst drought in memory, vegetable farmers in general have only one complaint — the recession has pushed down real prices to their lowest level in 30 years. Volumes have also suffered (See graph).

"The impact of the drought on production has been negligible, as most vegetables are now produced under irrigation," says Paul Mouton, MD of WL Osche, one of the largest market and livestock agents in SA. "And the recent good rains in the northern



Vegetables ... glut in the drought

Reserve Bank vice-president Japie Jacobs says: "A basis will have to be found by which the granting of bank credit to farmers could be more meaningfully apportioned according to the purpose for which it is utilised."

Representatives of the farming sector apparently feel the same. Nampo chief executive Piet Gous says commercial banks, which carry 55% of the farming debt, do not exercise sufficient control in granting agricultural finance.

At present, banks rely mainly on collateral from farmers, rather than on cash flows or the proof of actual usage of credit granted.

Gous says banks and co-ops should demand regular cash flow statements, forcing farmers to account for their credit spending and thus reduce the temptation to abuse easy credit in good years. "If Zimbabwe can do this, there is no reason why SA farmers should not do the same," he says.

SA Agricultural Union economist Johan

Willems says the onus is on banks to devise the necessary systems to exercise better control over their lending to farmers.

"For a start, banks should obtain receipts and statements from their farming clients to keep proper control of the amounts spent for production credit financing," he says.

Barclays Bank chief agricultural adviser, Frans Venter, says Barclays will in future concentrate more on farmers' repayment capabilities, rather than basing its financing purely on good collateral. "But the problem is that all banks do not exercise such constraints," he says. "If we become too tough, farmers might decide to approach another bank, which is less strict."

Volkscas agricultural economist, Philip de Wet, suggests the Land Bank sets the pace by demanding regular cash flow information from farmers as a condition for further financial assistance. "Otherwise there would be no general standard set with which all banks should morally comply," he says.



Both banks say although their agricultural finance sections are prepared to assist farmers in drawing up proper financial and cash flow budgets, this cannot at present be enforced, as is the case in Zimbabwe.

Fresh'veggies

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SOUTH African shoppers face mark-ups of up to 520 percent when buying fresh fruit and vegetables at supermarkets.

A Sunday Times investigation this week found that prices in Johannesburg stores can be four to five times more than the cost at the municipal market, where the supermarkets mainly buy their produce.

Supermarket spokesmen insist that the mark-ups are necessary to cover high overheads, distribution costs and to ensure continuity of supply to the public.

Astonishing

The Housewives League insists that they are too high. I visited the Johannesburg municipal market at Kazerne and checked bulk prices of 13 varieties of popular fruits and vegetables.

The bulk prices were then broken down for easy comparison with the units sold in local stores.

These are some of the astonishing cost differences that emerged:

- Cucumbers bought in bulk at the Kazerne market this week cost 7c each. Checkers was selling them at 44c - a mark-up of 528 percent.

- Customers who wanted beans were being overcharged everywhere.

The market price was 44.4c a kg. OK Bazaars was charging R2.26 a kg. (408 percent mark-up), Checkers R2.19 a kg (393 percent) and Pick 'n Pay R1.99 (348 percent).

- Gem squashes could be obtained for 3.75c each at the market.

South African consumers who last week were up in arms about a mere three percent GST increase, could buy

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ripened prices!

(3) Vegetables (244)

WHAT THEY PAY... AND WHAT YOU PAY

TYPE OF PRODUCE <small>* Poor quality</small>	PRICE AT MARKET <small>(reduced to same unit as sold in Supermarkets)</small>	PICK 'N PAY PRICE	PICK 'N PAY MARK UP	OK PRICE	OK MARK UP	CHECKERS PRICE	CHECKERS MARK UP
AVOCADOS	18,75c each	44c each	135%	39c each	108%	63c each	236%
BEANS	44,4c per kg	R1,99 per kg	348%	R2,26 per kg	408%	R2,19 per kg	393%
BUTTERNUTS	16,66c each	39,5c each	137%	80c each	380%	65c each	290%
CABBAGES	22c each	49c each	122%	* 19c each	—	59c each	168%
CUCUMBERS	7c each	18c each	157%	20c each	186%	44c each	528%
GEM SQUASH	3,75c each	14,75c each	293%	14,75c each	293%	23c each	513%
LEMONS	6c each	14,5c each	141%	20c each	233%	18c each	200%
LETTUCES	16,66c each	* 59c each	254%	69c each	314%	* 49c each	194%
ONIONS	40c per kg	79,5c per kg	99%	70c per kg	75%	R1,08 per kg	170%
ORANGES	3,1c each	10,5c each	238%	14,83c each	378%	14,16c each	356%
PAWPAWS	50c each	99c each	98%	R1,39 each	178%	R1,89 each	278%
POTATOES	20c per kg	43c per kg	115%	45c per kg	125%	69,5c per kg	248%
TOMATOES	41,66c per kg	R1,59 per kg	282%	99c per kg	138%	R1,99 per kg	377%

At supermarket men tend amazing mark-ups

WHAT INVESTIGATION GAVEN

them at Checkers for 23c each — 513 percent up on the cost price.

● Butternut squashes were selling for 16,66c each at the market. OK was selling them for 80c each, a mark-up of 380 percent.

● Oranges, one of the most popular fruits in South Africa, were going at 3,1c each at Kaserne. Orange-lovers buying at supermar-

kets had to cough up 14,83c at the OK (378 percent mark-up), 14,16c at Checkers (356 percent) and 10,5c at Pick 'n Pay (238 percent).

● Tomatoes were 41,66c a kg at the market. At Checkers you were asked to pay R1,99 a kg, a mark-up of 377 percent.

Rarely was produce in supermarkets marked up less than 100 percent above market price, and mark-ups of 300 percent and over were frequent.

Mrs Joy Hurwitz, chairman of the Housewives' League, described these mark-ups as "absolutely shocking".

"We look to supermarkets for a fair deal. But they still want high margins even in

this recession.

"These mark-ups are far too high."

Asked to comment on these figures, Checkers, whose mark-ups were found to be generally higher than OK and Pick 'n Pay, said it did not think it was making an unfair profit when the cost of buying, staff, repacking,

transport, wastage and store overheads was taken into consideration.

"Also, to ensure continuity and quality, we often buy direct from the farmer, which is sometimes a more expensive source.

"Our pricing is formulated every Wednesday for our stores throughout the country for the next week.

"If market prices go down afterwards, that can make us look expensive."

Mr Alan Fabig, marketing director of OK Bazaars said: "Our margins after costs are small — way under 20 percent for fruit and vegetables overall.

"The difference between the market price and the price people buy at the supermarket is accounted for by two factors — our margin and our distribution costs, which are enormous."

Mr Richard Cohen, director of Pick 'n Pay, said: "On average in the Southern Transvaal our gross margins are between 22 and 24 percent. In fact, last week they were down to 20 percent."

Mr Cohen said that his company also bought a percentage of its produce from direct sources.

"We do that to get better quality at better prices."

How to stretch a R10 note

By BARRY SERGEANT

CONSUMERS who "shopped" at the Kaserne market on Tuesday would have had a lot to show for a R10 note.

Unlike a shop or supermarket, prices at Kaserne are negotiable and often change hourly. On Tuesday morning R10 would have bought a pocket each of potatoes, onions and oranges.

Although most of the market's 9 500 daily transactions are conducted by shop-owners and chain-store buyers, individual consumers are welcome.

Bulk-buying is restricted to pockets and boxes.

The market is one of the few free markets in South Africa. There are no floor prices, supports or controls.

Out of 13 products priced last week at Checkers, 10 were down this week, some by more than 35 percent.

Nine out of 13 were selling at slightly lower prices at OK Bazaars.

Only three were down at Pick 'n Pay, the supermarket chain found in last week's investigation to have the lowest mark-ups.

Among the products to have dropped dramatically were:

● Avocados (down from 63c to 39c at Checkers).

Dropped

● Beans, which dropped at all three supermarkets, particularly at Checkers and Pick 'n Pay, where they fell by more than 50c a kg, from R1,99 and R2,19 respectively. At OK they dropped 29c a kg.

● Lemons, which dropped 20 percent in price at the OK and Checkers.

● Lettuces (down about 10c at Checkers and Pick 'n Pay).

● Cabbages, which fell to 39c from 59c at Checkers.

But, said a spokesman for Checkers — which buys the "vast majority" of its produce direct from farmers, but takes market prices into consideration when pricing — the investigation had nothing to do with this week's falling prices.



MR RICHARD COHEN
Lowest mark-ups

"We price our goods for the following week on a Wednesday. This means that prices for this week were fixed before the Sunday Times story."

Mr Peter Venter, director produce marketing at the Johannesburg market, said prices had been static for the last three weeks, apart from some short-term fluctuations during warm weather.

This would appear to indicate that, as far as market prices go, there is no justification for falling produce costs during the past three weeks.

Fluctuations

Checkers, however, said that there had been fluctuations which had caused its prices to come down.

Mr Alan Fabig, OK marketing director, also denied that price falls were due to anything but market fluctuations.

The Sunday Times reported last week that mark-ups on some fruit and vegetables can be as high as 500 percent on cost prices.

Supermarkets claimed that mark-ups overall were much lower.

Pick 'n Pay this week said its mark-up on selling prices overall on fresh produce is just over 20 percent, with staff, rent and transport

And big savings for the buyers

charges still to be taken off that — and produced proof of this to the Sunday Times.

It said that buying direct from the farmer, as it often did, probably saved it about 10 percent over buying at the market.

"We're not denying your figures, but it's a swings-and-roundabout situation. We balance out over all the products," a spokesman said.

A visit to the municipal market with Mr Richard Cohen, director of Pick 'n Pay, revealed that generally his

company was buying at approximately the same price as the Sunday Times quoted.

However, on certain items, paw paws and tomatoes particularly, they were paying more for superior quality and a good shelf life.

Asked if selling in bulk with minimal mark-ups to attract customers into the store meant that consumers buying small quantities were subsidising these promotions, the general manager Southern Transvaal supermarkets, Mr Gordon Holt, conceded that this was a "very good point".

Fairer

"It could be fairer to even them out. But small packs are always more expensive. You pay for the packing and the convenience."

A Checkers spokesman said it believed that, in some cases, it had bought at higher prices from the market than the Sunday Times quoted as the going market price, and that its mark-ups were therefore not as high as revealed last week.

"An extreme case is lettuces. On May 15 (the day the Sunday Times checked market prices) the average price was R5,01 for a case of 32. But the highest price was R20.

"The price we pay depends on time of purchase.

"Wastage is also an important factor. It can be as high as 1,5kg in a 10kg packet of beans, and the same for lemons. That also cuts down our mark-up."

FRESH fruit and vegetable prices plunged in many Johannesburg supermarkets this week after publication in the Sunday Times of figures that revealed high mark-ups on fresh produce.

By GWEN GILL

27/5/84

Fresh veggies, Lower prices!

3 N capitalles

FROM LAST WEEK'S SUNDAY TIMES

Fresh veggies, ripe prices!



Gunned down in front of his girl

Item	Unit	Price	Price
Apples	kg	1.20	1.20
Bananas	kg	1.00	1.00
Oranges	kg	1.50	1.50
Lemons	kg	1.80	1.80
Lettuces	kg	5.00	5.00
Cabbages	kg	3.90	3.90
Beans	kg	1.99	1.99
Tomatoes	kg	2.19	2.19

PRICES PLUNGE AFTER SHOCK REPORT

Vegetables

AGRICULTURE - VEGETABLES

1985 - 1987

SAAU worried as homeland farmers step up production of vegetables

By Frank Jeans

The South African Agricultural Union is investigating the possibility of establishing satellite produce markets in black townships throughout the country to absorb increasing production from the homelands.

"The danger exists that this produce could flood South African markets, thus having the effect of pulling prices down," says Mr Chis Bezuidenhout, assistant manager, horticulture, of the SAAU.

PROTECTION

"Through satellite markets, there would be a greater distribution of produce at reasonable cost which could only be good for both consumer and the homelands producers as well as protection for South African farmers."

Drought conditions have led to an overproduction position in the vegetable area, as farmers moved in as a buffer against severe losses on their traditional crops such as maize and wheat.

The major producers, however, believe that these "get in quick" farmers will now disappear because they cannot afford

to produce at competitive prices because of the rising cost of imported seeds, fertiliser, fuel and labour.

Because of these increases, producers have been looking at a 30 percent rise in costs.

There are also fears of a glut situation arising in the fruit sector.

Cape farmers are experiencing increasing competitiveness in traditional overseas markets. Fruit canners, while still exporting prime produce, are sending a lot of high-grade fruit to northern markets as fresh products.

"Here again there is a tendency towards market glut unless these new streams of fruit are accompanied by proper marketing expertise," says Mr Bezuidenhout, who added that the SAAU was giving urgent attention to this development.

DIRECT SALES

In one case, three rail trucks of apricots were sent to one market, with the result that the price of apricots plunged.

Another area of concern is that of direct sales through which the country's chain stores

buy from the farmer, with the obvious advantage of getting fresh produce at the right price.

Now the union is trying to establish a way in which the supermarkets can still deal directly with the farmer while at the same time, transactions go through the particular commodity markets where the price mechanism is fixed.

"The chain stores want only the best and avoid market commissions by channelling supplies direct from the farmer," says Mr Bezuidenhout.

WORRIES

"The producer, however, is worried by the fact that with only top quality grades going to the big stores the lower grade produce is sold on the market floor where a lower price is inevitably fixed."

Despite crop failures in other agriculture sectors because of drought, potato farmers had a boom time during 1983-84, with production hitting a national record of 80,7 million pockets.

This beat the previous best of 68,2 million pockets in the 1980-81 season.

And star performers were the farmers of the eastern Trans-

vaal who contributed 15,7 million pockets to the total.

"The bumper crop was the result of early rains and good conditions at the right time," says Mr Guillaume Cloete, SAAU's manager of potato commodity services.

While this resulted in a bad year financially, for the producer and a good one for the consumer so far as prices went, planting figures up to the present indicate that the bumper potato crop levels won't be met this season.

Just how the boom crop affected prices can be seen by the fact that in Johannesburg grade one potatoes are fetching R3,60c, while with a bumper crop the price would drop to about R2.

WHEAT CROP

The South African wheat crop is expected to hit a massive 2,1 million tons as a result of good summer rains in the Swartland area of the Cape and the Free State.

The Wheat Board reports that about 120 000 tons had been allocated for export but the figure could rise to 200 000 tons, depending on demand.

(3) Vegetables B. Day 15/7/85
Avocados break export record

THE SA Avocado Growers' Association exported 950 000 cartons in June. This is the highest in a single month.

Chairman Kevin Kay said exports this year had already exceeded last year's total of 2,1-million cartons and he predicted a total of 3,5-million by the end of the season in September.

Avocado exports are expected to

Business Day Reporter

earn R25m compared to R9m last year.

Favourable exchange rates have kept overseas sales buoyant.

The biggest European market is France which takes 60% of all avocados shipped to Europe.

Grade	Current Hours	44	Hourly Change 1975 to date	Nominal	+425.6%	Real	+61.2%	Current Real Weekly Wage	R 21.79
Grade 10	0.00	0.00	17.59	20.22	21.98	23.74	27.72	31.68	34.76
Grade 12	0.00	0.00	30.07	24.45	24.59	23.67	21.76	19.96	21.88
Grade 12	11.88	15.84	19.43	21.58	23.74	25.90	30.24	34.56	38.16
Grade 12	22.12	29.06	33.21	26.09	26.55	25.82	23.74	21.77	23.87
Grade 12	23.57	23.57	23.57	23.57	23.57	23.57	23.57	23.57	23.57

Potato boom cuts prices, helps beef up cattle

AKGee
19/7/85
3 Vegetables

Tygerberg Bureau

POTATOES are so plentiful and inexpensive in the Western Cape that some dairy farmers are feeding them to their cattle instead of the more expensive animal feeds.

The reason for the over-supply is that the potato harvest in the Sandveld — the Piketberg, Het Kruis and Clanwilliam areas — is double that of last year.

Cape Town consumers are reaping the benefit. Potatoes are selling for between R2,27 and R2,50 a 15kg bag at Epping produce market and retailing in supermarkets at between R1,20 and R1,60 for 3kg.

The senior manager of the Potato Board, Mr Danie van Rensburg, said the Western Cape had produced three million bags of potatoes this year, compared to last year's crop of 1,5-million bags.

Epping market's normal daily turnover of 50 000 15kg bags (about 800 tons) is expected to double in the next few months — at least until the end of the harvest season in September.

Meanwhile, oxen in Sandveld are getting fat on the surplus.

Nine farmers of the Sandveld Moerkwekery Vereeniging have launched an experiment feeding Grade 2 potatoes to 11 oxen, which are fed 20kg of potatoes each a day.

The diet is supplemented with 2kg Oskos and wheat chaff, and after 35 days a daily weight increase of 1kg a head has been recorded.

● The price of potato chips will remain the same, in spite of the over-supply of potatoes, according to manufacturers.

"Potato chip manufacturers do not buy on the market, but under contract from the potato farmers," said Mr L Messaris, of Messaris Brothers.

Kloof search for missing ai

Staff Reporter

"If we get further informa-

ENT TO WAUD & BLACKMAN
& MERCHANTS WELCOME
PRICES EXCLUDE

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Help for the hungry

FEATURE

A cheap food for southern Africa's hungry masses and an end to the uneconomical stockpiles of SA maize and red meat. It sounds like a pipedream, but it could become reality if the Department of Health (DOH) legalises the use of protein-rich soya in processed food products.

The use of enriching agents in processed food products is governed by the Food, Drugs and Cosmetic Act of 1929. And, as soya was virtually unknown in SA in 1929, it was not included in the Act. And excluded it remains.

The DOH is currently prosecuting Transvaal butchers for illegally using soya in processed meat products. Some 37 Alberton butchers have been summonsed, and similar action has been taken in Germiston.

The prosecutions are going ahead despite international acceptance that the use of soya in processed food can lead to substantial cost savings and greater food availability. At the same time it improves nutrition.

So, while the DOH is fighting the costly effects of malnutrition on the one hand, its prosecutions under outdated legislation outlaw a potential solution. But the case for deregulation, or reregulation, is growing.

"While the solution is available to treat all the ugly manifestations of poverty, government seems determined to ignore it," says Soya Association of SA (SASA) chairman David Bailey.

"They spend time, effort and money pursuing less feasible alternatives, either because of misconceptions about soya and its benefits or because of ignorance about the feeding requirements of a rural population."

Bailey says red meat consumption would be heavily boosted by price reductions — possibly by 50% — of processed food made possible by soya extension.

And he adds that soya-enriched maize would create a cheap, nutritional "food for Africa" that could meet most dietary requirements of the massive Third World sector of the population.

A 10% protein enrichment of maize meal with soya could eliminate virtually all nutritional diseases, says Bailey. "We already have the technology to enrich the nutritional value of maize without affecting the taste or the structure of the end product — and at a

very economical price."

SA Oil Mills technical director Rodney Baxter agrees. He says enriching SA's maize crop with soya could:

- Virtually eliminate starvation;
- Encourage the sale of maize into other southern African states, increasing food exports and strengthening trade links with black Africa;
- Create a huge market for SA soya production; and
- Reduce farmers' fertiliser costs as soya "binds" nitrogen into the soil and is an excellent rotational crop with feed grains and other crops.



SA maize ... in Cinderella's way

But, while soya is the single biggest crop in the massive US agriculture industry and one of the dietary mainstays of most people in the Far East, SA has failed to recognize the huge potential of the protein-rich and economical wonder-bean.

Instead, soya is the Cinderella of SA farming — the last crop was a mere 23 000 t and the current crop is projected at some 38 000 t. While soya is seen as a possible alternative food-crop to red meat, sunflower, maize and other grains, its use has been virtually ignored — even suppressed — by the boards and bodies representing the interests of these crops.

But, however belatedly, government now seems to realise that something must be done to meet SA's huge animal protein needs.

"In the past four years, mainly as a result of the drought and the declining production of fishmeal, large quantities of protein material for animal nutrition had to be imported," notes Agricultural Economics Minister Greyling Wentzel. In the 1984/85 year, imports amounted to about 100 000 t, costing some R100m.

Another cause for concern is that there

will be shortages of protein for animal nutrition even in normal years at current production levels.

And the future looks even more bleak. "The total annual shortage of feed protein by the year 2000 will be as much as 440 000 t — the equivalent of 1,1 Mt of oil cake. In this calculation it was assumed that the traditional sources of protein would be developed according to potential," says Wentzel.

A R3m fund has been set up to establish what research has been done in SA and to assess the development of "the full production potential of plant proteins such as soya beans, lupins, yellow maize and legume pastures." And additional funds could be allocated, says Wentzel.

Oil Seeds Board GM Jan du Preez says the soya potential in SA is assessed at some 150 000 t. "Soya needs good rainfall or irrigation and a warm climate. We are developing cultivars that are more suitable to the SA climate and there is a rising pattern in annual crop receipts," he says.

Northern Transvaal is presently the best production area, but production is increasing in northern Natal. Baxter says if

the use of soya in processed meat is legalised "we could market good-quality soya-processed meat products at about half the price of regular meat."

Per capita consumption of red meat, he adds, is a measure of affluence in most countries.

In sub-Saharan Africa, average red meat consumption is only about 0,65 kg/year, against "white" SA's 30 kg/year. West Germans consume about 75 kg/year, but SA blacks eat only 4 kg/year.

This shows the massive expansion potential of the market," he says.

Red meat consumption in SA has declined about 28% since 1980 against a 468% increase in chicken consumption. This is largely as a result of high meat prices. "We can import quality meat cheaply from neighbouring states and the use of soya could further reduce average meat prices and increase consumption," he adds.

So future and present needs point to a need to expand SA's fledgling soya industry and to establish joint southern African production and marketing arrangements to feed the masses.

Potato prices rocket but could fall soon

Humble spud joins caviar clique

3 VEGETABLES BUS DAY 31/12/85

POTATOES have hurtled into the luxury bracket in the past couple of weeks as a shortage has forced up prices sharply.

"The happy days of the record crop at the beginning of 1984 benefited buyers then as prices dropped as low as R2 per 15kg pocket.

But, while the glut continued until September, prices started to rise rapidly since then. The national average is now between R16 and R18 a pocket for large potatoes.

The reasons, the Potato Board told *Business Day*, were a combination of market conditions and climatic factors.

"As prices dropped and continued

ALAN PEAT

to hold down, some farmers started to change to alternative crops," said a board spokesman.

"Also, unfortunate weather conditions have reduced the most recent market supplies from the Northern Transvaal and the Sandveld area in the Western Cape."

The total plantings in the Northern Transvaal for this season dropped from last season's 7 050 ha to 5 200 ha. In the Sandveld it went from 3 300 ha to 2 300 ha.

The crops from each area were 9.6-million tons and 3.2-million tons respectively for this season, down from

12.1-million and 5.1-million for last year.

These two areas have been the country's main suppliers until now, with the eastern Transvaal due to start shortly on a comparable scale.

"But the recent heavy rain has hindered the start of their early harvest," said Director of Johannesburg Markets Peter Venter. "We shall have to wait until the eastern OFS starts to supply at the start of February. We shall improve."

The Potato Board added that the eastern Transvaal — the an important supply area from December to May — had also had a 10% drop in area planted and the early crop was damaged by the drought.

"But," said the spokesman, "with the eastern OFS and the western Cape round about Ceres starting to supply we should see the benefit of a better supply/demand position from February."

Supermarkets have been struggling to maintain quality in their offerings, according to Pick 'n Pay's Richard Cohen.

"There has just been no quality produce on the markets," he said. "And even seconds have been priced at as much as R16-R18 a pocket. But prices should drop early in the new year."

The recent shock of R20 price lags in the Durban market was, according to the potato experts, only a one-off hiccup.

120 000
MKT VALUE 27/10
cabbages
3/14
for charity

Pietermaritzburg
Bureau

A GLUT of cabbages on the market and consequent low wholesale prices have caused a local farmer to give away thousands of cabbages in protest against the 'vast' difference between wholesale and retail prices of the vegetable.

Mr David Williams-Freeman, of Nottingham Road, has given away 70 000 cabbages so far, and still has 50 000 which he wants to donate to charity.

Mr Williams-Freeman said he had been prompted to give away the cabbages as the top wholesale price, which is paid at the Durban market, gains him only 3 c a cabbage after transport and packaging costs and market dues, while retailers in the city sell the vegetable at an average of 40 c each.

He said he was paid on average 50 c for 12 to 15 cabbages, which retailers sell for about 40 c each.

'They sell them for 40 c but we get only 3 c,' he said.

He said he decided to give the cabbages away as this at least earns some appreciation from needy people.

He told the Mercury that he still had about 50 000 cabbages which could be collected by people wanting to distribute them among the needy, but that he would not give any to people wanting to sell them.

He added that many other farmers in the area had been hit by the cabbage glut.

Anyone wanting to distribute the cabbages among the needy should contact Mr Williams-Freeman at (033312) 14.

③ VEG. BUS DAY 17/10/86

Blacks 'a vital market' for produce

GERALD REILLY

BLACK buying power would soon become the mainstay of the fresh produce industry, SA Agricultural Union (SAAU) vegetable committee chairman V J Rugani said in Pretoria yesterday.

Speaking at the SAAU national fresh marketing conference, Rugani said the dramatic change in buying patterns — the fast growth of black buying power and the increasing sophistication of black eating habits — was the outstanding feature of the past 10 years.

He said central markets remained the No 1 outlet for almost 60% of total produce sold.

The cost spiral had forced inefficient producers out of the industry, he added.

The greatest advantage of the central national markets was that they operated in a completely free market system — anybody could buy and anybody could sell.

Checkers group director Danie Kieviet said markets must be run as businesses. Because markets were administered by municipalities they were usually reflections of municipal systems and efficiency. They could not be run more efficiently.

Kieviet said on a national basis Checkers bought about 17% from municipal markets and 83% direct from producers. In the Transvaal up to 92% was bought direct. Direct buying involved less handling, a reduction in transport, and, therefore, lower costs.

17/10/84 STAK

Produce markets 'must be privatised'

Pretoria Bureau

3 VEG

South Africa's fresh produce markets should free themselves of the shackles of municipal bureaucracy and adopt certain principles of privatisation, delegates attending the National Fresh Marketing Conference heard in Pretoria yesterday.

Mr V J Rugani, chairman of the South African Agricultural Union's vegetable committee, told delegates that the key to the future success of the country's central national markets lay with producers and not municipal authorities.

Central national markets countrywide are owned and administered by municipalities. The activities of producers, buyers and agents who trade on the market are covered comprehensively by municipal by-laws.

Mr Rugani said he believed central national markets of the future would only take their rightful position as leaders in the industry if the whole concept of the ownership, control and management were completely overhauled.

"The ownership of central national markets should be vested in a central board consisting of a chairman, 51 percent farmers, representatives of the trade, the agents, the consumers and the municipalities."

"The central board would be directly in line with present Government privatisation policy with administration handled directly by the industry itself — a body independent of central government."

For the first time all central markets would have a common policy and a common controlling body without sacrificing each market's individuality.

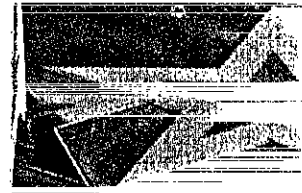
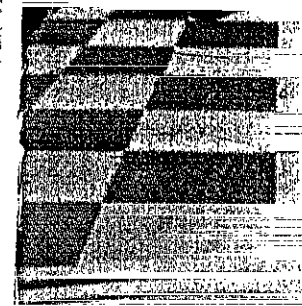
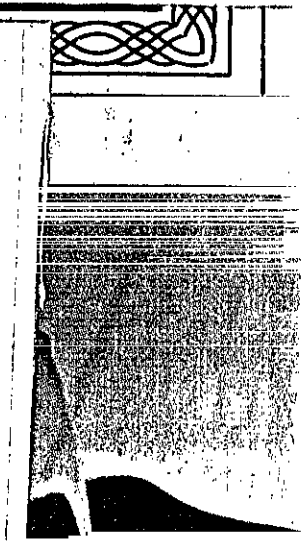


Conner drops protest over Kiwi's hull

FREMANTLE — Dennis Conner and the Stars and Stripes syndicate will not protest against New Zealand's 12 m glass fibre boat in today's race in the America's Cup elimination series.

The Conner syndicate had issued letters and statements demanding core tests on the Kiwi boat to ensure its construction met the 12 m class rule.

It was believed the San Diego skipper would fly a protest flag



AR

IT'S A

Meat and potato prices to rocket?

(3) Vegetables

DD 18/10/86

Dispatch Reporter
EAST LONDON — The prices of red meat and potatoes are expected to rocket during the next few weeks and one supermarket buyer said he expected a pocket of potatoes to cost about R20 by December.

The chairman of the East London Meat Traders' Association, Mr Ivan Dave, said it was difficult to estimate what would happen to the price of meat but it was "quite possible" it would go up. However, "everything depends on the Meat Board".

If meat was in short supply and the price spiralled, supplies could be imported to relieve the situation, he said. Mr Dave noted that meat prices were not the only prices to have gone up during the past few months. "Every commodity is costing more."

He attributed the high prices being paid at the abattoir to the fact that farmers were holding on to their stock in the hope of getting higher prices in December. A spokesman for the East London office of the Meat Board said he was "not prepared" to comment. A Vincent supermarket's regional buyer, Mr Dave Ramsden, said the fluctuation in the potato price (up to R13.99 a pocket yesterday) was due to the rainy weather, which had prevented farmers from pocketing and transporting their potatoes.

Another supermarket buyer, Mr B. Johnson, said that most people expected the potato price to rise to R20 a pocket around Christmas time. "However, this depends on the weather," he said.

● Spokesmen for the Meat Board in Pretoria could not be contacted for comment yesterday.

NATAL

Poisoned veg row

The use of hormonal weed killers in Natal's bread basket Tala Valley has been banned while an official investigation is carried out.

The hormonal herbicides, used to control weeds in fields of broad-leaf crops like maize and sugar cane, are said to stunt the growth of fresh vegetables kilometres away from where they are applied. Indeed, the weed killers have been blamed for the sudden fall-off in supply of fresh vegetables on Natal's produce markets.

The public has been assured, however, that vegetables which may have been affected by the weed killers are not injurious to health.

Durban market director Jeff Willemse has no doubt that the herbicides are the reason for the falling deliveries of vegetables to his market. And his view is endorsed by both vegetable farmers in the area and plant pathologists consulted by the Natal Fresh Produce Growers Association (NFPGA).

But manufacturers are not persuaded that hormonal herbicides alone — notably a product known as 24D — are to blame. Incorrect spraying techniques and fungal and bacterial disease producing comparable symptoms are greater culprits, they argue.

Referee in the wrangle is the Department of Agriculture. Under pressure from vegetable farmers, and after accumulating evidence of its own, the department has banned the use of all hormonal herbicides in the area. It is now conducting a scientific probe.

The outcome, it concedes, could theoretically be a selective ban on the application of hormonal herbicides in mixed-farming locations. This would hit broad leaf crops. Such a ban is already voluntarily applied in the deciduous fruit-growing districts of the Cape.

But conclusively isolating hormonal herbicides as the cause of the crop losses is a difficult task, the department warns.

What is beyond dispute is the sharp decline in the delivery of fresh produce to Durban's market. Last month, tonnages were down 20% and revenue up 55,5% as shortages drove up prices.

Roger Evans, chairman of the NFPGA, claims to have lost 15m lettuces valued at R2,9m at his farm Southfork in the Camperdown district over the past 36 months. Hormonal weed killers used by sugar farmers in the area are to blame, he says.

"One gram of the chemicals affects an area 10 cubic kilometres in extent," he claims. "At concentrations of one part per million the herbicide breaks down the plant's resistance to disease, and at 10 parts per million plants grow distorted and misshapen."

The current growing season, which started in November last year, was the worst he has known and, after appeals from fresh produce farmers, the Department of Agriculture has banned the use of the herbicides.

Mark Laing, plant pathologist at the Uni-

part of a negotiating tactic to scare PCW members into accepting the proffered rescue. Lloyd's has already bent its principle of unlimited liability, acknowledging that its self-regulatory system and lack of vigilance by others connected with PCW were partly to blame. But it feels it has gone far enough. ■

VEGETABLES

1988 - 1989

~~SEVERAL~~ ~~AGRICULTURAL~~ (3 VEGETABLES)

AGRICULTURE AND GROWTH

Pennies from heaven again

■ Bumper crops add some glow to a generally gloomy economic outlook



Economists might find it as instructive these days to keep an eye on the rain gauge as on the zig-zagging gold price. Gold may underpin the economy, but the weather — and what it means for agricultural prospects — counts for a great deal, one way or the other.

We have emerged from a six-year drought which seriously aggravated already grim economic conditions — with sanctions and disinvestment eroding the productive base. There was the loss of export revenues and maize imports cost SA about R160m over that period. In 1984-1989, drought relief schemes burdened taxpayers with a R1,4bn bill.

This year, the farming sector has again revealed its underlying strength. Though contributing only an estimated 6,5% to 1989 GDP, excellent summer rains and handsome crops could keep the economy growing at a pace that would not otherwise have been possible. Moreover, export earnings from farm exports should help SA meet its international debt commitments for the year.

Department of Agriculture estimates say these exports will translate into close to R5,8bn in foreign exchange this year, with the sector's share of GDP increased by 8% to R10,5bn. And Rand Merchant Bank economist Rudolf Gous says the farming sector "could contribute 0,6% to this year's projected real GDP growth rate of 2,2%."

While the non-farming sector experienced negative growth of 2,8% in the third quarter, agriculture's strong performance boosted total GDP growth — at factor cost — to 1% (*Economy* November 24). This is the direct result of buoyant growth in the value of farming output of 42%, 31,4% and a huge 67,8% (largely thanks to maize exports) in the first, second and third quarters, respectively, of 1989.

While statistics relating to farming can be volatile, the sector is clearly enjoying exceptionally good times — and the spin-offs are considerable. The heavy burden of the farmers' debt is falling: in nominal terms it is still an unaccept-

able R14bn, but it has come down in real terms, with increases of only 4,1% and 4,9% in 1987 and 1988 (with inflation running at 14%-15%). "The relatively slow increase in the total agricultural debt in 1988 confirms that, globally speaking, there are indeed signs of financial recovery in agriculture," states the SA Agricultural Union's 1988/1989 annual report.

Between 1986 and 1988, short-term debt came down from 52,4% of the total to 50,7%, while net farm income — as a percentage of total debt — increased from 25,2% to 40,6%. This "indicates a potentially shorter debt repayment period and/or a better ability to repay debt," reports the union. This is good news for the long-suffering commercial banking sector — owed R3,5bn — though banks complain that farming co-ops still unfairly benefit from the lien they hold on farmers' produce.

The co-ops are owed about R3,4bn, with the Land Bank in for another R2,9bn. In fact, the commercial banking sector was the end-provider of most of the Land Bank's funds as well. Nourished by cheap finance, the 290 co-ops' turnover leapt from R11,6bn in 1985 to R18,7bn in 1988, while their total assets increased from R2,9bn to R11,1bn — growth of 12% a year.

But, while farmers look no nearer than ever to controlling their own destiny, their grass is growing greener. Booming sectors include agronomy (gross 1989 income up 15% to R5,7bn), animal husbandry (earning 14% more at R8,2bn) and horticulture with gross earnings lifted 4% to R3bn. Total gross farm income increased 12% to R16,9bn over the past year and net income increased (by a smaller 6%) to R5,7bn after production costs

and interest payments. The latter remains the largest single agricultural cost.

Purveyors of intermediary goods and services are benefiting from the current boom. To end-September, total expenditure jumped by 19% to R6,9bn (from R5,8bn) on sales of fertiliser, animal feed and agrochemicals which increased by 22%, 17% and 12% respectively. But, while volumes increased, higher prices added to the farming bill — the prices of farming requisites increased by 18,4% in the year to end-September. Fuel costs went up by 32% and maintenance and repairs an additional 27%.

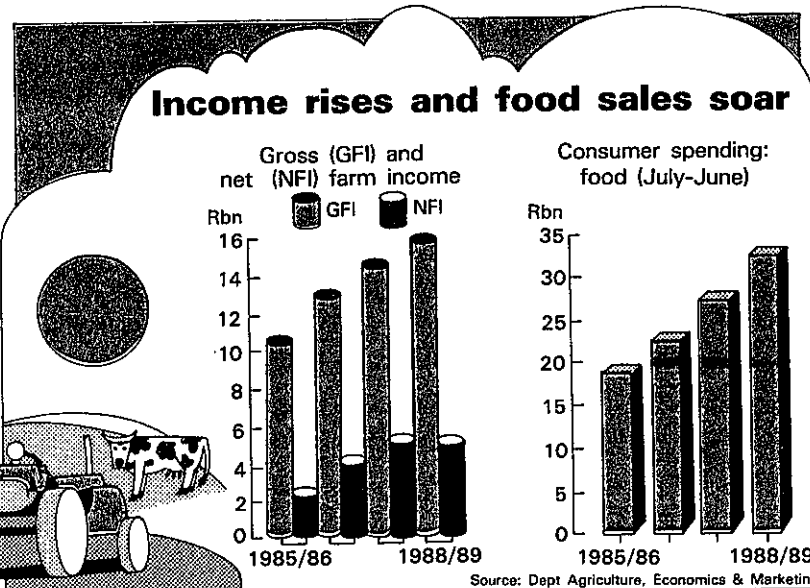
Farmers are upset by the escalating cost structure of production inputs. Volkskas agricultural economist André Louw says the terms of trade in agriculture (the ratio between producer prices and input costs) weakened from 100 in 1975 to 59 in 1989. "Tractor prices this year rose by 29%, fertiliser by 24,4%, fuel by 32%, irrigation equipment by 21% and implements by 18%. This is placing the future profitability of the sector under severe stress and the matter is seen in a very serious light by the SA Agricultural Union," according to Du Toit.

Producer prices are falling — the increase of 13,4% in the consumer price index in the year to end-September was made up of a non-agricultural rise of 14,3%, while food prices rose only 10,6%, reports the department. This compares with a food price increase of 17,7% in the previous year. So the good rains have also reduced the inflationary impact of food prices.

The boom in farming has not only created spin-offs for industry and service sectors like transport (moving this year's 11 Mt maize crop should earn Sats about R500m), but has also helped support the economic base of the platteland.

Millions benefit. Agricultural union economist Koos du Toit says: "Some 1,4m farmworkers and domestic servants — about 13,6% of the economically active population — are employed in agriculture, making it the second-largest single employer in the economy. These people support a further 4,3m dependants, so that about 5,7m souls find their sustenance in agriculture."

Development Bank's Johan van Rooyen adds that for each R1m invested in agriculture about



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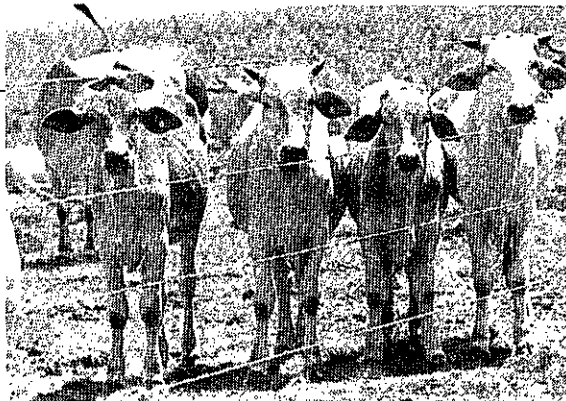
twice the number of jobs are created than in manufacturing and mining. "This is an important factor in a capital-poor country like SA. The linkage, multiplier and spillover effects of such 'inward industrialisation' investments (with no imported costs) in SA's developing economic sectors are vital to the rest of the economy."

Du Toit says that between 20% and 25% of gross farming produce is exported — making the sector one of the most effective net exporters in the economy. But, apart from bringing in foreign exchange and creating jobs, agriculture also provides the raw materials for a burgeoning food sector.

"While gross farm produce sales will earn farmers more than R17bn in 1989, the beneficiation of this produce by industry is where the real money is made. Food sales at retail level will amount to about R32,7bn this year while retail sales of alcoholic and non-alcoholic beverages and tobacco will push this total to about R42,4bn in 1989," he says.

Industry will, therefore, add value of about 150% to farmers' gross sales in 1989 in the form of packaging, transport, manufacturing wages and other factors of production. In future, adding value to farm produce will earn manufacturers even more.

According to Harvard Business School, the processing and distribution sectors of global agribusiness earned US\$2 trillion (or



On the farm ... profits are also fenced in

64%) of total agribusiness sales of \$3,125 trillion in 1980, compared with \$750bn gross earnings for the farmers. By the year 2000, it projects, the "middleman" share will shoot up to 71% of total output and, by 2028, it will be 79% — leaving the farmer a mere 14% after production costs are deducted.

In SA, says Du Toit, the same trend is there as grain farmers receive only 23,2% of the consumer rand per commodity, vegetable producers 25,8% and sugar farmers 28,5%. The red meat sector still jealously guards its share — it gets 51,2% of the consumer rand. The absence of marketing skills of the middlemen in the red meat market may be the cause of the sales decline, relative to chicken and fish.

In its July *AgriReview*, Standard Bank reports that, in 1980, SA farmers received 52,7% of consumer spending on food, but that this fell to 47% by 1987. "The phenom-

~~Standard~~ ~~General~~
3 Veg

enal growth potential shown by the marketing (middleman) segment of agriculture" is bound to increase in SA as consumers "increase their purchase of food marketing services at the expense of the food product. In other words, the added value component of a product is becoming increasingly important to the modern consumer."

A group like Rainbow Chickens has proved that processing and packaging will ensure strong growth; and Kanhyam Investments' latest results prove

that it has learnt this. Offering a wide range of processed meat products and making "adding value" its motto, Kanhyam increased operating income by 43% to R46,1m, while increasing turnover by only 8%.

Apart from the strongly growing processed food sector, enormous further value can yet be added to SA's farming produce. For example, the R900m wool clip is largely exported in its "raw" form, while value of more than 1 000% can be added — and thousands of jobs created — by processing the wool into jerseys and clothing for the export market.

For all of which, of course, you need bumper crops — and with good summer rains again soaking the land, next year should see more of them. The prediction is at least more reliable than most forecasts of the gold price — more than a day or two ahead, at any rate. ■

Vegetable farmers call for banning of 2,4D herbicide

Own Correspondent

MARITZBURG — There was a call for the total banning of the hormonal herbicide 2,4D at a meeting of vegetable farmers at Eston in Natal, attended by Agriculture Minister Kraai van Niekerk yesterday. (3) vegetables

About 50 members of the Beaumont Eston Farming Association supported chairman Mike Lowry who asked what the Minister was doing to "ban the culprit and save them from bankruptcy".

They said the banning of 2,4D in the Tala Valley and surrounding area appeared not to have halted the crippling effects on vegetable crops in the area.

Van Niekerk said while government's testing of rain and atmosphere samples (initiated in 1986) in the affected areas had found 2,4D symptoms, there was still no scientific proof this had caused the damage to the crops.

"If we found this conclusive scientific evidence I would not hesitate to ban hormonal herbicides completely."

But this would be very costly. "We are concerned but 2,4D is not banned throughout the world. It is one of the oldest and safest herbicides we have."

The fact that vegetable farmers had in recent years started growing vegetables in both summer and winter had produced water-logging and insect problems and affected the nutrient balance in the soil, Van Niekerk said.

Plant pathologist at Natal University, Maritzburg, Mark Laing said the working committee appointed to research hormonal herbicides, on which he served, had identified the culprit as 2,4D.

Sugar and timber farmers at the meeting were sympathetic, but agreed with the official stand not to ban hormonal herbicides.

Extent of problem might never be known

Dangerous toxins threaten farms

Star 16/5/88 (3) vegetables

Own Correspondent

DURBAN — The Department of Agriculture has positive proof that hormone herbicides — alleged to have damaged millions of rands worth of vegetables and ruined the livelihood of many Natal farmers — are present in an area where these chemicals are banned.

This announcement by the Minister of Agriculture, Mr Greyling Wentzel, follows months of controversy surrounding notorious weed-killing chemicals, including Agent Or-

ange and 24D, which have not only been linked with vegetable damage but which could also pose a risk to human health.

Dr Chris MacVicar, Natal regional director of the Department of Agriculture, says the department now has all the information it requires.

However, full results of hormone herbicide pollution in the Tala Valley, which might have pointed to a more widespread problem, might never be known because testing equipment — vital in determining the levels of vegetable-damaging chemicals present in the atmosphere

— has been removed by Department of Agriculture officials.

A spokesman for the department says the reason why the air and rain-monitoring equipment has been removed is that there is enough proof that these chemicals exist in the atmosphere.

However, Mr Roger Evans, chairman of the Natal Fresh Produce Growers Association, says the information gathered during the high-spray months was to have been vital evidence in the continuing investigation of the detrimental effects of these chemicals on crops in the Transvaal and Natal.

"Even if one of the gauges had been left, we could have had monitoring on an ongoing basis," he says.

Farmers are now awaiting the latest batch of results of air and rainfall testing.

A department spokesman says there has been a delay in receiving the reports because the equipment for analysing the samples has broken down, and the department is awaiting spare parts from overseas.

Pleasure cruise drowning

Three-year-old Candice Hawkins drowned in Verwoerdburgstad lake, near Pretoria, on Friday as her mother watched helplessly.

Candice fell off a replica of a Mississippi steamboat during a pleasure cruise.

People aboard the boat im-

mediately launched an extensive search for the girl — some jumping into water and getting into difficulties themselves — but her body was found only about 15 to 20 minutes later by paramedics.

Her parents, Alan and Sharon Hawkins of Villieria, were too upset to speak to reporters.

Railway lines repaired

EAST LONDON — Some railway lines in the Free State and Northern Cape which were damaged by the floods have been repaired, and some services were back in operation, the South African Transport Services has announced.

The Trans-Karoo between Johannesburg and Cape Town in both directions and the Johannesburg-East London train via Kimberley and De Aar operated yesterday.

The Blue Train between Johannesburg and Cape Town in both directions will operate today as will the Trans Karoo and the Algoa from Port Elizabeth to Johannesburg will also operate today.

The senior superintendent for operations for Sats here, Mr Kris Mynhardt, said the train services were not yet back to normal.

He was not sure when they would run normally again. — DDR

Bridge repairs to start

DURBAN — Repair work on the John Ross Bridge over the Tugela River, which was severely damaged in last year's floods, should begin early next month, the executive director of roads in Natal, Mr Ray Smith, said yesterday.

The province received 30 proposals following its call for tenders and a short-list has been drawn up.

"The Executive Committee will make a final decision based on our recommendations at its meeting on March 15," Mr Smith said.

"We expect work to begin after the Easter weekend and we want it finished by the start of the builders' holidays in December. We've looked at the floods and done surveys and feel the new bridge will be able to handle the largest known flood which has taken place so far." — DDC

Council gives to fund

PRETORIA — The Teachers' Federal Council decided at a special meeting here yesterday to make a financial contribution to the Flood Relief Fund.

The chairman of the council, Mr Dudley Schroeder, expressed the council's sympathy with those who had suffered during the floods.

The council also expressed its appreciation for the display of goodwill in the state of emergency and the hope that the damage to educational facilities would be repaired soon so as to enable educational institutions to function normally.

Mr Schroeder, who is the headmaster of Queen's College, Queenstown, said the council appreciated the contributions made by schools throughout the country to the fund. — DDR

Fresh vegetable prices rise amid Q'town shortage

Daily Dispatch Reporter

QUEENSTOWN — There is a shortage of fresh vegetables here and prices have risen sharply during the past few weeks.

While vegetables were obtained from the Gamtoos River Valley and areas along the coast to East London, Queenstown dealers bought a large percentage of their produce from the Transvaal Lowveld and the Free State.

The recent floods had contributed greatly to the shortage, but according to the commodity manager of the East Cape Agricultural Union, Mr Arthur Purchase, other factors were also responsible.

"Initially, there were road and rail delays from the north following the floods." When floodwaters did not subside, farmers were unable to harvest their crops.

In addition, produce from the Transvaal Lowveld became available at the start of winter, while that from the middle veld was now ending.

Root crops and lettuce from the Gamtoos River Valley were in short supply because of the excessive heat in the growing season.

A local fruit and veg-

etable dealer said he expected the price of vegetables to continue increasing until produce became freely available again.

He said carrots, beetroot, gem squash and lettuce were very scarce but tomatoes and cabbages, which were supplied from East London, were plentiful.

The bulk of the town's potato supply came from Bloemfontein and to a lesser extent from the Gamtoos area.

Mr Purchase said it was his opinion that potatoes, now selling for up to R15 a pocket, would be in short supply for a long time and that prices would rise considerably.

He reasoned that areas in the north-western Free State which produced seed potatoes had been hard hit by floods. Consequently there would be a severe shortage.

"The possibility also exists that some seed potato growers will sell their produce as table potatoes if prices of table potatoes exceed the price they could get for the seed variety."

• The level of the Settlers' Dam has risen by nearly five per cent to 54.53 capacity, following weekend rains.

Cape still reeling from flood damage

JOHANNESBURG — Al-South African Wool Board Mr. Dieter van

Paar's new-style farmer makes it in city

by HENRI du PLESSIS
Finance Staff

GOOD labour relations and the delegation of responsibility have made Dave Rennie one of the foremost suppliers of vegetables to top supermarkets.

Avoiding as far as possible the open market, he sells his vegetables ready-packed to supermarkets and maintains a quality which he believes satisfies discerning clients.

This is what he planned from the modest start he made on his first farm near Porterville in 1973. It has paid off. Today Rennie Farms is a name to take note of in the vegetable industry.

Trained as a fruit farmer — he obtained a B Sc (Agric) degree at Stellenbosch University in the early 70s — he worked on a fruit farm in the US for a year.

Upon his return he managed to scrape together enough capital to buy a wheat farm near Porterville, but he soon changed it to a vegetable farm.

In 1977 he accepted a Government offer and moved to Paarl.

"I guess I got lucky — the

3 Vegetables



Dave Rennie ... getting ahead in an increasingly capital-intensive business.

Government wanted half of my farm at Porterville to build a dam.

"I sold out and was glad to move here because I wanted to get closer to the city markets and to my family.

"With vegetables you don't need a lot of farm and most of my produce is grown in tunnels, the first two of which I bought in 1974. I have about 5.5 hectares under tunnels and shade-cloth."

Just eight people worked for him when he started. That

figure has since increased to 350, with eight managers.

"I strongly believe in the delegation of responsibility — it brings about more efficient management and better control," said Mr Rennie.

"I subscribe to the Rural Foundation and believe in sharing profits. This makes farmers think more about their workers and the workers about the farmer.

"The workers then do not see the farmer as the one who makes them work while he takes all the money.

"As far as labour relations are concerned, I leave my managers to plan their own policy. One thing I do not like is hiring and firing — when a person wants to leave, we discuss it first because I want to know why," he added.

"You must have staff you know can do the job. Last year I went on a study trip for a month. When I returned, my clients praised my staff, saying they had done an excellent job."

Now, when walking through his successful little kingdom,

Mr Rennie seldom interferes with the day-to-day work of his managers.

"I rather leave them to do what they think right, because they know where they are with their work.

"We run a very loose organisation — there are no fixed meeting times and we only see each other during tea break.

"Everybody on the farm contributes to make the profit and I definitely could not have done it without them."

Tomatoes form about 50 percent of the three farms' produce, English cucumbers 25 percent and a combination of wine grapes, export grapes, potatoes and sweet potatoes the remainder.

A relatively new section where flowering poplars are being nursed to maturity has already proven its worth.

Most of the plants were very popular, he said, and he saw that side of his business growing together with the demand for vegetables.

"The vegetable market is growing constantly with the population growth and as the lower income classes become richer," he said.

"We are fairly up with technology compared to the rest of the world, but we are behind on variety.

"This has improved, though. I think about 20 new types of vegetables have arrived on the market in as many years.

"We don't buy new machinery, we repair the old ones. And we study diseases and bacteria to know how we can use less chemicals."

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VEGETABLES

1990 - 1992

A toxic shock for lovers of 'healthy' food

A NASTY shock awaits those people who believe they can rinse away all traces of pesticides from their fruit and vegetables. Very little of the pesticide residues actually wash off.

In addition, not all pesticides which are considered acceptable on South African produce are allowed in other countries — and both the residue limit and the acceptable daily intake vary from country to country. So Sweden, the United Kingdom and the United States may set lower limits on certain chemicals than South Africa does — and some of those countries ban chemicals which are still widely used here.

Recognition of that fact is contained in a book produced by the Department of Agricultural Development called *A Guide to the Use of Pesticides and Fungicides in the Republic of South Africa* which includes information on which chemicals farmers can use locally and which are "not for export".

Although not all fruit, vegetables and other produce contain residues, much of it does. Legal limits are set for the maximum residue allowed in the produce so as not to harm consumers.

Almost all fruit and vegetables are grown with the help of pesticides and then almost all of it is treated again after the harvest to help keep the food in good condition until it is consumed.

These chemicals can be retained by the produce and sometimes seep under the skin and into the flesh of the fruit or vegetable. For some of these residues, acceptable daily intake limits have been calculated — but not for all.

Many of the chemicals used on fruit and vegetables and other produce in high doses have been shown to cause cancer in animals on which they are tested. But other problems, like damage to embryos, nervous systems and internal organs, can arise in animal tests when chemicals are administered in high doses.

Babies and young children are more at risk from chemicals than adults, and a greater risk is run when there are several chemicals

CRITICAL
CONSUMER

Pat Sidley



W/Max 14/12 - 19/12/90

used which may cause other effects when they are mixed.

South African standards seem to be lower in this field than they are elsewhere. For instance, Sweden banned these chemicals as early as the 1970s: dinoseb, DNOC and aldrin, among others. The UK banned them in 1988/89, but they are not banned in South Africa, although aldrin was withdrawn by the manufacturers.

South Africa attends several international bodies which look at pesticides and their problems, but has been excluded from participating in some of them because of the country's political policies. This has probably made it easier to avoid maintaining some of the more stringent international standards, but as South African produce reappears on international shelves, the picture is likely to change.

In a foreword, the Department of Agricultural Development's *Guide to the Use of Pesticide* says: "World-wide use of these chemicals has come under severe public and scientific scrutiny, for many of the chemicals are potentially hazardous substances, which could, if used indiscriminately, harm the applicator, the consumer of treated commodities and the environment."

The foreword tells the farmer that according to the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Amendment Act, pesticide use is restricted in certain ways and can only be used in the way mentioned on the label of the container. It also draws attention to the fact that some pesticides like DDT, BHC and dieldrin have been banned. (More are likely to join this list like gamma BHC, according to sources

in the industry.)

The book says: "In contrast to a number of other countries the environment of our country is still relatively free of pesticide contamination. It is mainly up to you, the user, to ensure that this will remain so. In the general interest of the country the government, from time to time, prohibits the sale and use of certain pesticides. Although this may create problems to some it should be accepted that in the long run this is to the benefit of all."

The book is the most comprehensive guide of pesticides available in the country and lists the maximum residue levels as well as the acceptable daily intake levels of many of the chemicals.

For the (by-now) anxious consumer wishing to rid produce of residues, the Consumers' Association has done several tests on reducing residues in apples and potatoes. The Association analysed the chemical residue found, washed the produce in water, washed it in a "pesticide wash" (widely available in the US and claimed to remove chemicals), peeled it, then tested again. Potatoes were also cooked and then tested.


The chemical residues found were largely unaffected by washing — either with water or with the pesticide wash.

Peeling the apples removed 85 percent of the residue, but also removed valuable nutrients. Potatoes lost between 55 percent and 85 percent of the residues of specific chemicals when they were baked in their jackets. A higher percentage of residue was lost when the potatoes were peeled and more when they were peeled and cooked.

The association nevertheless recommends washing because it removes water-soluble residues, bacteria and dirt.

It also suggest rubbing the skin, scrubbing it, peeling, discarding outer leaves or trimming visible fat off meat and poultry.

Some organically grown foods, it is claimed, have not been treated with dangerous pesticides, but these can sometimes cost more.

etal 6/11/90 (3 vegetables) 

Wild mushrooms prove a winner

A small company based at Amsterdam in the Eastern Transvaal has displayed great enterprise in finding overseas export markets for all the wild mushrooms it gathers and processes.

Boletus Mushrooms, owned by Aldo Gallino, has won a runners-up award for its export achievements.

Operating out of a factory close to the Swaziland border, the company gathers wild mushrooms throughout forest areas of mainly the eastern

Transvaal and a few areas of Natal.

The entire seasonal pickings are exported to Europe.

According to Mr Gallino, his company obtains picking rights from landowners in various districts and pays them according to the quantity reaped.

So successful has its overseas marketing venture been that the value of mushroom exports increased to R4,5 million at year-end February 1990, compared with R2,4 million the pre-

vious year.

After gathering and transporting to the factory in refrigerated trucks, the mushrooms are either dehydrated, frozen in nitrogen or cooked and preserved. The produce is then packed and sent abroad by sea or air.

So consistently successful has exporting been that Mr Gallino is looking at new markets on other continents and is seeking additional picking areas in the Transvaal to meet the expected increase in demand.

3 vegetable stor 7/10/90

Shop around if the potato price seems excessive, advises board

The Potato Board in Pretoria has called on consumers to shop around (even buying vegetables directly from fresh produce markets) in reaction to complaints that retailers were excessively marking up potato prices.

The Potato Board was approached about reports that recently introduced 10 kg bags of potatoes were being sold at a much higher pro rata price than the 15 kg bags.

A random survey in Johannesburg recently

showed that 15 kg bags of medium-sized potatoes were being retailed for R7,99, compared to R8,99 for a 10 kg bag — leaving a pro rata disparity of 68 percent. According to figures supplied by the Potato Board in Pretoria, the disparity at the markets was a mere 13 percent, with 15 kg bags going for R7,57 and 10 kg bags R5,71.

A Potato Board spokesman said the distortion apparently appeared because of the great popularity of the

10 kg bags.

The price difference could also be ascribed to the fact that the 15 kg bags contained older potatoes from the western Orange Free State while the 10 kg bags contained fresh northern Transvaal tubers.

He said there was no control on the retail or producer price of potatoes, and that prices were wholly determined by market forces. For this reason, he said, consumers should shop around. — Sapa

Potatoes: Consumers urged 'shop around'

3 vegetables

Somehow 8/11/90

THE Potato Board has called on consumers to shop around (even buying vegetables directly from fresh produce markets) in reaction to complaints that retailers were excessively marking up potato prices.

The Potato Board was approached about reports that recently introduced 10kg bags of potatoes were being sold at a much higher pro rata price than the 15kg bags. A random survey in Johannesburg recently showed that 15kg bags of medium-sized potatoes were being retailed for R7,99, compared to R8,99 for a 10kg bag - leaving a pro rata disparity of 68 percent.

According to figures supplied by the Potato Board in Pretoria, the disparity at the markets was a mere 13 percent, with 15kg bags going for R7,57 and 10kg bags R5,71.

A Potato Board spokesman said the distortion apparently appeared in the retailing sector because of the "extreme popularity" of the 10kg bags.

"They are easier to handle and for that reason the demand is higher."

The price difference could also be ascribed to the fact that the 15kg bags contained older potatoes from the West Free State while the 10kg bags contained fresh Northern Transvaal tubers.

He said there was no control on the retail or producer price of potatoes, and that prices were wholly determined by market forces.

For this reason, he said, consumers should shop around. He said members of the public were welcome to buy directly from the markets.

Retailers would push their prices to whatever levels the public was prepared to pay. This was a basic tenet of capitalism.

The spokesman said producers still had a big supply of the old 15kg bags in stock, and because of the price equity between the 10kg and 15kg bags at the markets there was no pressure on them to switch to 10kg bags. - Sapa

Mushroom quality is the selling point

BOLETUS Mushrooms MD
Aldo Galino is a third generation "mushroom man".

His experience in picking, processing and exporting wild mushrooms is evident in the growth in exports by the company over the past year.

"In 1988/89, we had a 166% increase in turnover and a 103% increase in exports," he says.

Italy, Germany and Switzerland are the main recipients.

The demand for SA wild mushrooms is because of

the high quality of the product, Galino says.

"We only send out the best quality mushrooms. Nothing leaves the factory unless I am totally satisfied with it."

Boletus employs 123 people and is located in Amsterdam, 48km from Piet Retief, near the Swaziland border.

Last year, the mushroom crop totalled 270 tons.

The company is expanding this year to include pre-cooking and freezing in liquid nitrogen of the wild mushrooms.

Market plumps for vegetables

Vegetable (3)
GERALD REILLY

PRETORIA — The gross value of agricultural production in the 1988/89 financial year exceeded R18bn, Agriculture Development Minister Kraai van Niekerk said at Elsberg yesterday.

He told a Western Cape Agricultural Union vegetable conference the sale of vegetables at national markets and to chain stores countrywide was more than R1bn. *6,000 716,90*

The health consciousness of consumers had boosted vegetable sales chiefly because of their vitamin, mineral and fibre content.

It was expected sales would continue to increase.

(3 vegetables) STAR
14/2/90

Norman Chandler of The Star's Pretoria Bureau reports on the Agricultural Outlook Conference (Agrocon) which is being held in Pretoria this week.

SA produce could reach E Europe

The Greens political movement was likely to make a major impact on South Africa in the years ahead, the Agricultural Outlook Conference heard yesterday.

Participants also discussed the fact that South Africa was unlikely to escape the ripple effect of what has been taking place in Eastern Europe, and that one result was that fresh produce could be exported there.

Mr Wrench Louw, a farmer, speaking on the vegetable industry, said that the country with its "sore finger of apartheid" would continue to be highly visible and would come under great pressure in the years ahead.

He told delegates that South Africa now stood at the threshold of "unparalleled peace".

"The so-called Greens Party will come to the fore and we, as an industry, will have to reckon with them."

Mr Louw — who estimated there were 15 000 South African farmers planting 70 different types of vegetables — said there was great potential for fresh produce from South Africa to be exported to Eastern Europe "particularly to areas still affected by the accident at Chernobyl, the Soviet nuclear power station".

Tala Valley: damage to crops

*6. Mr W U NEL asked the Minister of Agricultural Development: ③ vegetables

Whether his Department has had any approaches from farmers, other than farmers in the Tala Valley in Natal, alleging damage to crops from hormone herbicides which do not originate from their own operations; if so, (a) from which areas have such approaches come, (b) what crops were allegedly affected, (c) what action has been requested of his Department and (d) what steps have been taken by his Department to investigate these allegations? Hansard 12/3/91.

B410E

HOUSE OF ASSEMBLY

475

TUESDAY, 12

The MINISTER OF AGRICULTURAL DEVELOPMENT:

Yes. Hansard 12/3/91
③ vegetables.

- (a) The Department of Agricultural Development receives enquiries from persons from time to time regarding alleged herbicide damage near main roads and railway lines. These enquiries are sporadic and originate from herbicide applications which allegedly pollute plots in the vicinity of a road or railway line.

Complaints were received in 1989 from the Southern Transvaal in the vicinity of Klipriver as well as Randfontein, Germiston and from the Jukskei-Broedersroom areas North-west of Johannesburg of alleged damage by herbicide.

- (b) In general it was alleged that vegetable crops have been affected especially lettuce, green beans, chillies and cabbage crops.
- (c) The Department was requested to diagnose and monitor.
- (d) Competent officials investigated the allegations locally. In the area of the Witwatersrand, the crops of six farmers, identified by the National Vegetable Committee, were monitored for a period of six weeks on a weekly basis. Over this period no confirmation of hormone herbicide damage could be obtained.

Rainwater from the Klipriver area was analysed during the period August 1989 to March 1990 for the presence of hormone herbicide. All the samples tested negative.

(1) (a)	(i)	(ii)	(b)	(c)
INJURED KILLED	INJURED	KILLED		
January 1991	1	1	1	SOUTH FIELD
	1	1	1	BELLVILLE
	1	1	1	CLEVELAND
	1	1	1	PLUMSTEAD
	1	1	1	WALSLEY
	1	1	1	KLIPTOWN
	1	1	1	REUNION
	1	1	1	ELANDSFONTEIN
	1	1	1	CROWN
	1	1	1	ROSSBURGH
	1	1	1	MULDERSVLEI
	1	1	1	STEENBERG
	1	1	1	MAITLAND
	1	1	1	ELSIES RIVER
	1	1	1	RANDFONTEIN
	1	1	1	SITLUNDU HILLS
	2	2	2	BENONI

Statistics from 1 April to 30 June 1990 are not available.

(2) (a) and (b)

The safety situation on trains varies continually and it is therefore not practicable to furnish the information as requested by the Honourable Member. Additional personnel will, however, be appointed as and when necessary.

(3) Security personnel are being utilized at stations and on trains in conjunction with the SA Police.

Secondary schools: Latir

204. Mr D J DALLING asked the Minister of Education and Training: Hansard 27/3/91

(a) How many secondary schools fall under his jurisdiction and (b) how many of these schools offer Latin as a matriculation course?

B549E

assistance to the Honourable Member, the following information was obtained from the Central Statistical Services for the period 1 July 1988 to 30 June 1989 and 1 July 1989 to 30 June 1990: Hansard 27/3/91

1. Crimes against the human life and bodily security of a person (including culpable homicide, assault with intent to do grievous bodily harm, common assault and murder):

Sentences imposed	Number of persons	
1988/89	1989/90	
Fine	: 17 831	16 576
Corporal punishment	: 6 303	5 134
Imprisonment (Not specified)	: 42 702	50 187
Suspended sentence	: 13 189	12 762

2. Theft and related crimes:

Sentences imposed	Number of persons	
1988/89	1989/90	
Fine	: 522	616
Corporal punishment	: 11 686	11 744
Imprisonment (Not specified)	: 57 741	58 305
Suspended sentence	: 13 386	13 854

The MINISTER OF EDUCATION AND TRAINING:

(a) 501 (1990) Hansard 27/3/91

(b) 1 (1990)

Certain crimes: sentences

214. Mr L FUCHS asked the Minister of Justice: For each of the crimes of (a) culpable homicide, (b) assault with intent to do grievous bodily harm, (c) common assault and (d) theft, how many persons (i) were sentenced to (aa) a fine, (bb) corporal punishment, (cc) imprisonment for less than two years, (dd) imprisonment for less than 10 years but more than two years, and (ee) imprisonment for longer than 10 years, and (iii) received suspended sentences, in 1989 and 1990, respectively? Hansard 27/3/91

The MINISTER OF JUSTICE: B562E

The required information is not readily available in the Department. In an effort to be of

Each province: convictions

215. Mr L FUCHS asked the Minister of Justice:

(1) How many persons were convicted of (a) murder, (b) culpable homicide, (c) rape, (d) assault with intent to do grievous bodily harm, (e) common assault and (f) theft in each province in 1989 and 1990, respectively;

(2) how many of the above persons were members of the (a) White, (b) Coloured, (c) Indian and (d) Black race group? Hansard 27/3/91

the following information was obtained from the Central Statistical Services: Period: 1/7/88—30/6/89 1/7/89—30/6/90

Crimes	Persons	Persons
(a) Murder	2 696	4 721
(b) Culpable homicide	3 689	3 508
(c) Rape (attempted rape included)	5 160	4 990
(d) Assault with intent to do grievous bodily harm	50 188	45 897
(e) Common assault	41 325	37 438
(f) Theft	83 736	85 298

(2) The information is not readily available, because the statistics are no longer kept separately for each race group.

Strikes: man-days lost

227. Mr A GERBER asked the Minister of Manpower:

How many man-days were lost as a result of strikes in the Republic in 1986, 1987, 1988, 1989 and 1990, respectively? Hansard 27/3/91

The MINISTER OF MANPOWER:

1986 =	1 308 958
1987 =	5 825 231
1988 =	914 388
1989 =	1 238 686
1990 =	2 973 921

Note:

The figures for 1989 and 1990 are for the period 1 November until 31 October of the following year, while for 1986, 1987 and 1988 it is for the period 1 January until 31 December.

Own Affairs:

Hormone herbicides

44. Mr P C CRONJÉ asked the Minister of Agricultural Development: (3) Ues

(1) Whether it has been brought to his attention and/or that of his Department that physiologically active levels of certain hormone herbicides, the names of which have been furnished to the Minister's Department for the purpose of his reply, have been found in the air, rain-water and

B563E

plants in affected areas; if so, what are the names of these herbicides; *(2) Yes*

(2) whether he will comment on a claim made by a Dr Louis van Dyk in a paper delivered at a national weed science conference in February 1990 that hormone herbicides were the primary cause of vegetable problems experienced in Natal; if not, why not; if so, what are his comments;

(3) whether any research has been undertaken into whether hormone herbicides are the primary cause of the vegetable problems experienced in Natal; if not, why not; if so, (a) what research, (b) at what cost to date and (c) with what results;

(4) whether any research in this regard is being envisaged for the future; if not, why not; if so, what are the relevant details? B580E

The MINISTER OF AGRICULTURAL DEVELOPMENT:

(1) Yes;

(i) 2,4-D, dicamba, MCPA and triclopyr were found in rain samples;

(ii) 2,4-D were found in plant samples; and

(iii) 2,4-D, MCPA and dicamba were found in air samples.

(2) Dr Van Dyk delivered a paper titled "Phenoxy-herbicide Residues in the Atmosphere" at the combined congress of the SA Society for Crop Protection, the Southern African Weed Science and the Soil Science Society of Southern Africa on 20 January 1989. Because a court case was pending his paper was not published but the Farmers Weekly of February 10, 1989 published a brief extract. Dr Van Dyk made no claim that hormone herbicide contamination was the primary cause for alleged vegetable problems in Natal.

(3) Yes;

(a) (i) Monitoring of hormone herbicides in rain in Natal and Transvaal.

(ii) Monitoring of air for hormone herbicides in both Natal and Transvaal.

(iii) Monitoring plant samples for hormone herbicide residue.

(iv) Comparison of physical and chemical properties of hormone herbicide formulations.

(v) Ability of adjuvants to reduce water evaporation from spray droplets.

(vi) Ability of adjuvants to decrease secondary vapour drift of hormone herbicides.

(vii) Determination of 2,4-D in plant material.

(viii) Development of an immunoassay technique for quantifying hormone herbicides in various matrices.

(ix) Correlation of plant symptoms with hormone herbicide content.

(x) Monitoring of air and rain in Natal and Transvaal for pollutants other than hormone herbicides.

(xi) The effect of temperature stresses and 2,4-D dimethyl-amine on the tomato cultivar Florada.

(xii) The economic effect of hormone herbicides in rain on vegetables.

(xiii) Optimization of lettuce production in the Tala Valley.

(xiv) Interaction between 2,4-D in vapour, dew and rain and the incidence of diseases on susceptible field crops.

(xv) Analysis of soil and plant samples from the Tala Valley for nutrients and other elements.

(b) The cost of the research to date is about R2 million.

(c) The results are voluminous. Final computations and evaluations are being made. An open conference where all the results will be made available and discussed is scheduled for 3 June 1991 at Cedara College of Agriculture.

(4) Research is still going on. The continuation of research will be considered after the above-mentioned conference.

Pongola: hormone herbicides

45. Mr P C CRONJE asked the Minister of Agricultural Development:

(1) Whether it has been brought to his attention and/or that of his Department that research conducted by the Plant Protection Research Institute showed that several hormone herbicides were found regularly in rain-water in Pongola;

(2) whether he will comment on a report submitted in 1990 by a person working for the South African Society for Plant Pathology to the effect that the so-called Tala Valley vegetable syndrome occurred all over Natal, including Pongola; if not, why not; if so, what are his comments;

whether he or his Department has evidence that the problems experienced by farmers in the Tala Valley are caused by a factor other than hormone herbicides; if so, what evidence;

(4) whether the agrochemicals industry has intimated that it will sue the responsible Minister if hormone herbicides were banned in Natal or the rest of South Africa; if so, what are the relevant details;

(5) whether he has research results proving that hormone herbicides in vapour or solution form can cause damage to vegetable crops; if so, what is the nature of these results? B581E

The MINISTER OF AGRICULTURAL DEVELOPMENT:

(1) Yes; Only 2,4-D and MCPA residues were found by the Plant Protection Research Institute in Pongola rain-water samples. Out of a total of 48 rain-water samples collected in the 1989/90 season, one contained MCPA (1989-10-20) and two 2,4-D (1989-10-31 and 1989-11-04) which amounts to 6% of the total number which is only sporadic.

(2) No; No report by a person working for the South African Society for Plant Pathology was received.

(3) Yes; Results of experiments which have not been fully concluded will be made available at the open conference scheduled for 3 June 1991.

(4) No.

(5) Yes; The research results will be made available at the open conference scheduled for 3 June 1991.

Schools: amounts spent

50. Mr R M BURROWS asked the Minister of Education and Culture:

What total amounts were spent on (a) school textbooks, (b) library books, (c) hostel accommodation subsidies, (d) pupil transport subsidies, (e) school audio-visual equipment, (f) school buildings, (g) stationery and (h) school furniture in the 1990-91 financial year at schools falling under his Department? B629E

The MINISTER OF EDUCATION AND CULTURE:

(a), (b), (c), (d), (e), (f), (g) and (h) Information not yet available.

Spuds: the chips are down

Star 23/1/91 (3) Veg

Potatoes have simply not been up to par recently. As a result of plummeting sales, the Potato Commodity Organisation has formally requested the re-introduction of compulsory potato inspection.

The days of finding blemished, malformed and diseased potatoes in the pocket may soon be over. Consumer resistance to unacceptable potatoes has caused sales to plummet.

Producers from the Potato Commodity Organisation publicly recognised at their annual Potato Congress recently that "the image of the potato" has suffered among consumers.

Inspection

"If we continue to cheat the consumer, we will simply be cheating ourselves in the long term," was the oft-repeated sentiment during the congress.

"Apparently potato growers are not yet mature enough to market without inspection," said Johan Minnaar, chairman of the Potato Board.

The Potato Commodity Organisation has formally requested the re-introduction of compulsory potato inspection and the Potato Board is looking into the practicalities of undertaking the task.

The potato farmers will foot the bill if inspection is reinstated, which will lead to a slight rise in potato prices.

Until 1987, compulsory quality inspection of potatoes was the duty of the Department of Agriculture until the combination of a cash short-

age and the Government's policy of deregulation led to the phasing out of the system. Now inspections take place only at the request of producers.

Even the Potato Commodity Organisation's magazine "Chips", refers to "the reckless manner in which potatoes are crammed into pockets — mediums among large, second grade among first — and a wide assortment of inadmissibles."

"The sale of products with concealed defects is prohibited by law. Many of our potato growers are fortunate that the relevant Act is not easily applied to the sale of low-cost items," added the editorial.

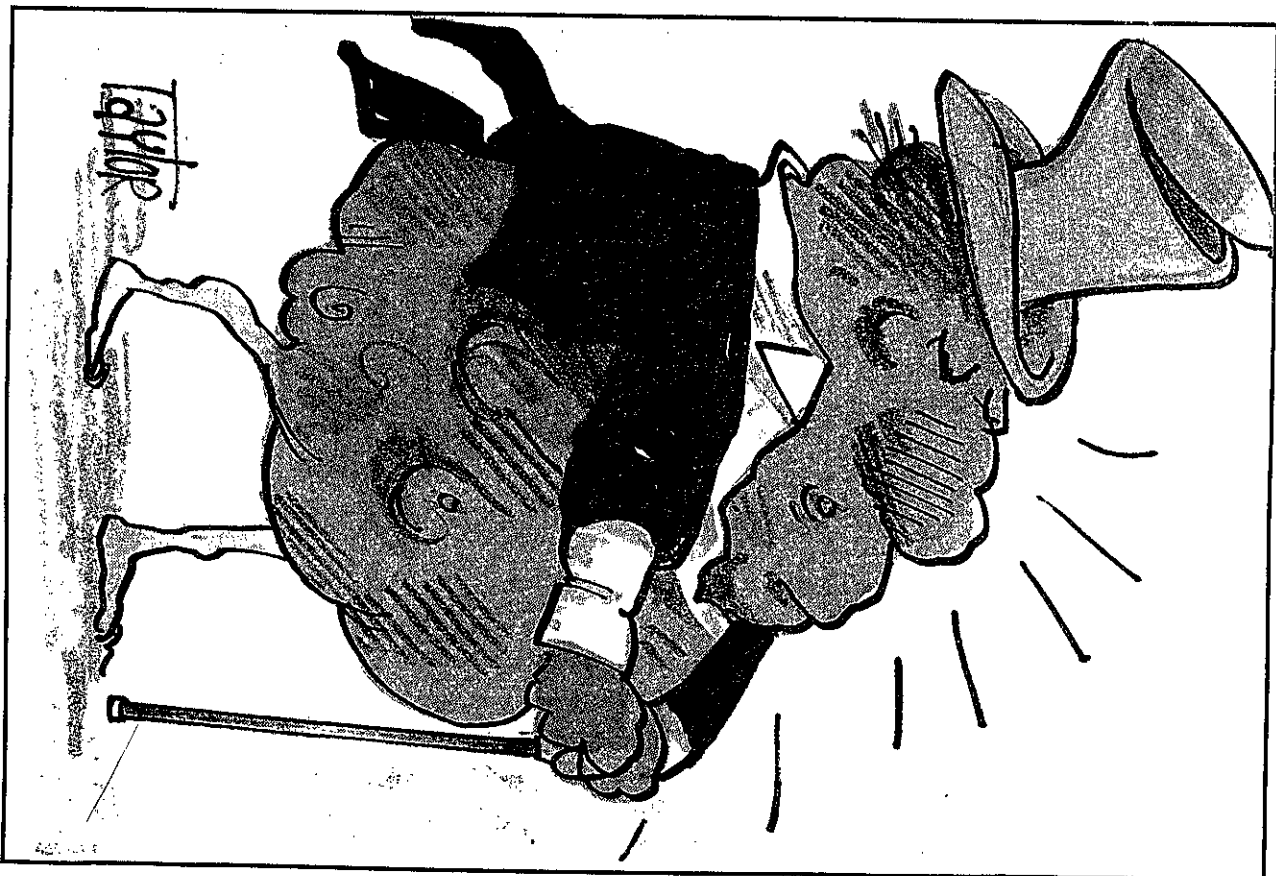
Hopefully, in future it will not be up to exclusive food stores to inspect and pack potatoes properly — at a high price.

Worthwhile

Rather, potato producers should follow the German example. Not only is each potato inspected and classed, but the potatoes are packed and labelled according to intended uses such as mashed, chipped or roasted.

If this level of sophistication is achieved, then all the self-flagellation by our local potato producers will have been worthwhile. And the slightly higher price per kilogram might be worth paying.

JUSTINE NOFAL



Goodbye Mr Rotten Chips . . . poor quality potatoes must go.

8/200 2/18/91

Call to privatise fresh produce

GERALD REILLY

PRETORIA — The country's multimillion-rand fresh produce industry should be deregulated and privatised, a new report recommends. (3) Veg

The Human Sciences Research Council's investigation into the operation of the fresh produce markets could bring major changes for producers, market agencies and buyers.

Opening a conference on the HSRC's report yesterday, Agriculture Minister Kraai van Niekerk said another significant recommendation was that market management's responsibilities should shift from a relatively big involvement in market activities to one of property management.

The current 5% ad valorem commission on gross turnover ought, therefore, to fall away.

This would mean the commission for fresh produce markets would have to be closely scrutinised and might have to be phased out, Van Niekerk said.

Most problems in the industry centred on the lack of clear division between the tasks and responsibilities of market management and market agencies.

Van Niekerk said in terms of the recommendations, existing market agencies could expand their activities to act as wholesalers, brokers and packers.

Market ~~control~~ control (3) Vegetables changes

likely

STAR 14/12/91
Consumer Reporter

Fresh produce marketing could become more decentralised and guided according to economic forces if Human Sciences Research Council (HSRC) recommendations are implemented.

Agriculture Minister Kraai van Niekerk approved the recommendations after an investigation into the marketing of fresh vegetables and fruit.

The investigation focused on the redivision between market managements and agents of tasks and responsibilities. Market management activities should be reduced and market agencies' tasks extended, according to the recommendations.

Legislation

The Minister said Parliament would consider legislation to implement recommendations that the Commission for Fresh Produce Markets be repealed and that control over market agents be transferred to a statutory board.

"The repeal of the Commission for Fresh Produce Markets Act, together with the implementation of the recommendations of the HSRC report, will result in the moving away from a strong centrally guided fresh produce marketing system to a more decentralised system," Mr van Niekerk said.

Fresh produce markets would have to organise and manage themselves according to the economic forces and needs of their immediate environment. This has advantages for producers and consumers and promotes free market principles, he added.

Potato shortage now seems likely

A POTATO shortage is expected soon because of the drought (3 ves)

National Potato Marketing Organisation chairman Danie Claassen yesterday said potato farmers were facing the same crisis as other farmers STAR 8/2/92

He said potato crops in the Free State had lower yields because of heat damage. — Sapa.

Drought: Veggie prices start to hit the roof

R25 213192
The Argus Correspondent

JOHANNESBURG. — Vegetable prices — especially those of lettuce and beans — are soaring as the first effects of the drought begin filtering through.

The shortage has already affected supermarkets and fruit and vegetable stores and prices are rising steadily.

A spokesman at City Deep market said this weekend there was a severe shortage of lettuce and beans.

Other softer vegetables were also rising in price.

Agent sources said the shortages of lettuce and beans was

expected to last until the end of March.

Prices almost doubled last week, with one box of lettuce selling at R18 instead of the usual R10.

A "banana box" of lettuce normally sells between R6 and R15 depending on the quality.

A 5kg box of beans, normally costing between R5 and R8, sold for between R17 and R25 a box last week.

Tomatoes are also in short supply because of the heat. But prices are expected to come down because the demand is low.

STAR 213/92

Drought raises vegetable prices

Consumer Reporter (3) veg

Vegetable prices — especially of lettuce and beans — are soaring as the first effects of the drought begin to reveal themselves to consumers.

Shortages have already filtered through to supermarkets and fruit and vegetable stores, and prices are rising steadily.

A spokesman at the City Deep market said there was a severe shortage of lettuce and beans in particular.

Market sources said the shortage in the two crops was expected to last until the end of the month.

Prices almost doubled last week, with a box of lettuce selling at R18 instead of the usual R10. STAR 213/92

A "banana box" of lettuce normally sells for between R6 and R15 depending on quality. Last week, prices for these boxes ranged between R12 and R25.

A 5 kg box of beans, normally costing between R5 and R8, sold for between R17 and R25 a box last week.

"Tomatoes are also in short supply because of the heat. However, prices are expected to come down because the demand is low," said a spokesman for one market agent.

Drought pushes up city vegetable prices

(3) VEG CT 4/3/92

Staff Reporter

VEGETABLE prices in Cape Town have increased significantly in the past week.

The inland drought has hit the local price of tomatoes and potatoes as the local farmers have turned to supplying northern markets where there is a drought-related shortage.

Three weeks ago at the Epping market a 10kg pocket of potatoes was R6. Now it's is R11.

Mr Deon de Goede, deputy director of markets at Epping, said that the drought in the Free State had resulted in an under-supply of potatoes to up-country markets and that local pro-

ducers, especially Ceres farmers, had been diverting their produce to these markets. The shortage at home had caused the potato price hike.

Similarly, Mr De Goede said, the drought in the Transvaal had provided some local tomato-growers with the opportunity of selling their produce on northern markets. Consequently the price of a tray of tomatoes at the Epping market had risen by R2.

The price of green beans jumped from R12 to R16 a 10kg pocket. English cucumbers, which normally sell for R12 a box, are now R15 and the price of individual cauliflowers has risen by 20c.

Potato price soars as drought bites

By John Miller

STAR

5/5/92

(3) veg

116

The slap chip, along with mash and roast potatoes, could soon become a luxury if the spud shortage continues.

Gerry de Jager, commodity manager for the Potato Board, said yesterday he expected prices to remain high until at least the rainy season in October/November.

Mr de Jager said some green-grocers were now charging up to R30 a pocket, compared with the R3-R5 paid six months ago.

He said summer suppliers to the PWV area from the eastern Transvaal and Free State had had their crops cut in certain cases by up to half.

The eastern Transvaal this season delivered 16 million pockets, compared with 19 million last year; the eastern Free State was down to 12 million pockets (19 million last season); and the western Free State could produce only 10 million pockets (23 million).

Mr de Jager said the winter crop from the northern Transvaal, which was under irrigation, was expected next month and the main crop in September.

This crop was expected to be the same as the previous season — roughly 25 million pockets. However, this would depend on frost in the region.

"Unfortunately for consumers who want a good-quality potato, they will have to pay for it as the drought has affected quality," he said.

While bangers and the traditional Sunday roast may have to be served without potatoes, there is good news for the potato crisp fans, as both major manufacturers rely largely on contractors and are not dependent on the market.

For the same reason, major fast-food outlets will also not be affected and will also not put up prices for their chips, but corner-cafe owners will have to increase prices.

Drought shoots up potato price

**PAT CANDIDO and
HENRIETTE GELDENHUYS**
Staff Reporters

THE drought has pushed the price of the humble spud into the delicacy price bracket.

Potato prices in the Western Cape have doubled since March, have tripled since February and will probably continue to rise because of the drought in the Free State.

In the Eastern Cape retail prices of potatoes have skyrocketed to R3,50 a kilogram and some Port Elizabeth shops are charging R22,99 a pocket. The normal price of between R9 and R10 a pocket shot up to R16 a pocket last week and has continued rising.

Epping Market deputy director Mr Deon de Goede said the wholesale price of a 10kg pocket of class 1 potatoes was between R4,50 and R7 in the first week of February, R10 to R12 in the first week of March, R10 to R14 in the first week of April and between R16,50 and R19,80 this week.

This would make the retail price between R21 and R24 a pocket, he said.

In supermarkets consumers

would pay about R2,50 to R2,80 for a kilogram.

Soaring prices would stabilise only in August because of the drought, Mr De Goede said.

Potatoes from Ceres and the Sandveld were normally augmented by supplies from the Free State at this time of the year but this was impossible because of the drought.

At a meeting in Kroonstad last week, Free State farmers disclosed they were producing 20 million fewer pockets than last year.

Port Elizabeth municipal market director Mr Johan Kruger said 70 percent of the city's potatoes came from the Gamtoos Valley, where farmers would harvest only in about three weeks' time and Free State farmers were harvesting only about a third of their normal crop.

And for those who like fish with their chips, there is another blow. The price of fish has also rocketed in the Eastern Cape because of a shortage. Red fish is selling for R7,95 a kilogram, hake fillets for R9,95, cob fillets for R16,95, large soles for R23,50 and haddock for R8,75 — a general rise of about 20 percent.

③ VEGETABLES 120/8/5/92



University
chancellor
Dr William
Davis.

Picture: AP

Potato price soars 80% as drought bites

CT 23/5/92 Staff Reporter (3) VEE.

THE price of potatoes has rocketed by as much as 80% since the mid-March drought, the Potato Board said.

Spokesman for the board Mr Gerrie van Jaarsveld said yesterday that the average market price for medium class 1 potatoes was R15,38 a 10kg pocket.

Supermarkets and vendors are selling potatoes for between R20 and R26 a pocket.

Commenting on whether consumers were being exploited by retailers, he said: "If the retail price is not consistent with the market price, we would have objections to that."

Mr Van Jaarsveld did not expect the selling price of potatoes to decrease for the next six weeks.

SHIP...
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Sellers climb aboard drought bandwagon

By Paula Fray
Consumer Reporter

Drought profiteering is the latest blow for hard-pressed consumers already facing high food prices.

While there have been genuine cost increases as a result of drought-related market shortages, consumer groups are concerned that the farmers' dilemma could be used by unscrupulous businessmen.

They point to potato prices as a case in point. Despite a surplus at local markets, there has been a steady price increase in recent months.

Inquiries by The Star revealed that, in at least one instance, the price rose by more than 100 percent from the produce market to the store shelves.

Potato Board general manager Jerry van Vuuren said a survey had shown a retail price high for potatoes last Friday of R37,90 for 10 kg. This compared with a high of R17,61 for a 10 kg pocket of

average class-1 medium-sized potatoes at the National Fresh Produce Market.

Potatoes, explained Mr van Vuuren, were mostly grown under irrigation. The only dryland potato-growing areas were in the Free State, but the effect of the smaller crop would be offset by other areas coming into production.

Therefore, the lack of rain should not have a big effect on supplies and the price.

Last Friday, the average market price for class-1, medium potatoes in 10 kg bags was R17,61 in Johannesburg, R16,67 in Pretoria, R15,95 in Durban, R15,49 in Cape Town, R14,05 in Port Elizabeth and R13,28 in Bloemfontein.

The board checks retail prices but has no powers to act on unreasonable increases.

A survey last week revealed potato prices in the stores ranged from an exorbitant R3,79/kg (R37,90 for 10 kg) to a reasonable R1,86/kg (R18,60 for 10 kg).

According to the Potato Board, there is still a surplus

of potatoes. On Friday last week, 108 000 pockets of potatoes were put up for sale in Johannesburg — of which only 43 000 were sold.

Consumer Union chairman Lillibeth Moolman said prices were already high at market level despite sufficient demand for the product.

Mrs Moolman said it was worthwhile buying potatoes in bulk during winter.

The Potato Board agreed: "If we can give any advice to consumers, then it would be to buy a full pocket of potatoes. The consumer can also buy at the National Fresh Produce Markets and pay the normal price of the day."

At least one Johannesburg consumer, angry at high retail cost for potatoes, intends starting a petition against exorbitant food prices.

Ada Mandelstam said that while Middelburg farmers were being paid about R7 for a 10 kg bag of potatoes, some retailers were charging between R22 and R25 a pocket in Johannesburg. "I've had enough."

STAR 2715792

...on Saturday mornings.

Potato prices high despite glut

Pretoria Correspondent

(3) Neg

Despite a glut of potatoes on South Africa's National Fresh Produce Markets, each 10 kg pocket of Class 1 Medium potatoes is still selling at between R13,05 and R15,36.

Only two months ago potatoes were selling at between R7,50 and R12 a pocket.

Potato Board general manager Gerrie van Vurren yesterday said a massive 568 000 pockets had reached the markets in South Africa.

Altogether, 141 000 pockets were available at City Deep. At the end of the day, 97 000 were left.

In Pretoria 71 000 pockets were available, of which 44 000 were unsold.

Pockets of Class 1 Medium potatoes fetched the most at City Deep — R15,36 a pocket. Bloemfontein recorded the lowest return on this class of potato, at R13,05 a pocket.

Asked why prices were high considering the amount of potatoes available, Mr van Vuuren said prices were, in fact, on the decrease.

The drought was not affecting potato supplies, as potatoes were grown in many areas and production was staggered, he added.

5712 24/6/92

There is no point if

you're eating poison,

Star 23/6/92

HEALTHY DEMAND

Most consumers are unaware of the health and environmental benefits of organic agriculture, so they don't insist on it. They can raise their voices and create the demand.

YOU don't have to eat poison along with your fruit and vegetables. Educated consumers can demand organically grown produce if they don't have the time or inclination to grow their own. Organic agriculture is still marginal in South Africa, mostly because of ignorance, says Har Bjan, owner of a Yeoville health food shop. "Consumers are unaware of the many health and environmental benefits of organic agriculture, so they don't insist on it," says Har Bjan. His shop stocks more produce than he can sell. And while organic produce has a reputation for being expensive, in reality this is undeserved. At current prices, much of Har Bjan's organic produce is cheaper than supermarket-kets.

And if you compare apples with apples, quality-wise his product is superior, he says. Even after the carrots and the lettuce go soft, a little cold water firms them up and they still have all the benefits with none of the disadvantages of chemically grown food.

"I wonder what is going to stop people from raping and plundering this earth. We all pay the price," Har Bjan says.

Organic farmer Phina Milner uses her own earthworm humus to produce organic fertiliser to grow vegetables on a farm 15 km outside Brits.

Her rows of 10 000 spinach and 20 000 lettuces and cabbages are interplanted with garlic and onions "to prevent gogga attacks without using any poisons whatsoever". Ms Milner hopes to market her produce

to supermarkets at no extra cost to the consumer.

She would be happier to produce the goods cheaper than produce grown with chemicals, but "the middle man is greedy".

"The Cancer Association is always telling people to eat more fruit and veggies, but what's the use if the food is grown in nutrient deficient soil with chemical fertilisers and poisons?" she asks.

When chemical fertilisers are used, the plant goes into a "state of unnatural

'I wonder what is going to stop people from raping and plundering this earth. We all pay the price.'

Health shop owner

growth". Amino acids are produced so fast, says Ms Milner, that the plant cannot convert it into protein fast enough. These loose acids are food for insects.

The more food there is available on a plant, the more "goggas" you get. The walls of the plant become thinner and more susceptible to disease and fungal attacks.

"You can't grow food chemically without poisons to control the insects," she says. When food is grown organically, the

plant uses what food it needs to grow. Metabolically it is healthier and stronger, with more resistance to insect and sickness attacks.

Ms Milner would like to see all vegetable and fruit farmers converting to organic methods.

"I can prove that if they stop using poisons, they won't lose money." But Bill Smit, technical manager of a company that manufactures garden-care products, says pesticides are safe depending on how they are used.

"Unfortunately we cannot rely solely on the natural rules of balance in nature as a basis for plant protection. Chemical protection offers a proven, reliable solution - if correctly applied," Mr Smit says.

Products recommended for use on edible crops always stipulate the safe waiting period to be followed between product application and harvesting, to eliminate the risk of undesirable toxic residue.

"Pesticides must necessarily contain 'toxic substance', be they natural or chemical, to kill undesirable insects and control plant disease or weeds," he says.

Pesticide manufacturers spend millions of rands researching and developing products capable of controlling problem areas while posing the least possible threat to the environment.

All pest control products sold in South Africa are required by law to be registered with the Department of Agriculture and are also screened by the Department of Health.

Registration is granted only once extensive trials have proved that the product is effective for controlling specific insects or disease, and that it is safe when used according to instructions, Mr Smit says.

3 veg

Board 'barred' import of good, cheap potatoes'

By EUNICE RIDER

A SNACK company was recently refused a permit from both the Potato Board and the Department of Agriculture to import cheap, quality potatoes — at a time when local potato prices had rocketed and quality had plunged to an all-time low.

Mr Arvid Smedsrud, procurement and planning manager for Willards Foods, said yesterday that until about three weeks ago potato quality was "shocking" and prices were "unrealistically high because of the drought".

"The quality was so poor we had to stop manu-

facturing some of our most popular brands — those which required good potatoes.

"Willards applied for a permit to import top quality potatoes which could be landed from the United States at half what we were paying at the local markets — R10.50 instead of R20 per pocket — and we were refused."

Mr Smedsrud said: "When we made the application the board maintained that there were 'enough potatoes' and accused us of not wanting to pay market prices despite our being prepared to buy hundreds of tons of local potatoes for our ordinary brands of chips."

"We need superior quality potatoes for certain lines, which we've had to suspend, and we've lost more than R2 million through that."

"Last year the Potato Board reduced the pocket size from 15kg to 10kg without decreasing the price . . . they don't care for the overburdened consumer," he said.

Mr Mike de Villiers, Potato Board spokesman, said yesterday the permit was refused because if the imported potatoes — despite having been scientifically tested — had not lived up to the expected quality they would have had to be sold on the local market.

"There is a misconception with the public that we increase prices. We operate on the principle of supply-and-demand," he said.

"When there is an excess, potato prices automatically drop."

But he claimed that when the snack company made its application a month ago only about 50% of the potato produce was being sold — at an astounding R21 per pocket.

Meanwhile potato quality has improved and average prices on all classes had dropped to R11.50 per 10kg pocket by yesterday.

3 VEGETABLES CT 15/7/92

Food aid demand increases

Blom 25/9/92
DROUGHT, political violence and economic woes had swelled the number of families seeking food aid from Operation Hunger, executive director Ina Perlman said in her report for the financial year.

Mounting demands for relief aid had forced the organisation to reverse its principle of independence and accept financial assistance from government, Perlman said.

Under government's R220m hunger relief programme, Operation Hunger had received R10m "after a five-month battle".

Perlman said a steady slide in the economy, increasing unemployment, retrenchments on the mines, violence and the return to rural areas of people fleeing warfare had swelled numbers seeking assistance.

"It is worse, much, much worse than we anticipated," she said.

"Field trips are journeys of discovery into previously uncharted depths of misery, human suffering and want."

Perlman said the organisation would have to halve its rations in September, knowing this would affect more than 2-million people.

In the northern Transvaal, which has been devastated by drought, 269 000 people were receiving food aid. "Prospects are frightening," regional director Johann Rissik said in his report.

Rissik expected an increase of between 20% and 60% in numbers seeking relief from Operation Hunger.

The organisation was feeding 250 000 in the Free State, 350 000 in the eastern Cape and Border region and 102 000 in the western Cape.

In Transkei, Operation Hunger was feeding 70 000 children at 350 schools and creches.

About 60 000 people threatened with starvation were waiting to be placed in feeding schemes in the eastern Cape and Border, said regional director Glynis Baer.

The drought had also affected vegetable-growing schemes started by the organisation in Hammanskraal, Mafikeng, Rustenburg and the Free State.

Deputy director for relief and development Mpho Mashini said that of the large-scale agricultural schemes started a year ago, only 1 000 farmers in KwaZulu had a chance of yielding 30% of their harvest.

"It is no longer a case of part-intervention. All intervention must now be 100%," he said.

Perlman said: "Central to all our thinking these past 12 months has been that hugely increased relief must be linked to long-term development." — Sapa.

Public transport revamp facing many challenges

Blom 25/9/92
PRETORIA — Lack of development finance and an urbanisation strategy were two barriers in the way of solving the problem of an adequate public transport system in the PWV, TPA MEC for roads Ahmed Arbee said yesterday.

He said a public transport study by a consortium appointed in 1990 by the TPA was on course and more than 200 problem areas had been identified. Among them were the poor quality of public transport services and facilities, lack of co-ordination, unplanned development, and the fact that only certain public transport modes received subsidies.

Arbee said the challenge facing transport planners in the PWV area was to provide public transport for a population of 12,8-million people in an urbanised area of 210 000 hectares by the end of the century.

The population of the PWV increased from 7-million in 1985 to 9-million in 1991. A projected rate of increase of 3,8% a year would increase it to 12,8-million by 2000.

Provision would, therefore, have to be made for an increase in the transport requirements of 3,8-million people over the next eight years.

"The picture looks bleak if all the associated social costs are taken into account," Arbee said it was important to acknowledge transport was as

Blom 25/9/92
GERALD REILLY
legitimate a need as education, housing and health.

Currently only about 51% of the increase in the worker population could be absorbed by both the formal and informal economies. Close analysis revealed only 5% were absorbed by the formal sector.

The absorption rate of the formal economy was likely to steer transport even more in favour of public transport in future. The study showed this trend would be supported by decreasing per capita incomes in the PWV area, Arbee said.

He said the PWV economy could not absorb the work-going population increase of 3,9% a year since 1985.

In addition to the 333 000 people without work in 1985, 417 000 workers had since become unemployed, the study showed.

The limited capacity of the informal sector had also been stretched by about 673 000 workers finding a livelihood within it.

Arbee said 82% of all commuters in the low income group used public transport.

More than 250 representatives of interest groups were invited to the consortium's first series of group discussions, aimed at pinpointing transport problems. A further series of meetings was planned for October.

Fruit and greens earned R1,51bn

Blom 25/9/92
RAY HARTLE (3) Veg
SA FARMERS sold 2,4-million tons of fruit and vegetables worth R1,51bn at 15 markets across the country in 1991, producer representative Philé van Zyl said at the SA Agricultural Union fresh produce conference yesterday.

This represented an increase in volume of 1,65% a year.

About 20 000 producers traded at fresh produce markets, generating about 17-million transactions a year. *Blom 25/9/92*

Producers wanted fresh produce markets "in every centre" and existing markets expanded.

Johannesburg City Council informal trading chief officer Dinkie Pillay told delegates the informal sector accounted for 15% of GDP and employed about 35% of the labour force. *25/9/92*

Phile said the informal sector provided significant opportunities which could be exploited by business and farmers.

Meanwhile, the Milk Producers' Organisation decided at its annual meeting in Port Elizabeth yesterday that the industry needed selective deregulation.

MPO chairman Boy Blackenberg said a working committee had been established to investigate the long-term effects of deregulating the industry.

Nature's costly bounty

Star 13/10/92



SHOP AROUND
Vegetables are rapidly becoming luxury items, beyond the reach of ordinary people. Even those street-side vendors are jumping on the price-hike bandwagon. **ZINGISA MASHUMBA** reports.

THE price of fresh vegetables is becoming hard to digest for most consumers, making it more important than ever to shop around for nature's bounty.

Fresh vegetables now cost on average 80 percent more than they did last year. **13/10/92**

A Trends survey shows the importance of comparing prices to benefit from low prices, be they from street vendors, the supermarkets or the fresh produce market.

A 10 kg bag of large potatoes, selling for R18 at the Johannesburg fresh produce market, was priced at R21.99 at Pick 'n Pay in Rosebank. A packet of the same brand weighing about 2 kg sold for R4.50 on the streets. This means the hawker is making R32.50 from the same bag of potatoes.

A bag of eight cabbages cost R5 at the market (about 63c each). At Pick 'n Pay the same size cabbages were sold for 89c while hawkers sold them for R1.50 each. Pick 'n Pay would make R7.12, while hawkers would make R12 from the same bag. Not bad going for vendors who have no overheads!

In general, we found it much cheaper to buy some vegetables, such as spinach, onions, broccoli and cauliflower from the market, rather than from Pick 'n Pay or the hawkers.

A recent survey done by the Consumer Council shows that certain fruits and vegetables cost 40 percent to 221 percent more at supermarkets than at local fresh produce markets.

The council looked at prices of fresh produce in supermarkets in Pretoria, Cape Town, Durban, Bloemfontein and

Vereeniging. Prices per kilogram at three supermarket chains were higher than at local markets.

Potatoes were 40 percent higher; tomatoes 86 percent; onions 197 percent; bananas 68 percent; oranges 221 percent.

Council executive director Jan Cronje says it is impossible to compare the prices of all fresh produce to market prices due to repackaging and because size and classification are often omitted.

Pick 'n Pay general manager Malcolm Baxter says although he is in favour of regular checks on fresh produce prices, people have to compare like with like to know what is cheaper.

Baxter says the council survey is meaningless because it is "not clear if other attributes such as grade, size and variety

of the product were considered. Baxter says street hawkers play an important role in today's fruit and vegetable market.

"Even though their prices per kilo are sometimes way, way up, it is still convenient for people walking along the streets to be able to see something they want and then buy it," he says.

Consumers are warned that only bulk buying is allowed at the markets and stockpiling fresh vegetables is not often wise, especially in summer.

Council spokesman Paul Ross advises consumers to club together once a month and buy directly from the market to benefit from the cheaper prices.

"Consumers should also look out for farmer markets — where farmers bring their produce to specific areas and sell directly to the public," he says.



Forking out... the price of fresh vegetables has sky-rocketed.

Picture: Joao Silva

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Veg prices set for 100% rise

By ARI JACOBSON
and CLARE BISSEKER

VEGETABLE prices are set to double
in 1992, with the prices for the eight
months to August already up by 65%.

This is revealed in the just released
producer price inflation figures for
August, which give a detailed break-
down of increases in the distribution
chain between the producer and the
consumer.

High producer prices of agricultural
produce as a result of the drought
affected the producer price index
(PPI), which rose by 9,5% in August.

From July and August the largest
contribution to that figure was from
vegetables, which increased by
13,36%.

Fruit prices followed closely, rising
by 10,36%.

The producer price of unprocessed
grain rose by 7,75%, but meat prices
rose by only two percent.

Nedbank chief economist Mr Ted
Osborn said yesterday that the pro-
ducer price increases of unprocessed
agricultural foods were the "main de-
terminant" of food price inflation.

According to Ms Marty Grobbelaar,

assistant director of pricing at the
Central Statistics Service, the in-
creases in manufactured foods could
not be calculated because two-thirds
of the figures for August could not be
collected.

It was therefore not possible to de-
termine whether the high prices paid
by consumers were the result of price
hikes by farmers, the control boards
or manufacturers.

From January to August the produc-
er price of vegetables and dried beans
increased by 65,4%, sugar cane by
56,3%, unprocessed grain by 32,9%,
fruit by 1,3% and meat by 1,4%.

Economists said that the drought
had already made its impact on agri-
cultural prices and that the situation
should now normalise, "providing the
Transvaal received good rains".

Mrs Sheila Baillie, the national vice
president of the Housewives' League,
felt the increases were "not justified".

"No control boards govern the sell-
ing of either fruit or vegetables. In
vegetable growing areas the drought
has been alleviated but in August the
price still rose by over 13%.

"I think they're hogging it," she said.

● PPI rises 0,2% for August — Page 10

Baron P1

Veggie price rise: Reasons

CT 17/10/92

③ VEG

Staff Reporter

THE SA Agricultural Union believes the 65% price increase in vegetables sold on national fresh produce markets from January to August this year was the result of a drought-related shortage.

SAAU horticultural manager Mr Chris Bezuidenhout said yesterday the eight-month price increase had been driven by "enormous increases" in the prices of potatoes and onions.

Mrs Sheila Baillie, the national vice-president of the Housewives' League, was disturbed vegetable prices had increased by 13% in August although the drought was over.

Epping produce market director Mr Deon de Goede said the drought had created shortages which could not be alleviated in the short term and this explained why prices had not yet come down.

He agreed potatoes had spurred the overall price hike.

He said local farmers were still getting the same prices for carrots, cauliflowers, cabbages and lettuces they had charged five years ago in

Meat sales: New system

Staff Reporter

THE Meat Board has introduced a new system of selling meat to overcome consumer confusion about the procedures at the frozen meat auctions.

Consumers and traders will submit tenders one week before the auction stating the number of cartons they want and price they are willing to pay. The highest offers for bulk purchases will be accepted.

With single cartons, the best tenders will be accepted in descending order until all the meat is sold.

spite of increased production costs.

Consumer Council spokesman Mr Paul Roos said that although the drought was one of the main contributors to the 65% price increase, farmers had also had to bear substantial increases in production costs through having to import expensive machinery.

Trade surplus narrows on veg product imports

From HILARY GUSH
A RECORD import bill in September — led by vegetable product imports — saw the trade surplus narrow to R965.2m from August's R1,762bn. Customs and Excise figures released yesterday showed September imports climbed R400m to R5,05bn, on the back of a 80.3% year-on-year surge in vegetable product imports. Exports ebbed 6.2% in the month to R6,01bn from R6,41bn in August.

But export growth jumped 8% in nominal rand terms to R30,850bn for the first three quarters of this year compared to R47,107bn in the same period last year. The SA Foreign Trade Organisation's (Safto) economist Bruce Donald said the increase indicated the export growth was back on track after its dismal performance during the first year. The trade surplus for the first three-quarters of this year of R12bn is a healthy 17% on the same period a year ago.

Donald attributed higher agricultural imports to the effects of the prolonged drought. In the first three quarters of the year fats and oil imports soared 72% on the same period last year, while animal product imports swelled 55%. Nedcor Bank chief economist Edward Osborn said the value of imports — adjusted on a currency-weighted basis — increased by an "insubstantial 0.3% since the beginning of the year. This embraces the tremendous movement of maize." Donald was encouraged by the export performance of a number of manufactured goods. Exports of transport equipment, chemicals and plastics had increased 59%, 39% and 35% respectively.

Garlic imports suspended

PRETORIA — Agriculture Minister Kraai van Niekirk announced yesterday that the importation of garlic was to be suspended. (3) Vea

He said local production of garlic was of an acceptable standard and fully met local demand. Imports could have a negative effect on the industry.

The decision followed an extensive investigation into the local industry. SIDAM 27/11/92

"The Department of Agriculture will, however, watch the supply position closely. Further imports will be recommended should a shortage develop." — Sapa.

AGRICULTURE : PRODUCTS

VEGETABLES — 1993-1994

Perfection can poison your life

SMC 23/3/93

3 Nov

HIDDEN COSTS . . . Consumers are their own worst enemies when it comes to buying fresh produce. They want perfect vegetables, but here's an insidious cost attached, says Randburg horticulturist, MARIKA BOROS, reports.

THE more health-conscious consumers become, the more they slowly poison themselves by eating lots of zero-rated fresh fruits and vegetables, says Randburg horticulturist Keith Walker.

And it's mostly their own fault. Consumers are their own worst enemies when it comes to buying fresh produce, says nursery owner Walker. "They demand quality and variety, and wouldn't dream of buying a tomato that has the slightest sign of a pest on it."

Consumers should realise that a bit of soil on a lettuce, a few holes in the leaves and the odd pest stuck inside are good signs the produce is not saturated with poison. "It's much healthier to eat a little cooked green fly than it is to eat something that has just been sprayed with highly toxic poisons," says Walker.

To create these perfect vegetables and fruits, farmers spray crops with highly toxic sprays. Organic farming is the answer, but it isn't economically viable, says Walker. Farmers have to use chemical fertilisers, sprays and fungicides or they couldn't produce a fraction of this country's food needs.

Crop disease can't be cured, so it has to be prevented by spraying. In some cases as many as two or three times a week. Washing and peeling no longer reduce the poison content, he says, because 90 percent of sprays are systemic. The poisons are absorbed and held by the plant, to prevent them being washed away in the rain.

today's children start out with a mouthful of poisons when they eat their first solid mashed fruit or vegetable, Walker says. There will be a slow build-up of toxins in the system over a period of years.

Walker knows of two fruit and vegetable farmers who won't eat anything they grow on their commercial land, because they know how much poison the produce contains. He won't say who they are but he does say they grow their own vegetables in private, organic gardens.

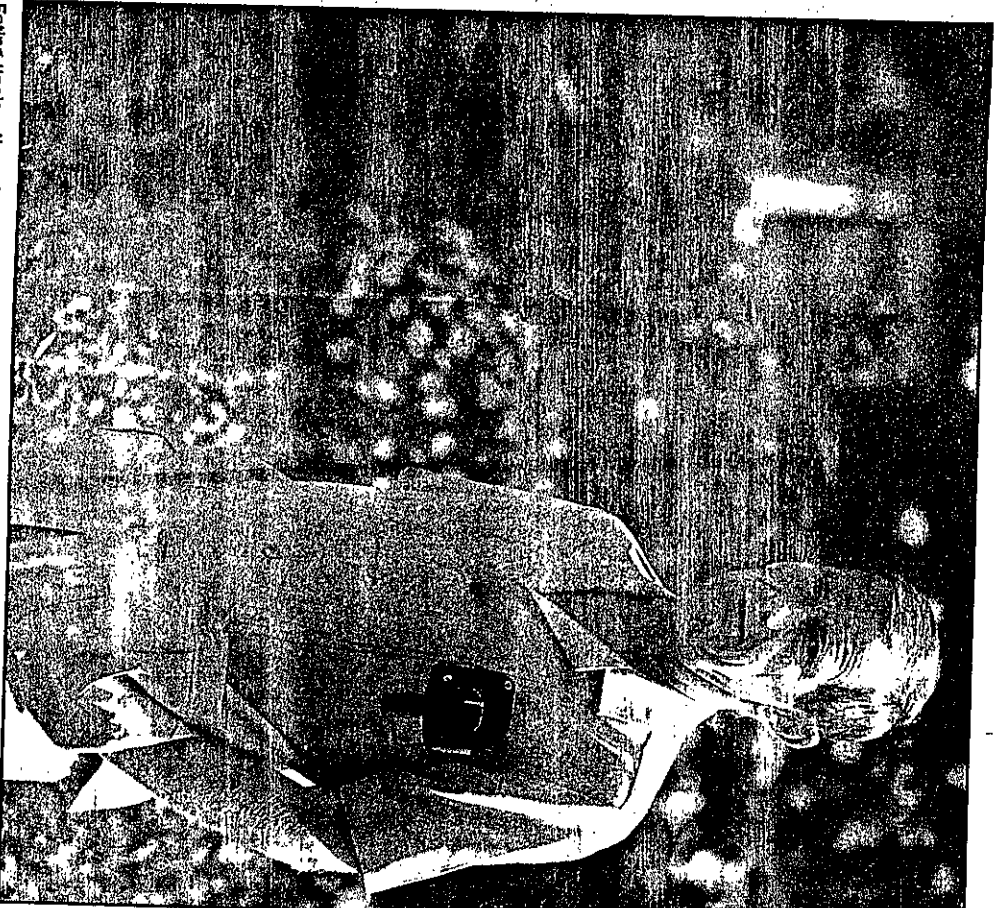
English cucumbers, lettuce, cauliflower, cabbages, tomatoes and potatoes are some examples of crops that need lots of spraying.

The cucumbers are grown mainly in tunnels or glasshouses. They are fed chemically and grown in high-density, environmentally closed conditions.

Consumers should lower their standards and grow their own vegetables. And they don't need acres of land and a diploma in organic farming to do so. A small space in the garden or a few pots of lettuce and tomatoes on the balcony would be a good start.

"If we all grew 30 percent of the vegetables we need, we'd all be ingesting that much less poison," says Walker. Homegrown vegetables may not look as good as their sprayed counterparts, but they are healthier.

Sprouts can be grown indoors, and don't need to be sprayed; brinjals are a hardy crop, not susceptible to disease. Fruit is more of a problem, says Walker.



Eating "poison" . . . Nursery owner Keith Walker says he knows of two farmers who won't eat anything they grow on their commercial land, because of the sprays used. Picture: Ken Oosterbroek

used, which act on contact between pest and pesticide, says Jones. There is less systemic absorption with these chemicals. Consumers who buy fresh produce have no way of knowing whether systemic or contact chemicals have been used. But there are no health risks attached to correct usage of sprays.

It's profitable — naturally

ORGANIC farming is more economically viable than conventional farming methods, says Bronkhorstspuit organic and free-range chicken farmer, Van Jackson.

Agricultural chemicals have had one of the highest inflation rates recently, says Jackson. Farmers are going bankrupt, and production levels have suffered because soil structure has been destroyed by overuse of fertilisers.

This impacts on the price of fresh produce which is set to go through the roof, Jackson says. There is a big demand internationally for organically grown produce, he says.

Demand for his produce far exceeds the amount he is able to supply. He supplies a few major outlets, including Pick 'n Pay, Thrupps, health shops and potatoes to The Palace at The Lost City.

In the 1960s Jackson farmed with chemicals until he realised it was basically a costly, unnecessary business. Input costs are far lower in organic farming, he says. "All the materials you need are usually right there on your farm." He uses chicken and cow droppings mixed with weeds to make compost. And when he sees pests on his crops, he "racks his brains" — usually a successful exercise.

He noticed that Bagrada beetles are attracted to the colour yellow. So he placed a few yellow buckets of water which successfully diverted the beetles' attention from his crops. (They drowned.)

And when his peach trees all produced rotten fruit thanks to the ubiquitous fruit fly, he decided to use the shade to make compost.

After one season, the fruit flies vanished. "I don't know if it had anything to do with the compost," says Jackson. "I only know that we haven't had a problem with fruit flies, and I can now produce peaches that are not rotten inside."

Man is arrogant if he thinks he knows better than the secrets of the soil, says Jackson. He has gone even further and grown vegetables in soil. Hydropnically grown vegetables particularly are totally artificial.

THE MORNING AFTER

comes to buying fresh produce. They want perfect vegetables, but there's an insidious cost attached, says a Randburg horticulturist. **MARIKA SBOROS** reports.

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Crop disease can't be cured, so it has to be prevented by spraying, in some cases as many as two or three times a week.

Washing and peeling no longer reduce the poison content, he says, because 90 percent of sprays are systemic. The poisons are absorbed and held by the plant, to prevent them being washed away in the rain.

Farmers are not supposed to spray within 14 days of harvesting, but this is difficult to monitor. If a farmer spots a pest within that period, he will be tempted to spray, rather than lose the whole crop.

Spraying of fresh produce has become more scientific and more intense over the past few decades.

Elderly people today have at least had a few decades of eating fruit and vegetables that were not overly sprayed. But

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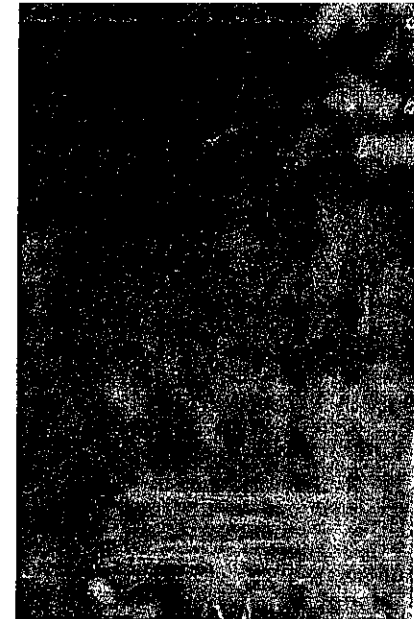
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Fruit is more of a problem, says Walker.

Some berries are easily grown, as are grenadillas and strawberries, but peaches seldom yield a decent crop without spraying because of the fruit fly, a pest that has become worse in the past two decades.

● Dr Robin Jones, product manager for a company that produces and markets agricultural chemicals, says systemic chemical sprays make up only a small percentage of agricultural chemicals used in South Africa.

More contact chemicals are



Eating "poison" . . . Nursery owner they grow on their commercial la

used, which act on contact between pest and pesticide, says Jones. There is less systemic absorption with these chemicals.

Consumers who buy fresh produce have no way of knowing whether systemic or contact chemicals have been used. But there are no health risks attached to correct use of sprays.

There will be no poison in the end product that is a hazard to the consumer at the time of consumption. "We know this because we have tested thoroughly," says Jones.

Government regulations require agricultural chemicals to be shown to decompose into non-toxic end products.

A vigorous regulatory system in South Africa means chemicals undergo screening before they are allowed to be used, says Jones.



Are they safe to eat . . . fresh fruit and vegetables that are grown by conventional farming methods may contain high levels of poison residues.

Where you can buy organically grown produce:

- Michaelmount Organic Market, Michaelmount Waldorf School, Bryanston: open on Thursdays and Saturdays from 9 am till 1 pm and once a month on the Tuesday closest to the full moon from 5 pm to 9 pm.
- Fruits and Roots, Rockey Street, Yeoville.
- Maryanne's Wholefood Emporium, Buckingham Ave, Craighall Park.
- The Organic Soil Association, 4th Avenue, Parkhurst (closed on Mondays).
- Look for Wensleydale Farm produce at Norwood Hypermarket and Benmore Gardens Pick 'n Pay.

TOMORROW

How long before people start calling you names?

Plea for tax on frozen *Star 19/5/93* vegetables

Consumer Reporter *(SFB)*

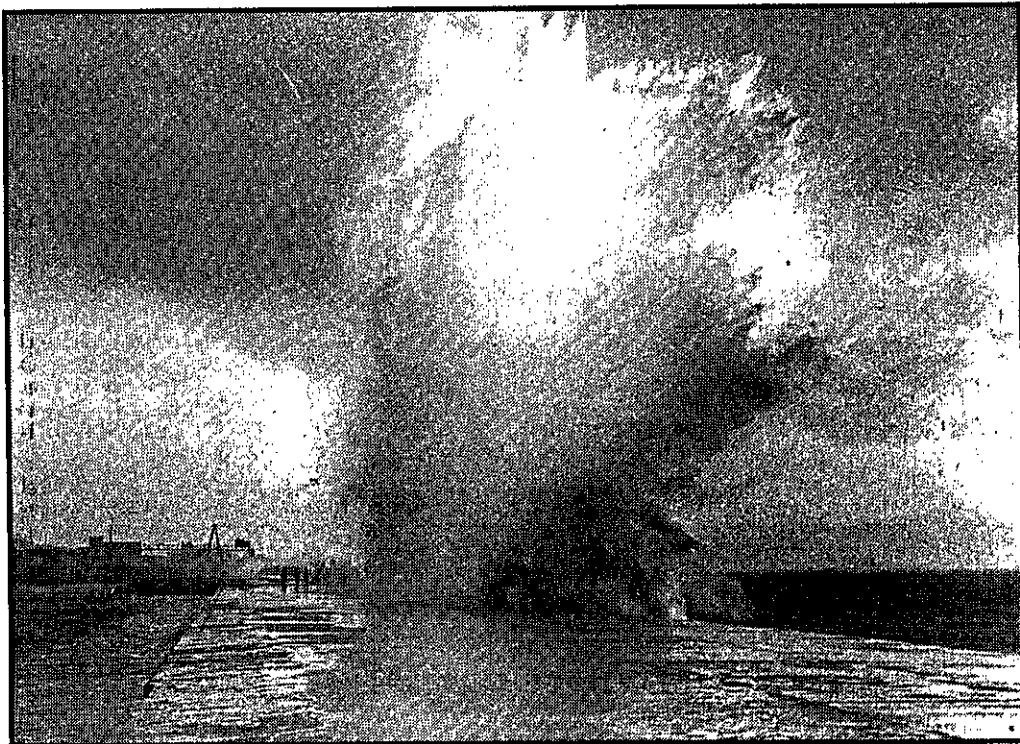
In an unusual turn of events, the Housewives' League has written a letter to the Commissioner of Inland Revenue, requesting that frozen fruit and vegetables be removed from the list of zero-rated items. *(SFB)*

League president Jean Tatham said in the consumer body's latest newsletter, Rands and Sense, that to include this category of food-stuffs in the list of zero-rated items was totally contrary to the spirit of the concessions which were purely to assist the poor. *(3) Vegetables*

"If you have a freezer you can afford to pay the VAT on frozen produce," she said.

Tatham said the league would like the regulations to be amended urgently to exclude both frozen fruit and vegetables (although there is no frozen fruit on the market). *(3) Fruit*

"If any other exemptions are contemplated, baked beans, plain or in tomato sauce, would be welcomed," Tatham said.



Pictures: RICHARD RUBIDGE.

BIG SWELL: Sightseers are dwarfed as a massive wave crashes into the Table Bay breakwater this week. The Port Captain estimated the swell was running at about six metres in the bay.

Bleak weather to persist until Sunday

AKG 14/7/93
WEST

□ Vegetable prices may rise by 30%

Staff Reporters

CLEAR skies by Sunday is the good news from the Weather Bureau today. But before then, more rain is expected.

Today will be cloudy and cold with light showers, clearing partially tomorrow.

The wind will swing briefly from the north-west to the south-west later today, but another frontal system will move over the Western Cape tomorrow afternoon.

"Although wind is expected to be moderate north-westerly, between 20 and 30 knots, Friday looks like a bad day, rainwise," said a Weather Bureau spokesman.

The wind and rain will persist into Saturday morning, but the first blue sky for a week is expected on Sunday.

Table Bay has been severely discoloured by a huge volume of soil and silt washed from river catchment areas during the storms, but this is unlikely to have a major effect on marine life.

Professor George Branch, of the University of Cape Town's zoology department, said the silt load was "not a big problem", although it could have short-term smothering effects on marine plant life.

Usually the silt would be kept in suspension and then shifted offshore by turbulent conditions.



WAVE POWER: Boys play in the spray on the breakwater.

But the soil erosion was a "sad reflection" on the management of the land. "That is a bigger issue," said Professor Branch.

The price of cabbages, cauliflowers, leeks, lettuces, potatoes and carrots could go up 20 to 30 percent in the next few weeks as the effect of the wet weather is felt in Cape Town's vegetable-producing area in Philippi.

Although farmers were able to harvest most of their crops before the rain set in, seedlings and young plants were severely battered by the storms, said Epping

Market deputy director Deon de Goede.

Potatoes in the Clanwilliam and Citrusdal areas "have been difficult to harvest with fields under water" and as demand exceeded supply, prices would rise, he said.

Prices of vegetables from the Transvaal — including peppers, brinjals, green beans, baby marrows and pumpkins — would be unaffected.

Mr De Goede said he expected some vegetables to be in short supply as volumes decreased.

Star 9/19/93

Jo'burg vegetables at bargain prices

② Vegetables

■ BY JOHN MILLER

There is good news for consumers, with virtually all vegetables and fruit at bargain prices at the Johannesburg fresh produce market.

Market director Daan Stengler said while pockets of potatoes were more than R7 cheaper in August compared to the same time last year, almost all other produce was also down in price.

The present average price of R6 for a pocket of potatoes and the other lower prices were mainly due to many farmers growing cash crops to compensate for the drought.

"Farmers who have dams on their properties have planted cash crops like potatoes, onions and other vegetables because they know these crops are instant cash and they do not have to depend on the rain."

The market also experienced record sales of bananas, with prices falling.

This was mainly because of the death of the Banana Board following a revolt by farmers

earlier this year.

Stengler said consumers must be on the lookout for rock-bottom prices for onions, cabbage, lettuce, carrots and cauliflower.

"Vegetable production is much higher than last year. The market is about 20 percent up in mass while turnover is down by about 15 percent in August."

Stengler said these figures indicated why most prices were lower than last year.

He said a bumper crop of watermelons was also expected this year. This would bring down prices shortly after they reached the shelves in the next couple of weeks.

Stengler said the market was also experiencing additional buying power.

Rapid urbanisation and growth in the informal sector accounted for some of the "additional buying power".

For the first time in the past 15 years fresh produce was now going to Zimbabwe.

Mozambique was also once again importing produce from the market.

R8,5-m tomato process plant

Business Editor ~~3~~ 3 NEG

LANGEBERG Foods has opened a new R8,5 million tomato concentrate plant at Lutzville in the north-western Cape in the final phase of a R28,5 million tomato-processing expansion programme.

The other R20 million was spent on two factories in the Transvaal. AR 7/2/94

Langeberg managing director Ray Brown said the Lutzville plant would process tomatoes grown under irrigation in the Lutzville/Vredendal area.

Africa market for SA potatoes

9/29/6/94
PRETORIA. A spin-off of the April election is that Africa could become a major export market for South African potato growers, the Potato Producers Organisation (PPO) said yesterday. (3) VEG

It said this was an "even greater breakthrough" than the PPO's new membership of the African Potato Association (APA).

Growers now had the opportunity to export technology too, it said.

"There is a need for cultivars which are adapted to diverse African conditions" it said, and hardy local cultivars could be made available. — Sapa

Fick's legal eagles lock vegetable store

CLIVE SAWYER

Political Correspondent

WESTERN Cape agriculture minister Lampie Fick says legal action will be used to protect Phillippi — vegetable pantry of Cape Town — from urbanisation.

Farmers are furious at land-owners who have built houses and small businesses on precious land meant for crops.

But, he said, agricultural expansion elsewhere in the metropole will diminish the Cape Flats' importance in the fresh vegetable market.

Phillippi vegetable farmers met Mr Fick this week to seek reassurances after reports that the area — the last remaining island of agriculture in the metropole — could be lost to

housing.

Population expansion in the Western Cape and a huge housing backlog is likely to create enormous pressure for residential development in "vacant" areas in the Peninsula.

Mr Fick said any decision by the provincial government on the future of Phillippi would be made only once a regional planning department had been set up.

He said action was needed by the provincial government to use the law to prevent misuse of agricultural land.

The government would not succeed in this without help from the community, he said. Farmers' representatives Anton Horstmann and Callie Bröcker seemed only too willing to give assistance, judging by their remarks at a Press conference.

Both expressed frustration at landowners who allowed informal settlements on their land.

Another problem was illegal dumping of household refuse, because the nearest dump — Vissershok — was too far away for the convenience of most in adjoining residential areas.

Mr Bröcker reeled off statistics to prove the vitality of Phillippi as inner-city farmland. More than 80 farmers use 1 400 hectares to produce vegetables, sometimes up to three harvests a year.

More than 1 500 people are employed on the farms, and the farmers warned their futures would be in jeopardy if the land was "lost" to housing.

Mr Bröcker said Phillippi was more competitive than farther-flung Cape farmland because it was a half-hour's

~~drive~~ to main markets and distributors.

The sandy soil and plentiful underground water made it a better proposition than elsewhere.

Mr Horstmann said Cape Town medical officer of health Michael Popkiss had said the land was unsuitable for housing because the high water table meant a risk of tuberculosis, already a scourge of low-income communities in the Western Cape.

He said the problem of land not being used for agricultural settlement dated from the era of apartheid, when group areas laws forced people into the area in search of land for housing.

Mr Fick said the importance of Phillippi to the Cape Town fresh produce market would diminish with the expansion of

agriculture elsewhere.

He said he had met the provincial roads engineer this week to discuss plans to extend the R300 freeway through the area.

"The engineer gave me the assurance nothing will be done without the community being fully consulted."

Spoornet had given similar assurances about plans to expand the rail network.

Mr Fick said he would contact other parties to seek assurances about procedure in planning the future of Phillippi.

Phillippi was developed as farmland by 19th-century migrants from northern Germany who were meant to settle in the then war-torn eastern Cape but were diverted "temporarily" to the Cape Flats.

Most farmers in the area are descendants of these settlers.

3 VEGETABLES

Prices of fresh veg soar

Star 22/7/94

■ BY SHIRLEY WOODGATE

A combination of black frost, crippling drought, winter fires and a plague of rodents has led to shortages which are sending prices of fresh vegetables through the roof.

Experts warn this is only the beginning of the steep upward price spiral as demand outstrips supply.

③ Vegetables
They are predicting the cost of all vegetables will rocket to unprecedented high levels within the next three months, causing a ripple effect throughout the food industry.

Daan Spengler, market master at the Johannesburg fresh produce market, said the present under-supply which had pushed prices of certain vegetables higher than expected, had started in the rainy season when farmers were unable to get into their fields to harvest, particularly highly perishable green leaf vegetables such as lettuce and cabbage.

Farmer, freeze vegetable processor and retailer David Goncalves said the latest shortages had surfaced virtually overnight, with some vegetables almost unobtainable at any cost, others available at sky-high prices.

"Gem squash have gone up from R5 a pocket to R35, baby marrows are up from R3 per kilogram to R15, carrots more than doubled from 70c/kg to the present R1,80, and potatoes, which were going for between R6 and R7/pocket are now R10 to R12, with medium grade potatoes due to sell for R20 by September," he said.

Chips

There is a serious shortage of large chip potatoes which are already selling for up to R30/pocket.

A 4,5 kg box of green beans that normally sells for about R12 at this time of the year now costs up to R45, Goncalves said.

Spengler said vegetable producers from as far as the East-

ern Cape and Orange River were supplementing local supplies at the Johannesburg market.

Crisis areas which were hit by frost include the southern Free State, the highveld and the eastern and northern regions of the Transvaal where experts fear many farmers are facing bankruptcy after a nine-year drought.

Rats and mice have been forced to turn to vegetables, including broccoli and cauliflower, for food after drought destroyed their natural feed, said Goncalves.

Faced with shortages and rising prices until at least October/November, one consortium is approaching outlets in Tanzania to obtain excess supplies for local consumption.

The only consolation for housewives is that farmers tend to over-produce when prices soar. But consumers may have to wait until the end of the year to benefit from the resultant drop in costs.

Vegetables to drop in price

LOUISE COOK

CONSUMERS could look forward to cheaper vegetables within the next 10 days, agricultural sources said yesterday. *3/10/74*
Wholesale company Freshmark director Pitman Combrink said not only would cabbage, lettuce, carrot and beetroot prices drop from October 22, quality would improve too as vegetables planted after the winter frost would come on the market.

Onion prices could be expected to drop from the middle of November.

Potatoes were still scarce and expensive as the Northern Transvaal had lost 45% of its crop during the winter, Combrink said. Prices were expected to drop only from the middle of next month. *3/10/74*

Tomato prices were expected to stabilise this week. *Vegetables*

Most fruit supplies would only become cheaper next year — bananas as from January/February and apples and pears from February/March.

Freshmark supplies Shoprite/Checkers and various other supermarkets with fresh produce.

Falling food prices ease inflation fears

Star 14/11/94

BY DEREK TOMMEY

The sharp rise in food prices in recent months has led to fears that South Africa is about to enter a new major inflationary spiral.

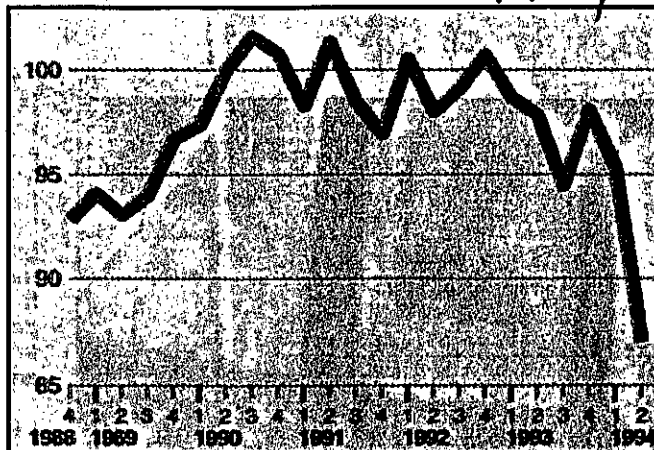
But a survey of food producers and retailers shows that some food prices are falling and that others are expected to decline significantly in the next few months — which should curb inflation.

The recent sharp increase in food prices was not exceptional given the circumstances, say analysts.

The first half of the year was an extremely difficult one for the country's food producers. Drought in the Transvaal and Northern Cape stunted cattle and sheep herds; hard frosts wiped out much of the potato and tomato crops, Newcastle disease wreaked havoc with chicken production, and plagues of mice hit vegetable production in the Northern Transvaal.

According to figures produced by Central Statistical Services the overall result was a 10 percent drop in food production between the end of December and June this year.

This low level of production saw vegetable prices rise 16,5 percent in August to show a



Food production fell 10 percent in the first half of this year.

GRAPH:

rise of 77,4 percent on the year, while meat prices rose 8,1 percent in August making 54,8 percent for the year.

However, the factors responsible for the sharp rise in food prices were temporary and as the weather improves, supplies should increase, and prices turn lower.

This is now happening. Vegetable prices have fallen sharply at the City Deep market in the past few days. Conditions there are rapidly returning to normal, says Chandu Govind of King Fresh Wholesalers.

Tomatoes, which were sell-

ing at around R30 a box last week, were down to R10 a box yesterday. Potatoes, R30 a pocket last week, are now below R10.

Green beans and green peppers have had an even bigger fall. From R40 a pocket a week ago they are now R10.

Housewives' spending has also been hit by increases in chicken prices following the shortage of supplies. But Robbie Williams, executive chairman of CG Smith, which has extensive broiler chicken operations, says the worst is over.

Production is building up again and the shortage should

ease. However, Alan Baxter, Pick 'n Pay's general manager foods says the position might not be back to normal until the New Year with the result that turkey this Christmas could be cheaper than chicken.

The sharp rises in red meat prices has caused considerable hardship. Unfortunately, it will some time before the situation returns to normal, says Danie Van Schalkwyk, general manager northern agencies of Vleissentraal.

Nonetheless, last week's abnormal 30 percent drop in beef supplies from the previous week should be reversed this week.

He said that lamb should become more plentiful in about two months' time while sheep supplies should be back to normal by March, next year.

But it will probably not be until October, next year that beef will be plentiful again.

As food prices increases continue easing it will have a major impact on the month-on-month increase in the inflation rate.

It is even possible that the rate of increase in consumer inflation could fall back from its present 9,9 percent a year to its basic non-food level of around 6 percent, say some economists.

Veg prices down but will consumers score?

□ Drought, black frost caused 'worst season'

JENNY VIALL
Staff Reporter

THE cost of vegetables is dramatically down at Epping market — but concern has been expressed that the lower prices will not filter through to consumers.

Tomatoes, which cost consumers more than R1 each a few weeks ago, have come down at the market from R35 for a 5kg box to between R6 and R8 a box.

Potatoes are available from R8 to R16 a pocket for top quality — down from R30 a pocket. Onions, R30 a pocket a few weeks ago, are down to R10 a pocket.

Potatoes, tomatoes and onions were regarded as basics by consumers, said Deon de Goede, deputy director of markets at Epping.

"I'm just concerned the lower prices won't get through to the consumer," he said.

Prices for many vegetables soared last month when Transvaal crops were hit by drought and black frost.

"It's the worst season I can remember," said Mr De Goede.

"Crops grown locally are now coming onto the market.

"Our information is that the supply of potatoes will increase as we're only at the beginning of the season and the price will come down further," said Mr De Goede.

"Prices of potatoes decide the mood of the market, and the market is now buoyant.

"Consumers have had a shock. But salads can again be the order of the day."

Cucumbers, which were costing consumers more than R4 each in the shops a few weeks ago, are plentiful at R10 a box (about R1 a cucumber). Peppers at R20 a box are again affordable, down from R60 to R70 a box.

Vegetables under-supplied at

the market are pumpkins and sweet potatoes, as it's a little early in the season for them.

While most vegetables are plentiful and cheap, it is an awkward time for fruit at the market.

"We're at the end of winter and the start of summer," said Mr De Goede.

Apples, pears, avocado pears, paw-paws and bananas were coming out of cold storage, while it was too early for other fruit.

Peacflies were starting to make their appearance at R6 to R8 a tray. Strawberries were cheap at R1,50 a 200g punnet.

Watermelons should start appearing at the end of November.

Are prices likely to soar again next winter?

"From June to August we're dependant on the Transvaal," said Mr De Goede.

"Mother Nature will decide."

2004 SUELL ARG 26/10/94

Vegetable

prices down

224 3 WEG

Municipal Reporter

VEGETABLE prices are coming down fast.

This is the official word from the city council's fresh produce market at Epping.

The utilities and works committee was told yesterday tomatoes had dropped from R30 to R8 a box and the price of potatoes was also coming down. **ARC 8/11/94**

The turnover at the market increased by about R10 000 in September representing a 45 percent increase over the same month last year.



AGRICULTURE — 3. VEGETABLES

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Price of vegetables, fruit to rise

Thundershowers fail to break drought

BY SHINLEY WOODGATE

Good rains in the Northern and Eastern Transvaal over the past few days have failed to boost hopes for an end to the devastating drought in these areas.

Despite widespread thundershowers, the drought persists and streams have dried up.

Many rivers across the country are almost empty and water levels in many dams are dropping daily.

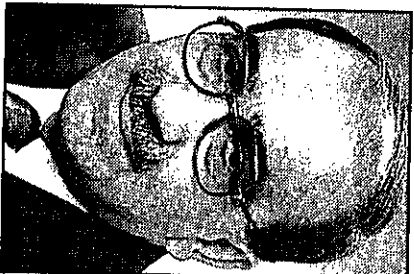
Peter Comrie, who co-ordinates relief efforts by the Department of Water Affairs' crisis committee to bring at least 15 litres of water daily to thousands of rural inhabitants, said 400 boreholes had been drilled in the Northern Transvaal since July.

Meeting

He said his committee would soon start digging more boreholes in KwaZulu/Natal.

The drought in the Northern Transvaal was entering its 16th year. Comrie said only floods or storms would fill rivers and dams such as the Tzaneen Dam, which is completely empty.

But even boreholes are not the final solution, according to Transvaal Agricultural Union president Dries Bruwer. He said he had requested an



Kader Asmal... urgent meeting sought to discuss crisis.

urgent meeting with Minister of Water Affairs Kader Asmal to discuss an overall strategy for borehole control as this source of water would soon start drying up in the former homelands.

"The pumping of underground water should be considered only as a last resort or as a stand-by for drinking water.

"People must realise that water supplies in these areas are not limitless," Bruwer said.

He urged drip irrigation instead of overhead watering and the damming of smaller streams

to prevent the loss of water after it has rained.

Bruwer said that dams could be built by local labour and thus help ease unemployment brought on by drought.

"We desperately need sustained, heavy rain to have enough water for the dams and improve water levels which have dropped considerably."

Bruwer said about 500 000 citrus trees had been lost in the Letaba area and many thousands more were at risk.

"My own farm near Tzaneen got the first rain of the season last night, but the 32 mm down-pour is a drop in the ocean."

Short-term crops in the Northern Transvaal were facing total failure and the price of vegetables would inevitably soar in winter unless there was early relief to the drought in the Limpopo valley, he added.

Dr Simon Mason, deputy director of the Witwatersrand University's Climatology Research Group, said almost the entire country, with the exception of parts of the KwaZulu/Natal south and north coast, was experiencing a dry year.

Emphasising that South Africa was an arid region where regular drought was part of the climate, Mason also dispelled the myth that the region was becoming warmer, except in some urban centres.

The only part of the country which had become drier over the past 20 years was the Eastern Transvaal, he said.

Mason said regions which experienced about 2 000 mm of rain annually were generally located near the equator and included Indonesia, Zaire and the Amazon basin.

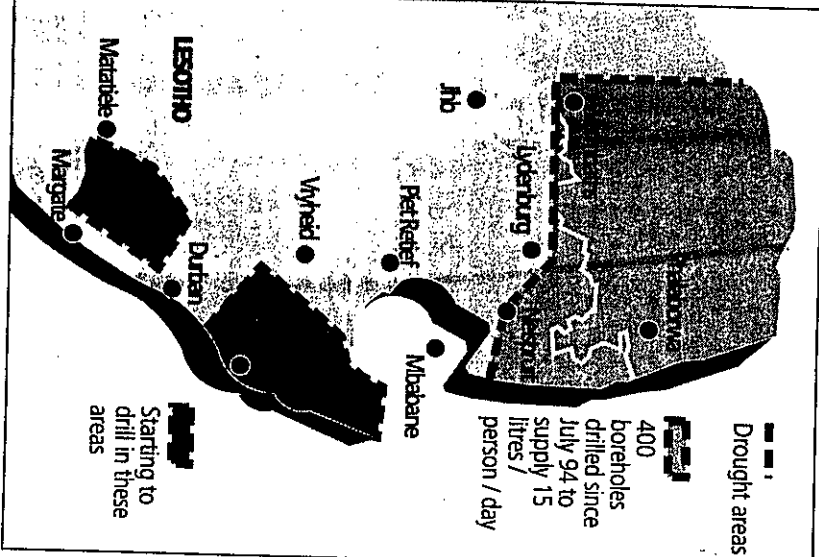
Hot air rising on land and sea in the tropics near the equator triggered higher rainfall.

Evaporation

"South Africa, which lies about 26 degrees south of the equator, enjoys about the same amount of rain (about 750 mm) as the UK, located some 50 degrees north of the equator, but the difference is that rainfall is all year round in Britain and seasonal in South Africa, where the heat leads to greater evaporation," he said.

Asked to explain why one region in the country was wet while an adjoining area was drought stricken, Mason said strong, rapidly rising hot air over certain parts of the land in the late afternoon set off convective storms that were affected by the topography which directed the route of the storm.

Cloud-seeding to produce rain during convective storms had been tried in the Nelspruit and Bethlehem regions, he added.



Heat hammers fruit, veg prices

Staw 17/2/95

STAFF REPORTER

Peaches are the pick of the week with all other fruit and vegetables at the Johannesburg Fresh Produce Market increasing in price because of the drought and hot weather over most of the country.

Market director Daan

③ ~~FRUIT~~ ~~VEG.~~
Spengler said almost all produce now had a much shorter shelf life because of the ongoing heat.

He recommended that consumers buy their fresh produce twice a week instead of once a week.

Even though mangoes, litchis and avocados are in season, the drought,

② ~~FRUIT~~
coupled with the heat wave, has taken its toll on production as well as price.

Too little rain and too much heat has also led to the price of lettuce, broccoli, carrots, cabbage and beans going up as well as lower quantities being available.

Western Cape fruit, veg and flowers seek R250-m European market boost

~~FILE~~ ~~FILE~~ ~~FILE~~ ~~FILE~~
BETTER access to European markets is worth up to R250 million a year for the Western Cape's fruit, vegetable and flower exporters.

According to Unifruco chairman David Gant, this is what exporters pay in tariffs to the European Union every year.

He describes the figure as

ARG 1/4/95 (4/11)
(2) VEG
'preposterous', particularly since duties of more than 20 percent are paid on items such as grapes and apricots, which reach Europe at a time when European produce is not in season.

Agricultural exporters, says Mr Gant, reaped no benefits from the Generalised System

~~FILE~~
of Preferences (GSP) offered by the European Union last year and are hoping for better things from the current negotiations.

Unifruco has promised that part of any tariff savings will be paid to the Small Farmers' Development Corporation, of which he is chairman.

Veg prices boost PPI

Business Staff

VEGETABLE prices were again the culprit in higher producer price inflation. February figures show (3) VEG

Producer price data issued yesterday by Central Statistical Services shows the price index for vegetables and dried beans shot up 20 percent in February, dragging prices of agricultural food products up 1.3 percent over the month in spite of a fall of three percent in the price of other food products.

Year-on-year, the producer price index is up 10.8 percent — its highest rate since October 1991. ARG 12/4/95

Imported inflation dropped from 9.8 percent a year in January to 8.5 percent in February, reflecting a stronger rand. But prices of locally produced goods rose 11.1 percent over the year, compared to 10.7 percent in the year to January.

Other contributors to February's disappointingly high figure were fishery products (up 2.1 percent over the month), rubber products (up five percent), non-ferrous metals (up six percent) and machinery, with the price of motor vehicles, parts and accessories rising 2.5 percent over the month.

'Extra R550m' on govt's interest bill

Greta Steyn

BD 20/11/95

GOVERNMENT could face an extra R550m in interest payments this fiscal year due to the Reserve Bank's massive stock sales over the past couple of months, according to calculations by Edey Rogers economic consultant Edward Osborn.

Osborn said the extra interest would arise not only from the Bank's move to drain liquidity out of the money market through selling stock, but also from government's borrowing spree in the first half of the fiscal year. The cost would, however, to some extent be offset by the interest government earned on its deposits with banks.

Huge stock sales pose a problem for government, as interest already consumes almost 20% of the Budget and limits its room for manoeuvre on spending.

Economists have noted there is a conflict of interest between the fiscal policy objective of keeping a lid on government's interest bill, and the monetary policy objective of draining liquidity from the market through sales of stock.

The Bank acts as government's agent in the capital market, raising finance on its behalf to fund its Budget deficit. It also sells stock for its own purposes when it wants to take cash out of the money market.

For monetary policy purposes, the Bank sells stock from its own portfolio,

which is then converted from non-interest-bearing (zero coupon) paper to interest-bearing stock. The Bank had a pool of R7,5bn in non-interest-bearing government securities at its disposal of which about R3bn has been converted into interest-bearing stock and sold into the market.

Osborn said the Bank's campaign to drain liquidity out of the money market could, in September alone, add about R120m over a full year in interest payments. He said the Bank's October balance sheet showed a net sale of government securities of more than R1bn, which helped lift the money market shortage at the end of that month to record highs.

The sale of stock into the market also added to government's debt burden as there was a discount to face value which had to be redeemed at maturity.

Bank capital markets GM Andre Kock acknowledged there was pressure on government's interest bill, but said this would be alleviated by profits the Bank made and interest on government deposits in the money market. The bull run in the gilts market would also have a positive influence.

Referring to heavy borrowing on government's behalf in the first half of the fiscal year, Kock said it had been necessary to meet this month's huge stock rollover and interest payment, as well as the allocation to the provinces. The provinces would receive their funds fortnightly instead of monthly.

Price of potatoes expected to double

Louise Cook

(3) VEG

BD 20/11/95

POTATO prices are expected to double next month because of the recent heat wave over Northern Province, but will have little effect on prices of potato crisps, industry sources said.

The Potato Producers' organisation, representing a large portion of SA's potato farmers, warned that by the end of the year prices could jump to R14 for a 10kg bag. Current price levels were R7,50 a bag.

However, brokers in SA Futures Exchange (Safex) agricultural markets division were divided on the effect on prices of the heat wave and subsequent shortages.

Potato processors Willards and

Simba said long standing contracts with farmers would ensure consumers were not hit by price hikes.

A broker dismissed reports of imminent shortages, saying production from the Vryburg area would compensate for lost production from the Northern Province.

Safex agricultural markets division GM John Wixley confirmed that Northern Province was an important production area and said prices could jump.

Potato processors were unperturbed, saying contracts going as far back as 18 months, in some cases, would put a ceiling on prices. Potato chips should still be affordable at Christmas, they said.

Cape crop bonanza

Staff Reporter and Sapa

Regional boost as excess grain moved to Free State, Gauteng silos

AR 4 3/1/96

(3) VEG

BUMPER grain crops in the Western Cape are set to boost the region's economy this year, while a stable supply of fruit and vegetables is expected to keep prices constant over the next few months.

The national Department of Agriculture predicts a strong showing for the maize, sunflower, groundnut, sorghum and soya bean crops sprouting in summer rainfall areas, provided the good rains continue.

André Visser, assistant director of the Epping Market, said farmers were predicting stable fruit and vegetable prices during the next few months.

"We foresee no shortages or over-supplies," he said.

The Western Cape's barley and wheat production had been so successful that some of the excess had to be stored in silos in the Free State and in Gauteng.

Countrywide, the 1995-96 wheat crop weighed in at around 2,28 million tons compared to last season's 1,83 million, the government's national crop estimates committee said yesterday.

But, in spite of the improved harvest, South Africa was still expected to import 360 000 tons of wheat to meet the domestic demand of about 2,4 million tons, said Wheat Board deputy general manager Johan Dorfling.

The record barley crop and good wheat crop in the Western Cape, a major winter grain production area, had created storage problems, he said.

"We've had to temporarily shift some barley up north, to empty silos in the Free State and Gauteng."

The Western Cape wheat crop was expected to be about 780 000 tons against last season's 738 144 tons.

Wheat Board spokesman Johan Erasmus said the 108 000 tons of wheat expected from North-West was "abnormal".

Meanwhile, the barley crop was expected to be about 50 000 tons more than usual at a record 300 000 tons, the second consecutive bumper crop.

Brewers were likely to use about 210 000 tons of barley, the Wheat Board said. Much of the rest would be exported, possibly to brewers elsewhere in Africa.

The Swartland's grain silos had never been so full, said Tienie du Plessis, general manager of grain production at the Western Cape co-operative.

Unifruco chief executive Anton du Preez said climatic conditions had resulted in this season's export fruit crop coming to market 10 days to two weeks later than last season's. This had led to a relative shortage of export fruit before the lucrative Christmas period.

The quantity of export apples and pears had been stable, the grape crop was slightly up, and the early stone-fruit crop slightly down due to the late December rain.

Unifruco exported 50 million cartons of fruit in 1995 and expected to export 51 million cartons this year.

The Cape discovers an olive-oil renaissance

By FLORENCE FABRICANT

Cape Town — The Mediterranean diet is starting to show up in South Africa. And with it comes olive oil.

Cutting-edge chefs are using olive oil in their cooking. Wine stores and fancy food shops are putting bottles of extra virgin olive oil from Italy, Greece and Spain on display. And, more significantly, some local wineries, like those in Italy and California, have started producing their own extra virgin olive oil.

The region around Cape Town has a maritime climate not unlike that of the French Riviera, a climate that can easily support the cultivation of olive trees. But until very recently, there was not much demand for olive oil.

"An olive oil renaissance in South Africa" is what Anthony Hamilton-Russell, the owner of Hamilton Russell Vineyards east of Cape Town, calls it.

He began experimenting three years ago, making oil from the trees scattered on his vineyard land. Trial and error eventually led to a bottling of a small amount of cold-pressed oil. At R30 for 375ml, it is priced right up there with the good imports.

The rich, slightly peppery Hamilton Russell Vineyards 1995 olive oil, labelled extra virgin, unfiltered, first cold-pressed, is the first of the South African olive oils that can compete favourably with some of the estate oils of Italy, Spain or California.

Hamilton-Russell, whose winery is known for its trend-setting chardonnay and pinot noir, intends to plant another 90ha of olive trees



(3) VEG. CT (BR) 1/2/96

NEW SOURCE Some of the wineries in the Cape have started producing extra virgin olive oil to meet rising local demand.

using Italian varieties that are better for oil, like Leccino and Frantoio.

Fairview, a winery in Paarl, also made olive oil for the first time last year — and sold out its entire production of 1 000 bottles of 375ml. Fairview's oil is a pale gold, with a rather one-dimensional ripe olive flavour.

Although the Cape's Mediterranean climate has been hospitable to vineyards and wine-making for more than 300 years, olives and olive oil are a 20th-century phenomenon. Among the first producers

was Costas in Paarl.

Ferdinand Costas emigrated from the Liguria area of Italy in 1903 and planted orchards in 1925. His son Philip has continued the family business since 1936. Recently, the company began making a cold-pressed extra virgin oil.

"The interest is starting and we are even beginning to look at the export market," Costas said, "but there are economic factors to consider."

Farmers can get R1 500 a ton for oil, he said, "but they get three times

as much for olives — and with less labour".

Still, Costas plans to increase his olive oil production by adding more than 250ha of trees. His cold-pressed extra virgin olive oil, fruity but fairly bland, is light in colour.

Another producer, Jan Bothma, planted 4 200 olive trees in 1972 in the Swartland. His Swartviver brand oil, labelled virgin cold-pressed, is thin and pale, with little flavour and a faint aroma.

Hamilton-Russell said there was a general lack of appreciation of fine

olive oils in South Africa.

"There is a danger that people will assume that an aged olive oil is better than a young olive oil," he said. His oil carries a vintage date.

But because olive oil is a fresh product with a limited shelf life, South Africa's location in the southern hemisphere may eventually work to its advantage in the world market. It could provide oil in late autumn and early winter, just as supplies of the last harvest from the northern hemisphere begin to dwindle. — New York Times

Sodden fields give spud farmers headaches

(3) VEG Star 2/2/96

BY NIKKI WHITFIELD
Consumer Reporter

The rainy summer might have filled up dams and quenched a destructive drought, but there is one commodity it has heaped havoc upon - potatoes.

At the start of the rainy season, The Star reported that the versatile tuber was in trouble. And things have not improved much for spud lovers since then.

A statement from the Potato Producers' Organisation (PPO) yesterday proved that while it might be easy to fry them, roast them, boil them or bake them, growing them when there's too much water about is a different story.

"Potatoes don't do well when it's too wet," lamented Jerry van Vuuren, general manager of the PPO.

"When you have such good rains as we've had in South Africa, one might expect bumper crops - but with potatoes, the reverse is often the case."

He quickly mashed up rumours that there was likely to be

an abundance of the table-top treats.

"While we do not actually foresee a real shortage, there is absolutely no question of an oversupply. Unfortunately, the reality is that excessive rain can be as detrimental as drought.

"But producers will continue to strive to supply consumers with enough fresh potatoes to the consumers."

However, in potato country like Mpumalanga and the eastern Free State, prolonged downpours have flooded hundreds of hectares of potatoes, resulting in sub-normal yields.

Continuing to keep the market supplies of spuds satisfactory will therefore be something of a trial for producers, many of whom were forced to pull their crops from the ground early because of the danger of rotting.

Since the start of the trouble, consumers have seen prices rise from about R5 per 10kg to an average of R10 and even more.

Van Vuuren said some markets were selling 10kg pockets for just more than R13 yesterday.

Vegetable growers vow to defy marketing bill

By JAMES LAMONT

Johannesburg — Vegetable growers have vowed to defy the controversial Agricultural Marketing Bill and buck the agricultural marketing boards, even if it means blockading the markets and stopping farming operations.

Johnny Gonsalves, the spokesman for the Independent Vegetable Growers' Association, said vegetable farmers were prepared to bring the market to a halt to get what they wanted.

He was reacting to comments made by Kraai van Niekerk, the

agriculture minister, at a national farmer's conference in Pretoria last week.

Gonsalves claimed members of the vegetable association were responsible for 40 percent of total market turnover.

He said: "We will bring the market to a standstill until they give us the right to sell our own products. We are going to fight for a proper return on our investments."

Gonsalves said farmer's investments were eroded by corrupt agents and high levies paid to marketing boards.

"A lot of farmers are not plant-

ing because they do not see a profit in the industry," he said.

The timing of the protest could have a severe effect on the supply of vegetable products, already down because of damage from heavy rainfalls.

Gonsalves said: "There is already a major shortage of vegetables on the market and it is only going to get worse. Give us the freedom to sell our own product. At the moment, if I sell to the public, it is illegal."

He said farmers were tired of the malpractice that had cost them R1 billion at the hands of corrupt

agents at the national fresh produce market in the last financial year. Gonsalves claimed that out of his turnover of R7 million to R8 million, about R2,2 million was "stolen".

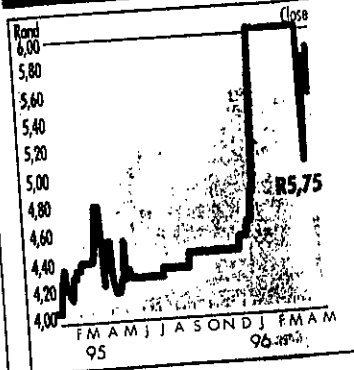
The executive committee of the greater Johannesburg metropolitan council is sitting on a report submitted by the Gauteng auditor general into allegations of fraud, corruption and mismanagement at the Johannesburg fresh produce market.

"The committee is very concerned at several items raised in the report," the council said.

The report remains confidential.

(3) VEG. CT (P/R) 27/2/96

Langeberg Holdings



Langeberg reports 29% earnings rise

By Ann Croly

CONSUMER INDUSTRIES EDITOR

Cape Town — Langeberg, the fruit and vegetable canner, reported a 29 percent increase in earnings a share to 22c in the six months to the end of March, up from 17,1c in the previous six months.

The group achieved this through better operating margins because of improved profitability in its export business.

It has declared a dividend of 5,5c, up 22 percent from last year's.

The group's turnover increased 4 percent to R449,1 million from R429,8 million. An increase in operating margins from 9,3 percent to 11,5 percent led to a 28 percent surge in operating income to R51,8 million from R40,2 million.

Andries van Rensburg, the managing director, said the group enjoyed steady growth in local sales and benefited from improved international conditions. "A contraction in the supply of deciduous fruit as well as firmer prices improved our competitive advantage on international markets."

The recently established alliance with Dole, the multinational food group based in the United States, contributed to the good performance because "there was good acceptance of Dole deciduous fruit in the European market."

The group also benefited from a lower cost structure and the weaker rand. The expected drop in contributions from the general export incentive scheme therefore had little effect on the results.

Though there was a bumper deciduous crop, which led to improved use of capacity, poor weather during harvesting had had a negative effect on the group's processing yields.

Working capital needs rose from R45,3 million to R126,2 million because of the larger crop and delays in international shipments.

Van Rensburg expected favourable conditions to continue on international markets. Domestic demand was uncertain, however.

The group was also undertaking rationalisation steps that would adversely affect second half results.

Analysts expected full-year growth of about 20 percent.

BUSINESS

Langeberg posts earnings increase after sales boost

~~(S)~~
Samantha Sharpe

CAPE-based fruit and vegetable processing group Langeberg Holdings posted a 36% increase in attributable earnings to R37,3m in the six months to March, boosted by improved international margins and increased local sales.

Langeberg MD Andries van Rensburg said that although local market conditions were uncertain, the international trading outlook was favourable.

"This will allow the group to achieve reasonable growth in earnings for the full financial year," Van Rensburg said.

Turnover rose a muted 4,5% to R449,1m, with operating income 28,4% higher at R51,6m. A net interest payment of R3,2m brought income before tax and abnormal items to R54,8m compared with a previous R42,8m.

A R700 000 abnormal item —

~~(S)~~ (3) NEG 80 3/5/96
rationalisation costs — showed net income before tax at R54,1m against R42,8m at the same time last year.

The group had embarked on a rationalisation process over the past few years to compete favourably on the international market and reduce the effect of the phasing out of GEIS.

A R16,8m taxation charge led to the R37,3m in attributable earnings. Headline earnings were 29% higher at 22c a share, while the group declared a 5,5c interim dividend, which was 22% higher than March last year. Net income a share rose 36,6% to 23,3c.

On the balance sheet side, shareholders' funds rose to R434,7m compared with a previous R392,8m.

A cyclical increase in stock levels during the deciduous fruit season and delayed international shipments resulted in the group's

debt to equity ratio rising to 13% from 2,7%.

Van Rensburg said that the local deciduous fruit industry had experienced a higher crop intake, which had resulted in improved capacity utilisation.

"However, the adverse climatic conditions experienced during harvesting impacted negatively on our processing yields."

He said the group had experienced a steady growth in local sales, with its Koo and All Gold brands strengthening southern African market share.

A contraction on the supply of deciduous fruit and firmer prices had improved international competitiveness. "Our recently established alliance with the multinational food group, the Dole Food Company, has taken off well with good acceptance of Dole deciduous fruit in the European market," Van Rensburg said.

Vegetable prices are set to plunge

(3) VEG / STW 22/11/96

Consumers should already be benefiting from overproduction caused by rains

BY SHERLEY WOODGATE

The price of vegetables is set to plunge after shouldering the bulk of the blame for pushing the inflation rate to a record 14-month high of 9,1% last month.

Farmers have dismissed speculation that the country is heading for double-digit inflation based on the soaring cost of food.

The Central Statistical Service said the October food price index showed an annual rate of increase of 12,4%, which was 2 percentage points up on the 10,4% for September and well above the 7,9% for August.

Vegetables alone accounted for an 11% hike.

Other factors were grain products, which went up by 1,9%; meat, up by 1,4%; fats and oils, up by 0,8%; coffee, tea and cocoa, up by 0,5%; fish and other seafood, up by 0,4%; milk, cheese and eggs, up by 0,3%; sugar, up by 0,2%; and "other" items, up by 1,3%. These increases were partially counteracted by a decrease in the price index for fruit and nuts - down 1,7%, the CSS said.

It said food prices at chain-stores showed an annual rate of increase of 13% and food prices at other retailers an annual rate of increase of 11,2%. From September to October, food prices at chain-stores increased by 2,6% and

those at other retailers increased by 1,1%.

While SA Agricultural Association spokesman Pieter Cornelius said vegetable prices were traditionally high in October and November, they were set to come down as supply increased when Highveld produce came on to the market from December to March.

The National Fresh Produce Marketing Association said vegetable prices had already dropped and would definitely not be a negative factor this month.

Chairman Bertie van Zyl said countrywide rains in September and October, particularly in some areas which had been drought stricken for 13 years, had led to overproduction.

"Tomatoes have dropped to R1/kg and pumpkins are down to R1 each after touching R9 each, and onions have decreased from R3/kg to R1/kg.

"Potatoes are stable at about R1/kg for the producer.

"Right now there is an over-supply and the consumer is benefiting, unless he is led by the nose by suppliers who are not passing on the savings," he said.

Van Zyl predicted vegetable prices would remain low for the next couple of months and bring down inflation. But he warned: "In South Africa, it all depends on the weather."

Langeberg sets its sights on European market gains

MARC HASENFUSS

Cape Town — Langeberg Holdings, the fruit and vegetable canning company owned by Tiger Oats, is setting its sights on strong market gains in Europe following an alliance between its international arm and the Dole Food Company, the company said in its annual report released yesterday.

Andries van Rensburg, the managing director of Langeberg, said in the report that the alliance with Dole, a leading US multinational food group, would contribute materially to the repositioning of Langeberg Foods International (LFI) within the European Union.

Langeberg Foods International has entered into a sales and distribution alliance with Dole's European packaged food operations. It has also secured the use in Europe of Dole's brand name for canned deciduous fruit. Van Rensburg said this would

move Dole products to more profitable markets by providing the infrastructure for customs clearing, warehousing and direct distribution to the trade. The direct contact with its European market was a great advantage and should enhance Langeberg Foods International's market penetration, he said.

"Positive signs are being seen with the first initiatives to obtain listings for LFI's canned fruit with supermarkets," he said. "This has encouraged the subsidiary to improve stock availability through strategically located distribution centres in the EU."

In the short period that the alliance had been in place, benefits had already been achieved through the transfer of international marketing experience, he said.

"In addition, certain innovative products which were developed jointly with Dole, will be launched in the coming year," Van Rensburg said.

Olives attractive to SA farmers, but the pros and cons have to be weighed

An olive revolution is about to hit SA agriculture, report Heather Parker and Louise Cook

3 VET

30/1/97

IT HAS been a long time coming, the olive revolution. But stand by, says SA Olive Growers' Association chairman Henk Hanekom.

The olive industry in SA has been led since its commercial beginnings in 1925 by the Costa dynasty. With one son, Philip, the patriarch Fernando Costa established F Costa & Son (trade name Costas); Fernando's other son, Niño, established the Sevillano Farming Trust, producer of the Buffet Olives range of table olives. Today these two, along with Tuna Marine Foods and Mediterranean Delicacies, still dominate the local market.

But banging on the door are dozens of farmers keen to develop the industry, and the new entrants are boosting awareness which is beneficial to the industry, says Carlo Costa, Philip's son and the third generation of Costas to promote the olive in SA.

Export potential is being explored, boutique oils are being developed, notably by Anthony Hamilton-Russell from Hamilton-Russell vineyards and Giulio Bertrand of Morgenster; and Hanekom is firm in his belief that olives are "one of the most promising industries for the future".

Figures are jealously guarded by individuals, but SA table olive production is thought to be between 2 500 and 3 000 tons a year, and olives for oil about 1 500 to 2 000 tons, giving about 200 to 300 tons of oil. There is an 8%-10% growth in demand for table olives, says Hanekom, and slightly more than that for oil.

For the moment, the industry

remains concentrated in the Cape winelands areas of Paarl, Wellington and Hugenot, and around Beaufort West in the Karoo. Although orchards have been established in the Northern Cape, most of the trees are still too young for their viability to be assessed. However, agricultural economist Johan Jacobs says hundreds of young trees planted in the Vaalharts region of the province should come into production for the first time later this year.

The impetus to expand production comes from a number of sources. In the first instance, since SA imports about 70% of its olive oil and 20%-30% of its table olives, the weak rand makes domestic production more attractive.

For many years the world price of average quality olive oil was depressed by oversupply, but crop failures in Spain in 1994 and again in 1995 caused prices to leap, almost doubling by the beginning of last year. Again, the rapid depreciation of the rand has helped lure potential SA producer-exporters into the industry.

In addition, potential export target markets are many and varied. The US and Canada between them import 100 000 tons of table olives a year, says Willem Hanekom of Unifruco, who is researching the export potential of the industry. Australia is another likely market, since demand there far outstrips domestic supply.

According to a research report authored by Amanda Driver, a masters student at the University of Stellenbosch, the traditional olive growers of southern Europe

have been forced by labour costs to concentrate on olive oil production which is less labour intensive.

Countries such as Turkey, Morocco and Argentina are filling the table olives gap, and it may be easier for SA, with its relatively low production costs, to compete with these. However, says Willem Hanekom, it will be some years before SA can develop its industry enough to be a reliable exporter.

Tony Nicholas, owner of olive processor Mediterranean Del, has more confidence in the SA industry's prospects: "With better training and more plantings, SA could compete with Italy and Spain in the export market. Interest is picking up — one nursery in the Cape is working on 200 000 olive seedlings for cultivation and sale to new market entrants."

From the farmer's point of view, olives are relatively easier to propagate than vineyards and orchards. The trees can continue to bear fruit for hundreds of years, they can grow on slopes that would have to be terraced for other fruit, and they can get by on less water than other fruits and vines.

Driver, who is an associate of the interdisciplinary consulting firm BDM Consulting, points out that in the Western Cape, agriculture is expected to use 36% of available water by 2000, making it the second biggest user after domestic households. The white paper on water supply and sanitation is firm on the principle that users should pay the economic cost of water which means that water subsidies to farmers are likely to fall away. "In terms of the

amount of value achieved and the number of jobs created per unit of water used in agriculture, the olive industry probably outperforms any other fruit industry in the Western Cape," says Driver.

In addition to the potential for job creation, existing labour can be employed particularly efficiently in olive production since harvesting occurs at a different time of the year to other fruits. The processing of olives adds substantial value to the raw product: raw olives sell for about R5/kg; while any trip to a supermarket reveals that table olives retail at anything between R35/kg and R55/kg and olive oil at upwards of R50/l.

Finally, because unprocessed olives are inedible, the perennial problem of theft disappears.

However, the bad news for consumers is that we are not going to see prices fall. "At the moment prices are fixed according to import prices because we import so much," says Hanekom. "When we start exporting, I expect that prices will be fixed by that."

In any case, says Carlo Costa, who is senior agricultural researcher at Infrutec, table olives and olive oil simply cannot be produced cheaply.

Olive trees give a low production per hectare (five to eight tons compared with 70 tons a hectare for apples); the oil yield is low (about 10%-12% of the fruit mass); and the necessary machinery is expensive, since extra virgin olive oil cannot be produced using chemicals or heat. Also, imported olive oil is usually subsidised by the producer's government.

3UEG
Swazi crop
could hurt
SA farmers

CT(BR) 9/7/97

Mbabane — Swaziland's expected bumper vegetable harvest this season could hurt Mpumalanga farmers who have traditionally supplied a significant portion of the kingdom's vegetable markets, analysts said this week.

The bumper season in Swaziland has been attributed to the unusually cold, wet winter which cut pesticide and irrigation costs, and a drive to encourage small farmers to begin farming vegetables commercially.

Swaziland's National Agriculture Marketing Board (Namboard) said yesterday it had registered an increase in the quantity of fresh vegetables brought in by local farmers.

Crammer Dlamini, a Namboard official, attributed the increase to a new cash up-front payment system the board adopted earlier this year.

He said if Swaziland harvested enough vegetables for the local market, imports from South Africa would be minimised. "We only import ... if local demand cannot be met; otherwise local produce is given priority," he said. — African Eye News Service

Langeberg goes East for growth

Exports on the rise

ARG 15/17/98-97

BUSINESS REPORTER

Fruit and vegetable processing company Langeberg is looking for new markets in the Far East to counter difficult trading conditions in Europe which saw the company's profits take a heavy knock in the year to September.

Moving the company's export emphasis to the Far East comes too late for the thousands of workers that have been already been retrenched in the company's efforts to re-engineer the business and cut costs, but would give the company's export arm a strong boost for future growth and profitability.

In the annual report, Langeberg chairman Nick Dennis said plans to develop Far Eastern markets were well advanced and would contribute significantly to the group's strategic objectives.

"Langeberg is well equipped to satisfy demand from these markets with high quality products," Mr Dennis said.

"Special attention has been given to these markets in the restructuring of the international arm of the business."

He said export shipments to the Far East and Japan had already increased, with profit margins benefiting from stable prices and a stronger US dollar.

Import duties in excess of 20% on canned fruit sold into the European Union, and continued agricultural subsidies in the major producing countries such as Spain and Greece, had seen Langeberg's export profit margins dwindle and more and more.

The "premature and rapid" phasing out of the General Export Incentive Scheme (Geis) had only exacerbated the situation for Langeberg.

The result was that Langeberg decided to rationalise its deciduous fruit processing facilities, closing the Paarl plant and consolidating all the company's deciduous fruit processing operations at its Ashton plant.

This resulted in the loss of some 120 permanent and, at the peak of season, 3 000 temporary jobs.

Mr Dennis expected that the loss of Geis would be difficult to overcome, notwithstanding the company's operational restructuring.

Further initiatives to lessen the impact of European Union tariff structures elsewhere in the group had also resulted in the decision to relocate Langeberg's asparagus processing plant from Ficksburg to Lesotho, thus providing Lomé Convention benefits on exports to Europe.

"With Europe being the predominant market for asparagus, this initiative will improve our competitiveness and should lead to growth in this category," Mr Dennis said.

LANGEBERG



Cost hurdles in Europe

3 New

The company has been reshaped, but limited profit growth is expected

With the stock price plunging to record lows, Langeberg investors may be wondering how much further it could fall. The company has taken much of the pain of poor canned-fruit export markets on the chin, but concerns persist about the pace of its recovery.

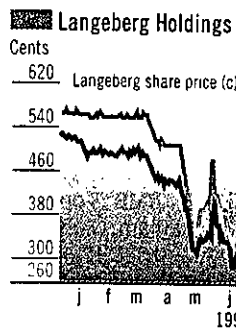
Rm 16/1/98

At 270c a share, the fruit and vegetable processor's market value has been almost halved in the past year. Its rating is at a sharp discount to the food sector; previously they correlated closely.

Higher profits this year depend on improving European sales margins, deepening the penetration of new markets and consolidating its still strong local market share. While earnings may increase, the lift is unlikely to be large, which means the share price will remain under pressure.

MD Andries van Rensburg has spent much effort positioning Langeberg as a globally competitive processed food company. His toil has been uphill in a hostile trade environment.

Government has phased out export incentives quicker than expected to comply with World Trade Organisation commitments. That damaged Langeberg's competitive position in its



ACTIVITIES: Fruit and vegetable processor and marketer.

CONTROL: Tiger Oats 65%.

CHAIRMAN: N Dennis. MD: A V van Rensburg.

CAPITAL STRUCTURE: 160m ords. Market capitalisation: R432m.

SHARE MARKET: Price: 270c. Yields: 3,1% on dividend; 13,4% on earnings; p:e ratio, 7,4; cover, 4,4. 12-month high, 565c; low, 270c. Trading volume last quarter, 0,94m shares.

Year ended September	'94	'95	'96	'97
ST debt (Rm)	0,3	—	0,1	0,7
LT debt (Rm)	0,1	—	0,1	0,3
Shareholders' interest	0,75	0,73	0,72	0,71
Int & leasing cover	12,9	n/a	37,3	26,1
Return on cap (%)	15	16,1	17,2	12,5
Turnover (Rm)	820	862	960	1 094
Pre-int profit (Rm)	74,4	89,6	110	88,9
Pre-int margin (%)	9,1	10,4	11,5	8,1
Earnings (c)	37,6	37,5	49,7	36,3
Dividends (c)	12,5	12,5	16	8,25
Tangible NAV (c)	232,9	254,4	288,4	313,1

key European export market. In addition, European Union governments maintained protection of their agribusiness, with production supports of 18%-24%.

That's resulted in Langeberg facing a cost disadvantage of about 35% in Europe. In the longer term, Langeberg is unlikely to gain significant access to this market, as the EU denies SA access to the beneficial duties of the Lomé Convention. Ironically, Langeberg is shifting its modestly profitable asparagus processing operation from Ficksburg, Free State, to Lesotho, a member of Lomé.

The inequitable duty and subsidy structure in the EU has prompted Langeberg to stop processing deciduous fruit at its Paarl, Western Cape, factory and to shift its marketing focus to other, more profitable markets, mainly in the East.

Van Rensburg says a European marketing agreement with Dole has been struck as the US company was unable to make inroads into the retail sector.

"The elimination of loss-making sales and the lower cost structure which should

result from the revised relationship with Dole will enhance prospects" next year as profits will still be affected by large inventories of canned deciduous fruit this year, he says.

Improving exports to Africa and domestic market strength

should produce earnings growth this year, though the pace is likely to be curbed by weak economic growth.

While Langeberg's stock has weathered most, if not all, of the downturn, it's probably not about to recover quickly, given existing trade agreements and slack economic demand. With the share trading at about a 15% discount to NAV, patient investors could take an early bet on Langeberg's recovery.

Sean Feely

Langeberg gears for continued pressure on exports

VERA VON LIERES

Cape Town — Langeberg Holdings, the Cape fruit and vegetable processing company in the Tiger Oats stable, expects continued pressure on export margins in the first half of the year and will continue to steer clear of European markets in favour of other spots such as the far east.

After a series of structural hitches, the company experienced a topsy-turvy time in export markets last year, leading to a decision to slash its export production to Europe by almost two-thirds.

Nick Dennis, the chairman of Langeberg Holdings, said in the 1997 annual report that long-term growth would be achieved by

successfully developing new markets and pursuing new trends in packaging and products.

"Plans to develop markets in west Africa and the Middle East are well advanced," Dennis said. "The far east, and especially Japan, are markets with significant potential.

"Special attention has been given to these markets in the restructuring of the international arm of the business."

Problems besetting the company in exporting to Europe last year included the import duties in excess of 20 percent on deciduous fruit, the continued subsidisation of Greek and Spanish producers and the abolition of the general export incentive scheme.

Langeberg said at the time that proposed cutbacks in deciduous fruit volumes would lead to a reduction of European volumes 60 percent and a restructuring of its Ashton and Paarl factories.

Dennis said the decision to withdraw from unprofitable world markets in favour of more attractive ones would inevitably result in a reduction of the packaging requirements for deciduous fruit.

"However, these steps are unavoidable and assistance will be given to producers to place the excess fruit elsewhere," Dennis said.

Efforts to increase the exposure in Africa of leading brands Koo and All Gold had been successful, and the Langeberg Foods

Africa unit had performed well in local and other African markets, he said. The goal was to grow the categories of new products in Langeberg's African business.

The launch of new products such as the Koo Frootee range was seeing good volume growth, he said.

Other new launches included All Gold Tomato Sauce, Hugo's Mixed Fruit Jam and Koo Mayonnaise in sachets.

Koo Max-Mix, a mix of ready-to-eat beans and pasta in sauce, was also well received by consumers, Dennis said.

Langeberg's brands include Koo, All Gold, GoldReef, Naturlite, Silverleaf, Hugo's and Helderberg.

Langeberg warns on interims

CT (DR) 25/3/98

MARC HASENFUSS

~~FRUIT~~ ~~VEG~~
Cape Town — Langeberg Holdings, the fruit and vegetable canner owned by Tiger Oats, warned shareholders yesterday that its earnings for the six months to March 31 would be significantly lower than the corresponding interim period last year.

This follows a dismal performance by Langeberg in export markets for the year to September 30, when bottom-line profits slumped from R80,2 million to R55,5 million.

Langeberg, which markets well-known brands like Koo and All Gold, advised yesterday that reduced volumes and the poor quality of the domestic deciduous fruit crop would have an adverse impact on profit.

The company cited continued depressed export contract prices as another negative factor.

Langeberg was confident export contract prices would firm in the second half of the year, but cautioned that the domestic market would remain under pressure.

The company's shares were untraded at R2,80 on the JSE yesterday, well off the annual high of R5,65.

Langeberg boasts a net asset value of R3,13 a share.

15 000
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20 4/6/98 (3) veg (43)

Eastern Cape broccoli farmers paid out

GRAHAMSTOWN — I&J has paid Eastern Cape farmers out for cancelled broccoli contracts after its February takeover of Pillsbury Brands Africa. Eastern Cape farmers had been concerned about their futures after the takeover. Jacobus van Zyl, I&J director and prepared foods division head, ear-

ner said his company would compensate farmers for "loss of profits". Grahamstown vegetable farmer Graham Vroom said farmers had been paid out for "costs as well as a small amount of profit". He said he was not sure how I&J had worked out what compensation was to be paid to farmers.

While some farmers felt the payments made were fair, others did not.

Vroom said some farmers were looking at growing baby carrots and Brussels sprouts for I&J, but this was "very labour intensive" and required special soil conditions. He said there was also talk of another frozen food company coming into the market which might enter into contracts with farmers.

Farmers were "looking for other opportunities", he said.

Vroom said he would "probably go into dairy" and would continue growing vegetables for the local market.

Another local farmer, Stephen Pons, said he was going into pig farming. — ECN.

STUFFED SHIRTS RESIST STARCH

Fighting for a place in the sun

pm 12/16/98
Admittedly, few things fire the imagination like . . . cassava. But add in the local starch monopoly, reluctant bankers and offshore financing, and the root vegetable begins to show some life.

All these elements have come to play as CS Manufacturing, a Johannesburg-based cassava importer controlled by Irish-born MD Jim Casey, has attempted to break new ground in the domestic market.

Starting a new venture in SA's historically monopolised market is no picnic, as scores of failed enterprises can testify. Cosy relationships between major industrial, mining and financial institutions have proved major obstacles to newcomers.

This may be changing as new competition legislation is put in place. But it's early days. A paramount obstacle remains the closed doors that new ventures encounter when trying to obtain finance.

So, for example, CS Manufacturing was forced to secure about 75% of the R25m capex financing for a new starch factory at Pietersburg from offshore sources because local groups refused to finance the venture.

Overseas equity investors are co-financ-

ing the operation on condition that they remain nameless. They probably fear negative repercussions if word gets out that they are backing a venture going into direct competition with Tongaat Hulett's 75-year-old monopoly in the R150m/year, maize-based starch market, through its affiliate African Products (Afprod).

The fact is that cassava poses a direct threat to Afprod's maize-based starch operations.

Not only can cassava — which is drought resistant — offer competition to maize in the starch market. It could also play a role in the maize-dominated animal feed and human staple foods markets.

No wonder Casey has had to fight to secure a place in the market.

While it is argued that cassava is not a "natural" SA crop, tests have shown that it is an excellent rotation crop in the potato-producing Vivo/Dendron area of the Northern Province.

With the necessary finance in place, CS Manufacturing has begun building a 25 000 t/year cassava-based starch factory, with plans to increase production to 70 000 t/year. Cassava — a staple food for millions in tropical Africa and Latin America — has a starch con-

tent of about 26%.

A price war between CS Manufacturing and Afprod seems inevitable. But, says Casey, "while we sell cassava starch in competition with maize starch, we believe there is a local market for both products to suit the customers' requirements."

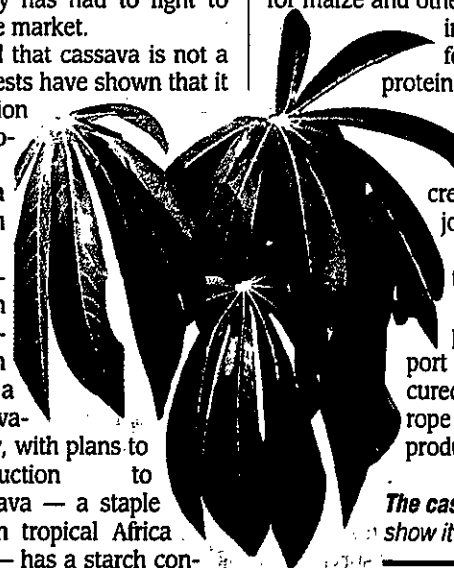
The company is in talks with the provincial government to encourage black smallholders to produce cassava. Casey says about 4 000 ha could be used for cassava production by black farmers, employing about 6 000 people.

"We also plan to produce cassava chips for animal feed at our factory," adds Casey. Cassava "chips" are an ideal replacement for maize and other basic grain feedstocks in SA's 5 Mt/year animal feeds market, though protein must be added.

The factory will effectively be in production 11 months of the year, creating 50 permanent jobs, with an additional 1 500-odd employed in the fields.

Casey foresees no problem in finding export markets. "We have secured a good market in Europe for about 50% of our production." Arnold van Huyssteen

The cassava plant . . . tests show it has a future in SA



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Can of worms over tomatoes

CT (MR) 18/11/98

~~(MR)~~ (3) VEG.

GRANT LUKE

Cape Town — Local trade unions are mounting national protest campaigns against controversial trade negotiations with the European Union (EU) which, they fear, will do little to help South African tomato growers already at risk from Europe's trade policies.

The negotiations are aimed at setting up a free trade agreement between the two markets, and are being conducted on the fringes of renegotiations on the Lomé Convention — a trade and aid pact between the EU's 15 nations and 71 countries from the African, Caribbean and Pacific regions — which runs out in 2000.

The free trade deal seeks eventually to phase out import duties. But local unions say in the meantime, Europe is maintaining high duties on South African products while flooding the South African market with heavily subsidised European goods.

According to a research paper prepared for Action Southern Africa, a London-based non-governmental organisation which campaigns on issues in the region, canned tomatoes are one product which has been hit hard by protectionist measures embodied in a European Common Agricultural Policy (CAP).

The policy, one of the cornerstones of EU policies for over 30 years, has long been criticised for hindering development.

A briefing document by the Institute for Development Studies in Sussex, says: "By protecting Europe's high-cost farmers, and preventing developing countries with agricultural potential from exploiting their comparative advantage, it distorts global production and

acts as a disincentive to agricultural development in poor countries."

The Action Southern Africa paper, by Gottfried Wellmer and titled The Southern African Development Community Agricultural Trade with the EU in the Post Lomé Future, says developing countries are under pressure from the EU to make future trade arrangements consistent with its CAP.

"This singularly fails to address the issue of the impact of EU agricultural subsidies and administered price schemes for agricultural products on the third country markets. Failure to address the issue will certainly generate severe disruptions in important agricultural sub-sectors," he adds.

South Africa is the largest supplier of canned fruit and vegetables to the EU, with more than 50 percent of its exports destined for Europe.

Some 150 000 tons of tomatoes are canned every year in South Africa, providing full employment to some 3 000 people, mainly women, and seasonal employment to a further 4 000, says the research paper.

It says that tomato canning forms the core activity of a number of small vegetable canneries and is an important product for some of the larger fruit and vegetable canning operations.

But it is suffering a double blow of lost subsidies and Europe's high import taxes.

In common with many developing countries, South Africa has cut its agricultural subsidies because of domestic financial constraints and because it is under pressure from the World Trade Organisation.

But European canners continue to enjoy substantial official assistance. In 1996, the EU spent about 655 million ecus

(R4,38 billion) on subsidies to its fruit and vegetable producers, with more than half of this going to tomato producers.

The Action Southern Africa paper estimates that 284 million ecus are spent each year by the EU in support of its domestic tomato canning industry.

Another major problem the industry faces is Europe's high import tariffs on canned products. Europe charges 23 percent duty on canned pears, compared to the US's 16 percent, Japan's 14 percent and South Africa's 5 percent.

In January, the South African government increased its import duty on European canned tomatoes from 23 percent to 30 percent in an attempt to stem the flood of cheap imports from Europe. But this has had little effect, according to Fanie Buys, the chairman of the South African Fruit and Vegetable Canners' Association.

"Because of high subsidies, the European producers still seem to be able to beat the tariffs," Buys says.

Taken together, this means that jobs in the South African canning industry are under threat — European canned tomatoes entering the South African market are priced way below even the production costs of domestic canned tomatoes.

According to a South African supermarket survey, imported Italian canned tomatoes are at least \$0,05 cheaper than the local canned tomatoes in a 410g can.

The direct result of the lopsided trading arrangement is that the share of South African exports to Europe has fallen from 65 percent to 60 percent in the last three years.

Langeberg Foods, the country's largest food processing company, has been forced to close its principal canning

plant, in Paarl. The closure will put 2 500 people out of work.

The firm also announced that it was withdrawing from the EU market.

Some labour analysts say this is just the beginning of a crisis. At least 5 000 other jobs in the industry are under threat at present. Related sectors — such as can production and sugar processing — also stand to suffer.

So far, labour unions have responded by marching on parliament and European embassies in Cape Town.

Led by the Food and Allied Workers' Union (Fawu), the workers are protesting against the EU's attempts to "re-colonise our country" through unfair trade practices.

William Thomas, a Fawu official, visited Europe this year to campaign among sympathetic labour organisations in the UK, Germany and the Netherlands.

Thomas says further action is being planned. The campaign to press the EU to include more South African products in the trade deal will gather momentum as other African unions join the campaign.

South Africa was forced to look for trade deals after being denied access to the trade chapter of the Lomé Convention which gives preferential trade access to the European market.

Although South Africa is allowed to be a voting member of the convention, it cannot benefit from these preferential trade provisions because of its more developed economy.

A trade analyst, who asked not to be named, says South Africa has more to gain from a preferential trade agreement with Europe, as enjoyed by the other 70 countries under Lomé, than a free trade agreement. — Sapa-Panos

AGRICULTUR
- TOBACCO.

1985.

AUGUST

~~EMBER~~

Tobacco imports banned

3) Tobacco
S. Day
1/2/85

TOBACCO imports have been prohibited since July 26 except with the permission of the Director General of the Department of Agricultural Economics.

"This ban is designed to protect local production from disruptive competition from other countries," says a department spokesman.

Local production is facing a diminishing off-take because of the recession and SA has more than enough supplies to meet this demand. About 3-million kg will be exported to regular customers, he says.

Imported tobacco had recently accounted for a high percentage of SA's off-take of about 40-million kg a year.

ALAN PEAT

The figure for the year to end-March 1984 was more than 12-million kg.

"But this was due to a shortage of certain tobacco types and to quality problems caused by the drought," says Tobacco Board manager Jan Venter.

The ban should not cause any problems for the local producers, Rembrandt and United Tobacco Company (UTC).

The ban will only be for this year. Any local cigarette producer needing special tobaccos not available in SA will be allowed the necessary import permits.